

Making a Difference in Animal Health

The logo consists of a solid teal square. Inside the square, the word "HESTER" is written in white, uppercase, sans-serif font, centered horizontally and vertically.

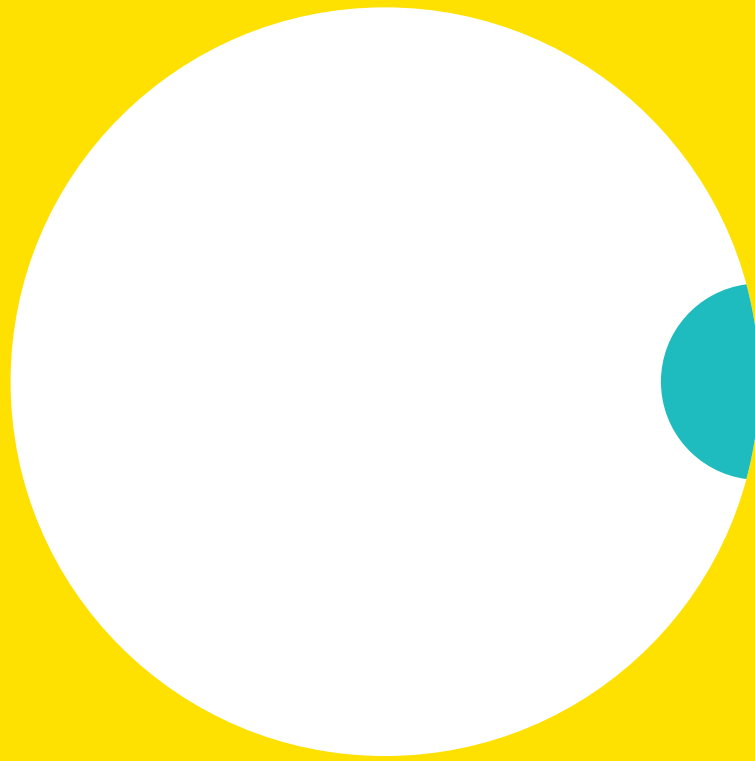
HESTER

Hester Biosciences Limited
36th Annual Report 2022-23

The logo consists of a solid black square. Inside the square, the word "HESTER" is written in a white, bold, sans-serif, all-caps font, centered both horizontally and vertically.

HESTER

Hester Biosciences Limited
36th Annual Report 2022-23



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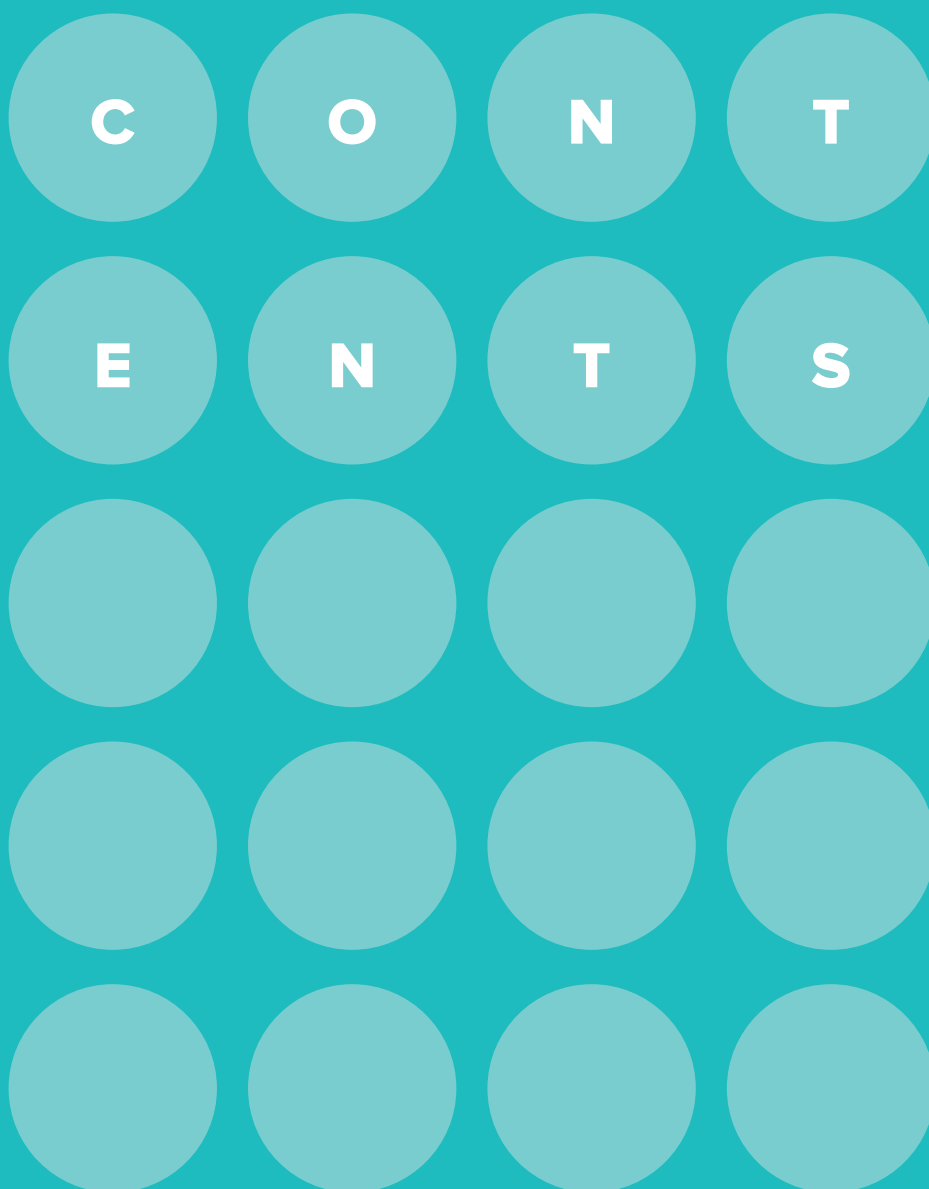
**FORWARD
LOOKING
STATEMENTS**

We believe in better health for human beings through ensuring health of animals. For over three decades, we have been operating with a singular focus on improving animal health to monitor and help prevent animal diseases. Over the years, we have built a diverse and durable portfolio of products, comprising of vaccines and health products for poultry, livestock and pet animals.

To make a significant difference to animal health, we continue to strengthen our R&D and manufacturing capabilities, establishing a local presence in strategic regions, and expanding into fresh geographies. We now have access to 35+ countries, where we are serving the different vaccination and health product needs of a wide range of species, from poultry to livestock to pets.

In addition, we are positioned to participate in the large-scale disease eradication programmes of governments and organisations globally. These will also act as a catalyst for future expansion, innovation and long-term value creation for all stakeholders.





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CORPORATE

OVERVIEW





01

**SINGULAR FOCUS
ON IMPROVING
ANIMAL HEALTH**

We are committed to help shape a better world with healthier animals through expansion, innovation and diversification.

Powered by a legacy of over three decades, we have emerged as one of the fastest growing animal healthcare companies worldwide. Through internal expertise and innovation, along with external collaborations, we have been steadily deepening and extending our understanding of animal biologics for many years.

We have expanded our capabilities, established local presences in strategic regions, and tapped into unexplored geographies to meet the different vaccine and health product demand of several species, ranging from poultry to livestock and pet animals.

Our scientists work relentlessly on pathbreaking ideas, collaborate with other agencies to create more effective products that bring a lasting difference to production and pet animals. We reach out to a large number of poultry and cattle owners to offer our products and need-based assistance, driven by a commitment to advance animal and poultry health on a global scale, safeguarding the livelihoods of livestock farmers and creating value for all stakeholders.

MISSION

Better health for human beings
through healthier animals

VISION

Building the future on a
foundation of excellence

CORE VALUES



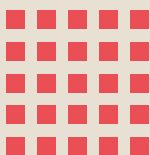
INTEGRITY



INNOVATION



TRUST



DISCIPLINE



PASSION

REACH IN COUNTRIES

35+

YEARS OF EXPERIENCE

37+

NET SALES

₹2,540m

NET WORTH

₹2,923.82m

EBIDTA

₹602.09m

DEBT-EQUITY RATIO

0.56



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02

**DELIVERING
EXCELLENCE
FOR DECADES**

Commenced operations as a proprietary firm to distribute poultry medicines and feed additives, covering the districts of Thane and Raigadh in Maharashtra	1983
Formed Hester Pharmaceuticals Private Limited, with the objective to acquire the exclusive marketing rights of overseas brands for the Indian market	1987
Signed an exclusive marketing agreement with Ghen Corporation, Japan, for the Company's range of poultry feed additives and with Maine Biological Laboratories (MBL), USA, for its range of poultry vaccines	1990
Got listed on Bombay Stock Exchange	1994
Commenced the marketing of locally produced poultry vaccines	1997
Expanded the manufacturing capacity fourfold	2007
Launched health products	2012
Received WHO-GMP certification and DSIR registration for the in-house R&D unit	2013
Got listed on National Stock Exchange of India Limited	2015
Commissioned the vaccine manufacturing plant at Nepal	2016
Completed the world's largest backyard poultry immunisation programme with GALVmed (Global Alliance for Livestock Veterinary Medicines, Edinburgh)	2017
Commissioned the vaccine manufacturing plant at Tanzania	2021
Initiated capacity enhancement projects:	
<ul style="list-style-type: none"> • Additional infrastructure for bulk antigen production for animal vaccines • A state-of-the-art fill-finish line for animal vaccines • Setting up of BSL-3 level facility for human vaccine drug substance in collaboration with Gujarat Biotechnology Research Centre under the Mission Covid Suraksha of Biotechnology Industry Research Assistance Council 	
Launched Petcare Division	2022
Obtained regulatory approval of BSL-3 facility	2023

RAJIV GANDHI



03

**CEO &
MD'S
MESSAGE**

Dear Esteemed Shareholders,

I am honoured to present to you the performance highlights of your Company for the fiscal year 2022-23.

Our continuous commitment to reducing reliance on any single division has gained considerable traction this year, positioning us firmly on the path to realising this goal. Two significant factors have contributed to this achievement: the persisting challenges within the poultry industry and our strategic endeavours to bolster sales within the animal healthcare division.

Our animal healthcare division's contribution to the topline has surged from 22% in 2021-22 to an impressive 39% this year.

This strategic shift empowers us with a more balanced distribution of sales across various divisions, thereby fortifying our ability to navigate any potential downturns in specific sectors or divisions.

This year we focussed on growing our operational footprint across diverse geographies spanning Asia and Africa. This expansion not only facilitates increased consumer outreach but also amplifies our revenue streams. Our brand's credibility has played a pivotal role in gaining trust among consumers, partners, regulatory bodies, employees, and all stakeholders. Hester is deeply committed to the ONE HEALTH vision, exemplifying our dedication to enhancing animal well-being and consequently contributing to human health.



OVERVIEW OF HESTER INDIA'S BUSINESS PERFORMANCE

In the fiscal year 2022-23, your Company achieved a net revenue from operations amounting to ₹ 2,540 million, reflecting a notable growth of 16% compared to ₹ 2,193.51 million in the previous year.

Diving into division-specific performance, the poultry healthcare division reported a net revenue of ₹ 1,391.70 million for the fiscal year 2022-23, marking a decline of 17% compared to ₹ 1,673.82 million in the preceding year. Notably, the division's performance experienced a substantial rebound in the final quarter. The poultry industry, however, remains under pressure due to elevated feed costs and low product realisations, leading to reduced new bird placements and prolonged collection cycles.

While the Poultry Healthcare division encountered challenges during the year, the Animal Healthcare division demonstrated commendable growth. This growth was predominantly fuelled by the demand for the Goat Pox Vaccine in response to the outbreak of Lumpy Skin Disease (LSD) in cattle. The division's annual revenue surged by an impressive 106%, escalating from ₹ 481.20 million in FY22 to ₹ 992.81 million in FY23.

PROMOTING THE ANNUAL IMMUNISATION PROGRAMMES – PPR & LSD VACCINATIONS ACROSS THE COUNTRY

1. The Government of India initiated a national immunisation program for PPR disease in sheep and goats. Hester India secured the order, with a total value of ₹ 406.80 million under the tender agreement. As of Q4 FY23, Hester has fulfilled ₹ 21.05 million of the order, with the balance scheduled for phased execution in FY24.
2. Furthermore, the Ministry of Fisheries, Animal Husbandry & Dairying issued an advisory in March 2023, prompting all State departments to implement an annual preventive vaccination program for LSD. In line with this advisory, we will conduct awareness campaigns and promote the annual immunisation against LSD through the Goat Pox Vaccine.

THE NEWLY LAUNCHED PETCARE DIVISION

I am delighted to share that the inaugural year of the Petcare division has been marked by significant strides. We introduced 10 products across 15 distinct sales territories catering to pets. The market response has been enthusiastic. The division is poised for substantial growth in the coming years. It is noteworthy that globally, pet divisions within animal health companies have demonstrated higher sales compared to other divisions, highlighting the significant opportunities within the global pet care market.

STRATEGIC FOCUS ON PRODUCT MIX AND MARKET EXPANSION

In FY23, our overall gross profit margin witnessed a marginal 2% decline. This adjustment primarily stems from the evolving product mix between vaccines and health products, driven by a notable surge in health product sales. Consequently, this shift led to a reduction in the EBITDA margin. The decrease in EBITDA margin can be attributed to the lower gross profit margin, coupled with heightened market development costs within both, the animal healthcare division and the newly established petcare division.

Our strategic focus revolves around augmenting the sales of health products relative to vaccines. This strategy resonates with our overarching objective of diluting the undue influence of any specific division or product category. However, while pursuing this objective, we remain mindful to our ultimate aim of bolstering our bottom line and hence, moving forward, we will continue to adeptly manage the synergy between vaccine sales and health products — particularly those yielding robust profit margins, paving the way for heightened profitability as envisaged.

The expansive market for health products within the realms of poultry and large animals, seamlessly complements the vaccine market. Our future endeavours entail the expansion of the health products portfolio through the introduction of differentiated value-added offerings, tailored to meet both, unmet and emerging market demands. Concurrently, our focus is on enhancing the productivity of our field force.

Furthermore, our Petcare Division presently comprises of health products only. We are geared to launch new

products, work on pet vaccines, and penetrate additional sales territories to further propel sales growth.

CAPACITY EXPANSION INITIATIVES

I am pleased to share that the commissioning of the Fill-finish (drug product) facility is nearing completion. This addition, coupled with the recently finalised expansion of our Bulk Antigen (drug substance) production capacity, will effectively double our vaccine production capability. Your Company's dedication to strategic growth, positions us to deliver enhanced output and meet the evolving demands of the market.

Regarding the COVID-19 vaccine facility, through collaboration with the Department of Biotechnology Government of India, and BIRAC under the Mission COVID Suraksha initiative, and in partnership with the Gujarat Biotechnology Research Centre, we have successfully established a BSL-III laboratory dedicated to producing the bulk antigen (drug substance) for the COVID vaccine. Regulatory approval for this facility was obtained during the fourth quarter.

Our decision to embark on this project and commit substantial resources was rooted in a patriotic aspiration – to contribute to our nation's well-being and address the pressing need for widespread COVID-19 immunisation. However, as the demand for COVID-19 vaccination diminishes, we are actively redirecting our efforts towards producing other vital vaccines within this facility. We are in the process of re-purposing this facility to manufacture other human or veterinary vaccines which would require the stringent biosafety measures of a BSL-III environment.

PROMISING PERFORMANCE BY HESTER NEPAL

In the fiscal year 2022-23, Hester Nepal achieved a turnover of ₹ 125.02 million, accompanied by a commendable Net Profit of ₹ 21.34 million. Although exports experienced a slight contraction due to fewer tender invitations from FAO compared to the preceding year, the year showcased notable achievements.

A significant highlight was the robust 8% expansion observed in the local poultry vaccines market, propelled by our efforts in broadening the distribution network and introducing new products within Nepal. As we anticipate the resurgence of FAO tenders for the PPR vaccine, we remain committed to nurturing the domestic Nepal market to further bolster our revenue streams.

Hester Nepal's domestic market for poultry vaccines has demonstrated promising outcomes, even amidst the backdrop of increased global tenders for PPR vaccines. This gives us the confidence to cultivate a strong presence within the country catering to the poultry healthcare demands.

PROMISING PROSPECTS AHEAD FOR HESTER AFRICA

Hester Africa is on the threshold of a significant progress. We are delighted to share that Hester Africa has successfully obtained regulatory approvals for the production of PPR, CBPP, and LSD vaccines for large animals, along with ND and IBD vaccines for poultry. A noteworthy milestone has been achieved with the accreditation of our plant by the Tanzanian Drug authorities, attesting to our adherence to the highest standards of Good Manufacturing Practices (GMP). This achievement holds strategic importance as it opens doors for Hester Africa to actively participate in international tenders. Through our JV entity, Thrishool Exim we continue to penetrate further into the local Tanzanian market.

With these remarkable advancements, Hester Africa is now poised to embark on a transformative journey. Our enhanced capabilities and GMP certification empower us to not only penetrate into domestic markets, but also extend our reach to the whole of the African continent. We now eagerly anticipate the positive impact this development will bring to both, our Company and the broader community.

We put on record our gratitude to the Bill & Melinda Gates Foundation for their undaunting support in Africa.

EMBRACING SUSTAINABILITY

At Hester, we recognise the importance of sustainability and the impact our operations have on the environment. As a responsible corporate entity, we are committed towards minimising our ecological footprint.

We have implemented sustainable practices in our manufacturing processes, including energy conservation, waste management, and water recycling initiatives. By prioritising sustainability, we aim to contribute to a healthier planet.

In our unrelenting pursuit of advancing animal health, we also engage in diverse social initiatives, collaborating seamlessly with esteemed veterinary associations, non-profit organisations, and governmental bodies to promote animal well-being. We organise vaccination camps and educational programmes to empower communities with the knowledge and resources needed to ensure the well-being of their animals. I would like to make a special mention of GALVmed, a Scottish NGO, for guiding us towards immunising backyard animals which has resulted into higher incomes of the village families as well as contributed towards a better disease free environment in rural India.

These collective efforts show our dedication to making a meaningful difference in the realm of animal health and well-being.

“

Looking ahead, our unwavering dedication to advancing animal health remains steadfast. As we forge ahead, our compass remains pointed towards innovative research, developing high quality products, and the continuous expansion of our global outreach.

In closing, I extend my heartfelt gratitude to the entire Hester family – from our entire team and valued customers to our steadfast stakeholders – for your unwavering dedication and support throughout this remarkable journey. Your faith motivates progress, and together, we shall continue to shape a brighter and healthier world.

Warm regards,

Rajiv Gandhi
CEO & MD

PRIYA GANDHI



04

**MESSAGE FROM
EXECUTIVE
DIRECTOR**

Greetings,

In the dynamic landscape of animal health and biologicals, Hester is charting a path of growth through strategic partnerships, innovations, and strategic capital investments. It is with great honour and enthusiasm that I provide a glimpse into the exciting journey that lies ahead for us.

We are in process of developing additional animal vaccines – Based on the technologies obtained from ICAR-IVRI (Indian Council of Agricultural Research - Indian Veterinary Research Institute), we are developing novel vaccines for Classical Swine Fever (CSF) and Sheep Pox which would be the first indigenously created vaccine(s) employing locally isolated strains. Our goal is to make mass vaccination possible.

Hester has obtained licenses for technologies for LSD vaccine, avian influenza vaccine, and cattle Theileria annulate vaccine from various institutions. These diseases lead to substantial losses for farmers. Additionally, Hester has completed trials for a bivalent ND-IBD vaccine for backyard poultry and is progressing towards market authorisation.

Our ongoing efforts include enhancing our existing poultry vaccines and exploring the promising potential of pet vaccines. The pet market holds immense potential, and our commitment to harnessing this opportunity is firm. Hester is working towards reaching a 500-crore milestone, by making certain strategic shifts that fortify our prospects. This aligns with our company's vision statement – Building the future on a foundation of excellence.

Your unwavering faith and trust in Hester have been pivotal. Rest assured, we are focused on our resolve to exceed all expectations in the long term.

Warm regards,

Priya Gandhi
Executive Director

GLOBAL PRESENCE

- | | | | |
|----|--------------|----|------------|
| 1 | AFGHANISTAN | 21 | LEBANON |
| 2 | ALGERIA | 22 | MADAGASCAR |
| 3 | BANGLADESH | 23 | MALAWI |
| 4 | BHUTAN | 24 | MONGOLIA |
| 5 | BOTSWANA | 25 | MOROCCO |
| 6 | BURKINA FASO | 26 | MOZAMBIQUE |
| 7 | BURUNDI | 27 | MYANMAR |
| 8 | CAMBODIA | 28 | NEPAL |
| 9 | CAMEROON | 29 | NIGERIA |
| 10 | COLUMBIA | 30 | OMAN |
| 11 | EGYPT | 31 | QATAR |
| 12 | ETHIOPIA | 32 | SENEGAL |
| 13 | GHANA | 33 | SPAIN |
| 14 | INDIA | 34 | SRI LANKA |
| 15 | IRAN | 35 | TANZANIA |
| 16 | IRAQ | 36 | UGANDA |
| 17 | IVORY COAST | 37 | UZBEKISTAN |
| 18 | JAPAN | 38 | VIETNAM |
| 19 | KENYA | 39 | ZAMBIA |
| 20 | KUWAIT | | |

05

ADVANCING ANIMAL
HEALTH ACROSS
GEOGRAPHIES



MANUFACTURING UNITS

INDIA

HESTER BIOSCIENCES, KADI, GUJARAT

TEXAS LIFESCIENCES, MEHSANA, GUJARAT



NEPAL

HESTER BIOSCIENCES NEPAL, KATHMANDU

TANZANIA

HESTER BIOSCIENCES AFRICA, DAR ES SALAAM



**SALES
DEPOTS**

AHMEDABAD
MEHSANA
BENGALURU
COIMBATORE
MOHALI
HYDERABAD
PUNE



DISTRIBUTORS

JAIPUR
KOLKATA
GUWAHATI
BHUBANESHWAR
INDORE
LUCKNOW
PATNA
RAIPUR
RANCHI
VIJAYWADA



**DIAGNOSTIC
LABORATORY**

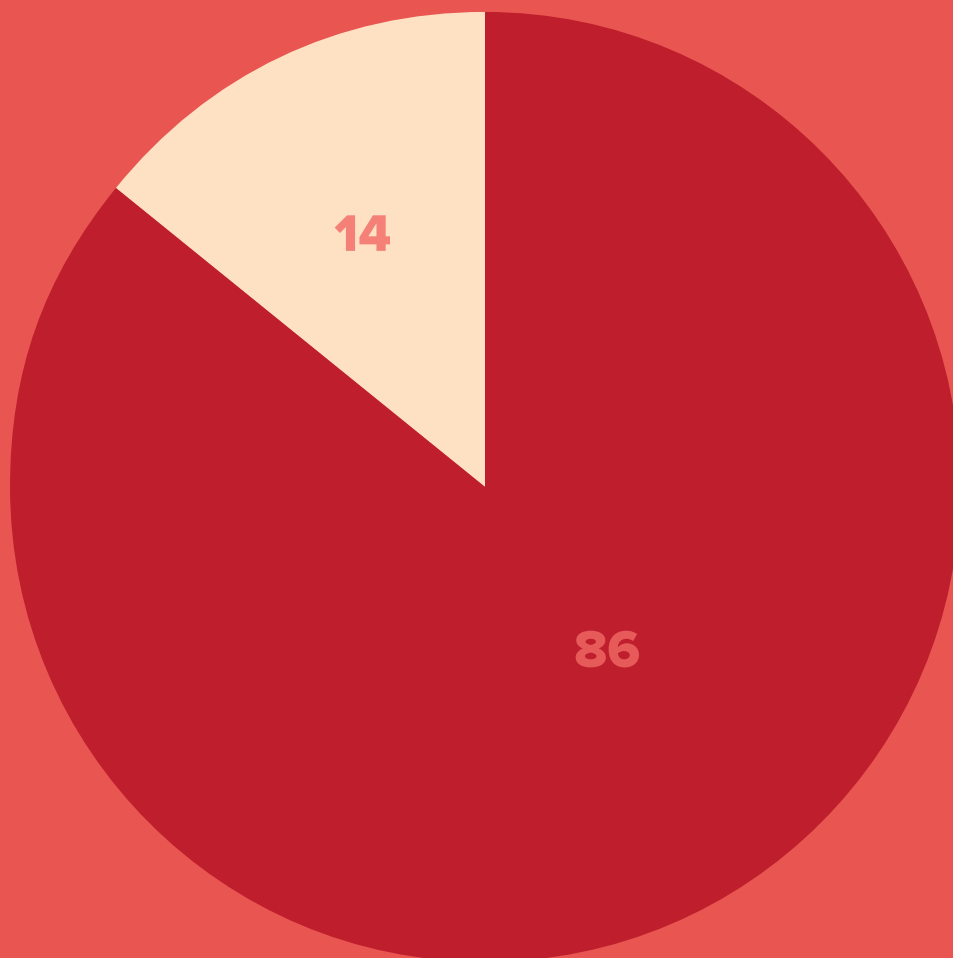
KADI, GUJARAT
HYDERABAD, TELANGANA



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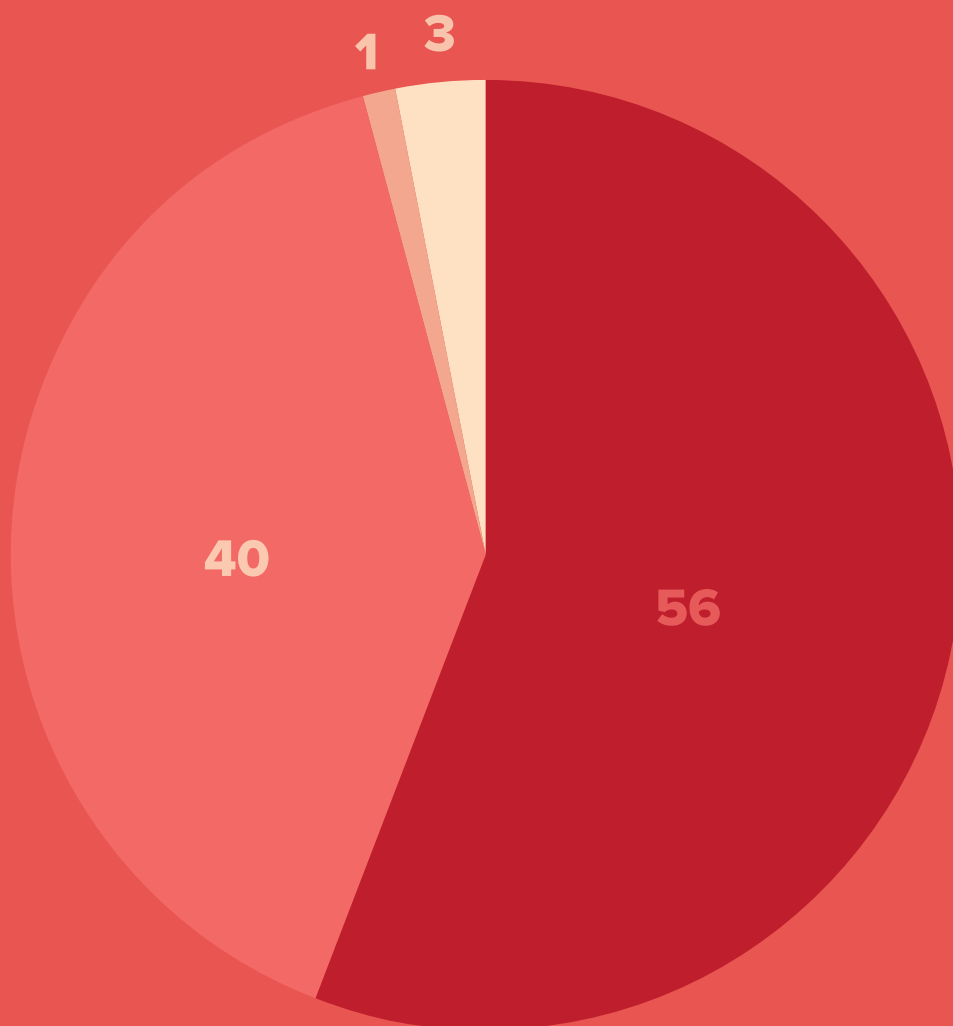
FINANCIAL HIGHLIGHTS 2022-23

REVENUE GENERATION



BY GEOGRAPHY

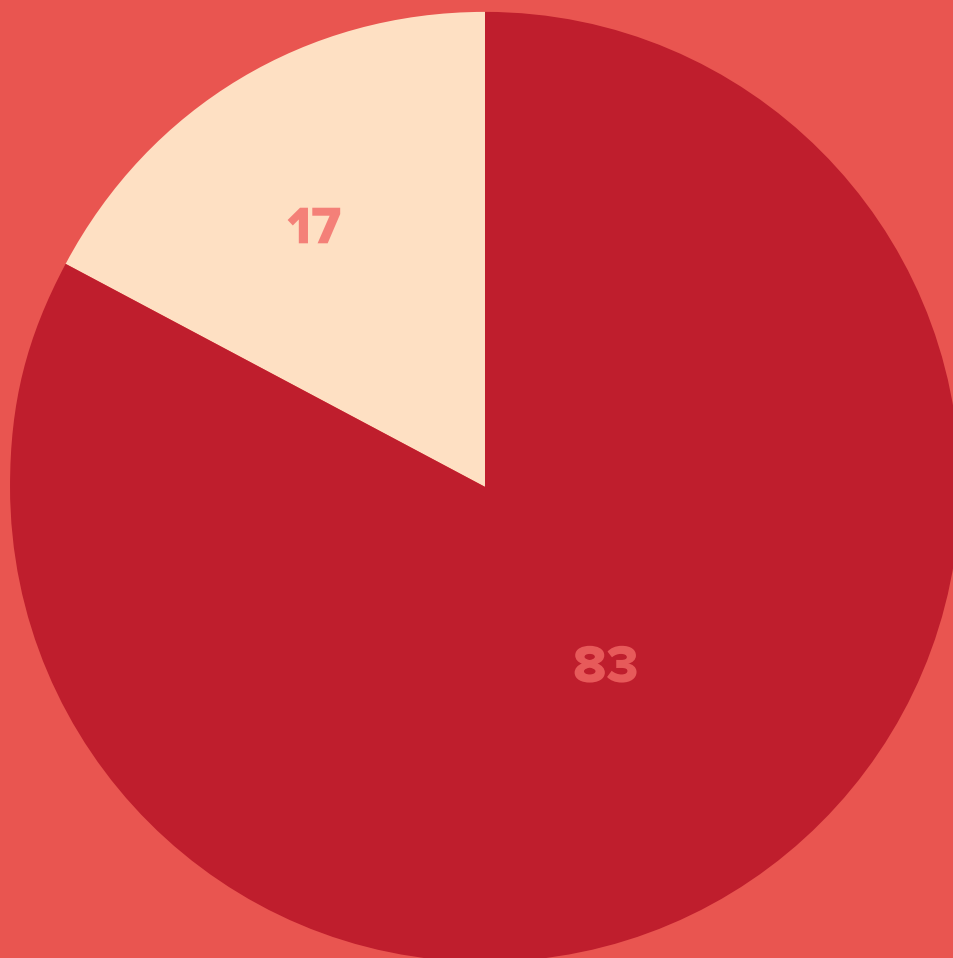
DOMESTIC	86%
EXPORTS	14%



BY SEGMENT

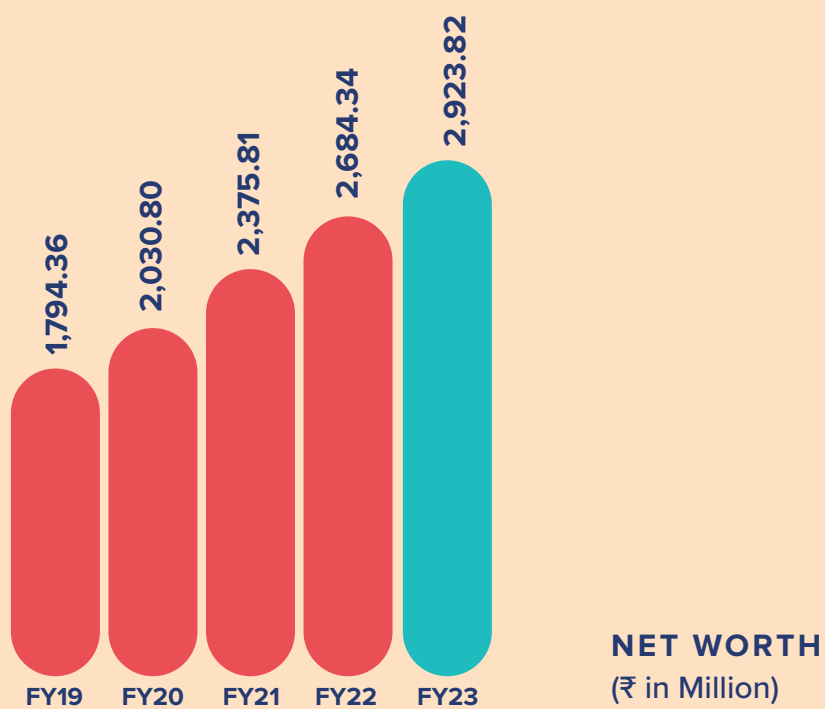
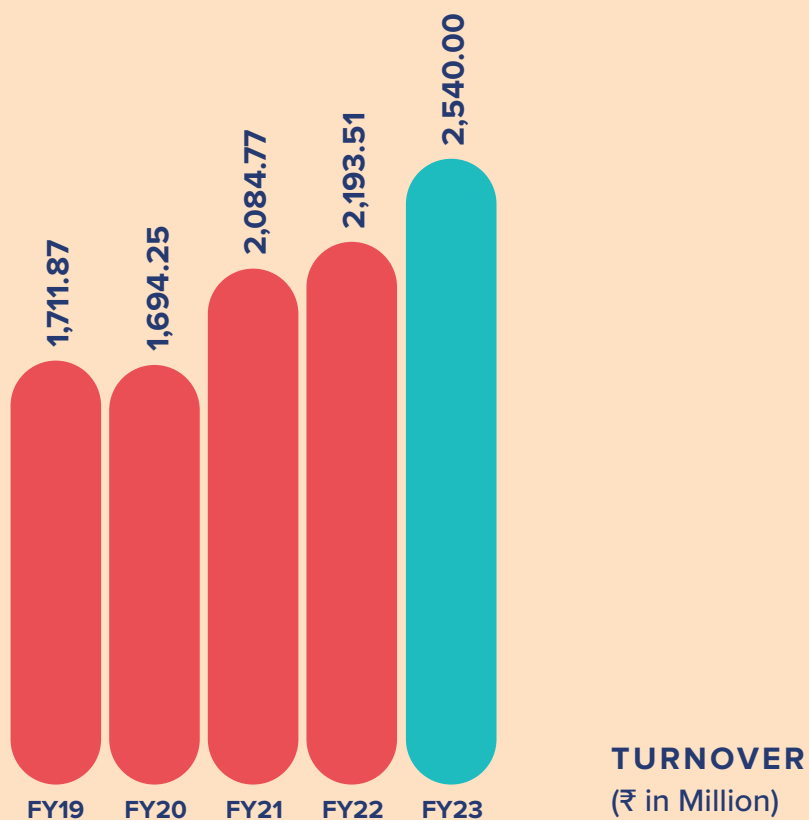
POULTRY HEALTHCARE	56%
ANIMAL HEALTHCARE	40%
PETCARE	1%
OTHERS	3%

REVENUE GENERATION



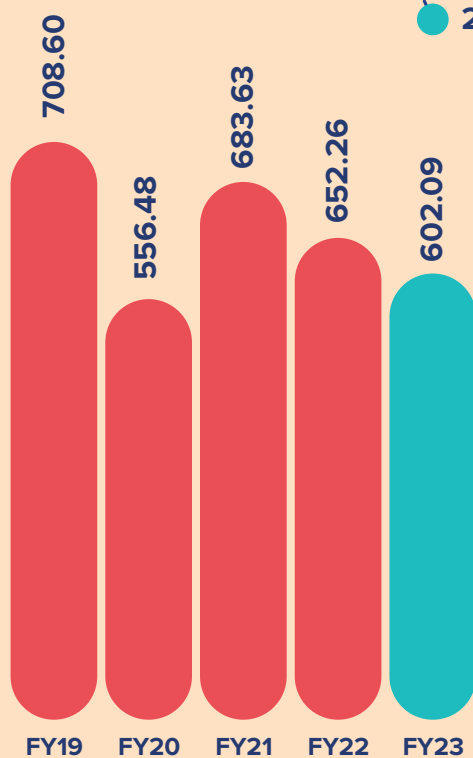
BY CUSTOMER TYPE

TRADE	83%
GOVERNMENT	17%



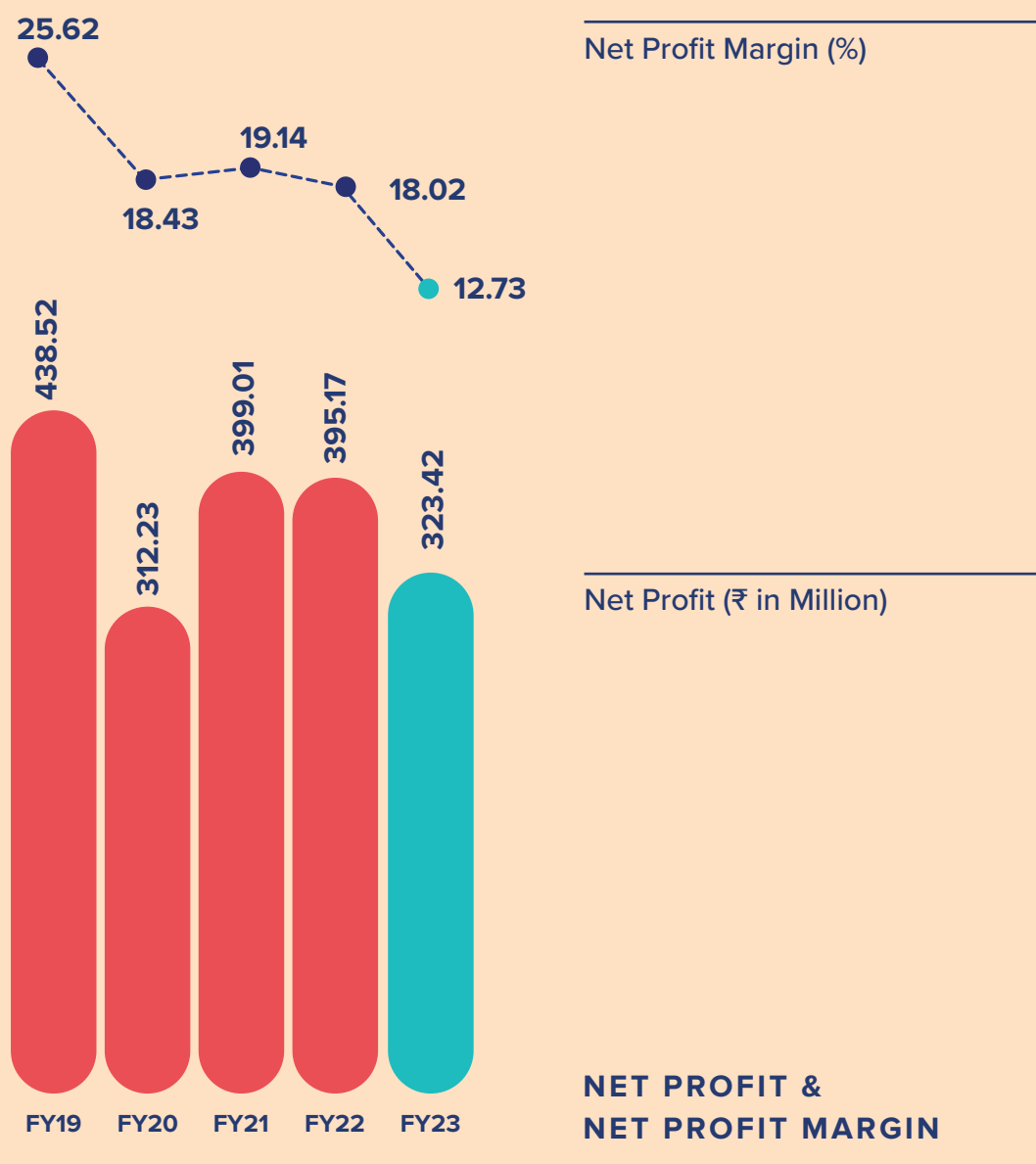


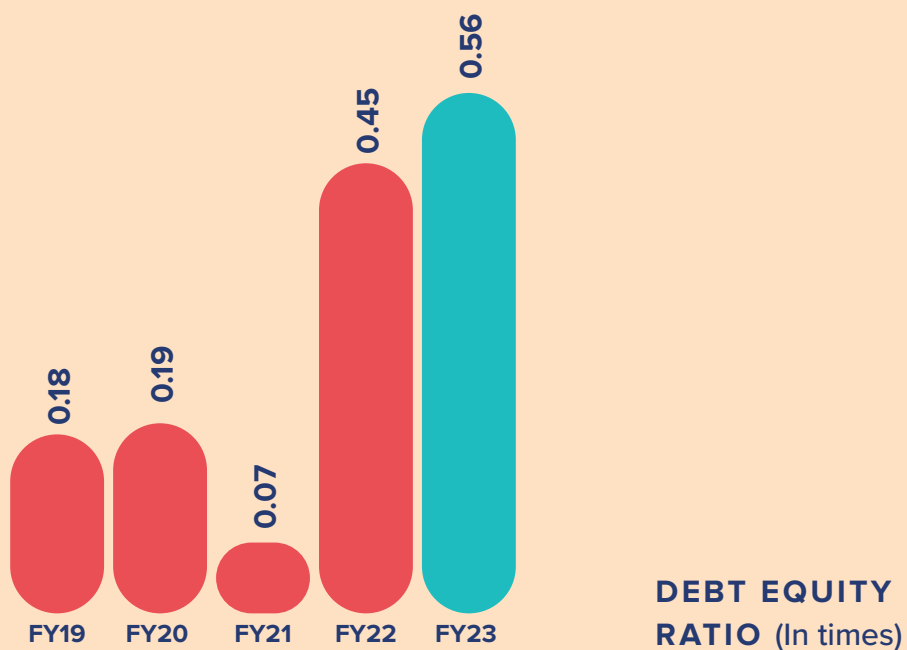
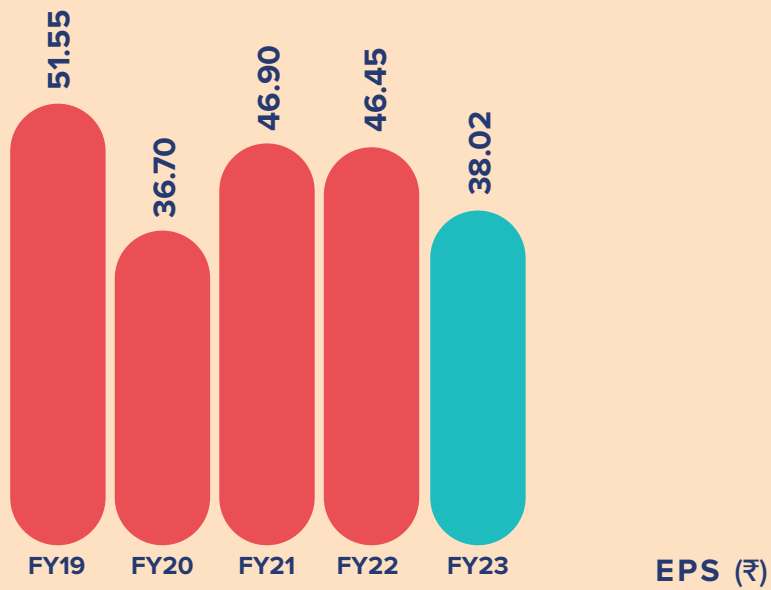
EBITDA Margin (%)

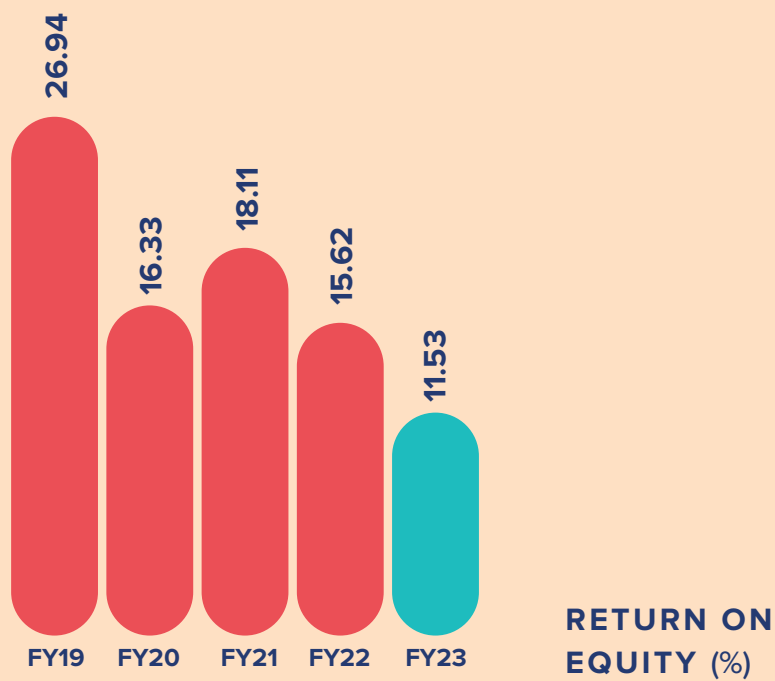
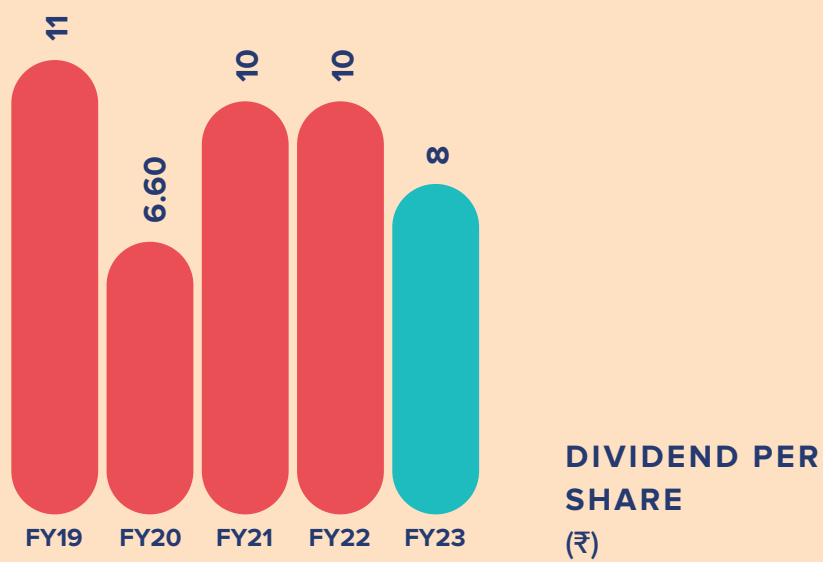


EBITDA (₹ in Million)

**EBITDA &
EBITDA MARGIN**







07

LEVERAGING CORE COMPETENCIES TO DELIVER VALUE

Our intrinsic strengths enable us to diversify our products and services, which comprise of vaccines, health products and diagnostic laboratory services. We are dedicated to further sharpening our expertise to making a difference in animal health.





HIGH QUALITY GOODS AND SERVICES

We have a vast selection of over 50 - single and combination vaccines for poultry and livestock, as well as pharmaceutical products for poultry, livestock and pet animals. We offer high-quality products that adhere to WHO, GMP, GLP and ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. We also provide value added technical services such as sero profiling in poultry, serum sampling and feed analysis in livestock.



GLOBAL PRESENCE AND BRAND REPUTATION

We are a reputed brand with 37+ years of experience. By expanding our business in over 35 countries we are able to reach more number of consumers and enhance our revenue streams. Additionally, our strong brand reputation helps build trust with our customers, employees and all other stakeholders.



ECONOMIES OF SCALE

Our Company has a capacity to deliver products at prices that are competitive, driven by extensive production and operational efficiency. We conduct business through our three manufacturing facilities for vaccines in Kadi, Gujarat (India), Kathmandu (Nepal), and Kibaha (Tanzania) and one manufacturing facility for health products in Mehsana, Gujarat (India). The vaccine manufacturing facility in Gujarat is Asia's largest single location animal biological manufacturing facility, positioning us to deliver the advantages of cost-effectiveness and operational efficiency. Together, these vaccine facilities have a combined manufacturing capacity of 8.99 billion vaccine doses.



SUPPLY CHAIN CAPABILITIES

We have an extensive distribution network in India, Nepal and Africa. The enhancement of our distribution network in Africa received a significant boost through the acquisition of Thrishool Exim Limited, a trading company with an extensive distribution network in Tanzania. Our distinct advantage lies in our ability to provide last-mile distribution for our products and services in India, a crucial factor in ensuring and preserving product efficacy.



ROBUST CORPORATE GOVERNANCE POLICIES

Our Company adheres to stringent standards, with robust internal controls in various processes. We also use technology and procedural investments to bolster compliance, helping us enhance accountability and reputation and better risk management.



EXPERIENCED DYNAMIC TEAM

Benefiting from promoters' extensive sector expertise and in-depth knowledge, supported by a leadership team, we are empowered to expedite decision-making, improve quality standards and introduce large-scale innovation.



STRONG RESEARCH AND DEVELOPMENT CAPABILITIES

We have an expert team of scientists and well-designed research and development laboratories, recognised by the Department of Scientific and Industrial Research (DSIR). We also collaborate with other organisations to gain technical knowledge and develop cost-effective vaccines. By continuously investing in R&D, we develop new products and create valuable intangible assets.



08

**OUR WIDE RANGE
OF PRODUCTS
& SERVICES**

With our corporate headquarters in Ahmedabad, Gujarat, and a sales force across the country, we conduct business through three major verticals: poultry healthcare, animal healthcare and petcare divisions.

Guided by an unwavering commitment to animal well-being, our distinguished product portfolio is rooted in innovation and driven by a dedication to excellence. Our offerings span three core categories: vaccines, health products, and diagnostic services.



VACCINES



At the forefront of disease prevention, our vaccines are meticulously developed to provide comprehensive protection against a range of veterinary diseases. Leveraging cutting-edge research and collaboration with veterinary experts, our vaccines are designed to bolster immunity, safeguard animal health, and contribute to the overall well-being of the animal population.

Hester's commitment to cutting-edge veterinary solutions is underscored by our diverse vaccine capabilities. With a focus on innovation and quality, we have harnessed multiple advanced platforms to develop a wide range of vaccines. Hester's vaccine capabilities include multiple platforms such as Chick Embryo Origin, Continuous Cell line, Tissue Culture and Fermentation based live as well as inactivated vaccines. Through these innovative platforms, we have positioned ourselves as leaders in veterinary vaccine development.

At Hester, we are not content with the status quo. We continuously push the boundaries of vaccine development, exploring new technologies and refining our methodologies to meet the evolving needs of the veterinary community. As a result, our vaccines stand as symbols of excellence, safeguarding the health and well-being of animals worldwide.

We have a vast selection of over 50 - single and combination vaccines for poultry and livestock. Following are the diseases covered through our vaccines:

POULTRY

Newcastle Disease

Infectious Bronchitis

Infectious Bursal Disease

Fowl Pox

Egg Drop Syndrome

Reo, Marek's Disease

Infectious Coryza

Fowl Cholera

Fowl Typhoid

Mycoplasma Gallisepticum

Inclusion Body Hepatitis

Avian Coccidiosis

Avian Encephalomyelitis

LIVESTOCK

Goat Pox

Peste des Petits Ruminants (PPR)
(both Sungri and Nigerian strains)

Brucellosis

Contagious Bovine Pleuropneumonia
(CBPP)

Lumpy Skin Disease (LSD)

HEALTH PRODUCTS



Our health products are designed to address various aspects of animal health, covering a spectrum of needs from disease management to overall vitality. Our range is carefully curated to empower veterinarians and animal caretakers with the tools they need to optimize animal health outcomes.

Our product range includes:

1. Biosecurity Solutions
2. Therapeutic solutions
3. Herbal Supplements
4. Homeopathic Remedies
5. Feed Supplements

Each category within our product portfolio is a testament to our dedication to innovation, quality, and animal welfare. We work closely with experts in the field to develop products that align with the latest scientific advancements and industry best practices that empower the customer to proactively nurture the health of animals.

Further, in our ongoing commitment to enhancing the well-being of pets and supporting responsible pet ownership, we have introduced a range of petcare products that cater to a wide spectrum of pet healthcare needs. Our diverse range of products, including gut health solutions, NSAIDs, joint care formulations, parasiticide solutions, coat nutrition, grooming aids and anti-infective formulations, reflects our dedication to promoting the well-being of pets.



Hester's unwavering commitment to farmers across India is exemplified through its robust technical services department. Staffed with dedicated veterinary doctors strategically positioned across different regions of the country, this department plays a pivotal role in enhancing animal health, implementing effective management protocols, and ultimately boosting the profitability of farmers. Furthermore, this team extends its expertise to our international clientele, offering product training and essential vaccination support.

Our adept technical team conducts comprehensive training programs aimed at empowering farmers with an in-depth understanding of poultry diseases and optimal farm management practices. Our services extend beyond training, encompassing cutting-edge diagnostic laboratories and sero-profiling for chicken flocks, reflecting our holistic approach to customer solutions. Notably, we go a step further by providing specialized mastitis management programs for cattle, showcasing our dedication to comprehensive livestock care.

Since 2017, our commitment to growth has seen us continuously expand our diagnostic labs, offering end-to-end solutions to our customers. With a keen focus on safeguarding poultry flocks, we established two fully operational sero-monitoring labs in India. In doing so, we empower our customers to assess the health status of their flocks, recommend relevant vaccines, and provide tailored vaccination schedules.

The pinnacle of assessing flock immunity from prior infections or vaccinations lies in sero-monitoring or sero-surveillance, which gauges antibody levels against infectious diseases. Our diagnostic services built upon sero-monitoring offer invaluable insights—identifying poultry populations at risk, evaluating vaccination campaign effectiveness, advising immunization strategies, confirming disease eradication, and even predicting potential outbreaks. These diagnostic services are provided to our valued customers at no cost, underscoring our commitment to their success.

To further amplify our support, we operate a feed and fodder analysis lab. Here, we analyze crucial elements such as moisture, crude protein, crude fiber, ether extract, total ash, acid insoluble ash, calcium, and aflatoxin. Post-analysis, we guide farmers and feed millers in tailoring animal nutritional requirements and optimizing ration balancing programs. Furthermore, we possess the capability to analyze serum samples for brucellosis through the Rose Bengal Plate Test (RBPT). Given the zoonotic nature of this disease, maintaining a brucella-free herd is paramount for safeguarding both human and animal health.

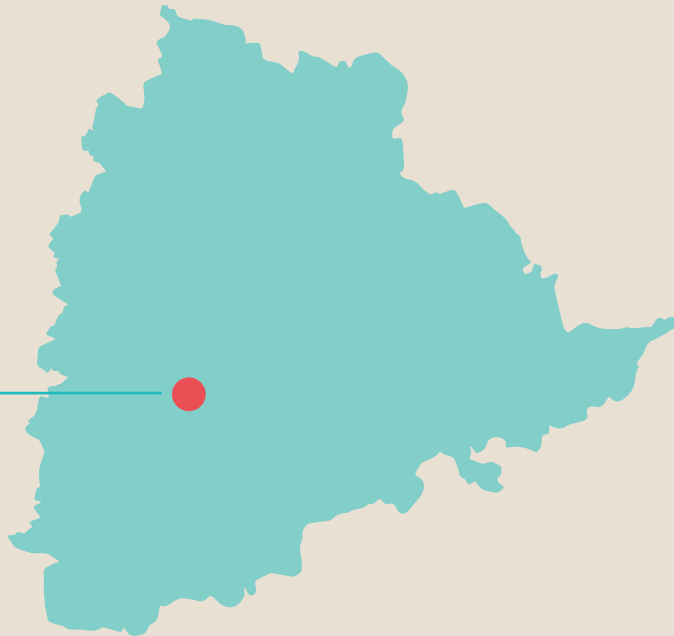
Hester remains committed to pioneering advancements in veterinary care and bolstering the agricultural community. Through our expansive technical services and comprehensive diagnostic offerings, we stand as a steadfast partner in the pursuit of healthier, more productive livestock operations.



DIAGNOSTIC FACILITIES

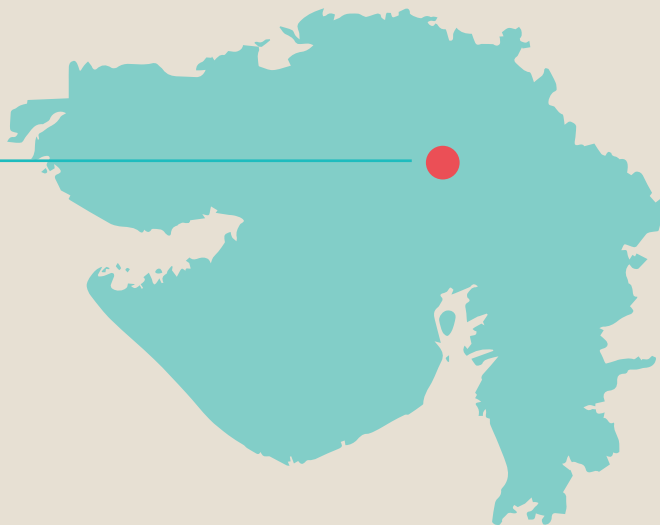
HYDERABAD

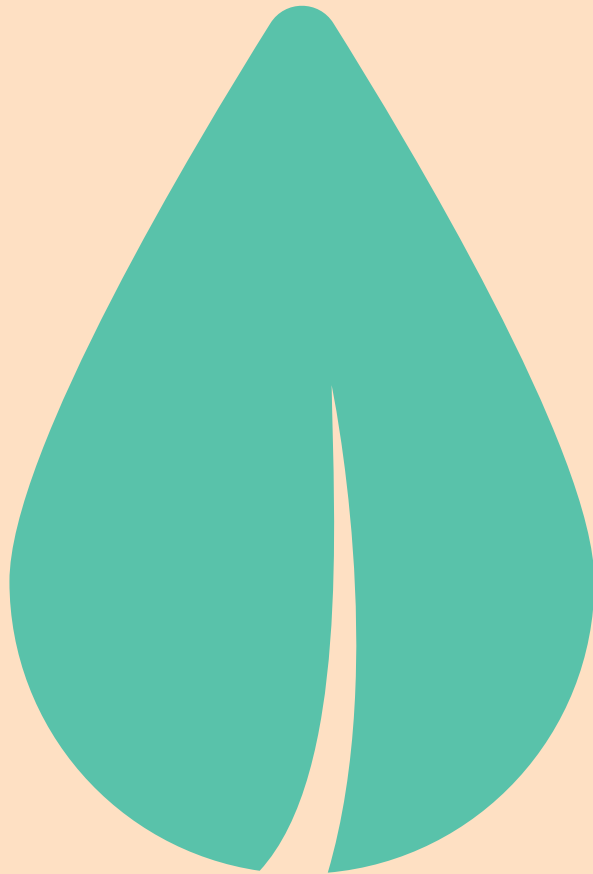
Telangana, India



KADI

Gujarat, India





09

**SHARPER
FOCUS
ON ESG**

We are committed to the Environmental, Social and Governance (ESG) principles to create wider social impact and sustainable value for all our stakeholders.

We have successfully implemented transformative initiatives to ensure environmental stewardship, mitigate the risks, impact of climate change, manage waste and wider resources effectively. Additionally, we prioritise the health and safety of our teams, promote diversity and inclusion, and actively engage in community development programmes. Our governance framework upholds transparency, ethical conduct, and compliance with relevant laws and regulations. Through these efforts, we strive to create sustainable value for all stakeholders, while contributing to a greener and more equitable future.





E

ENVIRONMENT

Our environmental stewardship is focused on reducing our environmental and carbon footprint through adoption of renewable energy, driving resource efficiencies, effective waste reduction and recycling programmes, energy-efficiencies and dedicated efforts towards water conservation. Additionally, we remain committed to conducting thorough compliance monitoring and reporting, thus fostering sustainable business practices and actively contributing to the realisation of a greener future.

CLIMATE ACTION

To identify the key areas of climate change impact, we are conducting a thorough materiality assessment across our value chain. We are undertaking a range of measures aimed at enhancing resource efficiency, optimising waste management, and reducing our carbon footprint. Through these concerted efforts, we strive to step up our environmental performance and contribute to the larger goal of combating climate change.

WASTE MANAGEMENT

We have formulated a comprehensive waste management strategy to minimise the generation of waste. Our approach focuses on the reduction of waste at its source, the prioritisation of recycling materials whenever feasible, and the strict adherence to appropriate disposal methods. By diligently following these practices, we strive to minimise the overall quantity of waste produced.

ENERGY MANAGEMENT

As a manufacturing entity, energy is an important aspect of our operations. We have implemented various measures to minimise the energy consumption, achieve energy efficiencies and adopt renewable energy sources at our plant.

100 KWh

ROOFTOP SOLAR INSTALLED

S

SOCIAL

Social factors are pivotal in our journey towards long-term sustainability as it enhances our ability to combat challenges. This includes safety of our employees, providing equal opportunities and our community outreach programmes. We have implemented various training programmes aimed at skills upgradation of our work force, promoting social awareness and responsibility and focusing on health, safety, and environmental aspects. Our goal is to ensure the effective implementation of ESG and wider sustainability principles across all departments for an overall positive impact.

HEALTH AND SAFETY

The well-being and safety of our employees are paramount to our organisation.

We uphold this commitment through a multifaceted approach, encompassing the implementation of rigorous safety protocols, regular training programs, and the provision of personal protective equipment (PPE). Additionally, we maintain a secure working environment and adhere to all pertinent health and safety regulations to ensure the highest standards of protection for our valued workforce.

PROMOTING DIVERSITY AND INCLUSION

Our policy on diversity, equity, and inclusion emphasises creating an inclusive and equitable environment that values and respects individuals from diverse backgrounds. Various measures taken to promote diversity across the organisation include:

- Implementing diverse hiring practises to attract candidates from different backgrounds and experiences
- Providing diversity and inclusion training programmes to enhance understanding, awareness, and skills among employees
- Ensuring equal access to opportunities for career development, advancement, and recognition for all individuals
- Fostering an inclusive culture that encourages open dialogue, respects differing perspectives, and addresses any instances of discrimination or bias
- Establishing employee resource groups or affinity networks to promote networking, support, and representation for underrepresented groups
- Evaluating performance fairly and objectively, without bias or discrimination, to ensure equitable treatment for all employees

COMMUNITY DEVELOPMENT PROGRAMMES

We are deeply committed to fostering community development through a range of impactful programs that encompass education, employment, vocational skill development, and the support of differently-abled individuals. Our comprehensive CSR initiatives extend to promoting gender equality and empowering women through the establishment of homes, hostels, and various facilities. We also demonstrate our dedication to the welfare of senior citizens by setting up old age homes, orphanage houses, day care centres, and other essential resources.



GOVERNANCE

We firmly uphold the principles of robust and transparent governance, which serve as the foundation of our organisation. Our governance framework is designed to propagate and uphold ethical values while safeguarding the interests of all stakeholders. Our Board of Directors comprises visionaries and accomplished leaders, possessing extensive experience spanning various industries. Their collective expertise ensures the effective oversight and strategic guidance necessary to steer our organisation towards continued success and sustainable growth.

PROMOTING TRANSPARENCY

We have implemented several measures to promote transparency and disclosure of information to stakeholders. These measures help us foster transparency and disclosure, enabling stakeholders to make informed decisions and maintain trust in the Company.

- Regular financial reporting helps stakeholders understand the financial health and performance of the Company.
- Relevant business information is publicly available through various channels like the annual report, website, press releases, emails, etc.
- Management presents information about the performance, strategy, and future plans in the shareholder meetings which allows stakeholders to ask questions and gain a deeper understanding of the business operations of the Company.
- We have established clear governance policies to ensure transparency in decision making processes. These policies outline our commitment to integrity and accountability.
- Active stakeholder's engagement through various channels, such as meetings, investor's calls, and emails.

OUR POLICIES

To ensure effective governance, we have implemented a range of policies and practices. We comply with all relevant laws and regulations and have established frameworks that emphasise transparency, accountability, and ethical behaviour. Our code of conduct address concerns such as bribery and insider trading, while our risk management processes identify and mitigate potential risks. We maintain robust financial controls and reporting systems, and our whistleblower policy encourages transparency and accountability. Additionally, we prioritise diversity and inclusion, ensuring equal opportunities for all employees. These measures collectively uphold our commitment to sound and responsible governance.

VISIT OUR WEBSITE FOR MORE INFORMATION ON OUR POLICIES:

<https://www.hester.in/corporate-governance>

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STATUTORY

REPORTS



01

**CORPORATE
INFORMATION**

BOARD OF DIRECTORS

Dr. Bhupendra Gandhi
Chairman

Mr. Rajiv Gandhi
CEO & Managing Director

Ms. Priya Gandhi
Executive Director

Mr. Sanjiv Gandhi
Director

Mr. Ravin Gandhi
Director

Ms. Nina Gandhi
Alternate Director

Mr. Naman Patel*
Independent Director

Mr. Amit Shukla*
Independent Director

Ms. Sandhya Patel
Independent Director

Mr. Ashok Bhadkal
Independent Director

Mr. Ameet Desai
Independent Director

**up to 31 March 2023*

CHIEF FINANCIAL OFFICER

Mr. Nikhil Jhanwar

COMPANY SECRETARY

Mr. Vinod Mali

REGISTERED & CORPORATE OFFICE

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

MANUFACTURING UNIT

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

STATUTORY AUDITOR

Chandulal M Shah & Co.
Chartered Accountants,
Ahmedabad

INTERNAL AUDITOR

Ernst & Young LLP (EY)
Ahmedabad

SECRETARIAL AUDITOR

CS Tapan Shah
Practicing Company Secretary
Ahmedabad

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, Ellisesbridge,
Ahmedabad 380006

STOCK EXCHANGES

BSE Limited (524669)
National Stock Exchange of India
Limited (HESTERBIO)

BANKER

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

ISIN: INE782E01017

CIN: L99999GJ1987PLC022333

AUDIT COMMITTEE

Mr. Ashok Bhadakal (Chairperson)
Ms. Sandhya Patel
Ms. Priya Gandhi

STAKEHOLDER'S GRIEVANCES AND RELATIONSHIP COMMITTEE

Ms. Sandhya Patel (Chairperson)
Mr. Rajiv Gandhi
Ms. Priya Gandhi

NOMINATION AND REMUNERATION COMMITTEE

Mr. Ashok Bhadakal (Chairperson)
Ms. Sandhya Patel
Mr. Sanjiv Gandhi

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Rajiv Gandhi (Chairperson)
Mr. Sanjiv Gandhi
Ms. Sandhya Patel

RISK MANAGEMENT COMMITTEE

Mr. Rajiv Gandhi (Chairperson)
Ms. Sandhya Patel
Ms. Priya Gandhi

MANAGEMENT COMMITTEE

Mr. Rajiv Gandhi (Chairperson)
Ms. Priya Gandhi
Mr. Sanjiv Gandhi

02

**BOARD'S
REPORT**

**Your Directors are pleased
to present the Thirty Sixth
Annual Report and the Audited
Financial Statements for the
financial year ended on
31 March 2023**

BOARD'S REPORT

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 2023 is summarised below:

(Amounts in ₹ million)

Particulars	Standalone		Consolidated	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Revenue from operations	2,540.00	2,193.51	2,660.91	2,350.06
Other income	53.23	46.57	151.51	137.41
Total Revenue	2,593.23	2,240.08	2,812.42	2,487.47
Profit before interest, depreciation, amortisation expenses and tax (PBIDT)	602.09	652.26	657.60	737.24
Less: Finance Cost	64.97	24.68	93.20	40.64
Less: Depreciation and Amortisation Expenses	97.88	95.02	206.95	165.81
Profit before Share of Profit in Joint Venture entity and Tax	439.24	532.56	357.45	530.79
Share of Profit in Joint Venture entity	-	-	44.09	4.23
Profit before tax	439.24	532.56	401.54	535.02
Less: Tax Expenses	115.82	137.39	121.19	140.18
Profit for the year (PAT)	323.42	395.17	280.35	394.84
Attributable to:				
Owners	323.42	395.17	266.27	393.20
Non-Controlling Interest	-	-	14.08	1.64
Other Comprehensive Income /(Loss)	1.13	(1.57)	16.25	8.21
Attributable to:				
Owners	1.13	(1.57)	16.26	8.21
Non-Controlling Interest	-	-	(0.01)	-
Total Comprehensive Income	324.55	393.60	296.60	403.05
Attributable to:				
Owners	324.55	393.60	282.53	401.41
Non-Controlling Interest	-	-	14.07	1.64
Earnings Per Share (Basic / Diluted) (Face Value of Share ₹ 10 each)	38.02	46.45	32.96	46.41

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.

RESULTS OF OPERATIONS

Sales

During the year under review, the standalone revenue from operations was ₹ 2,540.00 million, as compared to ₹ 2,193.51 million in the previous year. The consolidated revenue from operation was ₹ 2,660.91 million in the financial year ended on 31 March 2023, as compared to ₹ 2,350.06 million in the previous year.

Profitability

The Company achieved a standalone profit before tax of ₹ 439.24 million, as compared to ₹ 532.56 million in the previous year. The consolidated profit before tax was ₹ 401.54 million in the financial year ended on 31 March 2023, as compared to ₹ 535.02 million in the previous year.

Earnings per share

The EPS on the standalone financials was ₹ 38.02 for the year ended on 31 March 2023 as against ₹ 46.45 as on 31 March 2022. The EPS on consolidated financials was ₹ 32.96 for the year ended on 31 March 2023 as against ₹ 46.41 as on 31 March 2022.

Share Capital

The paid-up equity share capital as on 31 March 2023 stood at ₹ 85.07 million.

Net Worth

The Company's net worth on standalone basis as on 31 March 2023 was ₹ 2,923.82 million as compared to ₹ 2,684.34 million as on 31 March 2022. The Company's net worth on consolidated basis as on 31 March 2023 was ₹ 2,885.46 million as compared to ₹ 2,673.93 million as on 31 March 2022.

Transfer to Reserves

The Board of Directors of the Company has decided not to transfer any amount to the reserves for the year under review.

DIVIDEND

Your Directors have recommended a dividend of ₹ 8 per equity share (80%) on 8,506,865 equity shares of ₹ 10 each fully paid-up for the financial year 2022-23, amounting to ₹ 68.05 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 cut-off date. The Dividend Pay-out Ratio for the current year is 21% of standalone profits. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company, in terms of Regulation 43A of SEBI (LODR) Regulations, 2015 (as amended from time to time), is available at the web link:

<https://www.hester.in/corporate-governance>

BORROWINGS

The Company has long-term borrowings outstanding amounting to ₹ 1,069.85 million as on 31 March 2023.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated total income from operations is ₹ 2,660.91 million and total comprehensive income attributable to owner's equity after non-controlling interest is ₹ 282.53 million for the financial year 2022-23 as compared to the consolidated total income from operations of ₹ 2,350.06 million and total comprehensive income attributable to owner's equity after non-controlling interest of ₹ 401.41 million for the previous financial year 2021-22. Consolidated financial statements include the financial statements of the following entities

1	Hester Biosciences Nepal Private Limited	Foreign Subsidiary
2	Texas Lifesciences Private Limited	Indian 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 (Wholly-owned Subsidiary of Hester Biosciences Kenya Limited)
6	Thrishool Exim Limited:	Foreign Joint Venture Entity

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, and joint venture entity as a single entity.

SUBSIDIARY COMPANIES

As on 31 March 2023, your Company has two wholly-owned subsidiary companies 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; and one step-down subsidiary company, Hester Biosciences Tanzania Limited (a wholly-owned subsidiary of Hester Biosciences Kenya Limited).

The business details of the subsidiary companies are as under:

Texas Lifesciences Private Limited (Texas Lifesciences)

Texas Lifesciences is a subsidiary of Hester Biosciences Limited and holds 54.81% 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 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.

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.

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.

There has been no material change in the nature of business of the subsidiaries. More details are provided into the financial statements. During the year under review, the Board has reviewed the performance / affairs of the subsidiary companies.

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 will make available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to

any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for electronic inspection. The Consolidated Financial Statements presented by the Company include financial statements and highlights of its subsidiary and joint venture entity are part of this Board Report as Annexure - 1 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/corporate-governance>

JOINT VENTURE ENTITY

Thrishool Exim Limited (TEL) is 50% joint venture entity of Hester Biosciences Limited in Tanzania. TEL is a supplier and distributor of animal health and nutrition products of many companies. TEL's product range includes veterinary feed additives, feed raw materials, nutritional supplements, therapeutics and equipment sourced from recognised international producers. TEL has an established sourcing network with globally positioned partners from Europe, Asia and Southern Africa.

INSURANCE

The Company's plant, properties, equipment, stocks and vehicles are adequately insured against all major risks. The Company has also taken Directors and Officers Liability Policy to provide coverage against the liabilities arising on them.

PUBLIC DEPOSITS

During the year 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.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditor nor the secretarial auditor have reported to the Audit Committee, under section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

RELATED PARTY TRANSACTIONS

All Related Party transactions are entered in compliance to the provisions of law, the Policy on Materiality of and dealing with Related Party Transactions ("Related Party Policy") and were entered with the approval of Audit Committee, Board and Shareholders if and as applicable.

The particulars of material contracts and arrangements entered into with the related parties in accordance with the Related Party Policy of the Company and pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 are annexed herewith as Annexure-2. The Related Party Transactions for the financial year 2022-23 have been disclosed in Notes to the Financial Statements of the Company.

The policy on Related Party Transactions and material related party transaction are uploaded on the website of the Company and may be accessed through the web link:

<https://www.hester.in/corporate-governance>

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

Re-appointment and cessation of Directors

During the year, based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation of directors, the Board of Directors, through circular resolutions passed on 27 March 2023, have approved and recommended the re-appointment of Ms. Sandhya Patel (DIN: 02215022) and Mr. Ashok Bhadalkal (DIN: 00981201) as independent directors for the second term of five years with effect from 1 April 2023, subject to the approval of members.

Members of the Company have approved the re-appointment of Ms. Sandhya Patel (DIN: 02215022) and Mr. Ashok Bhadalkal (DIN: 00981201) as Independent Directors of the Company through the postal ballot process, and results were declared on 1 May 2023.

Pursuant to the provisions of the Companies Act, 2013, Mr. Naman Patel and Mr. Amit Shukla, Independent Directors of the Company, ceased to hold the office with effect from 1 April 2023, due to the completion of two consecutive terms as Independent Directors of the Company.

Retirement by Rotations

In accordance with the provisions of section 152 (6) of the Companies Act, 2013, Listing Regulations and in terms of the Articles of Association of the Company, Mr. Sanjiv Gandhi (DIN: 00024548), Non-Executive Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Declaration of Independence

The Company has received declaration of independence as stipulated under sections 149(6) and 149(7) of the Companies Act, 2013 and regulation 16(1) (b) and 25 of the Listing Regulations from Independent Directors confirming that they are not disqualified for continuing as an Independent Director. There has been no change in the circumstances affecting their status as an independent director of the Company.

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 Sixth Annual General Meeting.

Key Managerial Personnel

The followings persons are the Key Managerial Personnel (KMP) as per the provisions of the Companies Act, 2013, as on 31 March 2023:

1. Mr. Rajiv Gandhi, CEO & Managing Director
2. Ms. Priya Gandhi, Executive Director
3. Mr. Nikhil Jhanwar, Chief Financial Officer
4. Mr. Vinod Mali, Company Secretary

Board Evaluation:

During the year, the evaluation of the annual performance of individual directors, including the Chairman of the Company and Independent Directors, the 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 the Listing Regulations, 2015, and the circulars with respect to the Guidance Note on Board Evaluation. The evaluation of the performance of the board as a whole and of the committees was conducted through questionnaires.

In a separate meeting of Independent Directors, the performance of Non-Independent Directors and the performance of the Board as a whole were 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 Board of Directors reviewed the performance of individual directors on the basis of criteria fixed by the Board. The functioning of the Board, the Committees, and the performance of individual Directors were found satisfactory.

The way, the evaluation has been carried out has been explained in the Corporate Governance Report.

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.

Pecuniary Relationship

During the year under review, except those disclosed in the audited financial statements, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

Board of Directors Meetings

The Board of Directors met 5 (Five) times during the financial year 2022-23 and having gap of not more than 120 days between 2 (Two) consecutive Board Meetings. The information of meetings of the Board of Directors is given in Corporate Governance Report, forming a part of this Annual Report.

DIRECTOR'S 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 2023, 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 2023 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:

- i) Audit Committee
- ii) Nomination and Remuneration Committee
- iii) Stakeholder's Grievances and Relationship Committee
- iv) Corporate Social Responsibility Committee
- v) Risk Management Committee
- vi) Management 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.

RECOMMENDATION OF COMMITTEES

The Board has accepted the recommendations of all the committees constituted by the Board.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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: <https://www.hester.in/corporate-governance>

During the year, the Company has spent ₹ 10.20 million on CSR activities. The Disclosures with respect to CSR Activities forming part of Board's Report as Annexure-3.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Company has in place a stringent vigil system to report unethical behaviour in order to promote professionalism, fairness, dignity and ethical behaviour in its employees.

In compliance with provisions of section 177(9) of the Act and rules made thereunder and regulation 22 of the Listing Regulations, the Company has established vigil mechanism and framed Whistle Blower Policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and under the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015. Whistle Blower Policy is uploaded on Company's website and the link of the same is provided in a separate section of Corporate Governance Report. No whistle blower has been denied access to the Audit Committee of the Board.

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 2022-23, no complaints were received with regards to sexual harassment at any location of the Company.

INSIDER TRADING REGULATIONS

The Company has adopted the Code for Insider Trading as per the SEBI (Prohibition of Insider Trading) Regulations, 2015. All other details on insider trading regulations are mentioned into the Corporate Governance Report, which forms a part of this Annual Report.

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 Meeting (SS-1) and General Meetings (SS-2) are applicable to the Company. The Company has complied with the provisions of all applicable Secretarial Standards.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Amendment Regulations, the SEBI has mandated the Top 1000 listed companies as per market capitalisation to prepare and publish the Business Responsibility and Sustainability Report ('BRSR') with effect from the financial year 2022-23 in a specific format.

As the Company is among the top 1000 listed companies by market capitalisation, it is mandated to disclose the initiative on environmental, social, and governance perspective and publish the BRSR report. The BRSR report is attached and forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report. The Audit Committee has reviewed the Management Discussion and Analysis of financial conditions and results of operations during the year under review.

AUDITORS

Statutory Auditor and Audit Report

Chandulal M. Shah & Co. (Firm Registration No. 101698W), Chartered Accountants, Ahmedabad, was appointed as the Statutory Auditors of the Company till the conclusion of Thirty Sixth Annual General Meeting. Chandulal M. Shah & Co., 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 Audit Committee and the Board at their respective meetings held on 17 May 2023 recommended the re-appointment of Chandulal M. Shah & Co. as the Statutory Auditors of the Company for a further period

of 5 (five) consecutive years from the conclusion of Thirty Sixth AGM till the conclusion of Forty First AGM in year 2028, with an authority to the Audit Committee and the Board to decide the remuneration payable to them. Re-appointment of Chandulal M. Shah & Co. is subject to approval of members at the ensuing AGM.

The Board has duly reviewed the Statutory Auditor's Report of Chandulal M. Shah & Co. for the year ended on 31 March 2023. The Notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

Internal Auditor and Audit Report

Ernst & Young LLP, Ahmedabad, has been the internal auditor of the Company for the FY 2022-23. 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 and Management from time to time.

The Board has re-appointed Ernst & Young LLP, Ahmedabad for the FY 2023-24 as an Internal Auditor of the Company, 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 2022-23, on the remuneration terms as approved by the members at the previous Annual General Meeting. The Cost Audit report for the financial year 2021-22 was filed within the due date. The due date for submission of the Cost Audit Report for the year 2022-23 is within 180 days from 31 March 2023.

The Board has re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad for the FY 2023-24 as a Cost Auditor to audit the cost records of the Company on a remuneration up to ₹ 0.23 million plus applicable Goods and Services Tax and out of pocket expenses on actuals. 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 36th 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 re-appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2022-23. The Secretarial Audit Report for the FY 2022-23 is annexed to this Board's Report as Annexure-4. The Board has duly reviewed the Secretarial Auditor's Report for the year ended on 31 March 2023. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

Further, as per regulation 24A(1) of the Listing Regulations, the secretarial audit reports of Texas Lifesciences Private Limited, unlisted material subsidiary company is annexed herewith as Annexure-4A.

Annual Secretarial Compliance Report

In compliance with regulation 24A (2) of the Listing Regulations, Mr. Tapan Shah, Practicing Company Secretaries issued Annual Secretarial Compliance Report for the Financial Year ended on 31 March 2023. The Report, presented at the Board meeting held on 17 May 2023, confirmed that the Company has maintained proper records as stipulated under various Rules and Regulations and that, no action has been taken against the Company or its material subsidiaries or promoters / directors by SEBI / BSE / NSE. The Company has submitted the Report to the Stock Exchanges within the prescribed time.

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 Board's Report.

BUSINESS RISK MANAGEMENT

The Company has an elaborate Risk Management procedure covering various risks including Business, Operational, Financial, Sectoral, Market, Regulatory and Compliance, Sustainability, Human Resources, Information and Cyber Security and Strategic Risks and its assessment, measurement and mitigation processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis within the risk appetite as approved from time to time by the Board of Directors. The risk management framework is reviewed periodically by the Board and the Audit Committee. Discussion on risks and concerns are covered in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

Pursuant to the provisions of section 134(3)(n) of the Act and regulation 21 of Listing Regulations, the Company has constituted a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report, which forms a part of this Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND ITS ADEQUACY

The Company has a formal framework of Internal Financial Control ("IFC") in alignment with the requirement of Companies Act, 2013 and has also laid down specific responsibilities on the Board, Audit Committee, Independent Directors and Statutory Auditors with regard to IFC.

Accordingly, the Company has a well-placed, proper and adequate IFC system, which ensures:

1. The orderly and efficient conduct of its business,
2. Safeguarding of its assets,
3. The prevention and detection of frauds and errors,
4. The accuracy and completeness of the accounting records and
5. The timely preparation of reliable financial information.

The Board reviews the effectiveness of controls documented as part of IFC framework, and take necessary corrective and preventive actions wherever weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment.

Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materially affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company. The Statutory Auditors of the Company have audited the adequacy of Internal Financial Controls over Financial Reporting and the operating effectiveness of such controls and their Audit Report is annexed as Annexure B and Annexure A to the Independent Auditor's Report under Standalone Financial Statements and Consolidated Financial Statements respectively.

CREDIT RATINGS

During the year, CARE Ratings Limited has revised the credit rating of "CARE BBB+/Stable" for long-term bank facilities from "CARE A-/Stable." For short-term bank facilities, "CARE A2" has been re-affirmed to the Company.

CERTIFICATIONS/ RECOGNITION/ ACCREDITATIONS

The Company having following Certifications/ Recognition/ Accreditations:

1. WHO - GMP
2. GLP (Good Laboratory Practices)
3. ISO 9001:2015
4. ISO 14001:2015
5. ISO 45001:2018
6. DSIR approved R&D Centre

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

During the year under review, in compliance with the provisions of sections 124 and 125 of the Act and Rules made thereunder the Company has transferred:

1. 1,750 equity shares of 8 (Eight) members whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF.
2. ₹ 0.41 million held by 642 members, being the unclaimed dividend, pertaining to the dividend for the financial year 2014-15 was transferred to IEPF after giving notice to the members to claim their unpaid / unclaimed dividend.

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 copy of the Annual Return of the Company for the Financial Year ended on 31 March 2023 in Form MGT-7 is uploaded on website of the Company and can be accessed at www.hester.in

PARTICULAR OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures pertaining to remuneration and other details are provided in Annexure-5 to this report.

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-6 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 Bank. Your Directors also thank the Medical Professional, the Traders 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 Governments and various departments and agencies for their support and co-operation.

Your Directors appreciate and value the contribution made by every member of the Hester Biosciences.

For and on behalf of Board of Directors

Rajiv Gandhi

CEO & Managing Director
DIN: 00438037

Priya Gandhi

Executive Director
DIN: 06998979

Date 17 May 2023

Place Ahmedabad

ANNEXURE - 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)

PART "A" - SUBSIDIARIES

(Amounts in ₹ million)

Name of Subsidiaries	Hester Biosciences Nepal Private Limited	Texas Lifesciences Private Limited	Hester Biosciences Africa Limited	Hester Biosciences Kenya Limited	Hester Biosciences Tanzania Limited
The date since when subsidiary was acquired	11 March 2016	6 June 2017	6 June 2017	27 June 2018	27 June 2018
Reporting period ended	31 March 2023	31 March 2023	31 March 2023	31 December 2022	31 March 2023
Reporting currency	NPR	₹	TZS	KSH	TZS
Exchange rate as on the last date of financial year	0.625	1	0.035	0.670	0.035
Average exchange rate	0.625	1	0.030	0.663	0.030
Equity Share capital	167.63	49.39	294.00	10.06	40.44
Other Equity	(52.52)	46.19	(188.87)	65.63	(21.96)
Total Assets	358.81	186.20	1,248.85	58.24	55.30
Total Liabilities	243.70	90.62	1,143.72	0.29	36.82
Investments	-	-	-	17.74	-
Turnover	125.02	266.64	2.23	-	22.82
Profit before Taxation	21.34	19.83	(122.62)	(17.78)	(6.83)
Provision for Taxation	-	5.18	-	-	0.16
Profit after Taxation	21.34	14.65	(122.62)	(17.78)	(6.98)
% of Shareholding	65%	54.81%	100%	100%	100%*

* Hester Biosciences Tanzania Limited is wholly-owned subsidiary of Hester Biosciences Kenya Limited

PART "B": JOINT VENTURESS

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

Name of Joint Venture	Thrishool Exim Limited
Latest Balance Sheet Date	31 March 2023*
Shares of Joint Ventures held by the Company on the year ended 31 March 2023	
Number of Shares	1,674
Amount of Investment in Joint Venture	₹ 208.15 million
Extend of Holding %	50%
Description of how there is significant influence	The company having 50% stake in equity shares and management joint control of the entity
Reason why the joint venture is not consolidated	Not Applicable
Net Worth attributable to Shareholding as per latest Balance Sheet	₹ 129.86 million
Profit /(Loss) for the year ended 31 March 2023	
Considered in Consolidation	₹ 44.09 million
Not Considered in Consolidation	Not Applicable

* The above stated figures are based on unaudited financial for the year ended 31 March 2023

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Priya Gandhi
Executive Director
DIN: 06998979

Date 17 May 2023
Place Ahmedabad

ANNEXURE - 2

PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

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

There were no contracts or arrangements or transactions entered into with related parties during the year under review, which were not on an arm's length basis.

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

Name of the Related Party and Nature of Relationship	Texas Lifesciences Private Limited Subsidiary
Nature of contract / arrangement or transaction	Purchase of health products
Duration of contract / Arrangement or transaction	On-going
Salient terms of the contract / arrangement or transaction, including value, if any	Pricing of purchase of products based on relevant guidelines of transfer pricing
Dates of approval by the Board of Directors	20 May 2022
Amount paid as advance, if any	Nil

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Priya Gandhi
Executive Director
DIN: 06998979

Date 17 May 2023
Place Ahmedabad

ANNEXURE - 3

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1 Brief outline on CSR Policy of the Company

The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Act and Rules made thereunder, as amended from time to time and for the time being in force. The policy may be accessed through the web-link: <https://www.hester.in/corporate-governance>

2 Composition of CSR Committee

Sr.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Rajiv Gandhi	Chairperson/ Executive Director	2	2
2	Mr. Sanjiv Gandhi	Member/ Non-Executive Director	2	2
3	Mr. Amit Shukla	Member/ Independent Director	2	2

The CSR committee was reconstituted with effect from 1 April 2023 as follows:

Sr.	Name of Director	Designation / Nature of Directorship
1	Mr. Rajiv Gandhi	Chairperson/ Executive Director
2	Mr. Sanjiv Gandhi	Member/ Non-Executive Director
3	Ms. Sandhya Patel	Member/ Independent Director

3 Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

www.hester.in

4 Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

Not Applicable

5 Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Nil

6 Average net profit of the company as per section 135(5)

₹ 506.80 million

- | | | | |
|---|----|--|-----------------|
| 7 | a) | Two percent of average net profit of the company as per section 135(5) | ₹ 10.14 million |
| | b) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years. | Nil |
| | c) | Amount required to be set off for the financial year, if any | Nil |
| | d) | Total CSR obligation for the financial year (7a+7b-7c) | ₹ 10.14 million |

- 8 a) CSR amount spent or unspent for the financial year Total ₹ 10.20 million as a CSR amount spent for the Financial Year 2022-23
- b) Details of CSR amount spent against ongoing projects for the financial year Not Applicable
- c) Details of CSR amount spent against other than ongoing projects for the financial year

Sr.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Amount spent for the project (in ₹ Million)	Mode of Implementation Direct	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Environment Sustainability	Environment Sustainability	Yes	Gujarat	Ahmedabad	1.00	No	Nehru Foundation for Development Centre for Environment Education Society (CEE)	CSR00001260
2	Eradicating hunger, poverty, and malnutrition	Eradicating hunger, poverty, and malnutrition	No	Gujarat	Bhavnagar	0.50	No	Ramroti Annakshetra Asharam Kotharia	CSR00028500
3	Healthcare	Healthcare	Yes	Gujarat	-	0.50	No	The Gujarat Cancer Society	CSR00000688
4	Healthcare	Healthcare	No	Gujarat	Amreli	0.50	No	Madad Trust	CSR00018608
5	Education to poor children	Education	No	Gujarat	Dang	1.50	No	Shri Vrij Bhagirathi Charitable Trust	CSR00017141
6	Education and Vocational Skill Training	Education and Vocational Skill Training	Yes	Gujarat	Ahmedabad	6.20	No	Vivek Foundation	CSR00032172
Total						10.20			

- d) Amount spent in Administrative Overheads Nil
- e) Amount spent on Impact Assessment, if applicable Not Applicable
- f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 10.20 Million
- g) Excess amount for set off, if any Nil

- 9 a) Details of Unspent CSR amount for the preceding three financial years Not Applicable
- b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) Not Applicable

- 10 In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset-wise details): Not Applicable
- a) Date of creation or acquisition of the capital asset(s)
- b) Amount of CSR spent for creation or acquisition of capital asset
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)	Not Applicable
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For and on behalf of Board of Directors

Rajiv Gandhi CEO & Managing Director DIN: 00438037	Priya Gandhi Executive Director DIN: 06998979	Date 17 May 2023 Place Ahmedabad
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ANNEXURE - 4

SECRETARIAL AUDIT REPORT OF HESTER BIOSCIENCES LIMITED

for the financial year ended 31 March 2023

[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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023, 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 2023 and made available to me, 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, External Commercial borrowings and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
 - iii. SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time; and
 - iv. SEBI (Investor Protection and Education Fund) Regulation, 2009;
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, 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. Biological Diversity Act, 2002 & its Rules
2. Drug Policy, 2002
3. Drugs (Price Control) Order, 2013

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.

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

- i) Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2021;
- ii) SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2016 and 2021;
- iii) Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021;
- iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & 2018; and
- v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 & 2018;

I further report that, the Compliance by the Company of applicable financial laws, like direct and indirect tax laws and names of related parties under AS-18, 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 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. The changes in the composition of the Board of Directors/ KMP that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

I further report that, during the audit period there were few specific events/ actions in pursuance of the above referred laws, rules, regulations, standards, etc. having a major bearing on the Company's affairs, details of which are as stated below:

1. In Annual General Meeting held on 23 August 2022, the Company has taken approval from the its members for existing as well as new material related party transaction(s) with Texas Lifesciences Private Limited (TLPL), Subsidiary Company, to the extent of ₹ 500 Million.
2. The Board of Directors of the Company through circular resolution held on 27 March 2023 have re-appointed Mr. Rajiv Gandhi, as CEO & Managing Director of the Company for another period of 3 years, with effect 1 April 2023, subject to approval of members through Postal Ballot process.

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

FCS No. : **4476**

C P No. : **2839**

UDIN: **F004476E000293028**

PR No. : **673/2020**

Date 17 May 2023

Place Ahmedabad

NOTE

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

ANNEXURE - A

To,
The Members,
HESTER BIOSCIENCES LIMITED
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.

Name of Company Secretary in practice: **Tapan Shah**
FCS No. : **4476**
C P No. : **2839**
UDIN: **F004476E000293028**
PR No. : **673/2020**

Date 17 May 2023
Place Ahmedabad

ANNEXURE - 4A

SECRETARIAL AUDIT REPORT OF TEXAS LIFESCIENCES PRIVATE LIMITED

for the financial year ended 31 March 2023

[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,
TEXAS LIFESCIENCES PRIVATE LIMITED
CIN: U24304GJ2017PTC097758
1st Floor, Pushpak,
Panchvati Cross 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 Texas Lifesciences Private 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023 generally complied with the material 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 2023 and made available to me, according to the provisions of:

- 1) The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- 2) Secretarial Standards issued by the Institute of Company Secretaries of India (SS – 1 and SS - 2)

During the period under review the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Further being a manufacturing Company, there are no specific applicable laws to the Company, which requires approvals or compliances under any Acts or Regulations which are relating to the manufacturing Industry.

During the Period under review, provisions of the following regulations were not applicable to the Company:

- i) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- ii) Various regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015, as the Company is Private Unlisted Company.

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

I further report that, the compliance by the Company of applicable financial laws, like direct and indirect tax laws and name of the related parties under IND AS-24, 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, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through, while the dissenting member's views are captured and recorded as part of the minutes.

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

Name of Company Secretary in practice: **Tapan Shah**
FCS No. : **4476**
C P No. : **2839**
UDIN: **F004476E000371117**
PR No. : **673/2020**

Date 30 May 2023
Place Ahmedabad

ANNEXURE - A

To,
The Members,
TEXAS LIFESCIENCES PRIVATE LIMITED
CIN: U24304GJ2017PTC097758
1st Floor, Pushpak,
Panchvati Cross 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.

Name of Company Secretary in practice: **Tapan Shah**
FCS No. : **4476**
C P No. : **2839**
UDIN: **F004476E000371117**
PR No. : **673/2020**

Date 30 May 2023
Place Ahmedabad

ANNEXURE - 5

PARTICULARS OF REMUNERATION AS PER SECTION 197(12) 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 the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary for the financial year 2022-23:

Sr.	Name of Director and KMP	Designation/ Category	Ratio of remuneration to median remuneration of Employees	% Increase/(Decrease) in remuneration in the financial year
A	Executive Directors			
1	Mr. Rajiv Gandhi	CEO & Managing Director	120.98	(15%)
2	Ms. Priya Gandhi *	Executive Director	15.91	-
B	Non-Executive Directors **			
1	Dr. Bhupendra Gandhi	Chairperson	0.74	N. A.
2	Mr. Sanjiv Gandhi	Director	0.59	N. A.
3	Mr. Ravin Gandhi	Director	Nil	N. A.
4	Ms. Nina Gandhi	Alternate Director	0.59	N. A.
5	Mr. Naman Patel	Independent Director	1.12	N. A.
6	Mr. Amit Shukla	Independent Director	1.56	N. A.
7	Ms. Sandhya Patel	Independent Director	1.27	N. A.
8	Mr. Ashok Bhadalkar	Independent Director	1.18	N. A.
9	Mr. Ameet Desai	Independent Director	0.74	N. A.
C	Key Managerial Personnel			
1	Mr. Nikhil Jhanwar [#]	Chief Financial Officer	N. A.	-
2	Mr. Vinod Mali	Company Secretary & Compliance Officer	N. A.	10%

* No change in remuneration. Not comparable as appointed as director for the part of the previous year.

** Sitting Fees

[#] Not comparable due to employed for the part of the previous year.

- b) The percentage increase in the median remuneration of employees in the financial year was 3.47%.
- c) There were 693 permanent employees on the rolls of the Company as on 31 March 2023.
- d) The average annual increase in the salaries of the employees, other than managerial personnel was 11.97%, whereas average decrease in the managerial remuneration was 15% for the financial year. The managerial remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.

- e) 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.
- f) The statement containing particulars of employees as required under Section 197 of the Act, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. In terms of Section 136 of the Act, the report and accounts are being sent to the Members and others entitled thereto, excluding the said annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at : cs@hester.in

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Priya Gandhi
Executive Director
DIN: 06998979

Date 17 May 2023
Place Ahmedabad

ANNEXURE - 6

INFORMATION AS REQUIRED UNDER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013
READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014:

A) CONSERVATION OF ENERGY

1. The steps taken or impact on conservation of energy:

a) Particulars of major steps taken and capital investments made:

Sr.	Steps taken by installing following equipment / fittings	Capital Investment
1	Three number of rain-water recharge well constructed	₹ 3 million

b) Impact on conservation of energy:

- We finished installing and commissioning the smart PO panel in October 2021. We saved 4-5% on electricity, compared to the target of 11%.
- During the year, the optimal usage of light diesel oil resulted in a 2.36% reduction in fuel consumption in boiler operations as compared to the previous year.

2. The steps taken by the Company for utilising alternate sources of energy:

The Company has installed rooftop solar on one building of factory premises, and the energy generated has been employed in the Company's operations. Exploring options for lowering the electricity cost by purchasing power from a power trader.

B) TECHNOLOGY ABSORPTION

1. The effort made towards technology absorption:

The following steps have been taken by the company to absorb technology:

- It is proposed that the use of Light Diesel Oil be reduced by adding additives to it before feeding it to the boiler. Trials for this aim are now taking place. Operational costs will be decreased as a result.
- Instead of four different chemicals, it was proposed that only one chemical be utilised in the cooling tower. Which trials are currently underway. Operational costs will be decreased as a result.

2. 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 financial performance of the Company. The endeavour is to keep the efforts on to further improve the operating margins.

3. 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.

4. Expenditure incurred on Research and Development:

The Company has incurred expenditure of ₹ 33.94 million under the head Research and Development.

C) FOREIGN EXCHANGE EARNINGS AND OUT GO

During the year, the foreign exchange earned in terms of actual inflows was ₹ 308.81 million, whereas the foreign exchange in terms of actual outflows was ₹ 38.75 million from the operations of the Company.

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Priya Gandhi
Executive Director
DIN: 06998979

Date 17 May 2023

Place Ahmedabad

03

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

GLOBAL ECONOMY

The world economy grappled with significant headwinds during 2022, mostly on account of mounting inflationary pressure, the geopolitical strife in Europe and disruptions in the supply chain. The resurgence of COVID-19 in China further impeded growth in 2022, but the recent resumption of economic activity has set the pace for a more rapid recovery. Moreover, global central banks resorted to rate hikes, resulting in a softening of inflation. The global inflation rate is projected to decrease from 8.7% in 2022 to 7.0% in 2023, followed by a further drop to 4.9% in 2024.¹

Emerging markets and developing economies, such as India, are demonstrating remarkable progress, with growth rates projected to experience a considerable surge this year.



Source: IMF, World Economic Outlook, April 2023

¹<https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

GDP growth (%) of major economies of the world for 3 years in a row

Particulars	2022	2023	2024
Global economy	3.4	2.8	3.0
Advanced economies	2.7	1.3	1.4
Unites States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Japan	1.1	1.3	1.0
United Kingdom	4.0	(0.3)	1.0
Canada	3.4	1.5	1.5
Other advanced economies	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
Emerging and Developing Asia	4.4	5.3	5.1
China	3.0	5.2	4.5
India	6.8	5.9	6.3

(Source: IMF, April 2023 World Economic Outlook.)

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2022-23 (starting in April 2022) shown in the 2022 column. India's growth projections are 5.4% percent in 2023 and 6.3% in 2024 based on the calendar year.

There are encouraging indications that suggest a rebound from the adverse effects of the pandemic and disruptions in the supply chain. The developing economies and emerging markets (EMDEs) are poised to assume a crucial role in propelling the resurgence of the economy in the years ahead.

The speed and efficiency of the fiscal and monetary policies aimed at bolstering economic growth will significantly influence the economic forecast. While central banks worldwide tighten their monetary policy stance to curb inflation, it remains to be determined whether these measures will be successful in controlling persistent inflation and achieving durable growth. Fiscal policies will also be crucial, particularly in providing assistance to businesses and individuals impacted by the pandemic.

INDIAN ECONOMY

The Indian economy demonstrated resilience amid geopolitical tensions and high inflation-induced global economic headwind and, according to the final advance estimates of the National Statistical Office (NSO), is set to register a growth of 7.2% in FY23. The better-than-expected performance in FY23 can largely be attributed to the relatively strong performance of the economy in the fourth quarter.

The Reserve Bank of India (RBI) is maintaining a stable monetary policy stance given the sliding inflation trajectory, positive macro tailwinds and increasing consumer aspiration. Opting for a hawkish pause, it decided to keep the repo rate unchanged for the second consecutive time.

The Indian government's initiatives, such as the PM Gati Shakti (National Master Plan), the National Monetisation Plan (NMP) and the Production Linked Incentive (PLI) plan, helped in fostering economic growth. Additionally, stronger prospects for manufacturing, services, agriculture, and related industries, along with improved business and consumer confidence, are expected to support domestic consumption. These factors, coupled with accelerated credit expansion, are anticipated to contribute to the overall economic growth in the near term.

The sustained growth momentum of India has improved sentiments and created an ideal environment for attracting investments. India is predicted to be the fastest-growing economy in the G-20 in the coming years². Moreover, India's leadership of the G20 Summit in 2023 presents a significant opportunity to guide international coordination towards economic stability and prosperity.

With measures to rein in inflation, manage depreciation of the Indian currency, and mitigate the immediate impact of the fiscal deficit on the economy, business prospects are expected to improve considerably

²<https://indbiz.gov.in/india-fastest-growing-economy-among-g-20-nations-pm/>

INDUSTRY OVERVIEW

GLOBAL VETERINARY HEALTHCARE INDUSTRY

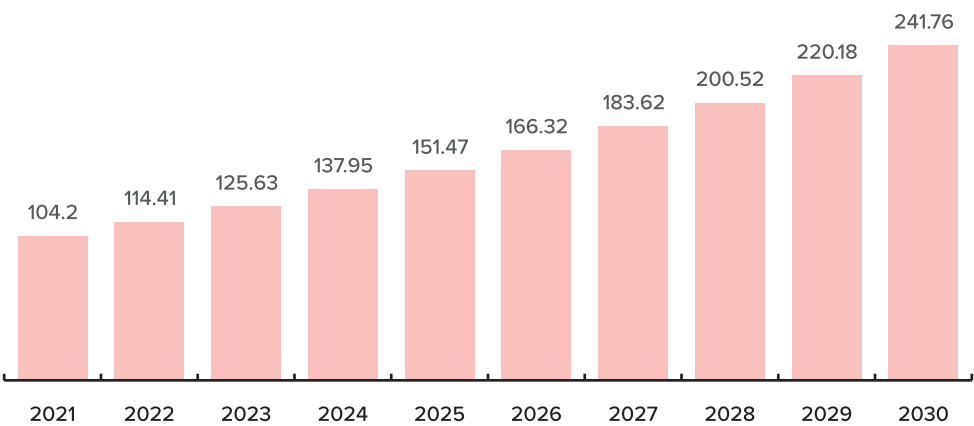
The global market for veterinary healthcare is expanding rapidly. It has experienced a rise in value from USD 180.32 billion in 2022 to USD 195.77 billion in 2023, representing a compound annual growth rate (CAGR) of 8.6%. Further, it is expected to show growth of CARG 7.5% to reach a value of USD 261.48 billion by 2027.³

The World Health Organisation (WHO) has defined zoonosis as infections that can be naturally transmitted from animals to humans. The outbreak of various zoonotic diseases has resulted in significant public health concerns. As a result, the importance of veterinary healthcare is becoming increasingly prominent. Moreover, the growth of the market is being propelled by positive actions taken by governments and animal welfare organisations. Numerous governments worldwide are implementing specific measures to enhance animal healthcare management by improving the diagnosis and treatment of animals. This focus on veterinary healthcare is projected to increase, thus driving the expansion of the global veterinary healthcare market.

Technological progress has contributed to enhancing the quality of life for both human beings and animals. Moreover, the utilisation of technology has resulted in better treatment outcomes for pets and their owners. Medical treatments once reserved for humans, such as magnetic resonance imaging (MRI), ultrasound scans, and laparoscopy, are now being used to care for animals. Additionally, the advent of digital communication has facilitated the replacement of traditional X-ray films with digital radiographs. The availability of digital dental X-rays and advanced oral surgery instruments has enabled veterinarians to improve the oral health of pets. Innovative devices are now capable of addressing pet healthcare concerns, not only within clinics but also beyond, for prevention of diseases and improved care.

The COVID-19 pandemic served as a significant impediment to the veterinary healthcare industry in 2020, as supply chains were disrupted owing to trade restrictions, and consumption declined due to lockdowns imposed globally. However, it is expected that the veterinary healthcare market will recover from the ‘black swan’ event, which is not related to ongoing or fundamental weaknesses in the market or the global economy.

Global veterinary service market (in USD billion)



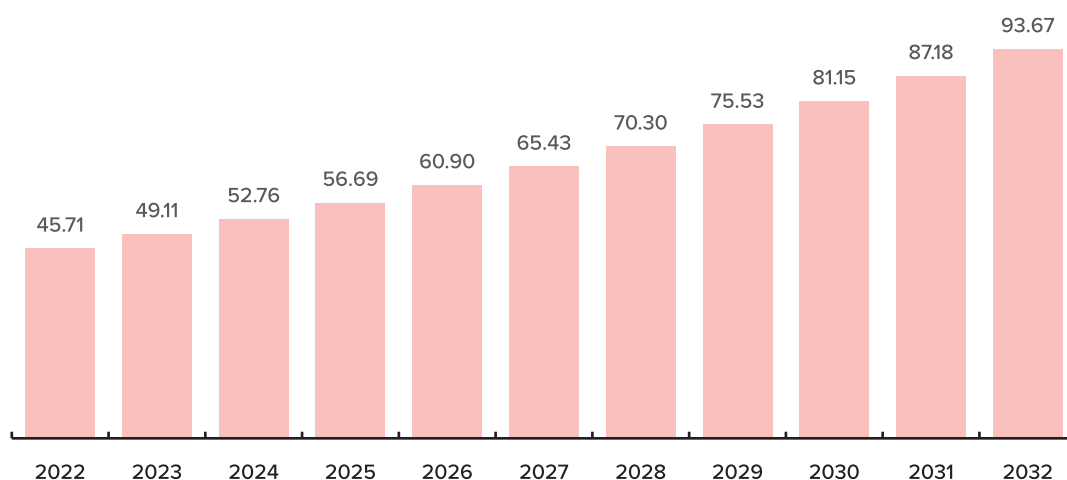
Source: <https://www.precedenceresearch.com/veterinary-services-market>

The veterinary services market has witnessed a significant growth trajectory in recent years, with its market size expanding from USD 114.41 billion in 2022 to an estimated USD 241.76 billion by 2030. This growth is expected to be sustained at a compound annual growth rate (CAGR) of 9.8% from 2022 to 2030.⁴ The increasing demand for veterinary services is attributed to the numerous benefits they offer in the realm of animal healthcare. Moreover, with the increasing prevalence of zoonotic diseases, veterinary clinics offer a range of services to prevent and control infectious diseases in animals.

³<https://www.reportlinker.com/p06281012/Veterinary-Healthcare-Global-Market-Report.html>

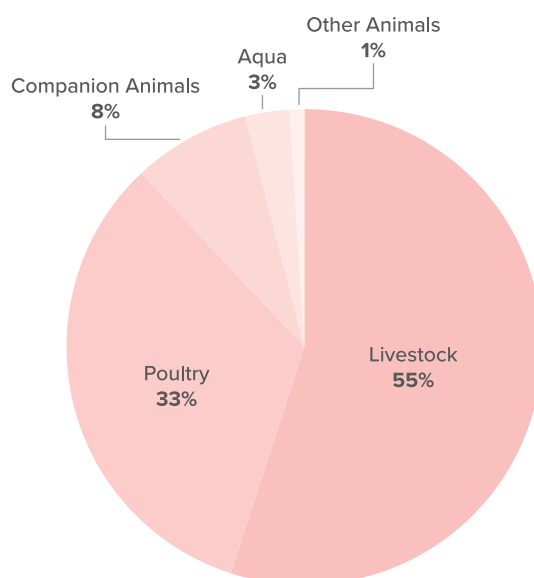
⁴<https://www.precedenceresearch.com/veterinary-services-market>

Global veterinary medicine market (in USD billion)



INDIAN VETERINARY HEALTHCARE INDUSTRY

The Indian veterinary healthcare industry has played a crucial role in the growth of animal husbandry in the country. In FY 2022, the market size of this industry reached ₹ 73.4 billion.



(Source: <https://www.infah.org/animal-health/indian-ah-industry>)

The sector is predicted to expand at an 8.9% compound annual growth rate (CAGR) to reach ₹ 120.3 billion by 2028.⁵

According to the Indian Federation of Animal Health Companies (INFHA), various categories of animal health products are expected to contribute to the industry's growth. Nutritional products are anticipated to provide 39%, parasiticides 20%, antibacterials 17%, biologicals 13%, and miscellaneous categories 11%.⁶

The increase in the prevalence of zoonotic diseases, along with rapid advances in the veterinary pharmaceutical industry, contributes to the growth of the market. Moreover, due to the country's reliance on the dairy sector, the government of India is increasing its investments on animal healthcare practises. Both governments and non-governmental organisations (NGOs) are involved in animal health research and development (R&D).

The Indian Federation of Animal Health Companies (INFHA) is an organisation established under Section 25 of the Companies Act to extensively work towards raising awareness about disease control and effective treatments. Additionally, the widespread adoption of feed additives, which aid in improving overall animal health

⁵<https://www.imarcgroup.com/india-animal-health-market>

⁶<https://www.infah.org/animal-health/indian-ah-industry>

and enhancing the quality of produce, such as milk, meat, and eggs, is impacting the market positively.

Moreover, the growth of the veterinary healthcare market in India is being driven by various technological advancements, including the integration of the internet of things (IoT) with animal health monitoring solutions. Moreover, the rising adoption of pets and the increasing utilisation of mobile sensors and wearables to monitor animal behaviour and health are other factors contributing to market growth.

INDIAN LIVESTOCK INDUSTRY

The livestock industry plays a significant role in alleviating poverty in India by providing a steady and reliable income stream. Apart from their economic advantages and ability to provide a consistent supply of food and income for households, livestock also contributes to rural employment opportunities. The quantity of livestock owned by a farmer impacts their social standing within the community and serves as a form of insurance during crop failures. Livestock-rearing carries lower risk and demonstrates resilience, as animals can feed on crop residues during droughts.⁷

The livestock industry is a crucial component of the Indian agricultural sector, with significant potential to contribute to the overall economy, generate employment, and facilitate global trade. According to the Department of Animal Husbandry and Dairying, over 85% of India's poultry meat is produced by commercial farms, while the remainder comes from backyard poultry reared mainly in rural areas. Among commercial broiler producers, vertically integrated operations are dominant, accounting for approximately 60-65% of output. The poultry industry currently provides employment opportunities to roughly six million small and medium-sized farmers.

INDIAN POULTRY INDUSTRY

The Indian poultry sector has experienced significant growth driven by the increasing demand for protein-rich products and the growing popularity of poultry items. The Indian poultry industry was valued at approximately USD 28 billion in FY2022. Supported by the rising prominence of online services and expanding online food delivery channels, the market is expected to experience further growth in the next 5 to 10 years, with a compound annual growth rate (CAGR) of 8.1%.

(Source: Poultry punch, Magazine)

INDIAN PET CARE INDUSTRY

In recent years, there has been a significant increase in pet adoption in India. The India Pet Care Market is expected to achieve a compound annual growth rate (CAGR) of 19.2% and attain a value of ₹ 210,000 million by 2032. The rise in pet ownership worldwide is attributed to several factors, such as rapid urbanisation, a shift towards nuclear families, double-income households, changes in lifestyle, and pet humanisation. India has contributed significantly to this trend, with a burgeoning pet population of 32 million that is growing at a rate exceeding 12% annually. This surge in pet ownership has bolstered the pet-care ecosystem, including retail chains, pet nutrition and services, and pet care services. The emergence of e-commerce has also acted as a medium for the distribution of pet products.

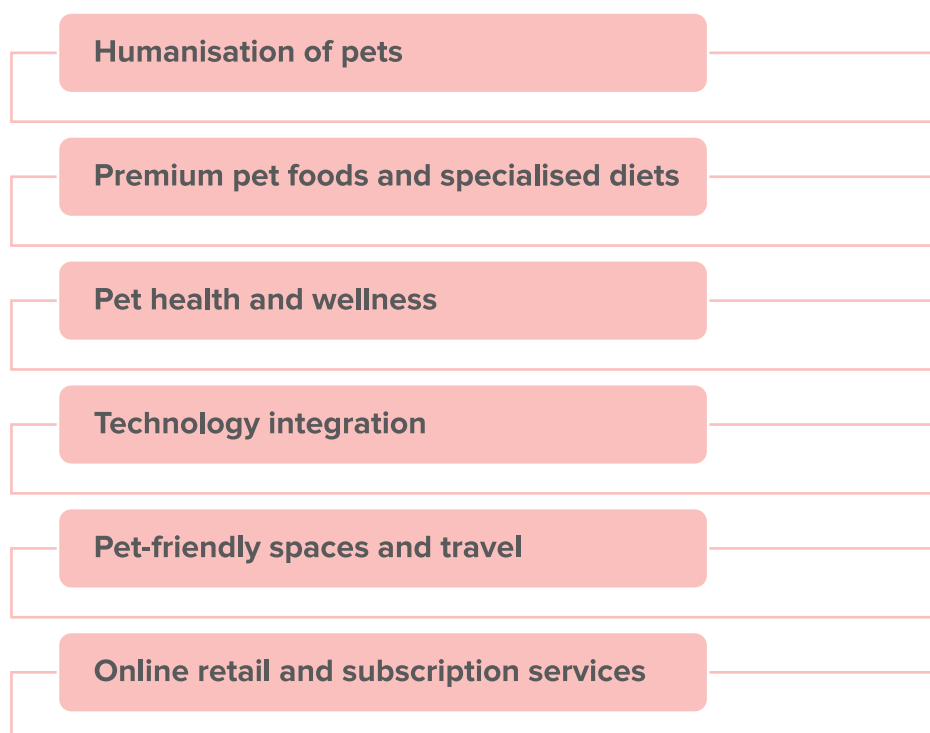
The shift in people's attitudes towards pet humanisation, the trend of delayed parenthood observed in urban areas and among newly-married couples, the rise of nuclear families and double-income households, and changes in lifestyle have resulted in pets becoming an integral part of the family. This has led to a surge in demand for pet care products and services in India. With the market in the western world reaching a saturation point, international pet care brands are increasingly entering the Indian market, creating significant opportunities for growth and development.

The Indian pet care market has witnessed robust growth owing to the increasing number of pet owners. The dog segment dominates the market, accounting for more than half of the market share, while the rabbit segment is expected to grow at a CAGR of more than 26%. Branded pet grooming kits and accessories have been widely accepted, and consumers recognise the significance of different food and sustenance products for the nutrition and growth of their animals. Dog food sales have also demonstrated a promising CAGR of over 21%. This has resulted in significant market expansion, which is projected to continue in the near future. Moreover, with the growing diversification of distribution channels, domestic pet care companies have intensified their competition with foreign players. This is expected to contribute to a substantial growth of the India pet care market's growth trajectory in the coming years.⁸

⁷<https://www.tribuneindia.com/news/features/focus-on-livestock-sector-for-income-growth-498193>

⁸<https://www.marketdecipher.com/report/india-pet-care-market>

RECENT TRENDS IN THE PET CARE INDUSTRY



Pet humanisation

Pets are increasingly being treated as family members, with owners willing to spend more on their pet's health, nutrition, and overall well-being.

Premium pet foods and specialised diets

Premium pet food and specialty diets, such as grain-free, raw, and organic alternatives, are in high demand. Pet owners are becoming more aware of their pet's nutritional requirements and preferences, with an emphasis on natural, high-quality products.

Pet health and wellness

Pet owners are more proactive about their pet's health, leading to increased demand for preventive care, supplements, and alternative therapies. Veterinary telemedicine and pet insurance have also gained popularity, making it easier for owners to manage their pet's health needs.

Technology integration

Pet tech products, including wearables, smart collars, and GPS trackers, have become more advanced and widely available. Mobile apps for pet care services, such as dog walking and pet sitting, have also become popular.

Pet-friendly spaces and travel

Pet-friendly establishments, such as hotels, restaurants, and workplaces, have become common. Pet travel has also evolved, with pet-friendly airlines and accommodations making it easier for pet owners to include their furry friends in their travel plans.

Online retail and subscription services

E-commerce has transformed the pet care industry, making it convenient for pet owners to shop for pet products and services online. Subscription services for food, toys, and other pet supplies have also grown in popularity.

MAJOR INDUSTRY DRIVERS

Increasing pet ownership

With a growing number of households owning pets, there is a higher demand for veterinary health services and products such as vaccines, diagnostics, and pharmaceuticals.

Rising livestock production

The demand for animal-based food products is on the rise, leading to an increase in livestock production. This creates a need for animal health services and products to maintain the health of these animals.

Advancements in technology

The new technologies such as genomics, precision medicine, and telemedicine are rapidly advancing the field of veterinary medicine. This is driving the development of new products and services and improving the accuracy and efficiency of animal healthcare.

Increasing pet insurance coverage

As more pet owners purchase insurance for their pets, they are more likely to seek out veterinary care when needed, driving demand for veterinary health products and services.

Increasing awareness of zoonotic diseases

India has the highest incidents of zoonotic diseases among developing nations, resulting in widespread illness and death. The key drivers driving the Indian animal health market are the rising frequency of zoonotic illnesses and the significant development of the veterinary pharmaceutical sector. Increasing usage of feed additives, which aid in strengthening animal health and enhances the quality of milk, eggs, and meat, is an additional factor driving market expansion.

Increasing demand for animal protein

With growing population and increasing income levels, the demand for animal protein such as milk, eggs, and meat is on the rise. This has led to an increase in the number of livestock, which in turn has created a need for better animal health management.

GOVERNMENT INITIATIVES

A robust regulatory framework is required for the animal health business in India to thrive, ensuring that high-quality vaccinations, medicines, and diagnostics are provided to farmers in time. The Office of the Principal Scientific Adviser (PSA) is collaborating with the Central Drugs Standard Control Organisation (CDSCO), the Department of Animal Husbandry and Dairying (DAHD), the Indian Council of Agricultural Research (ICAR), the Indian Pharmacopoeia Commission (IPC), and the industry to enhance animal health regulatory ecosystem. The Empowered Committee for Animal Health (ECAH) has been established as a nodal advisory body to oversee all animal health programmes in collaboration with allied ministries and independent experts.

National Programme for Dairy Development (NPDD)

The National Programme for Dairy Development (NPDD) is being implemented with the objective of increasing milk and dairy product sales by increasing farmer's access to organised markets, upgrading dairy processing facilities and marketing infrastructure, and strengthening producer-owned institutions.

National Animal Disease Control Programme (NADCP)

It is a flagship scheme launched by the Hon'ble Prime Minister in September 2019 for control of Foot & Mouth Disease (FMD) and Brucellosis by vaccinating 100% cattle, buffalo, sheep, goat and pig population for FMD and 100% bovine female calves aged 4-8 months for brucellosis with a total investment of ₹ 13,343 crore for five years (2019-20 to 2023-24).⁹

The Department of Animal Husbandry and Dairying

The Department of Animal Husbandry and Dairying received an allocation of ₹ 4,328 crore, an increase from ₹ 3,105 crore in the revised projections for 2022-23. A significant part of the total allocation went to the livestock health and disease control programme, amounting to ₹ 2,350 crore.

⁹<https://dahd.nic.in/schemes-programmes>

COMPANY OVERVIEW

Hester Biosciences Limited (henceforth referred to as 'the Company' or 'Hester') is one of India's leading animal healthcare companies and the country's second-largest poultry vaccine manufacturer. Founded by Rajiv Gandhi in 1987, Hester is headquartered in Ahmedabad, Gujarat. The Company exports products to several countries in Asia, Africa, Europe and South America and has a strategic presence in over 35 countries, focusing on key market needs in India, Nepal and African continent. It has also partnered with various organisations over the years, including Bill & Melinda Gates Foundation, GALVmed, Golchha Organisation, to name a few.

Hester operates through two broad verticals—Vaccines, and Healthcare Products. It offers 50+ vaccines and 70+ healthcare products. It also provides seroprofiling kits and operates diagnostic labs for poultry flocks and mastitis control programmes for cattle.

The Company is dedicated to the research, development, manufacturing, and marketing of veterinary biologicals and pharmaceuticals. Hester is also the first commercial manufacturer of Goat pox vaccine in India and manufactures PPR vaccines from both Nigerian and Sungri strains.

It operates with a singular focus on improving animal health, to monitor and prevent diseases in animals. With its in-depth knowledge of the market, cutting-edge R&D capabilities and incisive thinking, it is poised to unlock the untapped potential of the growing poultry and animal vaccine market across the globe. In 2010, Hester Biosciences was honoured as 'The Best Animal Vaccine Company' by The New Economy in the UK.¹⁰

Hester is a major player in the poultry vaccine market and currently has a 30% share in the Indian market. It offers more than 45 poultry vaccines (live and inactivated) and started manufacturing and marketing vaccines for larger animals. At present, it produces five types of large animal vaccines (live and inactivated) — Goat pox vaccine, Brucella abortus (S19) Calf vaccine, PPR Vaccine, CBPP vaccine and Lumpy Skin Disease ('LSD') vaccine.

Hester also produces healthcare products like feed supplements, pharmaceuticals, disinfectants and diagnostic kits like ELISA (Enzyme-Linked Immunosorbent Assay) & PCR (Polymerase Chain Reaction) diagnostic kits. The Company develops and sells NDV (Newcastle Disease Virus) and IBV (Infectious Bronchitis Virus) kits for poultry Sero-

monitoring and PCR molecular diagnostic kits for a number of diseases. The Company has a capacity to deliver 6.25 billion doses in India and 1.24 billion doses in Nepal and 1.50 billion doses in Tanzania. Currently, Hester has two diagnostic labs operational in Kadi, Gujarat and Hyderabad, Telangana. The diagnostic services are provided free of cost and the Company urges its potential customers to directly contact their sales or technical services teams to avail the service.

The Company produces Cefshot Tazo injection, a highly effective third-generation cephalosporin. This product is particularly useful in post-surgical interventions. Additionally, Hester Biosciences manufactures Hestacef CV, which are broad-spectrum antibiotic tablets designed to treat a range of infections in dogs and cats.

These infections include those affecting the skin, respiratory system, urogenital tract, and gastrointestinal system. In addition to the aforementioned products, Hester Biosciences also manufactures Hestaflam Tablets, which are specifically formulated to address musculoskeletal disorders. These tablets aid in the recovery process before and after surgery and provide relief from pain and inflammation. Moreover, the Company produces Safeline Spot-On, a product suitable for both cats and dogs. Safeline Spot-On acts as an insect growth regulator, effectively controlling infestations of fleas, ticks, and lice. It also serves as a repellent, keeping flies and mosquitoes at bay.

BUSINESS STRENGTHS

1. Diversified portfolio of healthcare products:

Hester Biosciences has a diverse portfolio of animal vaccines, poultry vaccines, pharmaceuticals, diagnostic kits, and healthcare products for a range of animals, including poultry, livestock, and pets. Hester has 50+ vaccines and 70+ healthcare products. This allows the Company to serve a broad customer base and generate revenue from multiple product lines.

2. Dedication to research and development:

Hester Biosciences has a dedicated research and development team that works to develop new and innovative products to meet the evolving needs of the animal healthcare industry. The Company has achieved GMP certification for its plants in India, Nepal and Tanzania. In addition to this, Hester has earned over four decades of experience in developing poultry and animal healthcare products with the assistance of their dedicated scientists at

¹⁰<https://www.poultryworld.net/home/hester-named-the-best-animal-vaccine-company-q1-results/>

their Department of Scientific & Industrial Research (DSIR)- recognised R&D laboratories.

3. Strong supply chain:

Hester Biosciences has a strong distribution network that spans many countries across the globe. The Company has a strong distribution network that spans across India and other countries. This allows the Company to reach a wide customer base efficiently.

4. High-end products:

Hester Biosciences adheres to strict quality and safety standards to produce superior quality products. This has helped the Company to build a reputation for producing high-quality products that are effective in treating and preventing animal and poultry diseases. The company is accredited in Good Manufacturing Practices (GMP) and Good Laboratory Practices (GLP), as well as ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018.

5. Strong manufacturing capabilities:

Hester Biosciences has state-of-the-art manufacturing facilities in Mehsana, Gujarat with a 6.25 billion dose manufacturing capacity that complies with international quality standards. It is Asia's largest animal biological manufacturing unit.

6. A key player in Africa:

Africa is still an untapped market when it comes to the immunisation of animals against diseases. It is expected to be one of the largest markets for animal vaccines in the next decade, with Tanzania having the 3rd largest herd of domestic livestock in the world. Hester Biosciences Africa Limited has begun producing vaccinations against PPR, LSD and CBPP in Tanzania with a capacity of 1.5 billion doses. The Bill and Melinda Gates Foundation had partially funded this project as it emphasises animal healthcare. This initiative will enable Hester to become a prominent player in Africa and greatly contribute to the social and economic prosperity of Tanzania and the African continent. The Company has already started manufacturing and marketing of the PPR Vaccine - Nigerian Strain; the Newcastle Disease Vaccine for poultry, LSD and CBPP.

7. Improving global presence:

Hester is expanding its distribution network in Africa to distribute vaccines and health products from its plants in India, Nepal, and Tanzania, with a focus on the domestic market and East African countries. The Company is also developing a specialised animal vaccine manufacturing facility in Africa. Hester has also entered into a technological collaboration with Novapharma in Egypt, which is expected to unlock tremendous possibilities. In addition, Hester Nepal won the tender from World Animal Health Organisation (WOAH) to create a

vaccine bank for the PPR vaccine and acquired a 50% stake in Thrishool Exim Limited (TEL), a distribution Company in Tanzania that supplies and distributes animal health and nutrition products sourced from recognised international producers.

Hester acquires technology from ICAR

Hester has entered into a formal agreement with the Indian Council of Agricultural Research - National Institute of High Security Animal Diseases (ICAR-NIHSAD) for obtaining domestically-developed technology, aimed at producing and marketing the inactivated vaccine for poultry against the Low Pathogenic Avian Influenza (H9N2 strain).

Hester has also signed an agreement with the Indian Council of Agricultural Research - National Research Centre on Equines, Hisar (ICAR-NRCE) for obtaining domestically-developed technology, aimed at producing and marketing the inactivated vaccine for cattle against the Lumpy Skin Disease.

BUSINESS STRATEGIES AND DEVELOPMENTS

1. Expansion of product portfolio:

Hester Biosciences has expanded its product portfolio to include vaccines, biologics, and diagnostics for various segments such as poultry, large animals, and aquaculture. The Company has also launched several new products over the years, such as the Marek's disease vaccine for poultry and the Classical swine fever vaccine. To diversify and reduce reliance on a single product, division, or region, Hester Biosciences has strategically increased the sale of health products, which may have lower gross margins but, will benefit the top and bottom lines in the long run. The Company is also exploring global manufacturing and distribution opportunities for animal health products and biologics.

2. Exports:

The Company is planning to increase its exports to the African region owing to great market potential and the need for animal vaccines in the region. Hester Biosciences has been expanding its exports to various countries such as South Africa, Vietnam, and Bangladesh. The Company has obtained several international certifications, such as GMP and ISO, to ensure compliance with international quality standards.

3. Investment in manufacturing facilities:

Hester Biosciences has invested in the expansion and modernisation of its manufacturing facilities to increase its production capacity and improve efficiency. Hester has four subsidiaries — Texas Lifesciences Private Limited (TLPL), Hester Biosciences Kenya Limited (HBKL), Hester

Biosciences Nepal Private Limited (HBNPL), and Hester Biosciences Africa Limited (HBAL). These subsidiaries will assist Hester in reducing the demand and supply imbalance in African and Asian countries for animal healthcare products and vaccines.

4. Analysing global trends:

Hester Biosciences has emerged as a leading player in the animal healthcare industry, diversifying its portfolio from poultry vaccines to a range of veterinary vaccines, pharmaceuticals, and healthcare divisions. The Company plans to expand its product mix by introducing new natural or herbal products and services. In keeping with the global trend of reducing antibiotic use, Hester has opted to concentrate on herbal therapies, with the bulk of the future products for both the Poultry and Animal divisions being natural or herbal in nature. The Company introduced a new line of herbal products for livestock and poultry to promote the general health of animals.

5. Alliance with government:

The Indian government plans to immunise 40 million female calves against Brucella. Hester is also launching an improved poultry vaccine and has signed agreements for low-cost, high-quality swine and sheep vaccines. The Company has also secured a government contract to supply PPR vaccines over the next year, resulting in significant revenue growth. These initiatives are part of the government's Atmanirbhar Bharat mission to make India self-sufficient in vaccine production and reduce losses in the livestock industry.

6. Exploring opportunities in pet care:

Hester entered the pet care industry in 2022, leveraging its four decades of animal healthcare experience, extensive knowledge of animal biology, and R&D skills. Their pet care portfolio includes dermatological, grooming, anti-infective, and speciality products, with a focus on making pet-specific items. Hester plans to expand its portfolio to include pet biologicals and diagnostics that meet the demands of veterinarians and pet owners. This expansion is in line with Hester's goal of improving human health through healthy animals.

FINANCIAL OVERVIEW

The Company's sales increased by 16% to ₹2,540.00 million in FY 2022-23, as compared to ₹2,193.51 million in FY 2021-22.

The Poultry healthcare segment produced revenues of ₹1,391.70 million in FY 2022-23, down by 17% from ₹1,673.82 million in the prior fiscal year. The section provided 55% of the Company's total revenues in FY 2022-23 as compared to 76% in FY 2021-22. The poultry industry continues to be under pressure due to high feed costs and low product realisations, leading to significantly lower new bird placements and poor collection cycles. Nonetheless, considering that we have been able to recover in last quarter compared to the yearly degrowth, we hope to see a positive trends in coming quarters.

Animal segment sales increased by 106% to ₹992.81 million in FY 2022-23, compared to ₹481.20 million in the prior fiscal year. The division produced 39% of the Company's total revenues in FY 2021-22 as compared to 22% in FY 2021-22. The sales of the Animal healthcare division got a big boost due to the demand for Goat Pox Vaccine consequent to the outbreak of Lumpy Skin Disease (LSD) in cattle and also supplemented with a good growth in the sales of health products.

Petcare segment sales produced revenue of ₹17.67 million in FY 2022-23. The Petcare division, launched during the year is gaining traction. Until date, since the inception of this segment, 10 products have been launched in 15 sales territories. The market response has been very encouraging, and this division is set to grow in geometric progression.

Revenue from the others which are not from the above stated three major segments of ₹88.69 million in the year and License & services fees Income increased to ₹49.13 million in FY 2022-23 from ₹38.49 million in the prior fiscal year.

Overall gross profit margin reduced by 2% to 68% in FY 2022-23 as compared to 70% in FY 2021-22, which is mainly due to the change in product mix between vaccines and health products, health products sales having gone up.

The Company's operating EBITDA decreased by 12%, from ₹567.20 million in FY 2022-23 to ₹499.73 million in FY 2021-22. The reduction in EBITDA margin was due to the reduction in Gross Profit margin, accompanied by higher market development costs in the animal health division and the new pet division.

The Company's Net Profit decreased by 5%, from 18% of sales in FY 2021-22 to 13% of sales in FY 2022-23. Reduction in net profit due to an increase in selling and distribution expenses along with an increase in employee costs.

For FY 2022-23, the Company has recommended a dividend of ₹8 per share i.e. 80%. This is in accordance with the Company's dividend policy of distributing at least 18% of net income as dividends.

SIGNIFICANT FINANCIAL RATIOS

Sr.	Ratio	Current Period (2022-23)	Previous Period (2021-22)	% Variance	Reason for variance
1	Current ratio	1.58	2.22	-29%	Increase in current liabilities due to increase in short term borrowings and trade payable
2	Debt-equity ratio	0.56	0.45	24%	
3	Debt service coverage ratio	2.47	2.77	-11%	
4	Trade payables turnover ratio	7.96	10.39	-23%	
5	Return on Net Worth (%)	10.82%	13.91%	-22%	
6	Net Profit Margin (%)	12.73%	18.02%	-29%	Reduction in net profit due to increase in selling and distribution expenses along with increase in employee cost

BUSINESS OUTLOOK

BUSINESS OUTLOOK

In the vaccines sector, Hester has made significant progress in the PPR disease national immunisation programme. Of the total order value of ₹ 406.80 million under the tender agreement, the Company has supplied ₹ 21.05 million in FY2022-23 and the balance is expected to be executed in FY 2023-24 in a phased manner. Additionally, the Company will actively promote the annual immunisation against Lumpy Skin Disease (LSD) and carry out preventive vaccine programmes based on the advisory issued by the Ministry of Fisheries, Animal Husbandry & Dairying.

Complementing the vaccination market, the health products market for poultry as well as ruminants, presents a significant growth opportunity. Hester plans to introduce differentiated and value-added products to meet the emerging market needs and focus on increasing the field force productivity in order to capitalise on the larger health products market compared to vaccines, both domestically and globally. The Company's Petcare division will focus on expanding sales territories and launching new products to further drive growth.

In terms of production and capacity expansion, Hester Biosciences is on track to complete the commissioning of its Fill-finish facility (Drug Product) in FY 2023-24. This expansion, coupled with the earlier expansion of Bulk Antigen (Drug Substance) production capacity, will double the Company's vaccine production capacity, ensuring its ability to meet growing demand.

The Company, in consortium with Gujarat Biotechnology Research Centre (GBRC), Government of Gujarat (GoG), has entered into an agreement with Bharat Biotech under the Mission Covid Suraksha Scheme to manufacture the Drug Substance for Covaxin. The BSL-3 facility has been constructed and regulatory approval of the facility has been received.

With the regulatory approvals for manufacturing PPR, CBPP, LSD vaccines for ruminants and ND and IBD vaccines for poultry, Hester Africa's plant is now accredited with GMP certification by the Tanzanian drug authorities and is now prepared to commercialise in the domestic as well as international markets.

KEY RISKS AND MITIGATION STRATEGIES

Economic risks: The Company's products play a crucial role in facilitating the production of the most affordable kinds of animal protein, including milk, eggs, and meat. As these products are sensitive to changes in economic conditions, any economic slowdown is expected to have a direct effect on the

demand for these commodities, potentially resulting in a decrease in sales of the Company. This could have an adverse impact on the Company's overall performance.

Mitigation strategy: As part of its risk mitigation strategy, the Company regularly monitors the business and economic environment. This practise allows the company to keep on top of developing trends, risks, and opportunities and modify its operations accordingly. Additionally, the Company is committed to the adoption of new technologies that can help to optimise operations, reduce costs, and improve efficiency. The organisation also aims to increase its market penetration by exploring new markets, developing new products and services, and enhancing its brand image. The Company has also been strategically working on reducing the relevance of any one division or any one product line, whether it is vaccines or health products. Through these efforts, the Company seeks to counteract the impact of any potential incidents and maintain its position as a market leader.

Regulatory risks: The Company operates in a global environment that is highly regulated and fiercely competitive. This regulatory landscape is subject to constant change, and any unfavourable developments in major areas could potentially have a negative impact on the Company's operations. It is essential for the organisation to remain vigilant and ensure that it complies with all relevant regulations and standards. Failure to comply or any infringement may result in the revocation or suspension of licenses, imposition of fines, and even criminal penalties. As such, the Company places high priority on maintaining compliance with applicable regulations and standards to safeguard its operations and reputation.

Mitigation strategy: The Company places great emphasis on maintaining compliance with all applicable laws and regulations and regularly seeks legal consultations to ensure that it is up-to-date with any changes or new developments. Additionally, the organisation maintains proper documentation to facilitate efficient and effective management of any potential risk. By adopting these measures, the Company aims to minimise regulatory risks and sustain its growth trajectory.

Peer risks: The manufacturing processes as well as geographical expansion requires complex registration processes. The use of superior technology by new market entrants may simplify the process and pose a threat to the Company's operations. Similarly, the

Company's rivals may adopt effective marketing strategies to capture a larger market share. It could pose a formidable risk for the business.

Mitigation strategy: Hester has demonstrated unmatched competency and technical expertise in the sector. It allows the Company to retain its position as a leading player in Asia. Besides, the Company has built a strong reputation among its clientele, has extensive reach and has a diversified product portfolio to stay ahead of the curve.

Product development risks: Any alterations made to the current product development process could potentially disrupt the Company's operations, as it has likely established procedures, protocols, and resources to support its current approach. Additionally, new developments could require different investments, technologies, and talent, which may not be readily available or easily integrated into the Company's existing framework. As a result, the Company may face challenges adapting to changes and maintaining its competitive edge in the industry.

Mitigation strategy: The Company adheres to a well-structured procedure for creating new products. Moreover, it places significant emphasis on creative thinking, allocates resources towards enhancing technology and infrastructure, cultivates a proficient and varied workforce, and consistently evaluates and enhances the process of creating new products.

Foreign exchange risks: The Company has operations in varied geographies and is, therefore, exposed to risks related to currency fluctuations. Any unfavourable fluctuation in the exchange rate can negatively impact the Company's finances.

Mitigation strategy: The Company uses hedging instruments, diversifying currency exposure, monitoring currency risk, and maintaining adequate cash reserves. These strategies help the Company to reduce its exposure to currency risk and improve its financial stability in a global market.

In FY2022-23, the Company derived 14 % of revenue from exports, and it also imported a portion of its raw materials. Hester maintains a continuous evaluation of the risk associated with exchange rates that arises from transactions involving foreign currencies. To effectively manage these risks, the Company employs a stringent hedging strategy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company's CSR initiatives primarily focus on eradicating hunger, poverty, and malnutrition and actively promote healthcare, including preventive healthcare and sanitation, as well as educational programmes. Moreover, The Company is dedicated

to employment and vocational skill development, supporting differently-abled individuals, and enhancing livelihoods, and it believes in promoting gender equality and empowering women through the establishment of homes, hostels, old age homes, orphanage houses, and day care centers, it also extends their support to senior citizens by providing necessary facilities. Environmental sustainability is a key priority for the Company. The Company actively contributes to ecological balance, flora and fauna protection, animal welfare, agroforestry, and natural resource conservation. Rural development and slum development projects are also undertaken to uplift communities and make a positive impact.

Company's robust CSR Policy allows the company to embrace sustainability through tangible actions. From plantation drives to inoculation programmes, the Company firmly believes in contributing to society and the environment.

In accordance with the Companies Act, 2013 and the CSR rules notified by the Ministry of Corporate Affairs, Company's CSR Committee creates and recommends a CSR Policy to the Board. The committee oversees the implementation of CSR operations and proposes the amount of money to be spent on these initiatives. Through their CSR outreach drives, Company understands the challenges faced by emerging economies and aims to bring about positive change through various initiatives, especially in the animal husbandry and poultry farming sectors.

The Company has spent and allocated ₹ 1 million to the Nehru Foundation for Development Centre for Environment Education Society (CEE) in Ahmedabad, Gujarat, to support environmental sustainability and a tree plantation drive in the city under the initiative named "Hariyalu Amdavad". Furthermore, to address issues related to hunger and malnutrition, spending of ₹ 0.50 million has been spent through the agency Ramroti Annakshetra Asharam Kotharia in Bhavnagar, Gujarat.

The Company's emphasis on healthcare is evident through spending of ₹ 0.50 million through the Gujarat Cancer Society and ₹ 0.50 million through the Madad Trust at Amreli, Gujarat. The Company actively engages in providing education and vocational skill training to underprivileged children. The Company had spent ₹ 6.20 million for education and vocational training initiatives in Ahmedabad and ₹ 1.50 million to educate impoverished children through their programme in Dang.

Company's commitment to creating educated, healthy, sustainable, and culturally vibrant communities is truly commendable. The Company's CSR initiatives exemplify their dedication to making a positive difference in society.

HUMAN RESOURCES POLICY

The human capital of the Company plays a crucial role in its success. The Human Resources (HR) team has developed a comprehensive plan to recruit, train, retain and recognise employees. The Company empowers its employees and provides them with a professional work environment that supports collaboration and high-performance. It encourages women's leadership and has appointed women as executive directors and heads of all three plants in India, Nepal, and Tanzania.

The human vaccines division has recruited young women and men with the aim of infusing young talent into the organisation. The Company employs effective selection tools during the recruitment process to determine whether an applicant possesses the appropriate skill set for the job. Hester creates opportunities for employees to enrol in learning programmes that help bridge skill gaps through targeted interventions and assist employees in reaching their full potential. The Company believes in meritocracy and recognises individuals for their achievements through various reward programmes systems.

Performance is evaluated periodically against predefined standards using an industry-leading performance management process. Hester is in the process of building an organised talent development procedure, which is part of the Talent Management Philosophy, focusing on employee performance, behaviour, differentiation, accountability, transparency, and career growth and development.

A structured and digitalised performance management system has been created, focusing on performance-based remuneration tied to both Company and individual performance, with equal weightage given to both. Structured Compliance Management, Learning & Development, and structured cadre development for succession planning are additional areas of concentration for the Company. The Company remains committed towards building a high-performance culture that prioritises employee engagement, productivity and talent development.

690+

Total employees
(As of 31 March 2023)

INTERNAL CONTROLS

Hester has implemented a robust system of internal control to preserve all of its assets and maintain operational excellence. In addition, the process scrupulously documents every transaction detail and assures regulatory compliance. The Company also employs a team of internal auditors to monitor the effectiveness of internal controls in order to provide the Audit Committee and the Board of Directors with independent and reasonable assurance regarding the organisation's risk management, internal control, and governance processes. The framework is proportional to the business's type, size, scope, and complexity of activities. The organisation's systems of internal financial controls ensure that all transactions are properly authorised, recorded, and reported. Regular internal audits and inspections guarantee that responsibilities are carried out successfully. It is the responsibility of the audit committee to implement and maintain effective internal financial controls to ensure the orderly and efficient conduct of its Company.

Periodically, the Audit Committee reviews significant concerns and material weaknesses reported by the Internal and Statutory Auditors. Timely and adequate efforts are made to ensure that the risk is effectively minimised with the necessary corrective procedures.

CAUTIONARY STATEMENT

The following statement is in the Management Discussion and Analysis of this report and pertains to the Company's objectives, projections, estimates, expectations, or predictions, which may be considered "forward-looking statements" under applicable security laws or regulations. These statements are based on specific assumptions and expectations of future events. However, actual results may differ from those expressed or implied. Several important factors, including global and domestic estimates, changes in government regulations, tax laws and other statutes, and force majeure, may affect actual results and may differ from the director's anticipated future performance and outlook.

04

**BUSINESS RESPONSIBILITY
AND SUSTAINABILITY REPORT**

**Business Responsibility and
Sustainability Report for the
Financial Year ended
31 March 2023**

SECTION A: GENERAL DISCLOSURES

i) Details of the listed entity

Sr. No.	Particulars	Details
1	Corporate Identity Number (CIN)	L99999GJ1987PLC022333
2	Name of the Company	HESTER BIOSCIENCES LIMITED
3	Year of incorporation	1987
4	Registered office address	1 st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380006, India
5	Corporate address	1 st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380006, India
6	E-mail	cs@hester.in
7	Telephone	+91 79 2644 5107
8	Website	www.hester.in
9	Financial year for which reporting is being done	2022-2023
10	Name of the Stock Exchange(s) where shares are listed	a) National Stock Exchange of India Limited b) BSE Limited
11	Paid-up Capital	₹ 85.07 million
12	Name and contact details of the person who may be contacted in case of any queries on the BSR report	Mr. Vinod Mali, Company Secretary & Compliance Officer Address: 1 st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380006 Tel.: +91 79 2644 5107 Email: cs@hester.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis or on a consolidated basis.	The disclosures made in this report are on a standalone basis.

ii) Products/services :

14. Details of business activities (accounting for 90% of the turnover) :

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing and trading of veterinary vaccines and health products	Manufacturing and trading of veterinary vaccines and health products	97%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sr. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture of pharmaceuticals, medicinal chemical and botanical products.	2100	100%

iii) Operations:

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1	7	8
International	-	-	-

17. Markets served by the entity :

a) Number of locations:

Locations	Number
National (No. of States)	Pan India
International (No. of Countries)	36

b) What is the contribution of exports as a percentage of the total turnover of the entity? :

Our contribution of exports is 14% of our total turnover during the Financial Year 2022-23.

c) A brief on types of customers :

Hester is the second largest poultry vaccine manufacturer in India. Its customer base in India includes stockists, retailers, dairy farms, pharmaceutical companies, veterinary professionals, government bodies, and farmer community. It provides vaccines to other countries government and global bodies like FAO, UN, etc. as part of global PPR and other vaccination initiatives. It also services household customers pan-India as part of its pet care range.

iv) Employees:

18. Details as at the end of Financial Year:

a) Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	619	582	94%	37	6%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	619	582	94%	37	6%
WORKERS						
4.	Permanent (F)	74	72	97%	2	3%
5.	Other than Permanent (G)	372	353	95%	19	5%
6.	Total workers (F + G)	446	425	95%	21	5%

b) Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	-	-	-	-	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	Total differently abled workers (F + G)	-	-	-	-	-

19. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors *	10	2	20%
Key Management Personnel **	2	-	-

* Excluding the one Alternate Director

** Key Management Personnel other than Board of Directors

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Particulars	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	27.57%	30.99%	27.79%	25.40%	31.58%	25.79%	26.14%	34.78%	26.63%
Permanent Workers	2.78%	-	2.70%	2.74%	-	2.67%	-	-	-

v) Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Texas Lifesciences Private Limited	Subsidiary	54.81%	No
2	Hester Biosciences Africa Limited	Subsidiary	100.00%	No
3	Hester Biosciences Nepal Private Limited	Subsidiary	65.00%	No
4	Hester Biosciences Kenya Limited *	Subsidiary	100.00%	No
5	Hester Biosciences Tanzania Limited	Subsidiary	100.00%	No
6	Thrishool Exim Limited	Joint Venture	50.00%	No

* Wholly-owned subsidiary of the Hester Biosciences Kenya Limited.

vi) CSR Details

22.

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: YES

(ii) Turnover (in ₹) : 2,540.00 million

(iii) Net worth (in ₹) : 2,923.82 million

A detailed report on CSR projects undertaken during the Financial Year 2022-23 has been provided in 'Annexure - 3' to the Board's report.

Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	Nil	Nil		Nil	Nil	
Investors (other than shareholders)	Yes	Nil	Nil		Nil	Nil	
Shareholders	Yes	Nil	Nil		4	-	
Employees and workers	Yes	Nil	Nil		Nil	Nil	
Customers	Yes	Nil	Nil		Nil	Nil	
Value Chain Partners	Yes	Nil	Nil		Nil	Nil	

The Company has a grievance redressal mechanism in place for all internal and external stakeholders of the business. The policy can be accessed from website at <https://www.hester.in/corporate-governance>

During the year, there have been no complaints/grievances from any stakeholders on any of the 9 principles of NGRBC.

24. The Company has a grievance redressal mechanism in place for all internal and external stakeholders of the business. The policy can be accessed from website at <https://www.hester.in/corporate-governance>.

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	In case of risk, approach to adapt or mitigate
1	Managing waste	Risk and Opportunity	<p>Risk: Waste, water and energy management have been identified as key material environmental issues. Such risks are proactively addressed through mitigation plans to avoid operational disruptions. This also emphasizes the Company's climate consciousness and its contribution towards reducing overall environmental impact of its operations.</p> <p>Opportunity: Comprehensive resource management plans that are in line with the company's strategy for environmental protection will highlight the company's dedication to enhancing environmental preservation and its involvement in efforts to mitigate climate change.</p>	<p>Ensuring compliance through effective governance and review mechanisms, strengthening the capabilities of EHS and legal compliance teams, conducting risk assessments, and conducting periodic reviews. The Company is planning to implement compliance management software for tracking and monitoring adherence to all applicable regulatory requirements.</p> <p>The Company is also exploring new initiatives and technologies to reduce the amount of water consumption (through rain water harvesting, ETP and STP treatments, etc.) and waste generated through its operations (by engaging in R&D to generate new by-products from the existing waste). The Company is also looking at increasing share of renewable energy in its operations to reduce its GHG emissions.</p>	<p>Positive: The Company's focus on strengthening climate and ESG specific initiatives bolsters long-term value-creation and enables the company to effectively respond to rising stakeholder demands.</p> <p>Negative: Lack of robust initiatives and action plans to contribute to ESG awareness and climate change could adversely impact business operations and lead to workforce disruption.</p>
2	Water stewardship				
3	Energy efficiency and carbon emissions				
4	Climate Change				
5	Attracting / retaining talent and workforce welfare	Risk and Opportunity	<p>Risk: Talent management parameters such as acquisition, retention and development are intrinsically linked to workforce welfare. Inability to meet with the workforce expectations may impact the Company's retention rate and affect the Company's business continuity due to the criticality of workforce as a part of the business growth plan.</p> <p>Opportunity: Company's efforts towards workforce welfare and development directly convey its resolute commitment towards the upliftment of the most integral asset.</p>	Attracting and retaining talent through multiple talent development programs encompassing global talent management, stretch programs and schemes along with compensation and other benefits to employees.	<p>Positive: A strong workforce with high retention rate highlights the Company's efforts towards creating a conducive work environment in addition to creating a positive approach towards workforce development</p> <p>Negative: Workforce being an integral component of the Company's value creation strategy play a critical role in the business growth plan. Inability to meet the workforce expectations may result in adverse impacts on the workforce productivity and the company's growth plan in a long run.</p>

6	Occupational health and safety	Risk and Opportunity	<p>Risk: Occupational health and safety is critical aspect of the Company's commitment towards workforce welfare which further highlights the performance in terms of provision of safe and secure working environment. Identification of a high number of health and safety incidents reflect the efficiency of the existing EHS management approach.</p> <p>Opportunity: Strong EHS management system integrated with a comprehensive hazard identification, mitigation plans, root cause analysis of the reported incidents and corresponding corrective action plan will highlight the Company's approach and resoluteness towards workforce health and safety.</p>	<p>1. Implementing a robust EHS management system with periodic internal and external audits of the safety practices.</p> <p>2. Adoption of comprehensive corrective action plans post the identification and assessment of safety incidents to prevent any such future instances.</p>	<p>Positive: Robust Occupational, Health and Safety management approach enables the Company to prevent the occurrence of incidents.</p> <p>Negative: Frequent safety incidents and injuries may adversely impact the Company's performance from the aspect of safety as well as workforce wellbeing.</p>
7	Data integrity and security and Technology	Risk and Opportunity	<p>Risk: Risk linked to technology directly impact the security and integrity of the system across the business operation. The criticality involved with the technology and cyber security needs to be assessed periodically to prevent breaches of data privacy from the aspects of confidential information of the Company as well as its stakeholders.</p> <p>Opportunity: A strong governance on the data integrity, technology and innovation parameters of the Company enables the creation of a secure and impenetrable network while supporting pace and scale of business transactions across geographies.</p>	Strengthened perimeter security, IT and monitoring systems, anti-virus and patch management while conducting trainings on cyber security to reduce risks arising from cyber security and data breaches.	<p>Positive: Strong alignment of secure data integrity principles with the help of innovative technology initiatives within the Company's business operations will ensure compliance of data security, privacy and prevent any loss of data.</p> <p>Negative: Lack of a strong data integrity and security mechanism may lead to increase in number of data breaches and loss of valuable data.</p>

8	Product accessibility, responsibility and quality	Risk and Opportunity	<p>Risk: Addressing risks pertaining to product accessibility, responsibility and quality is significantly important for the pharmaceutical sector. Lack of accessibility to vaccines due to availability pose an adverse effect on the Company's vision as well the business growth strategy. Due to high vulnerability of product quality and safety issues for the pharmaceutical sector, addressing risks relevant to product responsibility is critically important. The risk analysis and consecutive mitigation action plans are linked with standards and guidelines of all local and global regulatory agencies, focusing on pharmacovigilance, proprietary, confidentiality and other core governance standards.</p> <p>Opportunity: Climate change and heat stress is likely to increase instances of diseases in livestock, which mandates need for more vaccines and treatments. Through strong product portfolio built on the foundation of robust R&D principles, the Company will continue to work towards increased accessibility of new vaccines and healthcare products to a wider consumer base.</p>	<ol style="list-style-type: none"> 1. Establishing a strong and diversified product portfolio by enhancing cross-functional synergies, organisational capabilities, project management and governance focused on product identification, development, planning and launch. 2. Strengthening licensing and licensing of products. Vendor development, strengthening supply chain, working capital and inventory management. 3. Detailed SOPs that ensure efficient surveillance and reporting of adverse events. 4. Established global quality standards and procedures throughout the organisation. 5. Undertaking periodic quality review of third-party locations 6. Brand protection activities and strengthen framework for trademark and IP protection activities with the support of a dedicated IP team. 	<p>Positive: A comprehensive and expanding product portfolio in terms of accessibility and disease mitigation through the Company's product innovation and research centre amplifies the brand value. Compliance of products on the aspects of quality and safety from all relevant regulatory requirements, highlights the Company's commitment as well as integrity towards safety.</p> <p>Negative: Identification of major issues from the aspects of product safety and quality may lead to penalties and warnings from relevant regulatory authorities.</p>
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9	Responsible supply chain management	Risk	<p>Risk: Strong dependency on the supply chain for the entire product life cycle poses a requirement of a strong contingency plan to deal with unprecedented situations which may lead to disruption in the supply chain. The Company extends its responsible business principles across the value chain and expecting its suppliers to adhere with the requirements. Non-adherence of the principles from the supplier end may affect the Company's partnership with them.</p>	<p>Establishing a assessment mechanism to assess the implication of unprecedented disruption on the supply chain and develop a comprehensive contingency plan to avoid major impact on the business.</p>	<p>Positive: Responsible supply chain practices enables the Company to have a strong mechanism to deal with supply chain disruptions due to unprecedented situations, moreover the compliance with the Company's responsible business practices and principles, amplify the Company's social and environment performance across the supply chain.</p> <p>Negative: Non-compliance of the major requirements from responsible business perspective such as human rights may affect the Company's business partnerships in a long run.</p>
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SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b) Has the policy been approved by the Board? (Yes/No)	Yes, the Company has developed comprehensive policies covering these principles. Some of the Policies have been approved by the Board as per relevant statutory requirements.								
c) Web Link of the Policies, if available	Policies are uploaded on the website of the Company at https://www.hester.in/corporate-governance								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes / certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<ul style="list-style-type: none"> • National Guidelines on Responsible Business Conduct (NGRBC) • Product quality - ISO 9001: 2015 • Environment Management System- ISO 14001: 2015 • Health and Safety- ISO 45001: 2018 • Good Manufacturing Practices (GMP) • Good Laboratory Practices (GLP) • DSIR approved R&D Center <p>All the relevant policies have been developed considering relevant national standards acts like Factories Act, 1948, Companies Act, 2013, the Listing Regulations, and various other Statutes.</p>								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Even though the Company does not currently have any targets or goals related to ESG concerns, it constantly works to improve its environmental and social impact through a variety of initiatives and improvements based on best practises from across the world and the industry.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Not Applicable								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	A statement and details on ESG are part of this Annual report.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Rajiv Gandhi CEO & Managing Director DIN: 00438037
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No. The responsibility for the day-to-day decision making on ESG & wider sustainability related issues is with respective functional heads of the Company.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other - Please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Periodically/Need basis								
Compliance with statutory requirements of relevances to the principles, and, rectification of any non-compliances.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Ongoing basis								

Note : In line with Code of Conduct, all Board level meetings and business meetings are led by the CEO & Managing Director for sustainability and business responsibility discussions on continual basis. The Directors and Senior Management members affirm compliance with the Code of Conduct on annual basis.

The Company publishes the Business Responsibility Report in its Annual Report. The Corporate Social Responsibility (CSR) Committee of the Company is responsible for formulating, implementing and monitoring the CSR Policy of the Company under the guidance of the Board. CEO & Managing Director is a member of this Committee. The Committee meets at least twice a year to review progress on various CSR initiatives. The CSR Committee also approves Annual CSR Report as per the provisions of the Act. CSR Report is part of the Board's Report.

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Most of our policies are internal policies which are adopted by the Company. They are reviewed internally on a periodic basis. No review is conducted through external partners.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping companies demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every Company that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1:

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Our employees have lived up to the highest standard of business integrity, transparency, ethics and compliance. Our values are aligned with code of conducts and operations. To further enhance this and ensure that the competency of our workforce is at par with the best industry practices, we provide online as well as offline training programmes and capacity building workshop to our entire workforce covering all various principles given by NGRBC. The coverage of our training programmes can be understood as follows:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	4	As a part of Agenda of Board / Committee Meetings presentations are regularly made to the Directors on various matters inter-alia covering the Company's strategy, Business, operations, markets, performance, organisation structure, product brands, finance, risk management framework, quarterly and annual financial results, human resources, technology, health safety & environment, regulatory updates and future outlook. NGRBC principle wise details and its implications. We also provide trainings and updates as follows: - Internal Controls and Compliances update - Various Policies, Cyber Security and Internal controls on Risk Management Strategy and Framework. - Regulatory Updates and its implications	100%
Key Managerial Personnel*	4		100%
Employees other than BoD and KMPs	15	Curated training programmes span a wide range of subjects that fall under all guiding principles, including (but not limited to) Code of Conduct, PoSH, skill development, health, safety, and the environment	100%
Workers	15	In addition to trainings on health and safety and skill upgradation, we provide training to our workers on various topics such as, - Good Documentation Practices - IMS awareness - Data Integrity - Manufacturing related Standard Operating Procedures (SOPs).	100%

*2 out of 4 KMPs are also Board Members.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year

Monetary					
Particulars	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine			NIL		
Settlement					
Compounding fee					
Non-Monetary					
Particulars	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment			NIL		
Punishment					

During the financial year 2022-23, no fines / penalties / award / compounding fees / settlement amount was paid in proceedings by the Company or by its Directors / KMPs as per the materiality policy and SEBI Regulations.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company has 'zero tolerance' to any form of corruption or bribery. The Company has a Code of Conduct (applicable to Board Members, Directors & Senior Management) and the Employee Manual, which applies to employees (whether permanent, temporary or on contract, direct or through contractor, retainer or full-time consultant), as well as to associated persons for ensuring compliance with applicable anti-bribery laws, rules and regulations. Weblink – Code of Conduct: <https://www.hester.in/corporate-governance>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Particulars	FY 2022-23	FY 2021-22
Directors	NIL	NIL
KMPs		
Employees		
Workers		

During the year, no disciplinary action has been taken by any law enforcement agency or the charges of bribery/ corruption against any Directors/KMPs/ employees/workers.

6. Details of complaints with regard to conflict of interest:

Particulars	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL		NIL	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL		NIL	

During the year, no complaints were recorded with regard to conflict of interest.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

Principle 2:

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Our employees have lived up to the highest standard of business integrity, transparency, ethics and compliance. Our values are aligned with code of conducts and operations. To further enhance this and ensure that the competency of our workforce is at par with the best industry practices, we provide online as well as offline training programmes and capacity building workshop to our entire workforce covering all various principles given by NGRBC. The coverage of our training programmes can be understood as follows:

Particulars	FY 2022-23	FY 2021-22	Details of Improvement in environmental & social impacts
R&D	1.38%	0.62%	Investment into the new technologies to improve the to improve the environmental and social impacts of product and processes
Capex	7.33%	1.26%	Energy and water conservation initiatives and upgradation of rainwater harvesting tank and sewage treatment plant

2. a) Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, the company has a procedure for sustainable sourcing where all new & existing supply chain partners are mandatorily evaluated on environment, health & safety and sustainability parameters before onboarding. The company ensures that each of its suppliers have got international or domestic accreditation/ certification, e.g. ISO, etc.

Requirements of WHO, GMP and cGMP standards are also included in various standard operating procedures and protocols for supplier selection. Hence, utmost care is taken to ensure that products conform to stringent quality standards and stability of products is submitted during the periodic audits. All suppliers need to have environment audit certifications from ISO and OHSAS.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is also in place for sourcing raw materials and packaging materials. Strict assessment is undertaken based on sample approvals, performance trials, and plant audit and regulatory & environmental clearances as part

of onboarding any new suppliers. Existing suppliers are also assessed periodically on these parameters to ensure their compliance and improvement on sustainability parameters.

Preference is also given to suppliers from nearby locations/districts to reduce carbon footprint from the logistics activity. Only government accredited suppliers are chosen for waste management activities to ensure strictest level of compliance.

b) If yes, what percentage of inputs were sourced sustainably?

100% of inputs sourced from critical suppliers is sourced sustainably by the Company

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging), (b) E-waste, (c) Hazardous waste and, (d) Other waste

The company does not generate any specific waste product to reclaim apart from the packaging which includes thermocol, plastics wrapping, gel packs bottles and vials. Thermocol and gel packs are generally sold off by our end customers to third parties for reuse and disposal.

Strict protocols are in place to ensure that the hazardous and biological waste generated as part of the production process is disposed as per the guidelines of State Pollution Control Board (SPCB). We work with designated waste recyclers to help us with collection, recycling, and disposal. Detailed logs and records are maintained for traceability and tracking.

Internal waste management policy also acts as a guiding principles for e-waste and old machinery/equipment. The policy mandates the disposal of the generated e-waste and machinery/equipment waste through an authorised dealer. The asset team identifies the assets older than stipulated time for disposal. Later, the procurement department enlists a certified waste dealer through whom all wastes are managed.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

EPR rules are not applicable to the company operations.

Principle 3:

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a) Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	582	582	100%	582	100%	-	-	582	100%	582	100%
Female	37	37	100%	37	100%	37	100%	-	-	37	100%
Total	619	619	100%	619	100%	37	100%	582	100%	619	100%
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

Note: All permanent employees are covered by well-being measures such as life insurance, health insurance, accident insurance, maternity benefits, paternity benefits and day care facilities (as applicable).

b) Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	72	-	-	72	100%	-	-	72	100%	72	100%
Female	2	-	-	2	100%	2	100%	-	-	2	100%
Total	74	-	-	74	100%	2	100%	72	100%	74	100%
Other than Permanent employees											
Male	353	-	-	353	100%	-	-	353	100%	-	-
Female	19	-	-	19	100%	19	100%	-	-	-	-
Total	372	-	-	372	100%	19	100%	353	100%	-	-

2. Details of retirement benefits, for Current and Previous Financial Year

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI*	100%	100%	Y	100%	100%	Y
Others - NPS	4%	-	Y	-	-	Y

Note: ESI is not covered at all locations. We have provided the coverage where it is applicable. All the eligible persons are covered for the PF and Gratuity.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Company's plant and offices are accessible to differently abled employees and workers, in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016. If any changes or adjustments are required, the entity is actively working to provide accessibility for all individuals. We are also working on improving the overall accessibility of our office premises to meet the highest standards possible.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Providing equal opportunities to everyone is one of the key themes of the internal Employee Manual Policy and various HR policies in place within the organisation. The company does not discriminate based on race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability, or any other category protected by applicable law. <https://www.hester.in/corporate-governance>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Total	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees and Workers	Yes. The Company's employees and workers have access to a grievance redressal mechanism. Under the mechanism provided in the Whistleblower Policy, the Company provides a grievance redressal mechanism and encourages its employees and workers to report and bring to attention any instances of unethical behaviour, incidents, frauds, or violations.
Other than Permanent Employees and Workers	Yes. The non-permanent employees and workers communicate their grievances through their respective supervisors. The grievances are further communicated to the Company for necessary action and resolution. They can also use the Company's Whistleblower mechanism to report any instances of unethical behaviour, incidents, or violations.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Currently, no employees or workers are covered under any associations or unions. The Company believes that all employees are important stakeholders, and it is imperative to build a culture of mutual trust and respect, interdependence, and meaningful engagement. This approach helps in building, strengthening, and sustaining harmonious employee relations across the organisation.

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)
Total Permanent Employees	619	-	-	512	-	-
- Male	582	-	-	478	-	-
- Female	37	-	-	34	-	-
Total Permanent Workers	74	-	-	74	-	-
- Male	72	-	-	72	-	-
- Female	2	-	-	2	-	-

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	582	312	54%	312	54%	478	125	26%	130	27%
Female	37	35	95%	35	95%	34	30	88%	25	74%
Total	619	347	56%	347	56%	512	155	30%	155	30%
Workers										
Male	72	72	100%	72	100%	72	72	100%	72	100%
Female	2	2	100%	2	100%	2	2	100%	2	100%
Total	74	74	100%	74	100%	74	74	100%	74	100%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	582	582	100%	478	478	100%
Female	37	37	100%	34	34	100%
Total	619	619	100%	512	512	100%
Workers						
Male	72	72	100%	72	72	100%
Female	2	2	100%	2	2	100%
Total	74	74	100%	74	74	100%

The Company has a formal year-end performance assessment and career development review process in place. The process applies to all permanent employees and workers.

10. Health and safety management system:

a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, the Company is an Integrated Management System Certified Company meeting the requirements specified in ISO 9001:2015 Quality Management System, ISO 14001:2015 Environment Management System and ISO 45001:2018 Occupational Health and Safety Management System. We further take measures to prevent work related injury and ill health, minimise risks and continuously improve safety performance.

The company has a formal health and safety policy and framework across the end-to-end operations and covers the entire workplace. Also the Company follows the standards prescribed under the legal requirements under the Factories Act, Indian Boilers Act, Environment Protection Act, the Epidemic Disease Act.

There is a dedicated safety manager on the plant site who is responsible to day-to-day implementation of the H&S policies and also engages in various H&S initiatives to encourage best practice and ensure a very safe work environment across the company. Weekly health check-ups are offered to all employees/workers.

The company has tie-ups with nearby hospitals to take care of any medical emergencies. Safety shoe, jackets, helmets, gloves, etc are mandatory for workforce in protected sites. Periodic safety assessment are undertaken to ensure compliance.

Various safety programs are conducted at all sites to ensure safety of all the laborers/workers. National safety week is celebrated every year. Apart from that fire and safety day is also celebrated to train and spread awareness among workers, for proactively minimising any impact in case such incidents happen in future.

b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The company adopts the Hazard Identification and Risk Assessment (HIRA) process wherein the Safety manager and other functional/technical team work together to identify the hazards associated with the company activities and evaluate the risks vis a vis the control measures in place. This is done for all routine and non-routine activities.

The company also has health & safety professionals on site to regularly keep a check on the activities carried out. A regular safety check/maintenance is also carried out for safety of all equipment/machinery in place.

Through ongoing trainings, safety related messaging is continuously communicated to all workforce to remind of various safety protocols, policies and initiatives in place to reduce any safety related risks.

c) Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes. The Company has a well-established Health and Safety management process in place for employees and workers to identify and report on work-related hazards, as well as the steps taken to minimise them. In addition, the Company trains all its employees and workers with occupational health and safety modules. The training modules cover aspects of the methodology to identify work-related hazards, analyse the risks associated with them, and take subsequent steps to mitigate them.

During the safety and emergency evacuation drills, employees and workers are trained on dealing with emergency equipment such as fire hydrants, firefighting systems, leak and spill control procedures, and safety alarms, among others. Furthermore, employees' ability to deal with emergency situations is checked on a regular basis. The practical training of the employees with the right procedure for reporting work-related hazards and the steps to remove themselves from such situations.

d) Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. the employees and workers have access to non-occupational medical and healthcare services and are provided medical insurance facilities in case of hospitalisation.

11. Details of safety related incidents:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	-	-
Total recordable work-related injuries	Employees	-	-
	Workers	-	-
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

During the year, there have been no safety related incidents involving any workers or employees.

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company embeds the guidelines and principles of ISO 45001:2018, OSHA standards, the Factory Act, and other state-level regulatory requirements within its Environment, Health, and Safety (EHS) management system. The EHS policy advocates the provision of a safe working environment for all employees, contractors, sub-contractors, visitors, and neighbouring communities. The company conducts internal audits on a regular basis to check the safety practices and processes in accordance with the EHS management system and the ISO 45001:2018 criteria.

During the year, the company has proactively undertaken the following initiatives to ensure a safe and healthy work environment:

- Arranged a safety walk for Safety awareness.
- Celebration of Road Safety Week 2023 for precaution of Road Accidents
- Provided Personal Protective Equipment (PPE) to all workers who are working on the service floor.
- Established mechanisms for reporting near-misses.

The Company identifies key areas requiring rapid corrective action as part of the auditing procedure. The safety incidents and risks are investigated to establish the root cause, and then corrective action plans are developed to avoid similar incidents from occurring in the future. Furthermore, as part of the EHS management system, the Company provides safety training to all of its employees and workers through modules and safety drill practices. The safety training programmes enable the workforce to create a firm foundation in terms of their abilities to detect, reduce, and prevent occupational health and safety issues. The Company strives to prevent negative health effects on its employees through various health awareness workshops, medical facilities, and medical insurance benefits.

13. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-		-	-	
Health & Safety	-	-		-	-	

During the FY 2022-23 and FY 2021-22, there were no complaints filed by the employees and workers on the Company's working conditions, health and safety parameters.

14. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

During the year, no significant risks or concerns have arisen from the H&S focused assessments undertaken and hence no corrective action has been required.

All the safety related incidents and near misses are investigated as per our Health and Safety policy and process. All the identified Corrective and Preventive Action (CAPA) are defined and implemented horizontally across our operations to stop reoccurrence of similar incident. We track all our safety related incidents and the internal safety assessment procedures are reviewed on a periodic basis to check its implementation and effectiveness.

Principle 4:**Businesses should respect the interests of and be responsive to all its stakeholders****Essential Indicators****1. Describe the processes for identifying key stakeholder groups of the entity.**

We have identified our key internal and external stakeholders through analysis of stakeholder groups that could have potential impact or influence on our business operations as well as the impact Company might have on them. Stakeholders are critical to our business operations and their interests are key enablers for our business strategy in accordance with the business activities. The key internal and external stakeholder groups identified by the Company as part of the engagement mechanism are - Suppliers / Vendor / Third party manufacturers, Shareholders and Investors, Employees/Workers, Customers, and Communities.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Methods of stakeholder engagement includes surveys (such as supplier, customer, employee surveys), workshops, online video calls, regular interactions with the CSR teams and impact assessments, periodic updates, investors meetings & calls and interactions with team members. The table below provides a more detailed overview in relation to how we engage with both our internal and external stakeholder groups.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Suppliers / Vendor / Third party manufacturers	No	<ul style="list-style-type: none"> • Vendor meetings • Virtual modes such as e-mail, telephonically 	Continuous	<p>Responsible supply chain practices are critically important for ensuring the business continuity in a sustainable manner.</p> <p>Engagement with suppliers, vendors enable the Company to identify the key material issues impacting the supply chain. The key areas of interest for the suppliers are:</p> <ul style="list-style-type: none"> • Timely payments • Promoting local suppliers • Promoting shared growth
Customers	No	<ul style="list-style-type: none"> • Product catalogues • Customer meets and visits • Corporate film • News releases • Social media platform 	Continuous	<p>Customers form a vital part of the Company's stakeholder engagement group to ensure quality services. The key areas of interest for Customer are:</p> <ul style="list-style-type: none"> • Product quality, access and pricing • Ensure availability of products • Understanding of requirements and benefits of products

Shareholders and Investors	No	<ul style="list-style-type: none"> • Website • Investors/ Analyst meetings or calls • Stock Exchange Announcements • Press Releases • Quarterly results announcements • Timely disclosures • Notice of the Shareholder's General Meetings • Corporate profile • Annual Report • Social media platforms 	Annually / Quarterly / Need based	<p>Investors/ Shareholders form an integral part of the stakeholder group, influencing the decisions of the Company. The key areas of interest for Shareholders / Investors are:</p> <ul style="list-style-type: none"> • Enhancing enterprise value • Financial Performance • Strategy • Corporate governance • Transparency in disclosures • Regulatory compliance
Employees/Workers	No	<ul style="list-style-type: none"> • Hester Times (in-house newsletter) • Intranet • Training and performance management • Employee engagement events • Corporate film • Regular update through email communication 	Continuous	<p>Employee wellbeing and satisfaction is an integral part of the Company's growth model. Employee engagement through various means of communication provides an insight into the key action areas for employee wellbeing and growth. The key areas of interest for employees are:</p> <ul style="list-style-type: none"> • Training, professional growth and development • Well-being initiatives • Employee recognition • Fair remuneration • Work-life balance
Communities	Yes	<ul style="list-style-type: none"> • In-person meetings • Engagement through NGO partners 	Continuous	<p>Community development programs initiated by the Company's CSR activities enables driving a positive impact on the community members. The key areas of interest for community are:</p> <ul style="list-style-type: none"> • Community development programs with a focus on health, education, sanitation and infrastructure development

Principle 5:
Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	619	619	100%	512	512	100%
Other than Permanent	-	-	-	-	-	-
Total Employees	619	619	100%	512	512	100%
Workers						
Permanent	74	74	100%	74	74	100%
Other than Permanent	372	372	100%	346	346	100%
Total Workers	446	446	100%	420	420	100%

2. Details of minimum wages paid to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	619	-	-	619	100%	512	-	-	512	100%
Male	582	-	-	582	100%	478	-	-	478	100%
Female	37	-	-	37	100%	34	-	-	34	100%
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent	74	-	-	74	100%	74	-	-	74	100%
Male	72	-	-	72	100%	72	-	-	72	100%
Female	2	-	-	2	100%	2	-	-	2	100%
Other than Permanent	372	-	-	372	100%	346	325	94%	21	6%
Male	353	-	-	353	100%	329	308	94%	21	6%
Female	19	-	-	19	100%	17	17	100%	-	-

3. Details of remuneration/salary/wages:

Particulars	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ million)	Number	Median remuneration/ salary/ wages of respective category (₹ million)
Executive Directors	1	41.07	1	5.40
Non- Executive Directors	7	0.25	1	0.43
Key Managerial Personnel *	2	7.54	-	-
Employees other than BoD and KMP	579	0.34	36	0.30
Workers	72	0.22	2	0.18

* Other than Board Members

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Head of Human Resource department of the Company is responsible for addressing human rights impact or issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company uses email and other informal channels of communication as the internal mechanism for grievance redressal of human rights issues. The Company's Human Rights Policy outlines the grievance redressal mechanism through the open channels of communication and the Ombudsman channel as per the Whistleblower Policy. The Ombudsman ensures the confidentiality of the complaints and grievances received through Email: cs@hester.in

6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil		Nil	Nil	
Discrimination at workplace	Nil	Nil		Nil	Nil	
Child Labour	Nil	Nil		Nil	Nil	
Forced Labour / Involuntary Labour	Nil	Nil		Nil	Nil	
Wages	Nil	Nil		Nil	Nil	
Other human rights related issues	Nil	Nil		Nil	Nil	

During the year, there have been no complaints made by workers or employees on any human rights issues.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has a Whistle Blower Policy wherein all employees can report, without fear of retaliation, any wrong practices or unethical behaviour on discrimination or harassment which may have a detrimental effect on the organisation, including financial damage and impact on brand image.

The details of the complainant are kept confidential and the authenticity of the complainant's report is investigated by the assigned committee/ officer. The details regarding the investigation are also limited to the committee and kept confidential. The complainant is protected from any discrimination and harassment till the issue is resolved.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

No, human rights requirements do not explicitly form a specific part of the business agreement & contracts. However, the Company has a zero tolerance policy for any human rights violations and adopts best practices while engaging with the employees and workers of the company as well as external customers, suppliers and other value chain partners.

9. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

There were no significant risks/ concerns arising from the above assessments.

Principle 6:

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators**1. Details of total energy consumption (in Tera Joules) and energy intensity:**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	30.04	30.30
Total fuel consumption (B)	19.66	12.89
Energy consumption through other sources (C)	0.37	0.41
Total energy consumption in Tera Joules (A+B+C)	50.06	43.60
Turnover (₹ million)	2,540	2,193
Energy intensity per rupee of turnover (Total energy consumption in Tera Joules/ turnover in ₹ million)	0.02	0.02

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

No, the Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No, the Company is not identified as designated consumer under the Performance Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres 'KL')		
(i) Surface water	-	-
(ii) Groundwater	42,962	43,071
(iii) Third party water	142	136
(iv) Seawater/ desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in KL) (i + ii + iii + iv + v)	43,104	43,207
Total volume of water consumption (in KL)	43,104	43,207
Water intensity per rupee of turnover (Water consumed (KL)/ turnover in ₹ million)	16.97	19.70

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

During the year, the company has installed a Zero Liquid Discharge (ZLD) mechanism at the Kadi plant. An Effluent Treatment Plant (ETP) of 180 KLD (kilo liters per day) capacity has been commissioned and will be fully effective from August 2023. Partially treated water from ETP RO shall be used for cooling tower and boiler feed water usage. A new 40 KLD STP plant has been also installed and commissioned. Previously used septic tanks are being replaced by new sewage treatment plant (STP). Treated water from STP plant will be used for gardening purposes on the plant premises. Solid waste generated will be disposed off through approved third party agencies.

5. Please provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	ppm	-	-
SOx	ppm	-	-
Particulate matter (PM)	mg/Nm ³	-	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-

The Company regularly engages government-accredited third-party agencies to monitor air emissions from its operations at its manufacturing facility in line with the requirements of local pollution control regulations. The air emissions recorded during the FY are within the permissible limits. The Company will continue to monitor its air emissions on an ongoing basis and implement various environmental control measures and technologies to reduce its air emissions.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	1,461.44	958.24
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	5,912.50	5,764.15
Total Scope 1 & Scope 2 emissions	Metric tonnes of CO ₂ equivalent	7,373.95	6,722.39
Total Scope 1 and Scope 2 emissions per ₹ of turnover (Metric tonnes of CO ₂ equivalent/ turnover in ₹ million)		2.90	3.07

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

Scope 1 and Scope 2 emissions are from the consumption of electricity, fuel, and other energy sources at the corporate office, the manufacturing facility at Kadi, and the six branch offices in India. Scope 1 calculations are undertaken using guidelines and emissions factors prescribed by the IPCC (2006 version). The latest GWP factors published as part of AR5 are used for the calculations. Scope 2 calculations are undertaken using the emission factors prescribed by the Central Electricity Authority (version 18).

The company's activities do not involve any processes or fugitive emissions.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, the company is committed to reducing its carbon footprint by focusing on various initiatives across the end-to-end operations to reduce its carbon footprint and other emissions. As a move away from fossil fuels, the company has shifted towards increasing its use of renewable energy and has installed solar panels of 100 KWH capacity on the QC department building. Additional solar panel installation is in pipeline.

Moreover, CFL lights were replaced by LED in approx 50% of the plant operations and immediate plans are to cover the entire plant operations. This will greatly reduce the amount of energy consumption.

Additionally, the company has implemented SMARTPO panel in HVAC system which helps in saving electricity consumption by atleast 3.6%. Furthermore, the company also engages in tree plantation and afforestation drives every year (including as part of World Environment day celebrations) to ensure carbon sequestration in the long term.

8. Provide details related to waste management by the entity:

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0.80	1.13
E-waste (B)	0.21	0.15
Bio-medical waste (C)	7.70	7.20
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Hazardous waste (G)	582.31	508.13
Other Hazardous waste ETP Sludge (H)	2.62	3.27
Other Non-hazardous waste generated - Paper, Box and Glass waste (I)	46.91	132.32
Other Non-hazardous waste generated - Drums waste (Nos) (J)	1,368.00	2,024.00
Total (A + B + C + D + E + F + G + H + I)	640.55	652.20
Total (J)	1,368.00	2,024.00

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste

(i) Recycled (Plastic, E-waste, Paper, Box and Glass waste)	47.91	133.60
(ii) Re-used (Nos)	1,368.00	2,024.00
(iii) Other recovery operations	-	-

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste

(i) Incineration (Bio-medical waste + Hazardous waste)	575.32	504.10
(ii) Landfilling (Hazardous waste + ETP sludge)	17.30	14.50
(iii) Other disposal operations	-	-
Total	592.62	518.60

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company has not undertaken any independent assessment/assurance of the environmental data disclosed in the report.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has a robust approach to waste management. Various initiatives and best practice are implemented to address the key categories of waste generated as part of its operations. Below is an overview of the waste management practice in place:

- a) Biomedical waste : Waste eggs cells remained after the production process. Other biomedical waste is also generated as a part of the QC and R&D testing process
- b) ETP sludge waste : Settled sludge after the primary and secondary treatment of the waste from the production process
- c) Plastic waste : Used carboys, containers as well as corrugated boxes received as a packaging material of raw material and other supporting materials
- d) Electronic waste : Waste generated from parts of electronics instruments, computers, etc.

All categories of waste is being sent to approved third parties agencies for recycling/reusing or disposing off via landfill or incineration as per the regulatory requirements.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details:

The Company's manufacturing facility and offices do not fall in or around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

During the year, no environmental impact assessment has been undertaken by the Company.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances:

During the year, there were no cases of non-compliance to applicable laws, regulations, guidelines as per the national and state level mandates. Our manufacturing facility has received a valid Consent to Operate, issued by Gujarat State Pollution Control Board.

Principle 7:

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators**1. a) Number of affiliations with trade and industry chambers/ associations.**

The Company has affiliations with 4 (four) national and state level trade and industry associations/ chambers.

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Federation of Indian Chambers of Commerce and Industry (FICCI)	National
2	The Indian Drug Manufacturers Association	National
3	Gujarat Chamber of Commerce & Industry	State
4	Indian Federation of Animal Health Companies (INFAH)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

During the year, no adverse orders from any regulatory authorities have been received in relation anti-competitive conduct.

Principle 8:

Businesses should promote inclusive growth and equitable development

Essential Indicators**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

During the year, the Company did not undertake any Social Impact Assessment.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

During the year, the Company did not undertake any projects which involve any form of Rehabilitation and Resettlement (R&R).

3. Describe the mechanisms to receive and redress grievances of the community.

The Company interacts with members of the community through local panchayat and in-person meetings. These avenues of contact make it easier to receive and address local community issues. In addition, the Company uses several community programmes to reach out to areas near its manufacturing location. The grievance register, which is handled at the manufacturing facility, is open to all community members for the purpose of raising grievances and questions as a written communication channel. Concerned authority members of the Company addresses the grievances received from the communities through the register.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	70%	63%
Sourced directly from within the district and neighbouring districts	51%	51%

Principle 9:

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The company has well established standard operating procedures for handling customer complaints.

Once a product quality complaint is received and logged with the Company, it is picked up by the Quality Assurance department as per the defined technical and quality procedures. The complainant is acknowledged, and a preliminary assessment is undertaken. A sample follow-up is initiated along with the preliminary assessment. The follow up runs in parallel with initial risk assessment and an investigation procedure. Post completion of the investigation, a corrective action plan is initiated. Simultaneously, a complaint summary report is submitted. A final risk assessment is carried out and a response to complainant is sent resulting in the final closure of the complaint.

Proactively, 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.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Particulars	As a percentage to total turnover
Environmental and social parameters relevant to the product Safe and responsible	Not applicable - There are no specific environmental and social parameters relevant to the product since the products are pharmaceutical products prescribed by a veterinarian.
Safe and responsible usage	100% of the Company's products carry information about its responsible and safe usage. Due to the criticality associated with the safe and responsible consumption of vaccines, the Company displays relevant information on the product labels as per the requirements of national and international drug regulatory bodies.
Recycling and/or safe disposal	Not applicable - While the Company does not specifically mention any such details on its products, it complies with all statutory requirements of the Pollution Control Boards.

3. Number of consumer complaints in respect of the following:

Particulars	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil		Nil	Nil	
Advertising	Nil	Nil		Nil	Nil	
Cyber-security	Nil	Nil		Nil	Nil	
Delivery of essential services	Nil	Nil		Nil	Nil	
Restrictive Trade Practices	Nil	Nil		Nil	Nil	
Unfair Trade Practices	Nil	Nil		Nil	Nil	
Other	Nil	Nil		Nil	Nil	

During the year, there have been no complaints from customers across any parameters.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	-
Forced recalls	Nil	-

During the year, there have been no instances of product recalls on account of safety/quality issues.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has a cyber security policy and a framework for data privacy and protection in place. A dedicated IT team is responsible for implementation of the policy and assessment of the end-to-end operations for any vulnerabilities. Through ongoing monitoring and robust IT controls, the company proactively implements measures to mitigate any cyber security and data privacy risks. The policy can be accessed from website at <https://www.hester.in/corporate-governance>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

During the year, there have been no issues to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls. No penalty/action have been taken by any regulatory authorities on these matters.

05

**REPORT ON CORPORATE
GOVERNANCE**

The Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance Standards for Listed Companies in Regulations 17 to 27 and 46 of the 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 integrity, social obligations, and regulatory compliance.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Hester Biosciences Limited has always been committed to the principle of continuous good corporate governance and always strives to improve performance at all levels 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 stakeholder's value in the long run. To create a culture of good governance, your Company has adopted practices that comprise performance accountability, effective management control, the 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 with all mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), 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 enhancing and retaining stakeholder's trust.

GOVERNANCE STRUCTURE

The governance structure of the Company comprises 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 structures enable an environment for value creation through sustainable and profitable growth. The governance structure is based on the principles of freedom for the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility. The primary role of the Board is to protect the interests of and enhance the value of all stakeholders. It conducts the overall strategic

supervision and control by setting policies, reporting mechanisms, accountability, and decision-making processes to be followed. The CEO & Managing Director is in overall control and responsible for the overall functioning 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 entrepreneurship, risk taking and growth orientation with the objective of enabling full accountability through appropriate empowerment.

BOARD OF DIRECTORS

The Executive Directors look into the day-to-day business affairs of the Company, and the Board of Directors reviews the overall business operations atleast once a quarter based on updates on the Company's performance provided by the CEO & Managing Director. The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholder's aspirations and societal expectations.

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 2023, the Board is headed by Dr. Bhupendra Gandhi, Non-Executive Chairman and who is a part of promoters and promoters group of the Company. 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 2023, your Company's Board comprises of ten Directors (excluding one Alternate Director); which includes two Executive Directors and eight Non-Executive Directors (including five Independent Directors), who have considerable experience and expertise in their respective fields. The composition of the Board is in conformity with the Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. 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 and enables the Board to discharge its responsibilities for effective leadership to the business.

Independent Directors are non-executive directors as defined under regulation 16(1)(b) of the Listing Regulations read with section 149(6) of the Act along with rules made thereunder. The maximum tenure of

the independent Directors is in compliance with the Companies Act, 2013. In terms of Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impact or impair their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management of the Company.

None of the Directors on the Company's Board is a Member of more than 10 (ten) Committees, and Chairman of more than 5 (five) Committees (Committees being, Audit Committee and Stakeholder's Grievances and Relationship Committee) across all the companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on 31 March 2023.

During the year, based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation of directors, the Board of Directors, through circular resolutions passed on 27 March 2023, has approved and recommended the re-appointment of Ms. Sandhya Patel (DIN: 02215022) and Mr. Ashok Bhadakal (DIN: 00981201) as independent directors for the second term of five years with effect from 1 April 2023, subject to the approval of members.

Members of the Company have approved the re-appointment of Ms. Sandhya Patel (DIN: 02215022) and Mr. Ashok Bhadakal (DIN: 00981201) as Independent Directors of the Company through the postal ballot process, and results were declared on 1 May 2023.

Pursuant to the provisions of the Companies Act, 2013, Mr. Naman Patel and Mr. Amit Shukla, Independent Directors of the Company, ceased to hold the office with effect from 1 April 2023, due to the completion of two consecutive terms as Independent Directors of the Company.

The composition of the Board of Directors and the number of Directorships and Committee positions held by them as on 31 March 2023 are as under:

Name of the Director	Category of Directorship	Directorship in Other Public Companies ¹	Other Board Committee ²		Name of the other listed companies in which the Director of the Company is a Director	Remarks Category of Directorship in the listed companies
			Chairperson	Member		
Dr. Bhupendra Gandhi	Promoter & Non-Executive Director (Chairman)	-	-	-	-	-
Mr. Rajiv Gandhi	Promoter & Executive Director (CEO & Managing Director)	4	1	-	Steelcast Limited	Independent Director
Mr. Sanjiv Gandhi	Promoter & Non-Executive Director	1	-	-	-	-
Mr. Ravin Gandhi	Promoter & Non-Executive Director	-	-	-	-	-
Ms. Nina Gandhi	Promoter & Alternate Director to Non-Executive Director	1	-	-	-	-
Ms. Priya Gandhi	Promoter Group & Executive Director	-	-	-	-	-
Mr. Naman Patel ³	Independent & Non - Executive Director	2	-	-	Gujarat Apollo Industries Limited	Independent Director
Mr. Amit Shukla ³	Independent & Non - Executive Director	-	1	1	-	-
Ms. Sandhya Patel	Independent & Non - Executive Director	1	-	-	-	-
Mr. Ashok Bhadakal	Independent & Non - Executive Director	-	-	-	-	-
Mr. Ameet Desai	Independent & Non - Executive Director	5	-	2	Ambuja Cements Limited	Independent Director

Notes:

1. Directorship in Public Companies (listed and unlisted) excluding directorship in Hester Biosciences Limited.
2. Other Board committee means Membership / Chairmanship of two Committees viz. Audit Committee and Stakeholder's Grievances and Relationship Committee as per Regulation 26 of the SEBI Listing Regulations.
3. Ceased to be Director upon completion of two consecutive terms with effect from 1 April 2023.
4. As on 31 March 2023, none of the Directors of the Company were related to each other except;
 - a) Dr. Bhupendra Gandhi, Chariman & Non-Executive Director being uncle of Mr. Rajiv Gandhi, CEO & Managing Director;
 - b) Mr. Sanjiv Gandhi, Non-Executive Director being brother of Mr. Rajiv Gandhi, CEO & Managing Director;
 - c) Mr. Ravin Gandhi, Non-Executive Director being cousin brother of Mr. Rajiv Gandhi, CEO & Managing Director;
 - d) Ms. Priya Gandhi, Executive Director being Daughter of Mr. Rajiv Gandhi, CEO & Managing Director.
 - e) Ms. Nina Gandhi, Alternate Director being wife of Mr. Rajiv Gandhi, CEO & Managing Director.

The Board has identified the core skills / expertise / competencies in the context of the business and the sector in which the Company is operating in an effective manner: Managerial, Marketing & Distribution, Finance & Audit, Environment Sustainability, Compliance & Governance, Business Strategy & Planning, Merger & Acquisition, Technology & Innovation. 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 the 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	√	√	√	√	√	√	-	-
Ms. Priya Gandhi Executive Director	√	√	√	√	√	√	√	√
Mr. Naman Patel Independent Director	√	√	√	√	√	√	√	√
Mr. Amit Shukla Independent Director	√	√	√	-	√	-	-	√
Ms. Sandhya Patel Independent Director	√	√	√	√	√	√	-	√
Mr. Ashok Bhadakal Independent Director	√	√	√	√	√	√	√	√
Mr. Ameet Desai Independent Director	√	√	√	√	√	√	√	√

Each Director may possess varied combinations of skills/ expertise within the described set of parameters and it is not necessary that all Directors possess all skills/ expertise listed therein.

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 to 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.

B) Board Meetings

Board Meetings are governed by structured agenda. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Company Secretary in consultation with the senior management prepares the detailed agenda for the meetings.

Agenda papers and notes on agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is being circulated along with Agenda papers for facilitating meaningful and focused discussions at the meeting. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. In order to transact some urgent business, which may come up after circulation agenda papers, the same is placed before the Board by way of table Agenda or Chairman's Agenda.

Detailed presentations are made at the Board/ Committee meetings covering Finance, major business segments and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices during the discussion on the quarterly/ half yearly/ annual financial results of the Company. The required information as enumerated in Part A of Schedule II to SEBI Listing Regulations is made available to the Board of Directors for discussions and consideration at every Board Meeting. The Board periodically reviews compliance reports as required under Regulation 17(3) of the SEBI Listing Regulations. The important decisions taken at the Board / Committee meetings are communicated to departments concerned promptly. Action taken report on the decisions taken at the meeting(s) is placed at the immediately succeeding meeting of the Board/ Committee for noting by the Board/ Committee.

Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific business requirements of the Company. In case of business exigencies or urgency of matters, resolutions are also passed by way of circulation.

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, five board meetings were held on 7 April 2022, 20 May 2022, 10 August 2022, 4 November 2022 and 31 January 2023.

The Companies Act, 2013 read with the relevant rules made thereunder, now facilitates the participation of a Director in Board/Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings / Agenda Items that are not permitted to be transacted through video conferencing.

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting of the Company for the year ended 31 March 2023 are as under:

Name of the Director	Number of Board meetings held during tenure	Number of Board meetings attended	Whether attended last AGM (Yes/No)	Number of equity Shares held
Dr. Bhupendra Gandhi	5	5	Yes	399,100
Mr. Rajiv Gandhi	5	5	Yes	890,397
Mr. Sanjiv Gandhi	5	4	Yes	697,820
Mr. Ravin Gandhi	5	-	No	403,320
Ms. Nina Gandhi	5	4	-	696,340
Ms. Priya Gandhi	5	4	Yes	-
Mr. Naman Patel**	5	3	Yes	1,500
Mr. Amit Shukla**	5	5	Yes	5,250
Ms. Sandhya Patel	5	4	Yes	-
Mr. Ashok Bhadakal	5	4	Yes	-
Mr. Ameet Desai	5	5	No	-

** Ceased to be Director upon completion of two consecutive terms with effect from 1 April 2023

During the year, the Board of Directors accepted all recommendations of the Committees of the Board, which were statutory in nature and required to be recommended by the Committee and approved by the Board of Directors. Hence, the Company is in compliance of condition of clause 10(j) of schedule V of the SEBI Listing Regulations.

During the year under review, the Board of Directors of the Company has reviewed various Policies to comply with the recent amendments in the Companies Act, 2013 and SEBI Regulations; and also other statutory policies. All these policies are uploaded on website of the Company at www.heter.in

C) Disclosure regarding appointment/re-appointment of Directors

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

D) Confirmation as regards independence of Independent Directors

In the opinion of the Board, all existing Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and the Companies Act, 2013, and are independent of the Management.

E) Directors 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.

All new Independent Directors are taken through a detailed induction and familiarisation programme when they join the Board of your Company. The induction program is an exhaustive one that covers the history and culture of Hester Biosciences, background of the Company and its growth, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions. 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/corporate-governance>

F) 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 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.

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.

G) Code of Conduct

The Board has laid down a Code of Conduct for Board Members and Senior Management Personnel of the Company. The Code is available on the website of the Company at www.hester.in. All Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct. A declaration signed by the Managing Director to this effect is part of this report. The Board has also adopted a separate code of conduct with respect to duties of Independent Directors as per the provisions of the Companies Act, 2013.

COMMITTEES OF THE BOARD

The Committees of Board play a vital role in ensuring effective Corporate Governance practices. The Committees are constituted to handle specific activities and to ensure speedy resolution of diverse matters. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles that are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review. As on date the Board has established the following Committees:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholder's Grievances and Relationship Committee
- d) Corporate Social Responsibility (CSR) Committee
- e) Risk Management Committee
- f) Management Committee

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.

A) 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

As of March 2023, Audit Committee comprises four members. Mr. Naman Patel was the Chairman of the Committee, and Mr. Amit Shukla, Ms. Sandhya Patel, and Mr. Ashok Bhadakal were the Members. Upon the cessation of two members of the committee due to the completion of term as independent directors for the Company, the Audit Committee was reconstituted with effect from 1 April 2023, with Mr. Ashok Bhadakal as Chairperson and Ms. Sandhya Patel and Ms. Priya Gandhi as Members of the Committee. The composition of the Committee meets all the requirements of Regulation 18 of the SEBI (LODR) Regulations, 2015, and Section 177 of the Companies Act, 2013.

During the year under review, the Audit Committee meetings were held four times on 20 May 2022, 10 August 2022, 4 November 2022 and 31 January 2023. The time gap between any two meetings was less than 120 days.

During the year under review, the Audit Committee has reviewed unaudited and audited financial results for the quarter, half yearly and annually; approved the accounts of the company; reviewed and approved related party transactions; and appointed internal auditors and cost auditors.

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

Name of the Member	Category	Number of meetings held during tenure	Number of meetings attended
Mr. Naman Patel (Chairman)	Non-Executive/Independent	4	3
Mr. Amit Shukla	Non-Executive/Independent	4	4
Ms. Sandhya Patel	Non-Executive/Independent	4	3
Mr. Ashok Bhadalkar	Non-Executive/Independent	4	4

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 has attended the 35th Annual General Meeting held on 23 August 2022.

Invitees at the Audit Committee Meetings

The representatives from Statutory Auditor and Internal Auditors are regularly invited and has attended all the Audit Committee meetings held during the year. The Executive Director and Chief Financial Officer were invited to attend and participate in these meetings. Mr. Vinod Mali, Company Secretary and Compliance Officer, acts 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 auditor's 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.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 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;
- Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- 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).

The Audit Committee ensures that it has reviewed each area that it is required to review under the terms of reference. Every quarter, the Audit Committee is presented with a summary of audit observations and follow up actions thereon.

The Audit Committee periodically reviewed and noted all related party transactions. Majority of the related party transactions were between the Company and its subsidiaries / associates. The Audit Committee ratified all the related party transactions entered into by the Company during the financial year ended on 31 March 2023. The Audit Committee also granted omnibus approval for the related party transactions proposed to be entered into by the Company during the Financial Year ending on 31 March 2024.

The Audit committee has granted an approval for material related party transactions with the Texas Lifesciences Private Limited (subsidiary) and shareholder's approval to the transactions were also obtained at 35th Annual General Meeting of the Company.

As prescribed under the Listing Regulations, only the independent directors participated and approved the related party transactions. The Audit Committee also took a note of the material subsidiary of the Company.

B) 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

As of March 2023, Nomination and Remuneration Committee comprises three members. Mr. Naman Patel was the Chairman of the Committee, and Mr. Amit Shukla and Mr. Ashok Bhadakal were the Members. Upon the cessation of two members of the committee due to the completion of term as independent directors for the Company, the Nomination and Remuneration Committee was reconstituted with effect from 1 April 2023, with Mr. Ashok Bhadakal as Chairperson and Ms. Sandhya Patel and Mr. Sanjiv Gandhi as Members of the Committee. The composition of the committee meets all the requirements of Regulation 19 of the SEBI (LODR) Regulations, 2015, and Section 178 of the Companies Act, 2013. During the year under review, the Nomination and Remuneration Committee met on 27 March 2023.

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

Name of the Member	Category	Number of meetings held during tenure	Number of meetings attended
Mr. Naman Patel (Chairman)	Non-Executive/Independent	1	1
Mr. Amit Shukla	Non-Executive/Independent	1	1
Mr. Ashok Bhadakal	Non-Executive/Independent	1	1

The Board of Directors review the minutes of the Nomination and Remuneration Committee Meetings at subsequent Board Meetings. The Company Secretary acts as a Secretary to the Committee.

The Chairman of the Nomination and Remuneration Committee has attended the 35th Annual General Meeting held on 23 August 2022.

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. To recommend/ review remuneration of the Managing Director(s) and Whole-time Director(s)/ Executive Director(s) based on their performance and defined assessment criteria.
7. To recommend to the board, all remuneration, in whatever form, payable to senior management.

Remuneration Policy and details of remuneration paid/payable to the Directors for the year ended 31 March 2023:

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:

i) 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.

ii) Remuneration to Non-Executive Directors:

Non-Executive Directors are paid ₹ 0.05 million as sitting fees for attending meeting of Board of Directors and Audit Committee and ₹ 0.03 million for attending meeting of Stakeholder's Grievances and Relationship Committee, Nomination and Remuneration Committee & actual reimbursement of expenses incurred for attending each meeting of the Board and Committees. Normally, the sitting fees is paid immediately after the board or committee meetings, to those who have attended the meetings.

Details of the sitting fees paid to the Non-Executive Directors for the year 2022-23 areas under:

(Amount in ₹ million)

Name of the Director	Board Meetings	Audit Committee Meetings	NRC and SRC Committee Meetings	Total
Dr. Bhupendra Gandhi	0.25	-	-	0.25
Mr. Sanjiv Gandhi	0.20	-	-	0.20
Ms. Nina Gandhi	0.20	-	-	0.20
Mr. Naman Patel	0.15	0.15	0.08	0.38
Mr. Amit Shukla	0.25	0.20	0.08	0.53
Ms. Sandhya Patel	0.20	0.15	0.08	0.43
Mr. Ashok Bhadalkal	0.20	0.20	-	0.40
Mr. Ameet Desai	0.25	-	-	0.25
Total	1.70	0.70	0.24	2.64

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 financial year ended on 31 March 2023.

iii) Remuneration to Executive Director:

Mr. Rajiv Gandhi is the CEO & Managing Director and Ms. Priya Gandhi is Executive 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 and Ms. Priya Gandhi, as approved by shareholders of the Company.

The details of remuneration paid to executive directors during the financial year 2022-23 are as under:

(Amount in ₹ million)

Sr.	Name of Director	Gross Salary	Commission	Total
1	Mr. Rajiv Gandhi	19.07	22.00	41.07
2	Ms. Priya Gandhi	5.40	-	5.40

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

The Board and the NRC reviewed the performance of individual directors on the basis of criteria fixed by the Board / NRC.

iv) 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 accessing the candidate's capability to shoulder higher responsibility.

v) 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.

C) STAKEHOLDER'S GRIEVANCES AND RELATIONSHIP COMMITTEE

In compliance with the provisions of section 178 of the Companies Act, 2013 and the regulation 20 of the Listing Regulations, the Board has formed a "Stakeholder's Grievances and Relationship Committee". The Stakeholder's Grievances and 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

As of March 2023, Stakeholder's Grievances and Relationship Committee comprises three members. Mr. Amit Shukla was the Chairman of the Committee, and Mr. Naman Patel and Ms. Sandhya Patel were the Members. Upon the cessation of two members of the committee due to the completion of term as independent directors for the Company, the Stakeholder's Grievances and Relationship Committee was reconstituted with effect from 1 April 2023, with Ms. Sandhya Patel as Chairperson and Ms. Priya Gandhi and Mr. Rajiv Gandhi as Members of the Committee. The composition of committee meets all the requirements of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

During the year under review, Stakeholder's Grievances & Relationship Committee met four times on 20 May 2022, 10 August 2022, 4 November 2022 and 31 January 2023.

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

Name of the Member	Category	Number of meetings held during tenure	Number of meetings attended
Mr. Amit Shukla (Chairman)	Non-Executive/ Independent	4	3
Mr. Naman Patel	Non-Executive/ Independent	4	3
Ms. Sandhya Patel	Non-Executive/ Independent	4	3

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 shareholder's/investor's grievances and correspondence are attended and resolved expeditiously.

The Chairman of the Stakeholder's Grievances and Relationship Committee has attended the 35th Annual General Meeting held on 23 August 2022.

Number of complaints

During the year under review, the Company did not receive any complaints and had no pending unresolved complaints at the end of the year. The Company regularly reviews the various requests received by the Company/RTA from shareholders and takes all the necessary steps to smooth the processing of requests within the time frame laid down by SEBI.

Terms of Reference

The role of the Stakeholder's Grievances and 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.
5. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable

D) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The terms of reference of CSR Committee includes, to frame the CSR Policy and review it from time to time to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act and Rules made thereunder and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

As of 31 March 2023, CSR Committee comprises three members. Mr. Rajiv Gandhi is the Chairman of the Committee, and Mr. Sanjiv Gandhi and Mr. Amit Shukla were the Members. Upon the cessation of one members of the committee due to the completion of term as independent director for the Company. The CSR Committee was reconstituted with effect from 1 April 2023, with Rajiv Gandhi as Chairperson and Mr. Sanjiv Gandhi and Ms. Sandhya Patel as Members of the Committee. The composition of committee meets all the requirements of Section 135 of the Companies Act, 2013, read with rules made thereunder.

During the year under review, CSR committee meeting was held on 17 May 2022 and 27 March 2023.

The composition of CSR Committee and details of meetings attended by the members are as under:

Name of the Member	Category	Number of meetings held during tenure	Number of meetings attended
Mr. Rajiv Gandhi (Chairman)	Executive/ Non-Independent	2	2
Mr. Sanjiv Gandhi	Non-Executive/ Non-Independent	2	2
Mr. Amit Shukla	Non-Executive/ Independent	2	2

The CSR Policy, as recommended by the CSR Committee is approved by the Board. The details with regard to CSR, its composition, Policy, Projects, etc. are provided in the Board's Report. CSR policy also uploaded on the website of the Company.

E) RISK MANAGEMENT COMMITTEE

In compliance with the provisions of regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee at Board of Directors meeting held on 29 May 2021 and the members of the Committee are Directors of the Company. The Company has a well-defined risk management framework to identify, recognise, monitor and mitigate risks as also identify business opportunities. Business risk evaluation and its management is a continuous process within the organisation.

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

The Risk Management Committee comprises of three members. Rajiv Gandhi as Chairperson and Ms. Priya Gandhi and Ms. Sandhya Patel as Members of the Committee. The Company Secretary acts as the Secretary to the committee.

During the year under review, Risk Management committee meetings held on 19 July 2022, 14 October 2022 and 27 March 2023.

The composition Risk Management Committee and details of meetings attended by the members are as under:

Name of the Member	Category	Number of meetings held during tenure	Number of meetings attended
Mr. Rajiv Gandhi (Chairman)	Executive/ Non-Independent	3	3
Ms. Priya Gandhi	Executive/ Non-Independent	3	3
Ms. Sandhya Patel	Non-Executive/ Independent	3	2

Terms of Reference

- To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control identified risks.
 - Business Continuity plan
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

F) MANAGEMENT COMMITTEE

As of 31 March 2023, the Management Committee comprises of three members. Mr. Rajiv Gandhi is the Chairman of the Committee, and Mr. Sanjiv Gandhi and Mr. Amit Shukla were the Members. Upon the cessation of one members of the committee due to the completion of term as independent director for the Company, the Management Committee was reconstituted with effect from 1 April 2023, with Rajiv Gandhi as Chairperson and Mr. Sanjiv Gandhi and Ms. Priya Gandhi as Members of the Committee.

Management Committee reviews and review the operational transaction and business of 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 Company Secretary acts as the Secretary to the committee.

During the year under review, Management Committee meeting were held on 14 December 2022 and 24 March 2023. All the members of committee have attended all the Meetings.

G) SHARE TRANSFER COMMITTEE

The Share Transfer Committee consisted of three members. Mr. Rajiv Gandhi was the Chairman of the Committee, and Mr. Sanjiv Gandhi and Mr. Amit Shukla were the Members.

During the year under review, the Board of Directors has reviewed the scope and requirements of the committee and decided to dissolve it and transferred all its activities to the Stakeholder's Grievances and Relationship Committee of the Board. All the members of the committee were relieved of their duties as members of the Share Transfer Committee.

The Committee was empowered to perform all the functions of the Board in relation to approval and monitoring transfers, transmission, dematerialisation, rematerialisation, issue of duplicate share certificates, and splitting and consolidation of shares issued by the Company. All decisions and recommendations of the committee were placed before the Board of Directors for information. The Company Secretary was acting as secretary to the committee. During the year under review, the Share Transfer Committee met eight times.

INDEPENDENT DIRECTOR'S MEETING

During the year under review, a separate meeting of Independent Directors was held on 29 March 2023 under the chairmanship of Mr. Ashok Bhadalkar, 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.

Two Independent Directors have attended the meeting. The performance of the non-independent directors, the Board as a whole, and the chairman of the Company was evaluated by the Independent Directors, taking into account the views of executive directors and non-executive directors.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT ('BRSR')

Pursuant to the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Amendment Regulations, the SEBI has mandated the Top 1000 listed companies as per market capitalisation to prepare and publish the Business Responsibility and Sustainability Report ('BRSR') with effect from the financial year 2022-23 in a specific format.

As the Company is among the top 1000 listed companies by market capitalisation, it is mandated to disclose the initiative on environmental, social, and governance perspective and publish the BRSR report. The BRSR report is attached and forms part of the Annual Report.

SUBSIDIARY COMPANIES:

As on 31 March 2023, the Company has four subsidiary companies, namely, Hester Biosciences Nepal Private Limited, Texas Lifesciences Private Limited, Hester Biosciences Africa Limited, and Hester Biosciences Kenya Limited, and one step-down subsidiary, namely, Hester Biosciences Tanzania Limited, which is a subsidiary of Hester Biosciences Kenya Limited.

Pursuant to the provisions of Regulation 24(1) of the SEBI Listing Regulations, Texas Lifesciences Private Limited, an Indian subsidiary of the Company, became the unlisted material subsidiary of the Company. The Company is not required to nominate an independent director on the Board of any subsidiary company.

The Audit Committee of the Company reviews the financial statements and investments made by unlisted subsidiary companies, and the minutes of the unlisted subsidiary companies are placed periodically at the Board Meeting of the Company. The Company has a policy for "Determining Material Subsidiaries" which is uploaded on the company's website at

<https://www.hester.in/corporate-governance>

WHISTLE BLOWER POLICY

As per the provisions of Section 177(9) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has a whistle-blower policy to deal with any instance of fraud or mismanagement and to report instances of leakage of unpublished price-sensitive information. Under this policy, the employees of the Company are free to report violations of any laws, rules, or regulations and concerns about unethical conduct to the Audit Committee. No personnel have been denied access to the Audit Committee pertaining to whistleblower policy. The policy ensures that strict confidentiality is maintained while dealing with concerns and that no discrimination is made against any person for a genuinely raised concern. The said policy is uploaded on the website of the Company at

<https://www.hester.in/corporate-governance>

During the year under review, there were no cases or concerns raised or received from the whistle blower.

DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the SEBI Listing Regulations, the top 1,000 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Dividend Distribution Policy of the Company is available on the website of the Company at <https://www.hester.in/corporate-governance>

RELATED PARTY TRANSACTIONS

All Related Party transactions are entered in compliance to the provisions of law, the Policy on Materiality of and dealing with Related Party Transactions ("Related Party Policy") and were entered with the approval of Audit Committee, Board and Shareholders if and as applicable.

The Board has approved a policy for related party transactions, which is uploaded on the website of the Company at

<https://www.hester.in/corporate-governance>.

TRANSFER OF UNCLAIMED / UNPAID DIVIDEND AMOUNT AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF"):

As per the provisions of Sections 124 and 125 of the Act read with the Rules made thereunder, dividends, if not claimed for a period of 7 (seven) consecutive years from the date of transfer to the Unpaid Dividend Account of the Company, are liable to be transferred to IEPF.

Further, all the shares in respect of which dividends have remained unclaimed for 7 (seven) consecutive years or more from the date of transfer to the Unpaid Dividend Account shall also be transferred to IEPF. The said requirement does not apply to shares in respect of which there is a specific order of a court, tribunal, or statutory authority restraining any transfer of the shares.

In the interest of members, the Company had sent reminders to the members to claim their dividends or shares before the transfer of dividends or shares to IEPF. A notice in this regard was also published in the newspapers, and the details of unclaimed dividends and members whose shares are liable to be transferred to IEPF are uploaded on the website of the Company.

During the year under review, in compliance with the provisions of the Act and Rules made thereunder, the Company has transferred:

- i) 1,750 equity shares of 8 (Eight) members whose dividend has remained unclaimed or unpaid for a consecutive period of 7 (seven) years to IEPF.
- ii) ₹ 0.41 million held by 642 members, being the unclaimed dividend, pertaining to the dividend for the financial year 2014-15, was transferred to IEPF after giving notice to the members to claim their unpaid or unclaimed dividend.

As of 31 March 2023, 79,134 (seventy nine thousand one hundred thirty four only) equity shares were lying with IEPF.

For all the transferred unclaimed dividends up to and including the Financial Year 2014-2015, shareholder can claim from the IEPF Authority by filling the online Form No. IEPF-5 and sending the said form to the Nodal Officer of the Company at the Registered Office with complete documents. Upon application, the IEPF authority to pay the claimed shares and/or dividend amount based on the e-verification form filed by the Company and the documents submitted by the member.

Further, all the members are requested to claim the dividend amount lying in the respective unclaimed dividend accounts for the financial years 2015-16 to 2021-22 by application to the Company or Registrar and Transfer Agent along with KYC documents.

Details of the date of declaration of dividends and the due date of transfer to IEPF are provided in the notes to the notice convening the Thirty Sixth AGM.

OTHER DISCLOSURES

1. In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Indian Accounting Standards.
2. The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of the 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.
3. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on 31 March 2023 in compliance with Regulation 17(8) read with Part B of Schedule II of the Listing Regulations was placed before the Board of the Company and the certificate is part of this report.
4. 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.

5. 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 Listing Regulations. 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 2023 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.

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

Date 17 May 2023
Place Ahmedabad

-
6. The Company complies with all applicable secretarial standards.
 7. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has received a certificate affirming compliance from the practising company secretary, CS Tapan Shah, and the same is attached to this report.
 8. 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. The Company uses a software to monitor the trading in the equity shares of the Company mainly during the trading window closure and the reversal of the transactions, by the designated persons. The Company also maintains the structured digital database as mandated by the PIT Regulations.
 9. As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder, the Company has constituted Internal Complaints Committee which is responsible for redressal of complaints related to sexual harassment. During the year under review, there were no complaints pertaining to sexual harassment.
 10. As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking appointment / re-appointment at the forthcoming AGM are provided as an annexure to the notice convening the 36th Annual General Meeting.
 11. 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.
 12. During the year, CARE Ratings Limited has revised the credit rating of "CARE BBB+/Stable" for long-term bank facilities from "CARE A-/Stable." For short-term bank facilities, "CARE A2" has been re-affirmed to the Company.
 13. The Company and its subsidiaries have not given loans and advances in the nature of loan to companies in which the Directors of the Company are interested during the financial year ended on 31 March 2023, except those disclosed in the Audited Financial Statements.
 14. The Board has accepted the recommendations of all the committees constituted by the Board.
 15. The Company has not raised any funds through preferential allotment or qualified institutional placement as specified in the Listing Regulations.
 16. During the FY 2022-23 under review, total fees for all services paid by the Company to the statutory auditors i.e. M/s. Chandulal M. Shah & Co., Chartered Accountant, Ahmedabad and statutory auditors of the Company is not appointed as an auditor for any subsidiary company:

Payment to Statutory Auditors	Amount (In ₹ million)
Audit Fees*	1.40
Other Services*	0.10
Reimbursement of Expenses	#

*Excluding GST
(Figures below ₹ 50,000 are denominated with #)

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 said certificate is enclosed to this Corporate Governance Report.

17. During the year under review, no shares were transferred to the unclaimed suspense account and 2,550 equity shares are in balance. The Company is taking all necessary steps to communicate with the shareholders to claim these shares by following the laid procedures by the SEBI.
18. The Company is exposed to risk from market fluctuations of foreign exchange on imports, foreign currency loans, project imports etc. The Company manages such short term and long term foreign exchange risk within the framework laid down by the Board. The company's risk management activities are subject to the management direction and control under the framework of Risk Management Policy as approved the Board of Directors of the Company. The objective of the Policy is to mitigate the currency risk of foreign currency payables / receivables thereby protecting operating margin of business and achieving greater predictability to earnings.

MEANS OF COMMUNICATION

1. The Company has 13,434 the shareholders as on 31 March 2023. The main channel of communication to shareholders through Annual Report, which includes inter-alia, the Board's Report, Management Discussion and Analysis, Report on Corporate Governance and Audited Financial Statements.
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 Company intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the members and subsequently issues a Press Release on such matters, wherever necessary.
4. 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 the same are sent individually to the members.

5. The company's results and official news releases and media releases are sent to stock exchanges and are put on the Company's website. 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.
6. The Company's website contains a separate dedicated section 'Investor Relations' where information are available.
7. The Annual Report containing, inter alia, Audited Financial Statements, Audited Consolidated Financial Statements, Board's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management 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
8. 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.
9. 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.
10. The Company has designated the following email-id exclusively for investor servicing: cs@hester.in, for queries on share transfer, transmission, bonus shares, dividend, KYC, Demat etc.

GENERAL MEETINGS

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

Financial Year	Meeting Date and Time	Venue
2019-20	33 rd AGM on 4 September 2020 at 11:00 a.m. (IST)	Through Video Conferencing (VC) /Other Audio Visual Modes (OVAM)
2020-21	34 th AGM on 17 August 2021 at 10:00 a.m. (IST)	
2021-22	35 th AGM on 23 August 2022 at 11:00 a.m. (IST)	

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	Re-appointment of Mr. Naman Patel (DIN: 05143261) as an Independent Director	Sections 149, 152 and other applicable Sections of Companies Act, 2013	33 rd AGM held on 4 September 2020
2	Re-appointment of Mr. Amit Shukla (DIN: 00709322) as an Independent Director		

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 through Electronics Voting (e-voting). The Postal Ballot Notice dated 27 March 2023 was sent in electronic form to all members on their email addresses were registered with the Company/ respective Depository Participants.

The Company had published a notice in the newspaper on Wednesday, 29 March 2023 in Financial Express (English and Gujarati Editions) in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard - 2. The remote e-voting period commenced from Saturday, 1 April 2023 at 9:00 a.m. (IST) and ended on Sunday, 30 April 2023 at 5:00 p.m. (IST) (both days inclusive). 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, 24 March 2023.

The Board of Directors had appointed Mr. Tapan Shah, a Practicing Company Secretary, as a Scrutiniser to ensure that the Postal Ballot process is conducted 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 Monday, 1 May 2023.

The details of the e-voting pattern are given below:

Special Resolutions passed through Postal Ballot	Votes in favour of the resolution (%)	Votes against the resolution (%)
Re-appointment of Ms. Sandhya Patel (DIN: 02215022) as Independent Director	100.00	-
Re-appointment of Mr. Ashok Bhadalkal (DIN: 00981201) as Independent Director	100.00	-
Re-appointment of Mr. Rajiv Gandhi as CEO and Managing Director	99.45	0.55

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

GENERAL SHAREHOLDER'S INFORMATION

1. Company Registration details

The Company is registered in the State of Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L99999GJ1987PLC022333.

2. Registered Office of the Company

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

3. 36th Annual General Meeting

Day, Date and Time: Wednesday, 20 September 2023 at 10:30 A.M. (IST)

Mode of AGM/ Venue: Through Video Conferencing Mode / Other Audio Visuals Means

Book Closure Date: Thursday, 14 September 2023 to Wednesday, 20 September 2023

4. Tentative Financial Calendar

First quarter financial results	On or before 14 August 2023
Half yearly financial results	On or before 14 November 2023
Third quarter financial results	On or before 14 February 2024
Audited financial results for the year 2023-24	On or before 30 May 2024

The trading window closure for the financial results shall be from the first day from the closure of quarter till the completion of 48 (forty eight) hours after the financial results becomes generally available.

5. 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. Annual listing fee for the financial year 2023-24 has been paid by the Company to BSE and NSE

6. Payment of Depositories Fee

Annual Custody/ Issuer fee for the financial year 2023-24 has been paid by the Company to Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL).

7. a) Details of Shares:

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

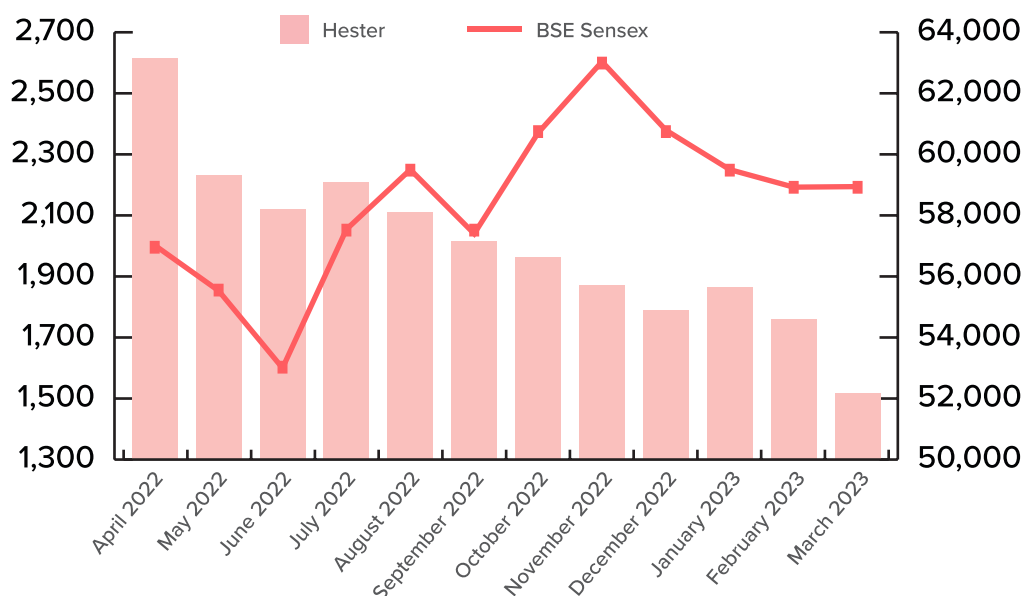
b) Stock Code, Closing Price, Market Capitalisation and Rank based on Market Capitalisation:

Name of the Stock Exchanges	Stock Code	Closing Price as on 31 March 2023 (₹)	Market Capitalisation as on 31 March 2023 (₹ in million)	Rank based on Market Capitalisation as on 31 March 2023
BSE Limited	524669	1,520.45	12,934.26	882
The National Stock Exchange of India Limited	HESTERBIO	1,522.80	12,954.25	853

8. Stock Price Data

Month (FY 2022-23)	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
April	57,060.87	2,851.75	2,550.00	25,203	2,631.65	2,595.00	194,556
May	55,566.41	2,636.95	2,131.95	13,475	2,289.00	2,226.65	149,780
June	53,018.94	2,375.00	1,963.90	3,969	2,130.00	2,055.50	57,965
July	57,570.25	2,381.15	2,078.45	3,607	2,230.65	2,207.30	42,754
August	59,537.07	2,450.15	2,045.30	10,220	2,142.00	2,102.05	145,069
September	57,426.92	2,280.40	1,930.00	22,702	2,035.00	1,971.70	409,467
October	60,746.59	2,091.40	1,940.00	3,475	1,986.40	1,958.95	44,897
November	63,099.65	2,047.15	1,866.15	4,582	1,933.80	1,868.00	58,324
December	60,840.74	1,999.00	1,771.20	6,571	1,816.15	1,786.00	84,952
January	59,549.90	1,922.20	1,701.00	4,423	1,925.00	1,670.00	62,112
February	58,962.12	1,949.00	1,709.40	3,567	1,789.95	1,753.70	82,132
March	58,991.52	1,805.00	1,415.95	13,678	1,573.70	1,500.05	199,560

9. Performance of the share price of the Company in comparison to BSE Sensex



10. Dematerialisation of Shares and liquidity

The Company's shares are compulsorily traded in dematerialised form. Equity shares of the Company representing 98.70% of the Company's share capital are dematerialised as on 31 March 2023.

The Company's shares are regularly traded on the 'BSE Limited' and 'National Stock Exchange of India Limited'. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE782E01017.

11. Distribution of Shareholding as on 31 March 2023

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

Number of Equity Shares Held (Range)	Number of Shareholders	Percentage of Total Shareholders	Number of Shares held	Percentage to Total Shares Held
1 to 500	12,730	94.76	639,152	7.51
501 to 1000	322	2.40	232,849	2.74
1001 to 2000	157	1.17	231,272	2.72
2001 to 3000	55	0.41	132,994	1.56
3001 to 4000	32	0.24	112,240	1.32
4001 to 5000	17	0.13	79,368	0.93
5001 to 10000	45	0.33	306,967	3.61
Above 10001	76	0.57	6,772,023	79.61
Total	13,434	100.00	8,506,865	100.00

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

Sr.	Description	Number of Members	Number of Shares	Percentage
1	Promoters and Promoter's Group	13	4,570,944	53.73
2	Resident Individual	12,213	2,809,006	33.02
3	Hindu Undivided Family	342	178,839	2.10
4	Non-Resident Individual	356	462,206	5.43
5	Investors Education and Protection Fund (IEPF)	1	79,134	0.93
6	Foreign Portfolio Investor	14	38,419	0.45
7	Domestic Companies and LLPs	160	304,949	3.59
8	Unclaimed Shares	1	2,550	0.03
9	Clearing Members and others	20	60,818	0.72
	Total	13,120	8,506,865	100.00

12. Share Transfer Procedure

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.

As per the requirements of regulation 40(9) of the Listing Regulations, a Company Secretary in practice has certified due compliance of share transfer formalities on yearly basis.

13. Reconciliation of Share Capital Audit

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, a certificate have also been obtained from a Practicing Company Secretary for timely dematerialisation of the shares of the Company and for conducting Audit on a quarterly basis for reconciliation of the share capital of the Company under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018. The Company files copy of these certificates with the stock exchange, as required.

Accordingly, to avail benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form.

14. Nomination Facility

Nomination 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.

15. Change in shareholder's details

The holding of shareholders 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.

16. Locations of the Company's Manufacturing Plant

The details of the locations of the plants of the Company is mentioned on the corporate information page of the Annual Report.

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 Company's 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

Shareholder's correspondence should be addressed to the Company's 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 & Compliance Officer
Phone: +91 7926445107
E-mail ID: cs@hester.in

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

19. Details of non-compliance

There was no non-compliance during the financial year ended 31 March 2023 and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other Statutory Authority.

A practicing company secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Board's Report and sent the same to all the members of the Company. The certificate shall also be sent to NSE and BSE along with the annual report to be filed by the Company.

20. 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.

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

- a) Dr. Bhupendra Gandhi is acting as the Chairman of the Company and Mr. Rajiv Gandhi acting as CEO & Managing Director of the Company.
- b) The Company has a Non-Executive Chairman and is entitled to maintain its office at the Company's expense.
- c) Quarterly/half-yearly/ annual financial results are being sent to shareholders, whose emails registered with the Company. However, financial results are published in the leading newspapers and are also available on the Company's website: www.hester.in
- d) The Company's financial statements for the financial year ended on 31 March 2023 do not contain any audit qualification. The auditor's report on financial statements of the Company are with unmodified opinion.
- e) The internal auditors report to the Audit Committee and they make quarterly presentations on their reports.

CERTIFICATE OF CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

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 2023 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
 - a) there are no significant changes in internal controls over financial reporting during the year;
 - b) there are no significant changes in accounting policies during the year; and
 - c) there are no instances of significant fraud of which we have become aware.

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Nikhil Jhanwar
Chief Financial Officer

Date 17 May 2023
Place Ahmedabad

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No.: L99999GJ1987PLC022333

Nominal Capital: ₹ 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 2023 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, I certify that the Company has generally 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.

Name of Company Secretary in practice: **Tapan Shah**
Membership No. : **FCS4476**
C P No. : **2839**
UDIN: **F004476E000291356**
PR No. : **673/2020**

Date 17 May 2023
Place Ahmedabad

CORPORATE GOVERNANCE

COMPLIANCE CERTIFICATE

(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 and 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 and its officers, 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 2023 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 April 2005
2	Rajiv Dinesh Gandhi	00438037	29 April 1987
3	Sanjiv Dinesh Gandhi	00024548	29 April 1987
4	Ravin Kanti Gandhi	00438361	22 April 1999
5	Nina Rajiv Gandhi [#]	00024657	7 May 2016
6	Priya Rajiv Gandhi	06998979	28 October 2021
7	Naman Madhav Patel	05143261	18 October 2014
8	Amit Priyatam Shukla	00709322	22 July 2015
9	Sandhya Maulik Patel	02215022	1 April 2020
10	Ashok Bhimrao Bhadalkal	00981201	1 April 2020
11	Ameetkumar Hiranyakumar Desai	00007116	28 October 2021

* Date of appointment is as per the MCA portal

[#] Appointed as an Alternate Director for Mr. Ravin Gandhi

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.

Name of Company Secretary in practice: **Tapan Shah**
Membership No. : **FCS4476**
C P No. : **2839**
UDIN: **F004476E000291202**
PR No. : **673/2020**

Date 17 May 2023
Place Ahmedabad

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FINANCIAL

STATEMENTS



01

**STANDALONE
FINANCIAL STATEMENTS**

INDEPENDENT

AUDITOR'S REPORT

To the Members of **Hester Biosciences Limited**

Report on the Audit of 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 2023, and the statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit, total comprehensive income, the changes in equity and its cash flows for the year then ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone 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 ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

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 of the current period. 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. 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.	Key Audit Matters	Auditor's Response
1	Valuation of Inventories	
	<p>The Company has Inventory of carrying value ₹ 792.16 million, which is around 31% of it's revenue from operations, including Raw Materials, Packing Material, Work in progress, Finished Goods and Traded Goods.</p> <p>We have considered the valuation of inventories as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors in determination of inventory value. The inventory valuation of the company involves complex procedures estimating the costs incurred, overheads applied and identification for slow moving, expired and obsolete inventory and ascertainment of net realisable value.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> • We have understood and tested the design and operating effectiveness of controls as established by the management in determination of valuation of inventory. • Assessing the appropriateness of Company's accounting policy for valuation of inventories and compliance of the policy with the requirements of the prevailing accounting standards. • We have considered various factors including the estimation of costs, overheads incurred, actual selling price prevailing around and subsequent to the year-end. • Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value. • We have considered the process of periodical physical verification of Inventory carried out by the management. • We have evaluated the design and operating effectiveness of controls as established by the management in determination of slow moving, expired and obsolete inventory. • Considered the completeness and accuracy of the disclosures.
2	Carrying Value of Trade Receivables	
	<p>The Company has Trade Receivables of carrying value ₹ 823.60 Million and the ascertainment of allowance for expected credit loss of trade receivables require significant management judgement.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> • We have understood and tested the design and operating effectiveness of controls as established by the management in determining recoverability of trade receivables. • We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. • Assessing the impact of impairment on trade receivables requires judgment and we evaluated management's assumptions in determining the provision for Impairment of trade receivables, by analysing the ageing of receivables, assessing significant overdue trade receivables. • We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the trade with the customers, invoices raised, etc., as a part of our audit procedures. Furthermore, we assessed the adequacy and appropriateness of the disclosures in the financial statements. • We also discussed with the management regarding any disputes between the parties involved, attempts by management to recover the outstanding amounts and on the credit status of significant counterparties whether available. • In assessing the appropriateness of the overall provision for expected credit losses, we considered management's policy for recognising provisions and compared the Company's provisioning against historical collection data. • Considered the completeness and accuracy of the disclosures.

Information other than the Standalone Financial Statements & 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 Board's Report including Annexures to Board's Report and Management Discussion & Analysis 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 will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our 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 Responsibilities 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 Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively or ensuring 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 financial 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 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 the 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 standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31 March 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".
 - 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.

- 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, 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 the financial position of its standalone financial statements (Refer Note 32 to the standalone financial statements).
 - ii) The Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv)
 - a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide

any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a.) and (b) above, contain any material misstatement.
- v)
 - a) The final dividend proposed in the previous year, declared, and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
 - b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1 April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

For, Chandulal M. Shah & Co.

Chartered Accountants
FRN 101698W

Arpit D. Shah

Partner
M. No. 135188
UDIN: 23135188BGXCFQ3964

Date 17 May 2023

Place Ahmedabad

ANNEXURE - A

TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 on 'Report on Other Legal & Regulatory Requirements' of our report of even date to the standalone financial statements of the Company for the year ended 31 March 2023:

- i)
 - a)
 - A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.
 - B) The Company has maintained proper records showing full particulars of intangible assets.
 - b) The Property, Plant and Equipment were physically verified by the management in a phased manner, designed to cover all the items over a period of three years, 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 such verification.
 - c) The title deeds of all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) as disclosed in the financial statements are held in the name of the Company.
 - d) The Company has not revalued its property, plant and Equipment and its intangible assets during the year.
 - e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii)
 - a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No

material discrepancies were noticed on such verification.

- b) The Company has been sanctioned working capital limits in excess of ₹ 50 million, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements filed by the Company with such banks are in agreement with the reviewed/audited books of accounts of the Company of the respective quarters and no material discrepancies have been observed.
- iii)
 - a) According to the information explanation provided to us, the Company has made investments, provided loans, or provided advances in the nature of loans, or given guarantee, or provided security to any other entity.

The details of such loans or advances and guarantees or security to subsidiaries, Joint Ventures & Others are as follows:

(Amount in ₹ million)

Particulars	Guarantees	Loans
Aggregate amount granted/provided during the year		
Subsidiaries	-	-
Others	-	2.50
Balance Outstanding as at balance sheet date		
Subsidiaries	1,150.38	-
Others	-	58.47

- b) In relation to investments made, guarantees provided, according to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions of the loans and advances provided are not prejudicial to the interest of the Company.
- c) In case of the loans, schedule of repayment of principal and payment of interest have been stipulated. However, the borrowers have not repaid the principal amount as stipulated and have not been regular in the payment of interest to the Company. The details of the same are follows:

(Amount in ₹ millions)

Name of the entity	Amount	Due Date	Extent of delay	Remarks, if any
Tamboli Trading LLP	Interest net of TDS – ₹ 4.70 million	03 March 2022	393 days (Not Paid till 31 March 2023)	
Tamboli Trading LLP	Interest net of TDS – ₹ 5.06 million	31 March 2023	Unpaid till date of report	

d) According to the information and explanations given to us and based on our examination of the records of the Company, interest net of TDS amounting to ₹ 4.70 million is an overdue amount for more than ninety days. The company has taken reasonable steps for the recovery of the outstanding amount.

e) According to the information explanation provided to us, following loan granted has fallen due during the year and has been renewed or extended to existing parties:

Name of the Parties	Aggregate amount of overdue of existing loans renewed or extended or settled by fresh loans	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Tamboli Trading LLP	₹ 55 million	93.60%

f) According to the information explanation provided to us, the Company has not any granted loans and / or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Companies Act, 2013.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under.

vi) The Central Government has prescribed maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 in respect of manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

vii) In respect of statutory dues:

a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods & Service Tax, Duty of Customs, Cess, and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above statutory dues were in arrears as at 31 March 2023, for a period of more than six months from the date on when they become payable.

b) According to the information and explanations given to us, there are no material dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited with the appropriate authorities on account of any dispute, except as follows:

Name of the Statute	Nature of Dues	Amount (₹ million)	Period to which matter pertains	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.77	A.Y. 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.10	A.Y. 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.11	A.Y. 2018-19	Commissioner of Income Tax (Appeals)

viii) According to the information and explanations given to us, there are no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.

- ix)
- a) 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.
 - b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
 - c) In our opinion and according to the information and explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
 - d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
 - e) According to the information explanation given to us and on an overall examination of the standalone financial statement of the company, we report that the Company has not taken funds from any entity or person on account of or to meet the obligations of its subsidiaries and joint ventures.
 - f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held of its subsidiaries and joint ventures.
- x)
- a) According to the information and explanations given to us and procedures performed by us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause x(a) of the Order is not applicable.
 - b) According to the information and explanations given to us and procedures performed by us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally convertible) during the year under review and hence reporting under clause x(b) of the Order is not applicable.
- xi)
- a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company.
 - b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
 - c) As represented to us by the Management, there were no whistle blower complaints re-ceived by the Company during the year. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to company.
- xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii) In our opinion, the Company is in compliance with Section 177 and 188 of Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv)
- a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - b) We have considered the internal audit reports for the year under audit issued to the Company during the year and till date.
- xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with its directors during the year. Hence provisions of Section 192 of

the Companies Act, 2013 are not applicable to the Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi)

- a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the reporting under clause 3 (xvi)(a) of the Order is not applicable to the Company.
- b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi) (b) of the Order are not applicable to the Company.
- c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
- d) The Company does not have any CIC as a part of its group. Hence, the provisions stated in paragraph clause 3 (xvi)(d) of the Order are not applicable to the Company.

xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.

xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx) According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.

For, Chandulal M. Shah & Co.

Chartered Accountants
FRN 101698W

Arpit D. Shah

Partner

M. No. 135188

UDIN: 23135188BGXCFQ3964

Date 17 May 2023

Place Ahmedabad

ANNEXURE - B

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to standalone financial statements of Hester Biosciences Limited ("the Company") as of 31 March 2023, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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 as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements and, both issued by the Institute of Chartered Accountants of India. Those Standards on Auditing and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference

to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's Judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company, and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Due to the inherent limitations of internal financial controls with reference to 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 be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to 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, the Company has, in all material respects, an adequate internal financial control system with reference to standalone financial statements and such internal financial controls were operating effectively as on 31 March 2023, based on the internal control over financial 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 Reports issued by the Institute of Chartered Accountants of India.

For, Chandulal M. Shah & Co.

Chartered Accountants
FRN 101698W

Arpit D. Shah

Partner

M. No. 135188

UDIN: 23135188BGXCFQ3964

Date 17 May 2023**Place** Ahmedabad

STANDALONE BALANCE SHEET

AS AT 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, Plant & Equipment	3	1,078.46	839.50
(b) Capital Work-in-Progress	3	1,461.38	802.24
(c) Other Intangible Assets	4	3.71	3.59
(d) Intangible Assets under Development	4	24.69	16.85
(e) Financial Assets			
(i) Investments	5	646.89	646.89
(ii) Other Financial Assets	7	45.29	60.41
(f) Other Non-current Assets	8	37.25	210.22
Total Non-current Assets		3,297.67	2,579.70
Current assets			
(a) Inventories	9	792.16	707.34
(b) Financial Assets			
(i) Trade Receivables	10	823.60	569.16
(ii) Cash and Cash Equivalents	11	43.01	15.28
(iii) Bank Balances other than (ii) above	12	16.61	4.53
(iv) Loans	6	58.47	58.76
(v) Other Financial Assets	7	166.46	146.64
(c) Other Current Assets	8	260.17	163.01
Total Current Assets		2,160.48	1,664.72
Total Assets		5,458.15	4,244.42
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	13	85.07	85.07
(b) Other equity	14	2,838.75	2,599.27
Total Equity		2,923.82	2,684.34
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	833.97	732.49
(ii) Other Financial Liabilities	16	7.03	5.53
(b) Non Current Provision	17	17.16	10.77
(c) Deferred Tax Liabilities (Net)	30	71.47	62.92
(d) Other Non Current Liabilities	18	240.00	-
Total Non-current Liabilities		1,169.63	811.71
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	809.25	486.64
(ii) Trade Payables	20		
-Total outstanding dues of micro enterprises and small enterprises		4.56	19.88
-Total outstanding dues of creditors other than micro enterprises and small enterprises		282.55	90.39
(iii) Other Financial Liabilities	16	130.39	125.88
(b) Other Current Liabilities	18	99.66	13.81
(c) Provisions	17	4.42	2.39
(d) Current Tax Liabilities	21	33.87	9.38
Total Current Liabilities		1,364.70	748.37
Total Liabilities		2,534.33	1,560.08
Total Equity and Liabilities		5,458.15	4,244.42

The accompanying notes are an integral part of the Standalone Financial Statements.

In terms of our report attached
For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Nikhil Jhanwar
Chief Financial Officer

Priya Gandhi
Executive Director
DIN: 06998979

Vinod Mali
Company Secretary

Date 17 May 2023
Place Ahmedabad

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Income			
Revenue from operations	22	2,540.00	2,193.51
Other income	23	53.23	46.57
Total Income		2,593.23	2,240.08
Expenses			
Cost of raw material and components consumed	24	292.81	370.74
Purchase of stock-in-trade	25	553.71	392.97
Changes in inventories of finished goods, traded goods and work-in-progress	26	(47.71)	(125.26)
Employee benefits expense	27	479.17	391.19
Finance cost	28	64.97	24.68
Depreciation and amortisation expense		97.88	95.02
Other expenses	29	713.16	558.18
Total Expenses		2,153.99	1,707.52
Profit before tax		439.24	532.56
Tax expense:	30		
Current tax		107.27	142.53
Deferred tax		8.55	(5.14)
Total tax expense		115.82	137.39
Profit after tax		323.42	395.17
Other Comprehensive Income			
Items that will not to be reclassified to profit or loss			
-Remeasurement gain/(loss) of defined benefit plans		1.51	(2.10)
-Income Tax Effect		(0.38)	0.53
Net other comprehensive gain / (loss) that will not be reclassified to profit or loss		1.13	(1.57)
Total Comprehensive Income		324.55	393.60
Earnings Per Equity Share (EPS)			
Basic and Diluted (Face Value ₹ 10 Per Share)	34	38.02	46.45

The accompanying notes are an integral part of the Standalone Financial Statements.

In terms of our report attached
For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Nikhil Jhanwar
Chief Financial Officer

Priya Gandhi
Executive Director
DIN: 06998979

Vinod Mali
Company Secretary

Date 17 May 2023
Place Ahmedabad

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash Flow from operating activities		
Profit Before Tax	439.24	532.56
Adjustments for:		
Depreciation and amortisation Expense	97.88	95.02
Provision for doubtful debt	1.85	2.28
Bad debts written off	3.43	19.86
(Profit) / Loss on sale of property, plant & equipment	(0.16)	(0.69)
Profit on buy-back of shares by subsidiary	-	(2.26)
Interest expense	62.63	19.25
Unrealised foreign exchange loss / (gain)	0.81	2.54
Interest income	(20.90)	(19.02)
Operating profit before working capital changes	584.78	649.54
Adjustments for:		
Trade receivables	(260.58)	(138.36)
Inventories	(84.82)	(137.21)
Other assets	(97.16)	10.83
Trade payables	176.89	(29.98)
Other current liabilities	85.85	(13.02)
Provisions	8.42	4.49
Loans	0.29	(1.77)
Other financial liability	1.52	2.69
Other financial assets	(0.92)	(23.79)
Cash Generated from Operations	414.27	323.42
Income tax paid (net)	(80.65)	(164.37)
Net cash generated from operating activities (A)	333.62	159.05
B. Cash flow from investing activities		
Capital expenditure on Property, Plant and Equipment, including capital advances and capital work-in-progress and on intangible assets	(726.44)	(906.69)
Proceeds from Sale of Property, Plant and Equipment	0.25	1.79
Payment towards investment in joint venture entity	-	(208.15)
Proceeds from buy-back of shares by subsidiary	-	9.79
Interest received	4.27	2.63
Bank / margin money deposits withdrawn / (Investment) (Net)	2.28	(5.20)
Net cash used in investing activities (B)	(719.64)	(1,105.83)
C. Cash flow from financing activities		
Proceeds from long term borrowings	282.57	861.42
Repayment of long term borrowings	(165.58)	(128.95)
Proceeds/(Repayment) of Short-term Borrowings (net)	240.49	315.78
Government grant received	240.00	-
Interest Paid	(98.66)	(13.56)
Dividend Paid	(85.07)	(85.07)
Net cash generated from financing activities (C)	413.75	949.62
Net increase in cash and cash equivalents (A)+(B)+(C)	27.73	2.84
Cash and cash equivalents at the beginning of the year	15.28	12.44
Cash and cash equivalents at the end of the year	43.01	15.28

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Cash and cash equivalents as per above comprise of the following:		
Cash on Hand	2.75	2.48
Balance with Banks - On Current Accounts	40.26	12.80
	43.01	15.28

Notes:

a) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Indian Accounting Standard) Rules, 2015 (as amended).

b) Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are given below:

Particulars	As at 1 April 2021	Cash flows	Foreign Exchange Loss	As at 31 March 2022
Long term borrowings	141.91	732.47	11.87	886.25
Short term borrowings	17.10	315.78	-	332.88
Total	159.01	1,048.25	11.87	1,219.13

Particulars	As at 1 April 2022	Cash flows	Foreign Exchange Loss	As at 31 March 2023
Long term borrowings	886.25	116.99	66.61	1,069.85
Short term borrowings	332.88	240.49	-	573.37
Total	1,219.13	357.48	66.61	1,643.22

In terms of our report attached
For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Priya Gandhi
Executive Director
DIN: 06998979

Date 17 May 2023
Place Ahmedabad

Nikhil Jhanwar
Chief Financial Officer

Vinod Mali
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

A EQUITY SHARE CAPITAL					
Equity shares of ₹ 10 each issued, subscribed and fully paid				Number of shares	Amount
As at 1 April 2021				8,506,865	85.07
Issue of Equity Share Capital				-	-
As at 31 March 2022				8,506,865	85.07
Issue of Equity Share Capital				-	-
As at 31 March 2023				8,506,865	85.07
B OTHER EQUITY					
Particular	Reserves and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at 1 April 2021	9.42	175.07	392.26	1,713.99	2,290.74
Profit for the year				395.17	395.17
Other Comprehensive Income for the year					
-Re-measurement loss on defined benefit plan (net of tax)				(1.57)	(1.57)
Total Comprehensive Income for the year				393.60	393.60
Dividend paid				(85.07)	(85.07)
As at 31 March 2022	9.42	175.07	392.26	2,022.52	2,599.27
Profit for the year				323.42	323.42
Other Comprehensive Income for the year					
-Re-measurement gain on defined benefit plan (net of tax)				1.13	1.13
Total Comprehensive Income for the year				324.55	324.55
Dividend paid				(85.07)	(85.07)
Balance as at 31 March 2023	9.42	175.07	392.26	2,262.00	2,838.75

In terms of our report attached
For Chandulal M. Shah & Co.
 Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
 Partner
 Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
 CEO & Managing Director
 DIN: 00438037

Nikhil Jhanwar
 Chief Financial Officer

Priya Gandhi
 Executive Director
 DIN: 06998979

Vinod Mali
 Company Secretary

Date 17 May 2023
Place Ahmedabad

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1 CORPORATE INFORMATION

Hester Biosciences Limited is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The registered office of the company is located at 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat - 380006

The Company is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry and Large animal and Petcare health products having its manufacturing set up at Meda Adraj village, Mehsana District, Gujarat.

The financial statements were approved by the Board of Directors based on recommendation of the Audit Committee of the Company at their meeting held on 17 May 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements of the Company.

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

i) Defined benefit plans - plan assets measured at fair value

The financial statements are presented in ₹ and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) 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.
- 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

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

- 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has ascertained twelve months as its operating cycle.

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. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of Goods is net of variable consideration, net of returns, trade discounts, rebates, Goods and Service Tax.

Revenue from services are recognised as the related services are performed. The transaction price of service rendered is net of variable consideration.

Contract Assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables:

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e only the passage of time is required before payment of consideration is due). Refer to accounting policies of financial assets in financial instruments-initial recognition and subsequent measurement.

Contract Liabilities (Advance from customers):

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is Contract liabilities (advance from customers) are recognised as revenue when the Company performs under the contract.

Interest income primarily comprises of interest from term deposits with banks and on loans given. 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.

Export incentives are recognised when the right to receive them as per the terms of the entitlement is established in respect of exports made.

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

d) PROPERTY, PLANT & EQUIPMENTS :

Property, Plant and Equipments are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

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".

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) INTANGIBLE ASSETS :

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Capital assets under development are stated at cost in the Balance Sheet as "Intangible Asset under Development".

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Particulars	Estimated Useful Life
Software	Over a Period of 6 Years
Product Registration fees	Over a Period of 5-10 Years

f) DEPRECIATION / AMORTISATION :

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

Particulars	Estimated Useful Life
Furniture & Fixtures	Over a Period of 9 Years
Plant & Machineries, Equipments, Electrical Installation & Utilities	Over a Period of 5 to 9 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 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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.

Traded goods:

Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is determined using First in First out (FIFO) method.

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 directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k) FOREIGN CURRENCY TRANSACTIONS:

The Company's financial statements are presented in Indian Rupees, which is also the Company's functional and presentation currency.

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

	Investments in equity capital of company registered outside India are carried in the Balance Sheet at the rates prevailing on the date of transaction.
	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.
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 property, plant & equipment and intangible 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. The Company does not have any obligation other than contribution under scheme.
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 is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.
	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.
o) CASH AND CASH EQUIVALENTS:	
	Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.
	For the purpose of the standalone statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.
p) OTHER BANK BALANCES:	
	Other Bank Balances in the balance sheet comprise short-term deposits with an original maturity of more than three months and having maturity less than twelve months.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

q) 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. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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 company commits to purchase or sell the asset.
(c) Subsequent measurement:
For the purposes of subsequent measurement, financial assets are classified in three categories:
<ul style="list-style-type: none"> - Financial assets instruments at amortised cost (debt instruments) - Financial assets at fair value through other comprehensive income (FVTOCI). - Financial assets at fair value through profit or loss (FVTPL) (Derivatives and Equity Instruments)
(d) 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 .
(e) Financial assets at fair value through OCI (FVTOCI):
A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.
(f) Financial assets at fair value through profit or loss:
Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.
This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(g) 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 Company's standalone balance sheet) 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.

On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the statement of profit and loss.

(h) 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 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(b) Initial recognition and measurement:
<p>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.</p> <p>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.</p> <p>The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.</p>
(c) Subsequent measurement:
<p>For the purposes of subsequent measurement, financial liabilities are classified in two categories:</p> <ul style="list-style-type: none">- Financial liabilities at fair value through profit or loss.- Financial liabilities at amortised cost (loans and borrowings).
(d) Financial liabilities at fair value through profit or loss:
<p>Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.</p>
(e) Financial liabilities at amortised cost (loans and borrowings):
<p>After initial recognition, interest-bearing financial liabilities 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.</p> <p>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.</p> <p>This category generally applies to interest-bearing loans and borrowings.</p>
(f) Derecognition:
<p>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.</p>
r) TAXATION:
i. Current Tax:
<p>Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Standalone Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.</p> <p>Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset or to settle the liability on a net basis.</p>

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

ii. Deferred Tax:

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Standalone Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities. Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

s) 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 recognises 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 recognises 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 recognised 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.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

t) Grants:

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Company has treated waiver of duty under EPCG Scheme received as Government assistance as capital grant as the same is received to compensate the import cost of the asset wherein conditions relating to export of goods are subsidiary conditions. The said assistance has been netted off against the value of the respective asset so imported. The grant is recognised in profit & loss over the life of a depreciable asset as a reduced depreciation expense.

u) 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 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.

v) Segment Reporting:

The Company's Chief Operating Decision Maker (CODM) examines the Company's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Company, which primarily relate to poultry healthcare, animal healthcare and petcare.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

a) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 36.

b) Useful life of Property, Plant and Equipment and Intangible assets

Property, Plant and Equipment and Intangible Assets are depreciated/amortised over their estimated useful life, after taking into account estimated residual value.

Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The useful life and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes.

The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT:

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Computer	Total
Gross Block							
As at 1 April 2021	18.30	604.43	866.50	61.36	62.43	21.34	1,634.35
Additions	-	10.93	42.78	3.15	11.85	2.29	71.00
Disposals	-	-	3.55	-	2.91	-	6.46
As at 31 March 2022	18.30	615.36	905.73	64.51	71.37	23.63	1,698.90
Additions	33.74	150.38	140.37	4.24	2.37	4.41	335.51
Disposals	-	-	46.18	1.25	9.75	1.56	58.74
As at 31 March 2023	52.04	765.74	999.92	67.50	63.99	26.48	1,975.67
Depreciation/Amortisation and Impairment							
As at 1 April 2021	-	164.12	507.47	42.80	39.10	17.79	771.28
Charge for the Year	-	19.20	63.11	4.20	5.59	1.94	94.04
Deductions	-	-	3.28	-	2.64	-	5.92
As at 31 March 2022	-	183.32	567.30	47.00	42.05	19.73	859.40
Charge for the Year	-	21.22	64.26	3.70	5.29	2.00	96.47
Deductions	-	-	46.18	1.25	9.66	1.56	58.65
As at 31 March 2023	-	204.54	585.38	49.45	37.68	20.17	897.21
Net Block							
As at 31 March 2022	18.30	432.04	338.43	17.51	29.32	3.90	839.50
As at 31 March 2023	52.04	561.20	414.55	18.05	26.31	6.31	1,078.46

Notes:

For charges created on aforesaid assets, refer note 15.

Capital work-in-progress

Particulars	Amount
As at 31 March 2023	1,461.38
As at 31 March 2022	802.24

The amount of borrowing costs capitalised during the year ended 31 March 2023 is ₹ 101.67 Million (31 March 2022: ₹ 15.69 Mn).

The Company had received government assistance in form of waiver of Duty under EPCG scheme amounting to ₹ 21.72 million (Previous year: ₹ 195.67 million) which has been netted off against the respective value of the PPE / CWIP procured during the year. The same is received to compensate the import cost of the PPE wherein conditions relating to export of goods are subsidiary conditions. For pending export commitments refer note 31.

Capital work-in-progress Ageing :

Particulars	Amount in CWIP for a period ended 31 March				Total
	less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2023					
Project in Progress	772.19	686.69	2.50	-	1,461.38
Project temporarily Suspended	-	-	-	-	-
As at 31 March 2022					
Project in Progress	798.68	3.41	0.15	-	802.24
Project temporarily Suspended	-	-	-	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

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OTHER INTANGIBLE ASSETS:						
Particulars		Software	Product registration fees	Total		
Gross Block						
As at 1 April 2021		7.47	4.02	11.49		
Additions		1.02	0.25	1.27		
Disposals		-	-	-		
As at 31 March 2022		8.49	4.27	12.76		
Additions		1.53	-	1.53		
Disposals		-	-	-		
As at 31 March 2023		10.02	4.27	14.29		
Depreciation/Amortisation and Impairment						
As at 1 April 2021		5.89	2.30	8.19		
Charge for the Year		0.55	0.43	0.98		
Deductions		-	-	-		
As at 31 March 2022		6.44	2.73	9.17		
Charge for the Year		0.97	0.44	1.41		
Deductions		-	-	-		
As at 31 March 2023		7.41	3.17	10.58		
Net Block						
As at 31 March 2022		2.05	1.54	3.59		
As at 31 March 2023		2.61	1.10	3.71		
Notes:						
For charges created on aforesaid assets, refer note 15.						
Intangible assets under development						
Particulars		Amount				
As at 31 March 2023		24.69				
As at 31 March 2022		16.85				
Intangible asset under Development Ageing:						
Particulars		Amount in Intangible under development for a period ended 31 March			Total	
		less than 1 Year	1-2 Years	2-3 Years		More than 3 Years
As at 31 March 2023						
Project in Progress		19.68	5.02	-	-	24.69
Project temporarily Suspended		-	-	-	-	-
As at 31 March 2022						
Project in Progress		15.04	-	-	1.81	16.85
Project temporarily Suspended		-	-	-	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

5	NON CURRENT INVESTMENTS:		
	Particulars	As at 31 March 2023	As at 31 March 2022
	Investment in subsidiaries:		
	Unquoted Investments in equity instruments - at cost (All fully paid)		
	Hester Biosciences Nepal Private Limited 1,743,390 (31 March 2022: 1,743,390) Equity shares of NPR 100 each	117.33	117.33
	Hester Biosciences Africa Limited 9,112,079 (31 March 2022: 9,112,079) Equity shares of TSHS 1,000 each	283.97	283.97
	Texas Lifesciences Private Limited 2,706,625 (31 March 2022: 2,706,625) Equity shares of ₹ 10 each	27.07	27.07
	Hester Biosciences Kenya Limited 150,600 (31 March 2022: 150,600) Equity shares of KSHS 100 each	10.37	10.37
	Investment in Joint Venture entity:		
	Unquoted Investments in equity instruments - at cost (Fully paid)		
	Thrishool Exim Limited 1,674 (31 March 2022: 1,674) Equity shares of TSHS 10,000 each	208.15	208.15
	Total	646.89	646.89
	Aggregate value of Unquoted Investment	646.89	646.89

6	LOANS:				
	(Unsecured, Considered Good unless otherwise stated)				
	Particulars	Non Current		Current	
		As at	As at	As at	As at
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Loan to Employees	-	-	3.47	3.76
	Loan to Others	-	-	55.00	55.00
	Total	-	-	58.47	58.76
	The details of loans and advances of the Company outstanding at the end of the year, in terms of regulation 34 (3) read together with Schedule V of SEBI (Listing Obligation and Disclosure Regulation), 2015.				

Name of the Company and Relationship	Outstanding amount		Maximum amount outstanding during the year ended	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Hester Biosciences Nepal Private Limited (Subsidiary)	-	-	-	7.40
Total	-	-	-	7.40

Disclosures pursuant to section 186(4) of the Companies Act, 2013:				
Particulars	Purpose	31 March 2023	31 March 2022	
Loan to Tamboli Trading LLP	Working Capital	55.00	55.00	
Corporate Guarantee on behalf of Hester Biosciences Africa Limited	Credit Facilities	1,150.38	1,062.97	

7	OTHER FINANCIAL ASSETS:				
	(Unsecured, Considered Good)				
Particulars	Non Current		Current		
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	
Bank Deposits with maturity of more than 12 months - Margin Money Deposit	14.26	28.62	-	-	
Security Deposit	31.03	31.79	123.00	123.00	
Export Incentives Receivables	-	-	1.78	-	
Gratuity Fund	-	-	7.42	6.01	
Interest Accrued	-	-	34.26	17.63	
Total	45.29	60.41	166.46	146.64	

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

8	OTHER ASSETS:				
(Unsecured, Considered Good)					
Particulars		Non Current		Current	
		As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Capital Advances		33.08	203.54	-	-
Advance Tax (Net of Provision for tax)		4.17	6.68	-	-
Advances to Suppliers		-	-	111.34	84.19
Prepaid Expenses		-	-	11.03	4.68
Balance with Government Authorities		-	-	137.80	74.14
Total		37.25	210.22	260.17	163.01

9	INVENTORIES:		
	(At lower of cost and net realisable value)		
	Particulars	As at 31 March 2023	As at 31 March 2022
	Raw Materials	66.48	53.93
	Work-in-Progress	150.46	147.83
	Finished Goods	283.47	327.74
	Traded Goods	235.37	146.02
	Stores & Spares	29.80	13.70
	Packing Materials	26.58	18.12
	Total	792.16	707.34

Note: During the year ended 31 March 2023, ₹ 0.60 million (Previous year: ₹ 5.15 million) was recognised as an expense for finished good inventories carried at net realisable value.

10	TRADE RECEIVABLES:		
	Particulars	As at 31 March 2023	As at 31 March 2022
	Secured, considered good	-	-
	Unsecured, considered good	823.60	569.16
	Trade receivables which have significant increase in credit risk	-	-
	Trade receivables - credit impaired	7.00	5.15
	Total	830.60	574.31
	Less :		
	Impairment allowance (allowance for doubtful debts)	(7.00)	(5.15)
	Total	823.60	569.16

Note: For dues from the related parties, refer notes 35

Trade Receivable Ageing as on 31 March 2023							
Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	295.26	359.77	94.81	39.94	1.79	23.11	814.68
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	-	-	0.93	0.12	1.05
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	-	12.00	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	-	-	2.87	2.87
	295.26	359.77	94.81	39.94	2.72	38.10	830.60
Less: Impairment allowance (allowance for doubtful debts)							(7.00)
Total	295.26	359.77	94.81	39.94	2.72	38.10	823.60

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Trade Receivable Ageing as on 31 March 2022							
Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	217.58	187.85	114.09	17.47	14.85	5.32	557.16
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	-	-	-	2.28	2.28
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	-	12.00	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	-	2.47	0.40	2.87
	217.58	187.85	114.09	17.48	17.32	20.00	574.31
Less: Impairment allowance (allowance for doubtful debts)							(5.15)
Total	217.58	187.85	114.09	17.48	17.32	20.00	569.16

Trade receivables that are impaired at the balance sheet date and the movement of the allowance for expected credit losses of trade receivables are as follows:

Particulars	31 March 2023	31 March 2022
Opening provision	5.15	2.87
Additional allowance during the year	3.92	2.28
Less: Bad debts written off against allowance	(2.07)	-
Closing balance	7.00	5.15

11 CASH AND CASH EQUIVALENTS:

Particulars	As at 31 March 2023	As at 31 March 2022
Balance with Banks		
-In Current Accounts	35.36	8.03
-Unpaid dividend accounts	4.90	4.77
Cash on Hand	2.75	2.48
Total	43.01	15.28

12 OTHER BANK BALANCES:

Particulars	As at 31 March 2023	As at 31 March 2022
Bank Deposits with original maturity of more than three months but less than twelve months - Margin Money Deposit	16.61	4.53
Total	16.61	4.53

13 SHARE CAPITAL:

Particulars	As at 31 March 2023	As at 31 March 2022
AUTHORISED CAPITAL		
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112.00	112.00
	112.00	112.00
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85.07	85.07
Total	85.07	85.07

13.01 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31 March 2023	As at 31 March 2022
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

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

13.02 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 has further recommended final dividend of ₹ 8 (eight) per equity share (80%) for year 2022-23, subject to the approval of the shareholders.

13.03 Disclosure of Shareholding of Promoters

Disclosure of Shareholding of Promoters as at 31 March 2023 is as follow:

Promoter Name		Shares held by Promoters				% Change during the Year
		As at 31 March 2023		As at 31 March 2022		
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
	Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47	-
	Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20	-
	Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
	Ravin Gandhi	403,320	4.74	403,320	4.74	-
	Bela Gandhi	400,635	4.71	400,635	4.71	-
	Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
	Bhupendra Vithaldas Gandhi HUF	-	-	301,600	3.54	-100%
	Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
	Anup Chandravadan Kapadia	228,354	2.68	228,354	2.68	-
	Shaila Bhupendra Gandhi	491,300	5.78	189,700	2.23	159%
	Hester Coatings LLP	64,000	0.75	64,000	0.75	-
	Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
	Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
	Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
	Total	4,570,944	53.73	4,570,944	53.73	

Disclosure of Shareholding of Promoters as at 31 March 2022 is as follow:

Promoter Name	Shares held by Promoters				% Change during the Year
	As at 31 March 2022		As at 31 March 2021		
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47	-
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20	-
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
Ravin Gandhi	403,320	4.74	403,320	4.74	-
Bela Gandhi	400,635	4.71	400,635	4.71	-
Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
Bhupendra Vithaldas Gandhi HUF	301,600	3.54	301,600	3.54	-
Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
Anup Chandravadan Kapadia	228,354	2.68	228,354	2.68	-
Shaila Bhupendra Gandhi	189,700	2.23	189,700	2.23	-
Hester Coatings LLP	64,000	0.75	64,000	0.75	-
Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
Total	4,570,944	53.73	4,570,944	53.73	

13.04 The details of shareholders holding more than 5% equity shares in the Company

Name of the share holders	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% held	No. of Shares	% held
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20
Nina Rajiv Gandhi	696,340	8.19	96,340	8.19
Shaila Bhupendra Gandhi	491,300	5.78	189,700	2.23

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

14	OTHER EQUITY:		
	Particulars	As at 31 March 2023	As at 31 March 2022
	Capital Reserve		
	As per last Balance sheet	9.42	9.42
	Securities Premium		
	As per last Balance sheet	175.07	175.07
	General Reserve		
	As per last Balance sheet	392.26	392.26
	Retained Earnings		
	As per Last Balance Sheet	2,022.52	1,713.99
	Add: Profit for the year	323.42	395.17
	Add: Other Comprehensive Income (Remeasurement gain / (loss) of defined benefit plans, net of tax)	1.13	(1.57)
	Less: Dividend paid	85.07	85.07
		2,262.00	2,022.52
	Total	2,838.75	2,599.27
	Notes :		
	a. Capital reserve: This is mainly used to record the reserves created on receipt of state/central subsidies and amounts forfeited towards the forfeiture of Equity warrants issued. This reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
	b. Securities premium: This represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
	c. General Reserve: Under the erstwhile Companies Act, 1956, general reserves was created through an annual transfer of net income at specified percentage in accordance with applicable regulation. Consequent to the introduction of Companies Act, 2013, the requirement of mandatorily transfer a specified percentage of the net profit to general reserves has been withdrawn. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
	d. Retained earnings: This represents the amount that can be distributed by the Company as dividends considering the requirements of the Companies Act, 2013.		
	Distribution made and proposed	As at 31 March 2023	As at 31 March 2022
	Cash dividend on equity shares declared and paid		
	Final Dividend for the year ended 31 March 2022 ₹ 10 per share (for the year ended 31 March 2021 ₹ 10 per share)	85.07	85.07
		85.07	85.07
	Proposed dividend on equity shares		
	Final Dividend for the year ended 31 March 2023 ₹ 8 per share (for the year ended 31 March 2022 ₹ 10 per share)	68.05	85.07
		68.05	85.07
	Proposed dividend on equity shares are subject to approval at the ensuing Annual General Meeting and are not recognised as a liability as on 31 March.		

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

15	BORROWING (Long Term):				
	Particulars		As at 31 March 2023	As at 31 March 2022	
	Secured Borrowings				
	Term Loans from Banks		182.62	206.64	
	External commercial borrowings		885.53	676.74	
	Hire Purchase Loans from Banks		1.70	2.87	
			1,069.85	886.25	
	Less: Current Maturities of Long Term Borrowings (Refer Note 19)				
	Term Loans from Banks		(48.18)	(67.21)	
	External commercial borrowings		(186.42)	(85.38)	
	Hire Purchase Loans from Banks		(1.28)	(1.17)	
			(235.88)	(153.76)	
	Total		833.97	732.49	
	Notes:				
	a. The security details for the borrowing balances:				
	Term Loans from Banks aggregating to ₹ 182.62 million (Previous year: ₹ 206.64 million) and External Commercial borrowing from Banks aggregating to ₹ 885.53 million (Previous year: ₹ 676.74 million) are secured by first charge on all immovable, movable assets and freehold land of the Company along with the personal guarantee of the directors.				
	Hire Purchase Loans from Banks aggregating to ₹ 1.70 million (Previous year: ₹ 2.87 million) are secured by hypothecation of specific vehicle/car on paripassu basis.				
	b. Repayment schedule for the borrowing balances:				
	The secured term loans from banks aggregating to ₹ 54.48 million (Previous year: ₹ 70.58 million) are repayable over a period of 5 years in quarterly instalments upto FY 2026-27.				
	The secured term loans from banks aggregating to ₹ 68.80 million (Previous year: ₹ 106.15 million) are repayable over a period of 5 years in monthly instalments upto FY 2025-26.				
	The secured term loans from banks aggregating to ₹ 59.34 million (Previous year: NIL) are repayable over a period of 4 years in monthly instalments from FY 2024-25 to FY 2028-29.				
	The secured term loan from banks aggregating to ₹ 29.91 million outstanding as on 31 March 2022 was fully repaid during the year.				
	External Commercial Borrowing from banks aggregating to ₹ 885.53 million (Previous year: ₹ 676.74 million) are repayable over a period of 6 years in 21 quarterly instalments upto FY 2027-28.				
	The hire purchase loan from banks aggregating to ₹ 1.70 million (Previous year: ₹ 2.87 million) are repayable over a period of 5 years in monthly instalments upto FY 2024-25.				
	c. Interest rates on borrowings:				
	Interest rates on Term loan is varying, which is linked to MCLR of bank, from time to time.				
	Interest rates on Hire purchase loan is fixed at 9.26% p.a.				
	Interest rates on External Commercial Borrowing is varying, which is linked to 3 Months USD Libor.				
16	OTHER FINANCIAL LIABILITIES:				
	Particulars		Non Current	Current	
		As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	Deposits	7.03	5.53	-	-
	Unclaimed Dividends	-	-	4.90	4.77
	Interest accrued	-	-	1.73	2.44
	Creditors for Capital expenses	-	-	123.43	118.23
	Others	-	-	0.33	0.44
	Total	7.03	5.53	130.39	125.88
17	PROVISIONS:				
	Particulars		Non Current	Current	
		As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	Provision for Leave encashment	17.16	10.77	4.42	2.39
	Total	17.16	10.77	4.42	2.39

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

18 OTHER LIABILITIES:					
Particulars	Non Current		Current		
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	
Advance from Customers	-	-	79.36	6.49	
Payables to Statutory Authorities	-	-	20.30	7.32	
Deferred Capital Grant	240.00	-	-	-	
Total	240.00	-	99.66	13.81	

Following is the movement of Deferred Capital Grant:

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Balance	-	-
Add: Grant received during the year	240.00	-
Less: Released to statement of Profit & Loss during the year	-	-
Closing balance	240.00	-

The Company has been sanctioned Government Grant of ₹ 600 million by BIRAC (Biotechnology Industry Research Assistance Council), Government of India enterprise to support the project "Proposal for Facility Augmentation to support Covid Vaccine Manufacturing" under the Mission Covid Suraksha Scheme of Government of India. The Company has received ₹ 240 million during the year and the balance amount will be released subject to fulfilment of conditions.

19 SHORT TERM BORROWINGS:			
Particulars	As at 31 March 2023	As at 31 March 2022	
Loan Repayable on Demand			
- Cash Credit from Bank	573.37	332.88	
Current Maturities of Long Term Borrowings (Refer Note 15)			
- Term Loans	48.18	67.21	
- Hire Purchase Loans	1.28	1.17	
- External commercial borrowings	186.42	85.38	
Total	809.25	486.64	

19.1 Cash Credit accounts are secured by first and exclusive hypothecation charge on all the current assets of the company. It is also collaterally secured by Equitable Mortgage of Corporate office at Ahmedabad and hypothecation of unencumbered plant and machinery, stocks and trade receivable of the Company and personal guarantee of the directors.

19.2 Interest Rate on cash credit facilities is varying, which is linked to base rate of Bank, from time to time.

20 TRADE PAYABLES:			
Particulars	As at 31 March 2023	As at 31 March 2022	
Total outstanding dues of micro enterprises and small enterprises	4.56	19.88	
Total outstanding dues of creditors other than micro enterprises and small enterprises	282.55	90.39	
Total	287.11	110.27	

Note: For dues to related parties, refer note 35

Dues to Micro, Small & Medium Enterprises as per MSMED Act, 2006:

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount due remaining unpaid to Micro and Small Enterprises as at end of the year;	4.56	19.88
Interest accrued and remaining unpaid to Micro and Small Enterprises as at end of the year;	-	-
Interest due and payable to Micro and Small Enterprises for the year;	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day;	-	-
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 TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Trade Payable Ageing as on 31 March 2023							
Outstanding for the following period from due date of payment							
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total
MSME- Undisputed dues	-	2.23	2.33	-	-	-	4.56
Others-Undisputed dues	60.98	129.05	91.14	0.63	0.06	0.69	282.55
MSME- Disputed dues	-	-	-	-	-	-	-
Others-Disputed dues	-	-	-	-	-	-	-

Trade Payable Ageing as on 31 March 2022							
Outstanding for the following period from due date of payment							
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total
MSME- Undisputed dues	-	14.22	5.66	-	-	-	19.88
Others-Undisputed dues	53.40	17.84	15.16	1.78	1.50	0.71	90.39
MSME- Disputed dues	-	-	-	-	-	-	-
Others-Disputed dues	-	-	-	-	-	-	-

21 CURRENT TAX LIABILITIES:

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for Current Tax (Net of advance tax)	33.87	9.38
Total	33.87	9.38

22 REVENUE FROM OPERATIONS:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(A) Sale of Goods	2,490.87	2,155.02
(B) Other Operating Revenue		
-Professional Fees	-	2.00
-Revenue from license fees and services	49.13	36.49
Total	2,540.00	2,193.51

Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue as per contracted price	2,559.20	2,212.51
Adjustments:		
Less: Discount on prompt payment	19.20	19.00
Revenue from contract with customers	2,540.00	2,193.51

23 OTHER INCOME:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest income		
- Bank deposits	2.60	1.36
- Others	18.30	17.66
Commission income	11.27	10.58
Foreign exchange fluctuation (Net)	12.91	9.20
Profit on sale of Property, Plant and Equipment (net)	0.16	1.25
Capital gain on buy - back of shares by subsidiary	-	2.26
Other miscellaneous income	7.99	4.26
Total	53.23	46.57

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

24	COST OF RAW MATERIAL AND COMPONENTS CONSUMED:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Inventory at the beginning of the year	72.05	60.23
	Add: Purchases during the year	313.82	382.56
	Less: Inventory at the end of the year	93.06	72.05
	Total	292.81	370.74
25	PURCHASE OF STOCK-IN-TRADE:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Purchase of Stock-in-trade	553.71	392.97
	Total	553.71	392.97
26	CHANGES IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Inventories at the End of the Year		
	-Finished Goods	283.47	327.74
	-Traded Goods	235.37	146.02
	-Work-in-Progress	150.46	147.83
		669.30	621.59
	Inventories at the Beginning of the Year		
	-Finished Goods	327.74	120.99
	-Traded Goods	146.02	87.94
	-Work-in-Progress	147.83	287.40
		621.59	496.33
	Total	(47.71)	(125.26)
27	EMPLOYEE BENEFITS EXPENSE:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Salaries & Wages	457.89	374.05
	Gratuity expense (Refer Note 36)	3.58	3.24
	Contributions to Provident Fund & Other Funds (Refer Note 36)	16.73	13.13
	Staff Welfare Expenses	0.97	0.77
	Total	479.17	391.19
28	FINANCE COST:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Interest Expenses	24.23	13.94
	Bank Charges	2.34	5.43
	Foreign exchange loss on borrowings	38.40	5.31
	Total	64.97	24.68

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

29	OTHER EXPENSES:		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022	
Power and Fuel	99.45	87.36	
Consumption of Stores and Spares	37.50	31.11	
Repairs & Maintenance			
- Plant and Machinery	12.17	15.38	
- Building	10.46	4.41	
- Others	10.47	6.11	
Testing and inspection charges	5.06	11.88	
Factory Expense	21.98	36.01	
Freight Expense	117.32	109.84	
Sales promotion expense	98.15	48.91	
Commission on Sales	31.35	12.85	
Royalty on Sales	18.19	2.87	
Legal and Professional fees	27.35	31.66	
Traveling & conveyance expense	148.29	85.27	
Insurance expense	9.36	6.51	
Rent	9.68	7.50	
Rates and Taxes	6.74	2.52	
Payment to Auditor			
- As Auditor	1.40	1.20	
- Taxation matters	0.03	0.45	
- Other services	0.08	0.33	
- Reimbursement of expense	*	*	
CSR expenses (refer note 33)	10.20	10.77	
Provision for Doubtful Debts	3.92	2.28	
Bad Debts written off	3.43		
Less: Provision for Doubtful debt utilised	(2.07)	1.36	19.86
Charity and donations	0.39	-	
Director's sitting fees	2.63	3.43	
Miscellaneous Expenses	29.64	19.67	
Total	713.16	558.18	

(Figures below ₹ 50,000 are denominated with *)

Note: The amount of rent includes short term lease rental payment of ₹ 9.68 Million (Previous year: ₹ 7.50 Million)

30	TAX RECONCILIATION:		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022	
Statement of Profit and Loss			
Current tax			
Current income tax	107.27	142.53	
Deferred tax			
Deferred tax expense	8.55	(5.14)	
Income tax expenses reported in the Statement of Profit and Loss	115.82	137.39	
OCI Section			
Other comprehensive income (OCI)			
Tax related to items recognised in OCI during the year			
Tax effect on Remeasurement gain/(loss) of defined benefit plans	(0.38)	0.53	
Tax credit/(charged) to OCI	(0.38)	0.53	

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

a.	Reconciliation of tax expense and the accounting profit				
	Particulars		Year ended 31 March 2023	Year ended 31 March 2022	
	Profit before tax as per Statement of Profit and loss		439.24	532.56	
	Enacted Income Tax Rate applicable to Company		25.17%	25.17%	
	Expected Income Tax Expenses		110.57	134.05	
	Tax effects of :				
	Non-deductible expenses		2.72	2.78	
	Others		2.53	0.55	
	Total Tax		115.82	137.39	
	At the effective income tax rate of 31 March		26.37%	25.80%	
b.	Movement in deferred tax liabilities (net) for the year ended 31 March 2023				
	Particulars	Opening Balance as at 1 April 2022	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2023
	Tax effect of items constituting deferred tax liabilities:				
	Accelerated depreciation for tax purposes	66.02	10.77	-	76.79
	Gratuity fund	1.51	0.36	-	1.87
		67.53	11.13	-	78.66
	Tax effect of items constituting deferred tax assets:				
	Expense allowed in the year of payment	3.32	2.11	-	5.43
	Other adjustment	1.29	0.47	-	1.76
		4.61	2.58	-	7.19
	Net deferred tax liabilities	62.92	8.55	-	71.47
	Movement in deferred tax liabilities (net) for the year ended 31 March 2022				
	Particulars	Opening Balance as at 1 April 2021	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2022
	Tax effect of items constituting deferred tax liabilities:				
	Accelerated depreciation for tax purposes	70.46	(4.44)	-	66.02
	Gratuity fund	0.74	0.77	-	1.51
		71.20	(3.67)	-	67.53
	Tax effect of items constituting deferred tax assets:				
	Expense allowed in the year of payment	1.28	2.04	-	3.32
	Other adjustment	1.86	(0.57)	-	1.29
		3.14	1.47	-	4.61
	Net deferred tax liabilities	68.06	(5.14)	-	62.92

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

31	COMMITMENTS:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Capital Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	148.57	385.79
	Export Commitments	1,111.30	1,314.73
32	CONTINGENT LIABILITIES NOT PROVIDED FOR:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Claims against the company not acknowledged as debts:		
	Income Tax *	1.98	1.48
	Corporate Guarantee given against credit facilities availed by Subsidiary**	1,150.38	1,062.97
	* 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 favour of Bill & Melinda Gates Foundation, U.S.A on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly Owned Subsidiary Company) for setting up of an animal vaccine manufacturing plant.		
33	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	Year ended 31 March 2023	Year ended 31 March 2022
	(a) Amount required to be spent by the company during the year	10.14	10.71
	(b) Amount of expenditure incurred	10.20	10.77
	(c) Shortfall at the end of the year	-	-
	(d) Total of previous year shortfall	-	-
	(e) Reason for shortfall	-	-
	(f) Nature of CSR activity	1. Education and Vocational Skill Training 2. Healthcare 3. Environment sustainability 4. Eradicating hunger, poverty, and malnutrition	1. Education 2. Healthcare 3. Environment sustainability 4. Setting up Homes and workshop for Person with Intellectual disabilities
	(g) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard.	-	-
	Note: The amount of expenditure incurred during the year includes carried forward balance of NIL (Previous Year: ₹ 4.47 million).		
34	EARNINGS PER SHARE:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Net Profit for the year	323.42	395.17
	Weighted Average Number of Equity Shares	85,06,865	85,06,865
	Basic and diluted Earnings per share (In ₹)	38.02	46.45
	Nominal Value of Equity Share (In ₹)	10.00	10.00

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

35 RELATED PARTY DISCLOSURE:

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

(i) List of Related Parties

(a) Subsidiary Companies

1. Hester Biosciences Nepal Private Limited
2. Texas Lifesciences Private Limited
3. Hester Biosciences Africa Limited
4. Hester Biosciences Kenya Limited

(b) Step-down Subsidiary Company

1. Hester Biosciences Tanzania Limited (Wholly-owned Subsidiary of Hester Biosciences Kenya Limited)

(c) Joint Venture entity

1. Thrishool Exim Limited

(d) Key Management Personnel

1. Mr. Rajiv Gandhi - CEO & Managing Director
2. Ms. Priya Gandhi - Executive Director
3. Mr. Nikhil Jhanwar - Chief Financial Officer
4. Mr. Vinod Mali - Company Secretary & Compliance Officer

(e) Independent Directors

1. Mr. Naman Patel (up to 31 March 2023)
2. Mr. Amit Shukla (up to 31 March 2023)
3. Ms. Sandhya Patel
4. Mr. Ashok Bhadakal
5. Mr. Ameet Desai

(f) Relatives of key management personnel

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)

(g) Enterprises owned or significantly influenced by key management personnel or their relatives

1. Hester Coatings LLP
2. Biolink Healthcare Limited
3. Hester Diagnostics Private Limited
4. Gujarat Polyplast Private Limited
5. Blue Ray Aviation Private Limited
6. Hester Aviation Services Private Limited
7. Gujarat Airconnect Private Limited
8. Aerotrans Services Private Limited
9. Corella Air LLP
10. NetLink India
11. Sourcepro Infotech Private Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

(ii) Transactions during the year with Related Parties:								
Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Subsidiary Companies/Joint Venture Entity		Enterprises Having Significant Influence		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
a) Purchase of Goods	-	-	257.26	272.85	36.28	26.96	293.54	299.81
b) Sales of Goods	-	-	55.32	22.08	-	-	55.32	22.08
c) Guarantee Commission Income	-	-	11.27	10.48	-	-	11.27	10.48
d) Commission Expense	-	-	-	-	-	1.54	-	1.54
e) Professional Services Rendered	-	-	-	-	-	2.00	-	2.00
f) Professional Services Availed	-	-	-	-	-	1.50	-	1.50
g) Services Availed	-	-	-	-	11.80	6.51	11.80	6.51
h) Reimbursement of Expenses	-	-	4.87	7.06	-	-	4.87	7.06
i) Sitting Fees	2.64	3.43	-	-	-	-	2.64	3.43
j) Remuneration Paid	54.85	59.13	-	-	-	-	54.85	59.13
k) Rent Paid	0.30	1.80	-	-	2.60	0.60	2.90	2.40
l) Rent Income	0.40	-	-	-	-	-	0.40	-
m) Investment in Subsidiary Companies	-	-	-	7.42	-	-	-	7.42
n) Purchase of Land & Building	55.00	-	-	-	-	-	55.00	-
o) Buy back of shares by Subsidiary Company	-	-	-	7.53	-	-	-	7.53

Outstanding balances at the year-end								
Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Subsidiary Companies/Joint Venture		Enterprises Having Significant Influence		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
a) Receivables	-	-	77.81	65.85	12.46	13.16	90.27	79.02
b) Payables	-	-	62.24	31.21	6.43	2.16	68.67	33.37
c) Loans & Advances	-	-	24.39	22.96	35.71	37.92	60.10	60.87
d) Remuneration Payable	1.47	28.00	-	-	-	-	1.47	28.00

Notes:

1. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave encashment, as it is determined on an actuarial basis for the company as a whole.

2. Bank Facilities (Working capital limit, Term loans and External Commercial Borrowings) are secured by guarantee of Mr. Rajiv Gandhi, Mr. Sanjiv Gandhi and Dr. Bhupendra Gandhi, Directors of the Company.

3. Corporate Guarantee of USD 14 Million issued in favour of Bill & Melinda Gates Foundation, U.S.A on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly Owned Subsidiary Company) for setting up of an animal vaccine manufacturing plant.

36 EMPLOYEE BENEFITS EXPENSES:

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 ₹ 16.73 million (2021-22: ₹ 13.13 million) for provident and other 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 Employee's Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

The following table sets out the funded status of the gratuity plan and the amount recognised by the Company's financial statement as at 31 March 2023.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

BALANCE SHEET		
(i) Change in the Present Value of Defined Benefit Obligation		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Defined Benefit Obligation at Beginning of the Year	40.26	34.30
Current Service Costs	4.01	3.43
Interest Cost on Defined Benefit Obligation	2.80	2.17
Actuarial (Gain) / Loss on Defined Benefit Obligation	(1.87)	2.01
Benefits paid during the Year	(2.06)	(1.65)
Defined Benefit Obligation at End of the Year	43.14	40.26
(ii) Change in Plan Asset		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Fair Value of Plan Assets at the Beginning of the Year	46.27	37.23
Expected Return on Plan Assets	3.22	2.36
Contribution made during the Year	3.49	8.42
Benefits paid during the Year	(2.06)	(1.65)
Actuarial Loss on Plan Assets	(0.36)	(0.09)
Fair Value of Plan Assets at the End of the Year	50.56	46.27
(iii) Disclosure in Balance Sheet		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Defined Benefit Obligation at the End of the Year	(43.14)	(40.26)
Fair Value of Plan Assets at the end of the Year	50.56	46.27
Funded Status [(Deficit)/Surplus]	7.42	6.01
Net (Liability)/Asset Recognised in the Balance Sheet	7.42	6.01
(iv) Reconciliation - Balance Sheet		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net (Asset)/Liability at the beginning of the Year	(6.01)	(2.93)
Expenses Recognised in Statement of Profit or Loss	3.58	3.24
Expenses Recognised in Other Comprehensive Income	(1.51)	2.10
Employers contribution paid	(3.49)	(8.42)
Net Liability/(Asset) at the end of the year	(7.42)	(6.01)
STATEMENT OF PROFIT AND LOSS		
(v) Expenses recognised during the Year		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
In Income Statement		
Current Service Costs	4.01	3.43
Interest Cost	(0.42)	(0.19)
Expenses Recognised in Statement of Profit or Loss	3.58	3.24
In Other Comprehensive Income		
Actuarial (Gain) / Loss	(1.87)	2.01
Return on Plan Assets	0.36	0.09
Expenses/(Income) Recognised in Other Comprehensive Income	(1.51)	2.10
(vi) Assumptions used		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Discount rate	7.41%	6.96%
Rate of return on plan asset	7.41%	6.96%
Salary escalation	6.00%	6.00%
Attrition rate	For service of 4 years and below 20% p.a. For service of 5 years and above 6% p.a.	For service of 4 years and below 20% p.a. For service of 5 years and above 6% p.a.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

(vii) Sensitivity Analysis		
Particulars	Year ended 31 March 2023	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(2.91)	3.33
Change in rate of salary increase (delta effect of +/- 1%)	3.13	(2.85)
Change in rate of employee turnover(delta effect of +/- 1%)	0.30	(0.35)
Particulars	Year ended 31 March 2022	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(2.78)	3.21
Change in rate of salary increase (delta effect of +/- 1%)	3.03	(2.72)
Change in rate of employee turnover(delta effect of +/- 1%)	0.21	(0.25)
(viii) The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Insurance funds	50.56	46.27
% of total plan assets	100%	100%
(ix) The following payments are expected contributions to the defined benefit plan in future years:		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Within the next 12 months (next annual reporting period)	5.04	5.75
Between 2 and 5 years	15.91	13.01
Between 6 and 10 years	16.39	15.59
Beyond 10 years	48.17	43.28
Total expected payments	85.50	77.63
(x) The weighted average duration of the projected benefit obligation at the end of the reporting period is 9 year (31 March 2022: 9 years).		

37 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT:

(i) Financial Instruments:

(a) Category-wise Classification of Financial Instruments:				
Particulars	Refer Note	As at 31 March 2023		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Investments in subsidiary companies and Joint Venture Entity	5	-	646.89	646.89
Trade receivables	10	-	823.60	823.60
Cash and cash equivalents	11	-	43.01	43.01
Other balances with banks	7 & 12	-	30.87	30.87
Loans	6	-	58.47	58.47
Other financial assets	7	-	197.49	197.49
Total		-	1,800.33	1,800.33
Financial liabilities				
Borrowings	15 & 19	-	1,643.22	1,643.22
Trade payables	20	-	287.11	287.11
Other financial liabilities	16	-	137.42	137.42
Total		-	2,067.75	2,067.75

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Refer Note	As at 31 March 2022		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Investments in subsidiary companies	5	-	646.89	646.89
Trade receivables	10	-	569.16	569.16
Cash and cash equivalents	11	-	15.28	15.28
Other balances with banks	7 & 12	-	33.15	33.15
Loans	6	-	58.76	58.76
Other financial assets	7	-	178.43	178.43
Total		-	1,501.67	1,501.67
Financial liabilities				
Borrowings	15 & 19	-	1,219.13	1,219.13
Trade payables	20	-	110.27	110.27
Other financial liabilities	16	-	131.41	131.41
Total		-	1,460.81	1,460.81

(b) Category-wise Classification of Financial Instruments:

The financial instruments are categorised into three levels, based on the inputs used to arrive at fair value measurement as

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Inputs based on unobservable market data.

There are no financial assets and liabilities which are measured at Fair value through Profit and Loss or Fair value through OCI and all the financial assets and liabilities are carried at amortised cost. Therefore, disclosure with respect to fair value measurement hierarchy of financial instrument is not required.

(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.

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	Liabilities		Assets	
	As at	As at	As at	As at
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
USD	892.64	685.78	232.37	126.15
Euro	2.24	-	-	3.18

The above table represents total exposure of the company towards foreign exchange denominated assets and liabilities.

For the years ended 31 March 2023 and 31 March 2022, 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 ₹ 6.62 million and ₹ 5.57 million respectively.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Impact on Profit & Loss		Impact on Equity	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
a) USD Sensitivity				
Rupee/USD - Increase by 1%	(6.60)	(5.60)	(6.60)	(5.60)
Rupee/USD - Decrease by 1%	6.60	5.60	6.60	5.60
b) EURO Sensitivity				
Rupee/Euro - Increase by 1%	(0.02)	0.03	(0.02)	0.03
Rupee/Euro - Decrease by 1%	0.02	(0.03)	0.02	(0.03)

(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 and USD External Commercial Borrowing carrying a floating Libor Interest rate.

Variable-rate instruments	As at 31 March 2023	As at 31 March 2022
Term Loans from Banks	182.62	206.64
External commercial borrowings	885.53	676.74
Cash Credit from Bank	573.37	332.88
Total	1,641.52	1,216.26

Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not have any designate derivatives (interest rate swaps). The exposure of Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	Impact on Profit & Loss	
	As at 31 March 2023	As at 31 March 2022
a) USD Sensitivity		
Rupee/USD - Increase by 1%	(10.68)	(8.83)
Rupee/USD - Decrease by 1%	10.68	8.83
b) EURO Sensitivity		
Rupee/Euro - Increase by 1%	(5.73)	(3.33)
Rupee/Euro - Decrease by 1%	5.73	3.33

(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. Refer Note 10 for movement in impairment allowance.

(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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Maturity Profile of financial liabilities as at 31 March 2023					
Particular	Within 1 Year	1-2 Years	2-5 Years	> 5 Years	Total
Borrowings	809.25	241.02	587.45	5.50	1,643.22
Trade Payable	287.11	-	-	-	287.11
Other Financial Liabilities	130.39	7.03	-	-	137.42
Total	1,226.75	248.05	587.45	5.50	2,067.75

Maturity Profile of financial liabilities as at 31 March 2022					
Particular	Within 1 year	1-2 Years	2-5 Years	> 5 Years	Total
Borrowings	486.64	180.73	480.82	70.93	1,219.13
Trade Payable	110.27	-	-	-	110.27
Other Financial Liabilities	125.88	5.53	-	-	131.41
Total	722.79	186.27	480.82	70.93	1,460.81

(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 shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

As at 31 March 2023 the company meets its capital requirement through equity and borrowings from banks. The Company monitors its capital and debt on basis of debt to equity ratio.

The debt-equity ratio for the reporting period is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Total borrowings	1,643.22	1,219.13
Total Equity	2,923.82	2,684.34
Debt-Equity ratio	0.56	0.45

38 DISCLOSURE OF SIGNIFICANT INTEREST IN SUBSIDIARIES AS PER PARAGRAPH 17 OF IND AS 27:

Sr No.	Name of Entity	Principal activities	Country of Incorporation	Ownership %	
				As at 31 March 2023	As at 31 March 2022
1	Hester Biosciences Nepal Private Limited	Manufacturing of goods	Nepal	65%	65%
2	Texas Lifesciences Private Limited	Manufacturing of goods	India	54.81%	54.81%
3	Hester Biosciences Africa Limited	Manufacturing of goods	Tanzania	100%	100%
4	Hester Biosciences Kenya Limited	Trading of goods	Kenya	100%	100%
5	Thrishool Exim Limited	Trading of goods	Tanzania	50%	50%

Note:

Method of accounting investment in subsidiary is at cost.

Method of accounting investment in Joint venture entity is at cost.

39 SEGMENT INFORMATION:

(i) Identification of Segments:

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Management Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 Operating Segments), in deciding how to allocate resources and in assessing performance. The Company is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry, Large animal and Pet health products. The CEO and Managing Director(CMD) and senior management of the Company constitutes the CODM of the Company.

The Company has three principal operating and reporting segments viz. Poultry healthcare, Animal health care and Petcare. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

(ii) Information about product and services:					
Particulars	Poultry Healthcare	Animal Healthcare	Petcare	Others	Total
Year Ended 31 March 2023					
Segment Revenue					
Revenue from operations	1,426.85	1,006.79	17.67	88.69	2,540.00
Identifiable Segment Expenses	(1,156.32)	(752.93)	(21.66)	(54.32)	(1,985.23)
Segment Results	270.53	253.86	(3.99)	34.37	554.77
Less: Unallocable Finance Cost					64.97
Less: Other Unallocable Expense (net)					50.56
Profit Before Tax					439.24
Less: Tax Expense					115.82
Net Profit after Tax					323.42
Year Ended 31 March 2022					
Segment Revenue					
Revenue from operations	1,712.31	481.20	-	-	2,193.51
Identifiable Segment Expenses	(1,174.43)	(498.01)	-	-	(1,672.44)
Segment Results	537.88	(16.81)	-	-	521.07
Less: Unallocable Finance Cost					24.68
Less: Other Unallocable Income (net)					(36.17)
Profit Before Tax					532.56
Less: Tax Expense					137.39
Net Profit after Tax					395.17
Other Information					
Particulars	Poultry Healthcare	Animal Healthcare	Petcare	Others	Total
Year Ended 31 March 2023					
Segment Assets	2,346.50	583.71	13.86	112.60	3,056.67
Unallocated Assets					2,401.48
Total					5,458.15
Segment Liabilities	166.02	160.18	0.57	88.36	415.13
Unallocated Liabilities					2,119.20
Total					2,534.33
Non cash items	2.41	3.32	-	0.36	6.09
Capital Expenditure	601.13	16.40	0.06	-	617.60
Year Ended 31 March 2022					
Segment Assets	2,362.17	310.29	-	-	2,672.46
Unallocated Assets					1,571.96
Total					4,244.42
Segment Liabilities	151.37	46.12	-	-	197.49
Unallocated Liabilities					1,362.59
Total					1,560.08
Non cash items	24.25	5.74	-	-	29.99
Capital Expenditure	196.96	1.73	-	-	198.68
Notes:					
a) Others segment include sale of other Pharmaceutical products.					
b) Unallocated assets and liabilities includes capital work in-progress, capital advances and capital creditors related to Human Vaccine Project as the same is yet to be capitalised. Unallocated Capital expenditure of ₹ 386.34 million (Previous year: ₹ 654.95 million) incurred on human vaccine project during the year.					
(iii) Secondary Reportable Segment (Geographical):					
Particulars	In India	Outside India	Total		
Segment Revenue					
Year ended 31 March 2023	2,159.84	380.16	2,540.00		
Year ended 31 March 2022	1,888.17	305.34	2,193.51		
Non-current operating assets					
Year ended 31 March 2023	2,568.24	-	2,568.24		
Year ended 31 March 2022	1,662.18	-	1,662.18		

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

40 RATIO ANALYSIS AND ITS ELEMENTS:							
Sr. No.	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
(a)	Current ratio	Current assets	Current liabilities	1.58	2.22	-29%	Increase in current liabilities due to increase in Short term borrowing and trade payable.
(b)	Debt-equity ratio	Total debt	Shareholder's equity	0.56	0.45	24%	
(c)	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Interest expense + Non-cash operating expenses	Debt service=Interest & Lease Payments + Principal Repayments	2.47	2.77	-11%	
(d)	Return on equity ratio(%)	Net profit after tax	Average shareholder's equity	11.53%	15.62%	-26%	Reduction in Profit after tax for the current year.
(e)	Inventory turnover ratio	Sales	Average inventory	3.39	3.43	-1%	
(f)	Trade receivables turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	3.65	4.28	-15%	
(g)	Trade payables turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payable	7.96	10.39	-23%	
(h)	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital=Current assets – Current liabilities	3.19	2.39	33%	Increase in sales has resulted into increase in Net Capital turnover ratio.
(i)	Net profit ratio(%)	Net profit after tax	Net sales = Total sales - sales return	12.73%	18.02%	-29%	Reduction in Net Profit due to increase in selling & distribution expense along with increase in employee cost.
(j)	Return on capital employed(%)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	10.82%	13.91%	-22%	
(k)	Return on Investment (%)	Income from investment	Investment	NA	NA	NA	

NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

41	OTHER STATUTORY INFORMATION:
a)	The Company do not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
b)	Title deeds of all the immovable properties comprising of land/ buildings as disclosed in standalone financial statements, are held in the name of the Company.
c)	The Company do not have any transactions with companies struck off.
d)	The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
e)	The Company has utilised the borrowings from banks and financial institutions for the specific purpose for which it was taken.
f)	The Company was not declared wilful defaulter by any bank or financial Institution or other lender.
g)	The Company has not advanced or loaned or invested funds (either borrowed funds or security premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
h)	The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
i)	There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
j)	The monthly Stock Statements as submitted to the Banks/Financial Institutions are in agreement with the books of account of the Company.
k)	The Company has not entered into any scheme of arrangement which has an accounting impact on current year or previous year.

42	EVENTS OCCURRING 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 17 May 2023 there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

In terms of our report attached
For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Nikhil Jhanwar
Chief Financial Officer

Priya Gandhi
Executive Director
DIN: 06998979

Vinod Mali
Company Secretary

Date 17 May 2023
Place Ahmedabad

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**CONSOLIDATED
FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

To the Members of **Hester Biosciences Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of Hester Biosciences Limited (the 'Holding Company'), its subsidiary company and joint venture entity (hereinafter referred to as "the Group") which comprise the Balance Sheet as at 31 March 2023, and the statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated financial statements, including a summary of 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 of subsidiaries and on the other financial information of the subsidiaries and joint venture, the aforesaid Consolidated Financial statements give the information required by the Companies Act, 2013, as amended ("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 2023, their consolidated profit including other comprehensive income, their consolidated statement of changes in equity and the consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated 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 obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (1) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 consolidated 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 consolidated 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 consolidated financial statements.

Sr.	Key Audit Matters	Auditor's Response
1	Valuation of Inventories	
	<p>The Group has inventory of carrying value ₹ 848.10 million which is around 32% of it's revenue from operations, including Raw Materials, Packing material, Work in progress, Finished goods and Traded goods.</p> <p>We have considered the valuation of inventories as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors in determination of inventory value. The inventory valuation of the company involves complex procedures estimating the costs incurred, overheads applied and identification for slow moving, expired and obsolete inventory and ascertainment of net realisable value.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> • We have understood and tested the design and operating effectiveness of controls as established by the management in determination of valuation of inventory. • Assessing the appropriateness of Company's accounting policy for valuation of inventories and compliance of the policy with the requirements of the prevailing accounting standards. • We have considered various factors including the estimation of costs, overheads incurred, actual selling price prevailing around and subsequent to the year-end. • Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value. • We have considered the process of periodical physical verification of Inventory carried out by the management. • We have evaluated the design and operating effectiveness of controls as established by the management in determination of slow moving, expired and obsolete inventory. • Considered the completeness and accuracy of the disclosures.
2	Carrying Value of Trade Receivables	
	<p>The Company has Trade Receivables of carrying value ₹ 796.31 Million and the ascertainment of allowance for expected credit loss of trade receivables require significant management judgement.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> • We have understood and tested the design and operating effectiveness of controls as established by the management in determining recoverability of trade receivables. • We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. • Assessing the impact of impairment on trade receivables requires judgment and we evaluated management's assumptions in determining the provision for Impairment of trade receivables, by analysing the ageing of receivables, assessing significant overdue trade receivables. • We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the trade with the customers, invoices raised, etc., as a part of our audit procedures. Furthermore, we assessed the adequacy and appropriateness of the disclosures in the financial statements. • We also discussed with the management regarding any disputes between the parties involved, attempts by management to recover the outstanding amounts and on the credit status of significant counter-parties whether available. • In assessing the appropriateness of the overall provision for expected credit losses, we considered management's policy for recognising provisions and compared the Company's provisioning against historical collection data. • Considered the completeness and accuracy of the disclosures.

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

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion & Analysis but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated Financial statements does not cover the Other Information other than the financial statements and auditor's report thereon 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 identified above 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 and based on the work done/ audit report of other auditors, 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 Responsibilities 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 including its Joint venture in accordance with the IND AS and accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing financial reporting process of the Group and of its joint venture.

Auditor's Responsibilities 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 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 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 ability of the Group 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 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 auditor's report. However, future events or conditions may cause the Group and its joint venture 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 and its joint

venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other 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 and such other entities included in the Consolidated Financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

1. We did not audit the financial statements and other financial information of 5 subsidiaries considered in the consolidated financial results, whose financial statements reflect total assets of ₹ 1,889.23 million as at 31 March 2023, and total revenue of ₹ 529.42 million and total net profit / (loss) after tax of ₹ (89.41) million, total comprehensive income / (loss) of ₹ (88.22) million and net cash inflows / (outflows) of ₹ (143.67) million for the year ended 31 March 2023. 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 and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

2. We did not audit the financial statements and other financial information of one joint venture in the consolidated financial results, which includes the group's share reflect Net profit after tax of ₹ 44.09 million for the year ended 31 March 2023. The unaudited financial statements and other financial information as certified by the management of this entity has 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 this joint venture, is solely based on the such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Group.
3. Certain of these subsidiaries and joint venture entity are located outside India whose financial results have been prepared in accordance with accounting principles generally accepted in their respective countries ('local GAAP'). The Holding Company's management has converted the financial results of such subsidiaries and joint venture entity from local GAAP to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based on the conversion adjustments prepared by the management of the Holding 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 and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Holding company,

we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

2. 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, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept 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 the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial statements.
 - d) In our opinion, the aforesaid Consolidated Financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India, is disqualified as on 31 March 2023, 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 with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - 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, the remuneration paid/provided during the

Current Year by the Holding Company and its subsidiary company incorporated in India, where applicable, to their directors is in accordance with the provisions of 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, 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 reports of the other auditors on separate financial statements of the subsidiaries as noted in the **"Other Matters"** paragraph:
 - i) The Consolidated Financial statements disclose the impact of pending litigations in its consolidated financial position of the Group, in its Consolidated Financial statements - Refer Note 33 to the Consolidated Financial statements;
 - ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2023;
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2023.
 - iv)
 - a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary company incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary company incorporated in India or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received

by the Holding Company or its subsidiary company incorporated in India from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or its subsidiary company incorporated in India shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us in this regard, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.
- v)
 - a) The final dividend proposed in the previous year, declared, and paid by the Holding company during the year is in accordance with Section 123 of the Act, as applicable.
 - b) The Board of Directors of the Holding company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from 1 April 2023 to the Holding Company and its subsidiaries incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

For, Chandulal M. Shah & Co.

Chartered Accountants

FRN 101698W

Arpit D. Shah

Partner

M. No. 135188

UDIN: 23135188BGXCFQ3964

Date 17 May 2023

Place Ahmedabad

ANNEXURE - A

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HESTER BIOSCIENCES LIMITED

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

In conjunction with our audit of the Consolidated Financial statements of the company as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls with reference to Consolidated Financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements. Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to 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 company's internal financial control with reference to Consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial statements to future periods are subject to the risk that the internal financial control with reference to Consolidated 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, the Holding Company and subsidiary company incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to Consolidated Financial statements and such internal financial controls with reference to Consolidated Financial statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the such companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 consolidated financial statements, in so far as it relates to separate financial statement of one subsidiary company which is incorporated in India, is based on the corresponding report of the auditor of such subsidiary company incorporated in India.

For, Chandulal M. Shah & Co.

Chartered Accountants
FRN 101698W

Arpit D. Shah

Partner
M. No. 135188
UDIN: 23135188BGXCFQ3964

Date 17 May 2023

Place Ahmedabad

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, Plant & Equipment	3	2,589.01	2,368.13
(b) Capital Work-in-Progress	3	1,461.38	802.24
(c) Other Intangible Assets	4	4.67	3.59
(d) Intangible Assets under Development	4	24.69	16.85
(e) Financial Assets			
(i) Investments	5	253.05	212.38
(ii) Other Financial Assets	6	45.80	60.56
(f) Other Non-current Assets	7	45.14	210.23
Total Non-current Assets		4,423.74	3,673.98
Current assets			
(a) Inventories	8	848.10	753.82
(b) Financial Assets			
(i) Trade Receivables	9	796.31	552.80
(ii) Cash and Cash Equivalents	10	131.56	247.50
(iii) Bank Balances other than (ii) above	11	16.61	4.53
(iv) Loans	12	59.90	60.80
(v) Other Financial Assets	6	170.36	150.10
(c) Other Current Assets	7	253.08	178.08
Total Current Assets		2,275.92	1,947.63
Total Assets		6,699.66	5,621.61
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	13	85.07	85.07
(b) Other equity	14	2,712.23	2,514.78
Equity Attributable to Owners		2,797.30	2,599.85
Non Controlling Interest		88.16	74.09
Total Equity		2,885.46	2,673.94
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	1,848.50	1,645.44
(ii) Lease Liabilities	16	56.27	52.70
(iii) Other Financial Liabilities	17	7.15	5.66
(b) Non Current Provision	18	19.32	12.72
(c) Deferred Tax Liabilities (Net)	31	73.51	65.10
(d) Other Non Current Liabilities	19	322.49	197.08
Total Non-current Liabilities		2,327.24	1,978.70
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	20	833.03	580.27
(ii) Lease Liabilities	16	3.72	3.27
(iii) Trade Payables	21	299.77	180.18
(iv) Other Financial Liabilities	17	164.06	141.54
(b) Other Current Liabilities	19	147.35	51.51
(c) Provisions	18	5.08	2.82
(d) Current Tax Liabilities	22	33.95	9.38
Total Current Liabilities		1,486.96	968.97
Total Liabilities		3,814.20	2,947.67
Total Equity and Liabilities		6,699.66	5,621.61

The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report attached
For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Nikhil Jhanwar
Chief Financial Officer

Priya Gandhi
Executive Director
DIN: 06998979

Vinod Mali
Company Secretary

Date 17 May 2023
Place Ahmedabad

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Income			
Revenue from operations	23	2,660.91	2,350.06
Other income	24	151.51	137.41
Total Income		2,812.42	2,487.47
Expenses			
Cost of raw material and components consumed	25	529.88	627.96
Purchase of stock-in-trade	26	297.49	126.18
Changes in inventories of finished goods, traded goods and work-in-progress	27	(52.51)	(105.56)
Employee benefits expense	28	560.20	453.32
Finance cost	29	93.20	40.64
Depreciation and amortisation expense		206.95	165.81
Other expenses	30	819.76	648.33
Total Expenses		2,454.97	1,956.68
Profit before share of Profit of Joint Venture Entity and tax		357.45	530.79
Share of profit in Joint Venture entity		44.09	4.23
Profit before tax		401.54	535.02
Tax Expense :	31		
Current tax		112.78	147.84
Deferred tax		8.41	(7.66)
Total Tax Expense		121.19	140.18
Profit after tax		280.35	394.84
Other Comprehensive Income			
Items that will not to be reclassified to Profit or Loss			
Remeasurement gain/(loss) of defined benefit plans		1.47	(2.10)
Income Tax Effect		(0.37)	0.53
Items that will be reclassified to Profit or Loss			
Foreign Currency Translation Reserve		15.15	9.78
Income Tax Impact		-	-
Net other comprehensive gain / (loss)		16.25	8.21
Total Comprehensive Income for the year		296.60	403.05
Profit for the year attributable to:			
(i) Owners of the Company		266.27	393.20
(ii) Non Controlling Interest		14.08	1.64
Other Comprehensive Income for the year attributable to:			
(i) Owners of the Company		16.26	8.21
(ii) Non Controlling Interest		(0.01)	-
Total Comprehensive Income for the year attributable to:			
(i) Owners of the Company		282.53	401.41
(ii) Non Controlling Interest		14.07	1.64
Earnings Per Equity Share (EPS)			
Basic and Diluted (Face Value ₹ 10 Per Share)	34	32.96	46.41

The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report attached
For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Nikhil Jhanwar
Chief Financial Officer

Priya Gandhi
Executive Director
DIN: 06998979

Vinod Mali
Company Secretary

Date 17 May 2023
Place Ahmedabad

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash Flow from operating activities		
Profit Before Tax	401.54	535.02
Adjustments for:		
Depreciation and amortisation Expense	206.95	165.81
Share of profit in joint venture entity	(44.09)	(4.23)
Provision for doubtful debt	1.85	4.71
Bad debts written off	3.43	19.86
(Profit) / Loss on sale of property, plant & equipment	(0.16)	(0.69)
Amortisation of deferred grant	(113.08)	(89.05)
Interest expense	89.89	31.07
Unrealised foreign exchange loss / (gain)	0.81	2.54
Interest income	(21.73)	(19.03)
Operating profit before working capital changes	525.41	646.01
Adjustments for:		
Trade receivables	(249.65)	(87.79)
Inventories	(94.28)	(131.60)
Other assets	(74.60)	(71.97)
Trade payables	119.64	(100.67)
Other liabilities	83.11	25.15
Provisions	8.86	6.87
Loans	0.90	(3.81)
Other financial liability	1.27	3.41
Other financial assets	(3.63)	(27.39)
Cash Generated From Operations	317.03	258.21
Income tax paid (net)	(81.07)	(171.09)
Net cash generated from operating activities (A)	235.96	87.12
B. Cash flow from investing activities		
Capital expenditure on Property, Plant and Equipment, including capital advances and capital work-in-progress and on intangible assets	(777.62)	(957.10)
Proceeds from Sale of Property, Plant and Equipment	0.25	1.79
Payment towards investment in joint venture entity	-	(208.15)
Interest received	5.10	2.64
Bank / margin money deposits withdrawn / (Investment) (Net)	2.28	(5.06)
Net cash used in investing activities (B)	(769.99)	(1,165.88)
C. Cash flow from financing activities		
Proceeds from long term borrowings	320.44	1,033.47
Repayment of long term borrowings	(171.37)	(180.44)
Proceeds/(Repayment) of Short-term Borrowings (net)	240.13	315.66
Proceeds from Issue of Share Capital in subsidiary entities from Non-controlling interest shareholders	-	3.98
Payment to Non-controlling interest shareholders for buy-back of shares in subsidiary	-	(8.03)
Proceeds from grant	240.00	61.91
Payment of principal portion of lease liabilities	(0.63)	(0.74)
Interest Paid	(125.92)	(25.38)
Dividend Paid	(85.07)	(85.07)
Net cash generated from financing activities (C)	417.58	1,115.36
Exchange rate fluctuation arising on consolidation (D)	0.51	(1.79)
Net decrease in cash and cash equivalents (A)+(B)+(C)+(D)	(115.94)	34.81
Cash and cash equivalents at the beginning of the year	247.50	212.69
Cash and cash equivalents at the end of the year	131.56	247.50

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

Cash and cash equivalents as per above comprise of the following:		
Cash on Hand	6.18	4.63
Balance with Banks - On Current Accounts	125.38	242.87
	131.56	247.50

Notes:

a) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Indian Accounting standard) Rules, 2015 (as amended).

b) Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are given below:

Particulars	As at 1 April 2021	Cash flows	Foreign Exchange Loss	As at 31 March 2022
Long term borrowings	1,012.36	853.03	11.87	1,877.26
Short term borrowings	32.79	315.66	-	348.45
Total	1,045.15	1,168.69	11.87	2,225.71

Particulars	As at 1 April 2022	Cash flows	Foreign Exchange Loss	As at 31 March 2023
Long term borrowings	1,877.26	149.07	66.62	2,092.95
Short term borrowings	348.45	240.13	-	588.58
Total	2,225.71	389.20	66.62	2,681.53

In terms of our report attached
For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Nikhil Jhanwar
Chief Financial Officer

Priya Gandhi
Executive Director
DIN: 06998979

Vinod Mali
Company Secretary

Date 17 May 2023
Place Ahmedabad

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in ₹ Million, unless otherwise stated)

A EQUITY SHARE CAPITAL							
Equity shares of ₹ 10 each issued, subscribed and fully paid		Number of shares			Amount		
As at 1 April 2021		8,506,865			85.07		
Issue of Equity Share Capital		-			-		
As at 31 March 2022		8,506,865			85.07		
Issue of Equity Share Capital		-			-		
As at 31 March 2023		8,506,865			85.07		
B OTHER EQUITY							
Particular	Reserves and Surplus					Total	Non Controlling Interest
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve		
Balance as at 1 April 2021	82.56	175.07	392.26	1,541.13	6.99	2,198.00	76.50
Profit for the Year				393.20	-	393.20	1.64
Other Comprehensive Income for the year							
Re-measurement loss on defined benefit plan (net of tax)				(1.57)	-	(1.57)	-
Exchange differences on translating the financial statements				-	9.78	9.78	-
Total Comprehensive Income for the year				391.63	9.78	401.41	1.64
Dividends Paid				(85.07)	-	(85.07)	-
Buy-back of shares by subsidiary				0.43	-	0.43	(8.03)
Funds infused in subsidiary				-	-	-	3.98
Balance as at 31 March 2022	82.56	175.07	392.26	1,848.12	16.77	2,514.78	74.09
Profit for the Year				266.27	-	266.27	14.08
Other Comprehensive Income for the year							
Re-measurement gain on defined benefit plan (net of tax)				1.10	-	1.10	-
Exchange differences on translating the financial statements				-	15.15	15.15	(0.01)
Total Comprehensive Income for the year				267.37	15.15	282.52	14.07
Dividends Paid				(85.07)	-	(85.07)	-
Balance as at 31 March 2023	82.56	175.07	392.26	2,030.42	31.92	2,712.23	88.16

In terms of our report attached
For Chandulal M. Shah & Co.
 Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
 Partner
 Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
 CEO & Managing Director
 DIN: 00438037

Nikhil Jhanwar
 Chief Financial Officer

Priya Gandhi
 Executive Director
 DIN: 06998979

Vinod Mali
 Company Secretary

Date 17 May 2023
Place Ahmedabad

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1 CORPORATE INFORMATION

Hester Biosciences Limited (hereinafter referred to as in "The Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The registered office of the company is located at 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat - 380006.

The Group is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry and Large animal and Petcare health products having its manufacturing set up at Meda Adraj village, Mehsana District, Gujarat, India and at Kathmandu Nepal and Kibaha, Tanzania.

The consolidated financial statements were approved by the Board of Directors based on recommendation of the Audit Committee of the Company at their meeting held on 17 May 2023.

2 BASIS OF PREPARATION:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) including the Companies (Indian Accounting Standards) Amendment Rules, 2019 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements of the Group.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value and derivative financial instruments:

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

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest million (₹ 000,000), except where otherwise indicated.

1. SIGNIFICANT ACCOUNTING POLICIES

a) PRINCIPLES OF CONSOLIDATION :

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries and Joint Venture Entity. In the preparation of consolidated financial statements, investment in subsidiary has been accounted for in accordance with Ind AS 110 on 'Consolidated Financial Statements' and investment in Joint Venture has been accounted in accordance with Ind AS 28 on Investments in Associates and Joint Ventures. Consolidated financial statements have been prepared on the following basis:

i) Subsidiary is fully consolidated from the date of incorporation, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases (including through voting rights). Subsidiary has been consolidated on a line- by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra- group transactions. The unrealised profits resulting from intra-group transactions that are included in the carrying amount of assets are eliminated in full.

Subsidiary is fully consolidated from the date of incorporation, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases (including through voting rights). Subsidiary has been consolidated on a line- by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra- group transactions. The unrealised profits resulting from intra-group transactions that are included in the carrying amount of assets are eliminated in full.

(ii) Investment in Joint Venture Entity has been accounted as per the Equity method as prescribed under Ind AS 28 . Investment in joint venture entity is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the joint venture entity after the date of acquisition.

(iii) Financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, consistent with the Company's stand-alone financial statements for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Any deviation in accounting policies is disclosed separately.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(iv) On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of transactions. The exchange differences arising on translation for consolidation are recognised through foreign currency translation reserves.

(v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

(vi) The subsidiaries and joint venture entity considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation
Texas Lifesciences Private Limited	India
Hester Bioscience Nepal Private Limited	Nepal
Hester Bioscience Africa Limited	Africa
Hester Bioscience Kenya Limited	Kenya
Hester Bioscience Tanzania Limited (Step-down subsidiary)	Tanzania
Thrishool Exim Limited	Tanzania

b) Operating Cycle and Current/Non-current classification:

All the assets and liabilities have been classified as current or non current as per the Group'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.
- 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 group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has ascertained twelve months as its operating cycle.

c) FOREIGN CURRENCIES:

The Group's consolidated financial statements are presented in, which is also the Group's functional currency. The Group determines the functional currency and items included in the consolidated financial statements are measured using that functional currency.

Transactions and balances:

Transactions in foreign currencies are initially recorded in the Group's functional currency at the exchange rates prevailing on the date the transaction first qualifies for recognition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

	Monetary assets and liabilities denominated in foreign currencies are restated in the functional currency at the exchange rates prevailing on the reporting date of financial statements.
	Exchange differences arising on settlement of such transactions and on translation of monetary items are recognised in the Consolidated Statement of Profit and Loss.
	Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.
	In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.
d)	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. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. 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. The transaction price of service rendered is net of variable consideration.
	Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.
	Trade Receivables: A receivable represents the Group's right to an amount of consideration that is unconditional (i.e only the passage of time is required before payment of consideration is due). Refer to accounting policies of financial assets in financial instruments-initial recognition and subsequent measurement.
	Contract Liabilities (Advance from customers): A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is Contract liabilities (advance from customers) are recognised as revenue when the Group performs under the contract.
	Interest income primarily comprises of interest from term deposits with banks and on loans given. 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.
	Export incentives are recognised when the right to receive them as per the terms of the entitlement is established in respect of exports made.
	Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.
e)	PROPERTY, PLANT & EQUIPMENTS :
	Property, Plant and Equipments are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.
	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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) INTANGIBLE ASSETS :

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Capital assets under development are stated at cost in the Balance Sheet as "Intangible Asset under Development".

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

Particulars	Estimated Useful Life
Software	Over a Period of 6 Years
Product Registration fees	Over a Period of 10 Years

g) DEPRECIATION / AMORTISATION :

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

Depreciation on Fixed Assets by certain subsidiaries is provided on Written Down Value (WDV) method based on useful life of the assets as per their respective country legislation and rules

Particulars	Estimated Useful Life
Furniture & Fixtures	Over a Period of 9 Years
Plant & Machineries, Equipments, Electrical Installation & Utilities	Over a Period of 5 to 9 Years

h) IMPAIRMENT OF NON - FINANCIAL ASSET - Property, Plant and Equipment and Intangible Assets:

The group 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 group 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

i)	<p>INVESTMENTS:</p> <p>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.</p> <p>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.</p> <p>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.</p>				
j)	<p>INVENTORIES:</p> <p>Inventories include raw materials, bought out components, work-in-progress and manufactured finished goods. Costs incurred in bringing each product to its present location and condition are accounted for as follows:</p> <p>Finished products: Finished products produced by the group are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads.</p> <p>Traded goods: Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is determined using First in First out (FIFO) method.</p> <p>Work in Progress: Work in Progress is valued at cost of direct materials, labour and other Manufacturing overheads up to estimated stage of process.</p> <p>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.</p>				
k)	<p>BORROWING COSTS:</p> <p>Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.</p>				
l)	<p>LEASES:</p> <p>The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.</p> <p>Group as a lessee:</p> <p>(i) Right-of-use assets</p> <p>The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:</p> <table data-bbox="336 1917 1380 1986"> <tr> <th>Assets</th><th>Estimated Useful Life</th></tr> <tr> <td>Right-of-use of office premises and leasehold land</td><td>Over the balance period of lease agreement</td></tr> </table>	Assets	Estimated Useful Life	Right-of-use of office premises and leasehold land	Over the balance period of lease agreement
Assets	Estimated Useful Life				
Right-of-use of office premises and leasehold land	Over the balance period of lease agreement				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

	(ii) Lease Liability
	<p>The Group's lease asset classes primarily consist of leases for land and buildings. The Group 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.</p>
	<p>At the date of commencement of the lease, the Group recognises 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 Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.</p>
	<p>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.</p>
	<p>The ROU assets are initially recognised 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.</p>
	<p>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.</p>
	The Group as a lessor
	<p>Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms.</p>
m)	RESEARCH AND DEVELOPMENT:
	<p>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.</p>
n)	PROVISION FOR RETIREMENT BENEFITS:
	(i) Short-Term Employee Benefits:
	<p>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.</p>
	(ii) Post- employment benefit plans:
	a) Defined Contribution Plan:
	<p>Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner. The Group does not have any obligation other than contribution under scheme.</p>
	b) Defined Benefit Plan:
	<p>The Holding 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.</p>
	<p>The indian subsidiary operates defined benefit plans for its employees for Gratuity. The costs of providing benefits under this plan is 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. The Indian subsidiary company has not invested in any fund for meeting liability.</p>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

	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.
o) EARNINGS PER SHARE:	
	Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.
	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.
p) CASH AND CASH EQUIVALENTS	
	Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.
	For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.
q) OTHER BANK BALANCES:	
	Other Bank Balances in the balance sheet comprise short-term deposits with an original maturity of more than three months and having maturity less than twelve months.
r) FINANCIAL INSTRUMENTS:	
(i) Financial Asset:	
(a) Classification:	
	On initial recognition the group 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. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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) Subsequent measurement:	
	For the purposes of subsequent measurement, financial assets are classified in three categories: <ul style="list-style-type: none"> - Financial assets instruments at amortised cost (debt instruments) - Financial assets at fair value through other comprehensive income (FVTOCI). - Financial assets at fair value through profit or loss (FVTPL) (Derivatives and Equity Instruments)
(d) Financial assets at amortised cost:	
	A 'financial asset' is measured at the amortised cost if both the following conditions are met: <ol style="list-style-type: none"> 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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.
(e) Financial assets at fair value through OCI (FVTOCI):
A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met: a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and b) The asset's contractual cash flows represent SPPI.
(f) Financial assets at fair value through profit or loss:
Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.
This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.
(g) 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 consolidated balance sheet) when: - The rights to receive cash flows from the asset have expired, or - The group 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 group has transferred substantially all the risks and rewards of the asset, or (ii) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
When the group 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 group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group 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 group 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 group could be required to repay.
On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the statement of profit and loss.
(h) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(ii) Financial Liabilities:
(a) Classification:
The group 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 group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.
(c) Subsequent Measurement:
For the purposes of subsequent measurement, financial liabilities are classified in two categories: <ul style="list-style-type: none">- Financial liabilities at fair value through profit or loss.- Financial liabilities at amortised cost (loans and borrowings).
(d) Financial liabilities at fair value through profit or loss:
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
(e) Financial liabilities at amortised cost (loans and borrowings):
After initial recognition, interest-bearing financial liabilities 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.
(f) 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.
s) TAXATION:
i) Current Tax:
Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.
Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset or to settle the liability on a net basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

ii. Deferred Tax:	<p>Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Standalone Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.</p>
	<p>The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.</p>
	<p>Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities. Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.</p>
t) Grants:	<p>Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.</p>
	<p>The Group has treated waiver of duty under EPCG Scheme received as Government assistance as capital grant as the same is received to compensate the import cost of the asset wherein conditions relating to export of goods are subsidiary conditions. The said assistance has been netted off against the value of the respective the asset so imported. The grant is recognised in profit & loss over the life of a depreciable asset as a reduced depreciation expense.</p>
u) Provisions and Contingent Liabilities:	<p>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.</p> <p>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 group 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.</p> <p>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 group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.</p>
v) Segment Reporting:	<p>The group's Chief Operating Decision Maker (CODM) examines the group's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the group, which primarily relate to poultry health care, animal health care and petcare.</p>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of the group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acgrouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

a) Defined benefit plans (gratuity benefits):

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 36.

b) Useful life of Property, Plant and Equipment and Intangible assets:

Property, Plant and Equipment and Intangible Assets are depreciated/amortised over their estimated useful life, after taking into account estimated residual value.

Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The useful life and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes.

The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT:

Particulars	Freehold Land	Right to use Assets	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Computer	Total
Gross Block								
As at 1 April 2021	102.62	57.71	840.99	1,108.79	66.36	69.09	22.69	2,268.25
Additions	-	-	554.50	628.96	11.63	11.85	4.94	1,211.88
Disposals	-	8.60	-	3.55	-	2.91	-	15.06
Translation Reserve	-	-	0.94	1.26	0.20	0.27	1.09	3.76
As at 31 March 2022	102.62	49.11	1,396.43	1,735.46	78.19	78.30	28.72	3,468.83
Additions	33.74	-	156.31	141.66	8.38	3.30	4.81	348.20
Disposals	-	-	-	56.70	1.25	9.75	1.56	69.26
Translation Reserve	-	4.30	41.13	48.24	0.45	0.14	0.42	94.68
As at 31 March 2023	136.36	53.41	1,593.87	1,868.66	85.77	71.99	32.39	3,842.45
Depreciation/Amortisation and Impairment								
As at 1 April 2021	-	4.25	208.51	624.39	45.65	44.14	18.44	945.38
Charge for the Year	-	2.78	37.55	109.84	5.41	6.18	3.08	164.84
Deductions	-	4.29	-	3.28	-	2.64	-	10.21
Translation Reserve	-	0.02	0.50	0.07	0.03	(0.07)	0.14	0.69
As at 31 March 2022	-	2.76	246.56	731.02	51.09	47.61	21.66	1,100.70
Charge for the Year	-	1.79	49.32	139.82	5.48	5.62	3.26	205.29
Deductions	-	-	-	46.18	1.25	9.66	1.56	58.65
Translation Reserve	-	0.04	1.25	4.42	(0.09)	0.14	0.34	6.10
As at 31 March 2023	-	4.59	297.13	829.08	55.23	43.71	23.70	1,253.44
Net Block								
As at 31 March 2022	102.62	46.35	1,149.87	1,004.44	27.10	30.69	7.06	2,368.13
As at 31 March 2023	136.36	48.82	1,296.74	1,039.58	30.54	28.28	8.69	2,589.01

Notes:

For charges created on aforesaid assets, refer note 15.

Capital work-in-progress

Particulars	Amount
As at 31 March 2023	1,461.38
As at 31 March 2022	802.24

The amount of borrowing costs capitalised during the year ended 31 March 2023 is ₹ 101.67 million (31 March 2022: ₹ 15.69 million).

The Group had received government assistance in form of waiver of Duty under EPCG scheme amounting to ₹ 21.72 million (Previous year: ₹ 195.67 million) which has been netted off against the respective value of the PPE / CWIP procured during the year. The same is received to compensate the import cost of the PPE wherein conditions relating to export of goods are subsidiary conditions. For pending export commitments refer note 32.

Capital work-in-progress Ageing :

Particulars	Amount in CWIP for a period ended 31 March				Total
	less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2023					
Project in Progress	772.19	686.69	2.50	-	1,461.38
Project temporarily Suspended	-	-	-	-	-
As at 31 March 2022					
Project in Progress	798.68	3.41	0.15	-	802.24
Project temporarily Suspended	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

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OTHER INTANGIBLE ASSETS:						
Particulars		Software	Product registration fees	Total		
Gross Block						
As at 1 April 2021		8.37	4.02	12.39		
Additions		1.02	0.25	1.27		
Disposals		-	0.90	0.90		
As at 31 March 2022		9.39	3.37	12.76		
Additions		2.74	-	2.74		
Disposals / Adjustments		-	-	-		
As at 31 March 2023		12.13	3.37	15.50		
Depreciation/Amortisation and Impairment						
As at 1 April 2021		5.90	2.30	8.20		
Charge for the Year		0.54	0.43	0.97		
Deductions		-	-	-		
As at 31 March 2022		6.44	2.73	9.17		
Charge for the Year		1.22	0.44	1.66		
Deductions		-	-	-		
As at 31 March 2023		7.66	3.17	10.83		
Net Block						
As at 31 March 2022		2.95	0.64	3.59		
As at 31 March 2023		4.47	0.20	4.67		
Notes:						
For charges created on aforesaid assets, refer note 15.						
Intangible assets under development						
Particulars		Amount				
As at 31 March 2023		24.69				
As at 31 March 2022		16.85				
Intangible asset under Development Ageing:						
Particulars		Amount in Intangible under development for a period ended 31 March				Total
		less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
As at 31 March 2023						
Project in Progress		19.68	5.02	-	-	24.69
Project temporarily Suspended		-	-	-	-	-
As at 31 March 2022						
Project in Progress		15.04	-	-	1.81	16.85
Project temporarily Suspended		-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

5	NON CURRENT INVESTMENTS:				
	Particulars		As at 31 March 2023	As at 31 March 2022	
	Investment in joint venture entity:				
	Unquoted Investments in equity instruments - at cost (All fully paid)				
	Thrishool Exim Limited		253.05	212.38	
	1,674 (31 March 2022: 1,674) Equity shares of TSHS 10,000 each				
			253.05	212.38	
	Note:				
	1. The above joint venture is accounted for using the equity method in Consolidated Financial Statements.				
	2. Below is the summarised financial information of joint venture:				
	Summarised balance sheet of Thrishool Exim Limited:				
	Particulars		As at 31 March 2023	As at 31 March 2022	
	Cash & cash equivalents		93.82	92.84	
	Other current assets		266.51	186.42	
	Non-current assets		8.82	5.56	
	Current liabilities		109.43	21.31	
	Non-current liabilities		-	20.18	
	Equity		259.72	243.33	
	Proportion of Group's Ownership		50%	50%	
	Summarised statement of profit and loss of Thrishool Exim Limited:				
	Particulars		As at 31 March 2023	As at 31 March 2022*	
	Revenue from contracts with customers		1,009.12	206.15	
	Cost of goods sold		818.02	164.49	
	Depreciation & amortisation		2.07	0.34	
	Finance cost		0.59	0.14	
	Employee benefit expense		13.63	2.90	
	Other expense		52.25	26.10	
	Profit before tax		122.56	12.10	
	Income tax expense		34.38	3.63	
	Profit for the year/period		88.18	8.47	
	Total comprehensive income for the year/period		88.18	8.47	
	Share of HBL %		50%	50%	
	Share of profit from Joint venture		44.09	4.23	
	* For the period from date of acquisition till the year end				
	Summary of movement of investment in joint venture entity:				
	Particulars		As at 31 March 2023	As at 31 March 2022	
	Opening balance		212.38	-	
	Investment made during the year		-	208.15	
	Add: Share of profit in Joint Venture entity		44.09	4.23	
	Unrealised profit on inter-company transaction eliminated		(3.42)	-	
	Closing carrying value as at 31 March 2023		253.05	212.38	
6	OTHER FINANCIAL ASSETS:				
	(Unsecured, Considered Good)				
	Particulars		Non Current	Current	
			As at 31 March 2023	As at 31 March 2022	As at 31 March 2023
	Bank Deposits with maturity of more than 12 months - Margin Money Deposit		14.26	28.62	-
	Security Deposit		31.54	31.94	123.00
	Export Incentives Receivables		-	-	1.78
	Gratuity Fund		-	-	7.42
	Interest Accrued		-	-	34.26
	Others		-	-	3.90
	Total		45.80	60.56	170.36
					150.10

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

7	OTHER ASSETS:				
	(Unsecured, Considered Good)				
	Particulars	Non Current		Current	
		As at	As at	As at	As at
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Capital Advances	40.57	203.55	-	-
	Advance Tax (Net of Provision for tax)	4.57	6.68	-	-
	Advances to Suppliers	-	-	95.03	69.56
	Prepaid Expenses	-	-	12.83	23.90
	Balance with Government Authorities	-	-	145.22	83.67
		45.14	210.23	253.08	178.08
	Unsecured, Considered Doubtful				
	Advances to Suppliers	-	-	1.29	1.29
	Less: Provision for doubtful advances	-	-	(1.29)	(1.29)
		-	-	-	-
	Total	45.14	210.23	253.08	178.08

8	INVENTORIES:		
	(At lower of cost and net realisable value)		
	Particulars	As at	As at
		31 March 2023	31 March 2022
	Raw Materials	93.49	79.67
	Work-in-Progress	150.84	147.83
	Finished Goods	384.65	415.97
	Traded Goods	144.14	66.14
	Stores & Spares	42.29	14.74
	Packing Materials	32.69	29.47
	Total	848.10	753.82

Note: During the year ended 31 March 2023, ₹ 0.60 million (Previous year: ₹ 5.15 million) was recognised as an expense for finished good inventories carried at net realisable value.

9	TRADE RECEIVABLES:		
	Particulars	As at	As at
		31 March 2023	31 March 2022
	Secured, considered good	-	-
	Unsecured, considered good	796.31	552.80
	Trade receivables which have significant increase in credit risk	-	-
	Trade receivables - credit impaired	7.00	5.15
	Total	803.31	557.95
	Less :		
	Impairment allowance (allowance for doubtful debts)	(7.00)	(5.15)
	Total	796.31	552.80

Note : For dues from the related parties, refer notes 35

Trade Receivable Ageing for year ended 31 March 2023							
Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	312.81	341.29	89.52	34.52	1.79	6.52	786.45
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	0.08	0.74	0.93	0.24	1.99
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	-	12.00	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	-	-	2.87	2.87
	312.81	341.29	89.60	35.26	2.72	21.64	803.31
Less: Impairment allowance (allowance for doubtful debts)							(7.00)
Total	312.81	341.29	89.60	35.26	2.72	21.64	796.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Trade Receivable Ageing as on 31 March 2022							
Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	221.95	203.13	104.97	10.75	-	-	540.80
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	-	-	-	2.28	2.28
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	-	12.00	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	-	2.47	0.40	2.87
	221.95	203.13	104.97	10.75	2.47	14.68	557.95
Less: Impairment allowance (allowance for doubtful debts)							(5.15)
Total	221.95	203.13	104.97	10.75	2.47	14.68	552.80

Trade receivables that are impaired at the balance sheet date and the movement of the allowance for expected credit losses of trade receivables are as follows:

Particulars	31 March 2023	31 March 2022
Opening provision	5.15	1.73
Additional allowance during the year	3.92	3.42
Less: Bad debts written off against allowance	(2.07)	-
Closing balance	7.00	5.15

10 CASH AND CASH EQUIVALENTS:

Particulars	As at 31 March 2023	As at 31 March 2022
Balance with Banks		
-In Current Accounts	120.48	238.10
-Unpaid dividend accounts	4.90	4.77
Cash on Hand	6.18	4.63
Total	131.56	247.50

11 OTHER BANK BALANCES:

Particulars	As at 31 March 2023	As at 31 March 2022
Bank Deposits with original maturity of more than three months but less than twelve months - Margin Money Deposit	16.61	4.53
Total	16.61	4.53

12 LOANS:

(Unsecured, Considered Good unless otherwise stated)

Particulars	Current	
	As at 31 March 2023	As at 31 March 2022
Loan to Employees	4.90	5.80
Loan to Others	55.00	55.00
Total	59.90	60.80

Disclosures pursuant to section 186(4) of the Companies Act, 2013:

Particulars	Purpose	As at 31 March 2023	As at 31 March 2022
Loan to Tamboli Trading LLP	Working Capital	55.00	55.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

13 SHARE CAPITAL:			
Particulars	As at 31 March 2023	As at 31 March 2022	
AUTHORISED CAPITAL			
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112.00	112.00	
	112.00	112.00	
ISSUED, SUBSCRIBED & PAID UP CAPITAL			
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85.07	85.07	
Total	85.07	85.07	

13.01 The reconciliation of the number of shares outstanding is set out below:			
Particulars	As at 31 March 2023	As at 31 March 2022	
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	

13.02 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 has further recommended final dividend of ₹ 8 (eight) per equity share (80%) for year 2022-23, subject to the approval of the shareholders.			

13.03	Disclosure of Shareholding of Promoters					
Disclosure of Shareholding of Promoters as at 31 March 2023 is as follow:						
Promoter Name		Shares held by Promoters				% Change during the Year
		As at 31 March 2023		As at 31 March 2022		
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
	Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47	-
	Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20	-
	Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
	Ravin Gandhi	403,320	4.74	403,320	4.74	-
	Bela Gandhi	400,635	4.71	400,635	4.71	-
	Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
	Bhupendra Vithaldas Gandhi HUF	-	-	301,600	3.54	-100%
	Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
	Anup Chandravadan Kapadia	228,354	2.68	228,354	2.68	-
	Shaila Bhupendra Gandhi	491,300	5.78	189,700	2.23	159%
	Hester Coatings LLP	64,000	0.75	64,000	0.75	-
	Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
	Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
	Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
	Total	4,570,944	53.73	4,570,944	53.73	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Disclosure of Shareholding of Promoters as at 31 March 2022 is as follow:					
Promoter Name	Shares held by Promoters				% Change during the Year
	As at 31 March 2022		As at 31 March 2021		
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47	-
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20	-
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
Ravin Gandhi	403,320	4.74	403,320	4.74	-
Bela Gandhi	400,635	4.71	400,635	4.71	-
Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
Bhupendra Vithaldas Gandhi HUF	301,600	3.54	301,600	3.54	-
Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
Anup Chandravadan Kapadia	228,354	2.68	228,354	2.68	-
Shaila Bhupendra Gandhi	189,700	2.23	189,700	2.23	-
Hester Coatings LLP	64,000	0.75	64,000	0.75	-
Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
Total	4,570,944	53.73	4,570,944	53.73	

13.04 The details of shareholders holding more than 5% equity shares in the Company

Name of the share holders	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% held	No. of Shares	% held
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19
Shaila Bhupendra Gandhi	491,300	5.78	189,700	2.23

14 OTHER EQUITY:

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Reserve		
As per last Balance sheet	82.56	82.56
Securities Premium		
As per last Balance sheet	175.07	175.07
General Reserve		
As per last Balance sheet	392.26	392.26
Retained Earnings		
As per Last Balance Sheet	1,848.12	1,541.13
Add: Profit for the year	266.27	393.20
Add: Other Comprehensive Income (Remeasurement gain/ (loss) of defined benefit plans, net of tax)	1.10	(1.57)
Less: Dividend paid	85.07	85.07
Add: Gain on Buy-back of shares by subsidiary	-	0.43
	2,030.42	1,848.12
Foreign Currency Translation Reserve		
As per Last Balance Sheet	16.77	6.99
Add: Movement during the year	15.15	9.78
	31.92	16.77
Total	2,712.23	2,514.78

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For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Notes :		
a) Capital reserve: This is mainly used to record the reserves created on receipt of state/central subsidies, grant of the subsidiary company for the capital investment and amounts forfeited towards the forfeiture of Equity warrants issued. This reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
b) Securities premium: This represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
c) General Reserve: Under the erstwhile Companies Act, 1956, general reserves was created through an annual transfer of net income at specified percentage in accordance with applicable regulation. Consequent to the introduction of Companies Act 2013, the requirement of mandatorily transfer a specified percentage of the net profit to general reserves has been withdrawn. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
d) Retained earnings: This represents the amount that can be distributed by the Company as dividend considering the requirements of the Companies Act, 2013.		
Distribution made and proposed	As at 31 March 2023	As at 31 March 2022
Cash dividend on equity shares declared and paid		
Final Dividend for the year ended 31 March 2022 ₹ 10 per share (for the year ended 31 March 2021 ₹ 10 per share)	85.07	85.07
	85.07	85.07
Proposed dividend on equity shares		
Final Dividend for the year ended 31 March 2023 ₹ 8 per share (for the year ended 31 March 2022 ₹ 10 per share)	68.05	85.07
	68.05	85.07
Proposed dividend on equity shares are subject to approval at the ensuing Annual General Meeting and are not recognised as a liability as on 31 March.		
15 BORROWING (Long Term):		
Particulars	As at 31 March 2023	As at 31 March 2022
Secured Borrowings		
Term Loans from Banks	219.68	287.96
Term Loans from Others	986.04	909.69
External commercial borrowings	885.53	676.74
Hire Purchase Loans from Banks	1.70	2.87
	2,092.95	1,877.26
Less: Current Maturities of Long Term Borrowings (Refer Note 20)		
Term Loans from Banks	(56.75)	(145.27)
External commercial borrowings	(186.42)	(85.38)
Hire Purchase Loans from Banks	(1.28)	(1.17)
	(244.45)	(231.82)
Total	1,848.50	1,645.44
Notes :		
a) The security details for the borrowing balances:		
Term Loans from Banks aggregating to ₹ 182.62 million (Previous year: ₹ 206.64 million) and External Commercial borrowing from Banks aggregating to ₹ 885.53 million (Previous year: ₹ 676.74 million) are secured by first charge on all immovable, movable assets and freehold land of the Company along with the personal guarantee of the directors.		
Term Loans from Banks aggregating to ₹ 37.06 million (Previous year ₹ 81.32 million) are secured by hypothecation on entire fixed assets, plant and machinery of the subsidiary.		
Term Loans from Bill & Melinda Gates Foundation amounting to ₹ 986.04 million (Previous year ₹ 909.69 million) taken by Hester Biosciences Africa Limited a wholly owned subsidiary, are secured by corporate guarantee issued by Hester Biosciences Limited, India.		
Hire Purchase Loans from Banks aggregating to ₹ 1.70 million (Previous year: ₹ 2.87 million) are secured by hypothecation of specific vehicle/car on paripassu basis.		
b) Repayment schedule for the borrowing balances:		
The secured term loans from banks aggregating to ₹ 54.48 million (Previous year: ₹ 70.58 million) are repayable over a period of 5 years in quarterly instalments upto FY 2026-27.		
The secured term loans from banks aggregating to ₹ 68.80 million (Previous year: ₹ 106.15 million) are repayable over a period of 5 years in monthly instalments upto FY 2025-26.		

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For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

The secured term loans from banks aggregating to ₹ 59.34 million (Previous year: NIL) are repayable over a period of 4 years in monthly instalments from FY 2024-25 to FY 2028-29.
The secured loans of the subsidiary from banks aggregating to ₹ 6.62 million (Previous year ₹ 81.32 million) are repayable over a period of 6 years in quarterly instalments upto FY 2023-24.
The secured loans of the subsidiary from banks aggregating to ₹ 30.44 million (Previous year: NIL) are repayable over a period of 5 years in quarterly instalments upto FY 2027-28.
The secured term loan from banks aggregating to ₹ 29.91 million outstanding as on 31 March 2022 was fully repaid during the year.
External Commercial Borrowing from banks aggregating to ₹ 885.53 million (Previous year: 683.34 million) are repayable over a period of 6 years in 21 quarterly instalments upto FY 2027-28.
The secured term loans from Bill & Melinda Gates Foundation aggregating to ₹ 986.04 million (Previous year ₹ 909.69 million) are repayable over a period of 5 years in quarterly instalments from FY 2025-26 to FY 2029-30.
The hire purchase loan from banks aggregating to ₹ 1.70 million (Previous year: ₹ 2.87 million) are repayable over a period of 5 years in monthly instalments upto FY 2024-25.

c) Interest rates on borrowings:

Interest rates on Term loan of the company is varying, which is linked to MCLR of bank, from time to time.
Interest rates on Term loan of the subsidiary is varying, which is linked to Base rate of Commercial bank of Nepal, from time to time.
Interest rates on Hire purchase loan is fixed at 9.26% p.a.
Interest rates on term loan from Bill & Melinda Gates Foundation is 3% p.a.
Interest rates on External Commercial Borrowing is varying, which is linked to 3 Months USD Libor.

16 LEASE LIABILITIES:

Particulars	Non Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Lease Liabilities	56.27	52.70	3.72	3.27
Total	56.27	52.70	3.72	3.27

Note:

The amount recognised in the consolidated statement of profit and loss in respect of right of use assets and lease obligation are as under:

Particulars	As at 31 March 2023	As at 31 March 2022
Amortisation of Right to use asset	1.79	2.78
Interest expense on lease liabilities	3.62	3.36
Expenses relating to short term leases	15.45	13.07

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	55.97	55.01
Foreign currency translation	4.10	1.01
Interest expense on lease liabilities	3.62	3.36
Cash outflow	(3.70)	(3.41)
Balance at the end of the year	59.99	55.97

17 OTHER FINANCIAL LIABILITIES:

Particulars	Non Current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Deposits	7.15	5.66	-	-
Unclaimed Dividends	-	-	4.90	4.77
Interest accrued	-	-	1.73	2.44
Creditors for Capital expenses	-	-	154.63	131.18
Others	-	-	2.80	3.15
Total	7.15	5.66	164.06	141.54

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18	PROVISIONS:				
	Particulars	Non Current		Current	
		As at	As at	As at	As at
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Provision for Leave Encashment	17.16	10.38	4.49	2.82
	Provision for Gratuity	2.16	2.34	0.59	-
	Total	19.32	12.72	5.08	2.82

19	OTHER LIABILITIES:				
	Particulars	Non Current		Current	
		As at	As at	As at	As at
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Deferred Capital Grant	322.49	197.08	12.73	-
	Advance from Customers	-	-	79.62	6.49
	Payables to Statutory Authorities	-	-	22.84	11.01
	Other Liabilities	-	-	32.16	34.01
	Total	322.49	197.08	147.35	51.51

Following is the movement of Deferred Capital Grant:

Particulars	As at	As at
	31 March 2023	31 March 2022
Opening Balance	197.08	224.22
Add: Grant received during the year	240.00	61.91
Less: Released to statement of Profit & Loss during the year	(113.08)	(110.85)
Foregin Translation Reserve	11.22	21.80
Closing balance	335.22	197.08

The Company has been sanctioned Government Grant of ₹ 600 million by BIRAC (Biotechnology Industry Research Assistance Council), Government of India enterprise to support the project "Proposal for Facility Augmentation to support Covid Vaccine Manufacturing" under the Mission Covid Suraksha Scheme of Government of India. The Company has received ₹ 240 million during the year and the balance amount will be released subject to fulfilment of conditions.

20	SHORT TERM BORROWINGS		
	Particulars	As at	As at
		31 March 2023	31 March 2022
	Loan Repayable on Demand		
	- Cash Credit from Bank	588.58	348.45
	Current Maturities of Long Term Borrowings (Refer Note 15)		
	- Term Loans	56.75	145.27
	- Hire Purchase Loans	1.28	1.17
	- External commercial borrowings	186.42	85.38
	Total	833.03	580.27

20.01 Cash Credit account is secured by first and exclusive hypothecation charge on all the current assets of the company. It is also collaterally secured by Equitable Mortgage of Corporate office at Ahmedabad and hypothecation of unencumbered plant and machinery, stocks and trade receivable of the Company and personal guarantee of the directors.

20.02 Cash Credit account of the subsidiary is secured by hypothecation charge on stocks, plant and machinery and trade receivables of the subsidiary and personal guarantee of the directors.

20.03 Interest Rates on Cash credit facilities are varying, which are linked to base rate of Bank, from time to time.

21	TRADE PAYABLES:		
	Particulars	As at	As at
		31 March 2023	31 March 2022
	Trade Payables	299.77	180.18
	Total	299.77	180.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Trade Payable Ageing as on 31 March 2023							
Outstanding for the following period from due date of payment							
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total
Undisputed dues	60.97	168.53	65.51	0.41	2.35	1.62	299.39
Disputed dues	-	-	-	-	0.38	-	0.38

Trade Payable Ageing as on 31 March 2022							
Outstanding for the following period from due date of payment							
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total
Undisputed dues	53.40	57.76	47.58	1.64	0.55	19.25	180.18
Disputed dues	-	-	-	-	-	-	-

22 CURRENT TAX LIABILITIES:

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for Current Tax (Net of advance tax)	33.95	9.38
Total	33.95	9.38

23 REVENUE FROM OPERATIONS:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(A) Sale of Goods	2,611.78	2,311.10
(B) Other Operating Revenue		
-Professional Fees	-	2.00
-Revenue from license fees and services	49.13	36.96
Total	2,660.91	2,350.06

Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue as per contracted price	2,680.11	2,369.06
Adjustments:		
Discount on prompt payment	19.20	19.00
Revenue from contract with customers	2,660.91	2,350.06

24 OTHER INCOME:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest Income		
- Bank deposits	3.41	1.37
- Others	18.32	17.66
Foreign exchange fluctuation (Net)	8.48	0.72
Profit on sale of property, plant and equipment (net)	0.16	1.25
Grant Income	113.08	110.85
Other miscellaneous income	8.06	5.56
Total	151.51	137.41

25 COST OF RAW MATERIAL AND COMPONENTS CONSUMED:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Inventory at the beginning of the year	109.14	94.34
Add: Purchased during the year	546.45	653.81
Foreign currency translation	0.47	(11.05)
Less: Inventory at the End of the year	126.18	109.14
Total	529.88	627.96

26 PURCHASE OF TRADED GOODS:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Purchase of traded goods	297.49	126.18
Total	297.49	126.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

27	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Inventories at the End of the Year		
	-Finished Goods	384.65	415.97
	-Traded Goods	144.14	66.14
	-Work-in-Progress	150.84	147.83
		679.63	627.02
	Foreign currency translation	(0.10)	(7.15)
	Inventories at the Beginning of the Year		
	-Finished Goods	415.97	171.97
	-Traded Goods	66.14	54.94
	-Work-in-Progress	147.83	287.40
		627.02	514.31
	Total	(52.51)	(105.56)
28	EMPLOYEE BENEFITS EXPENSE:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Salaries & Wages	533.90	426.69
	Gratuity expense (Refer Note 36)	3.95	5.58
	Contributions to Provident Fund & Other Funds (Refer Note 36)	19.12	18.01
	Staff Welfare Expenses	3.23	3.04
	Total	560.20	453.32
29	FINANCE COST:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Interest Expenses	51.49	25.76
	Bank Charges	3.31	9.57
	Foreign exchange loss on borrowings	38.40	5.31
	Total	93.20	40.64
30	OTHER EXPENSES:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Power and Fuel	127.39	102.84
	Consumption of Stores and Spares	35.19	33.96
	Repairs & Maintenance		
	- Plant and Machinery	25.81	18.25
	- Building	11.44	5.16
	- Others	12.70	6.20
	Testing and inspection charges	6.15	14.84
	Factory Expense	29.95	39.97
	Freight Expense	132.10	109.86
	Sales promotion expense	99.74	49.63
	Commission on Sales	31.57	13.62
	Royalty on Sales	18.19	2.87
	Legal and Professional fees	40.93	39.44
	Traveling & conveyance expense	157.83	94.72
	Insurance Expense	12.30	31.84
	Rent	15.45	13.07
	Rates and Taxes	7.04	3.30
	CSR Expenses	10.20	10.77
	Provision for doubtful debts	3.92	3.42
	Provision for doubtful advances	-	1.29
	Bad Debts written off	3.43	
	Less: Provision for Doubtful debt Utilised	(2.07)	1.36
	Charity and donations	0.46	2.69
	Director's sitting fees	2.63	3.43
	Miscellaneous Expenses	37.41	27.30
	Total	819.76	648.33

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

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TAX RECONCILIATION:				
Particulars	Year ended 31 March 2023	Year ended 31 March 2022		
Statement of Profit and Loss				
Current tax				
Current income tax	112.78	147.84		
Deferred tax				
Deferred tax expense/(credit)	8.41	(7.66)		
Income tax expenses reported in the Statement of Profit and Loss	121.19	140.18		
OCI Section				
Other comprehensive income (OCI)				
Tax related to items recognised in OCI during the year				
Tax effect on Remeasurement gain/(loss) of defined benefit plans	(0.37)	0.53		
Tax credit/(charged) to OCI	(0.37)	0.53		
a) Reconciliation of tax expense and the accounting profit				
Particulars	Year ended 31 March 2023	Year ended 31 March 2022		
Profit before tax as per Statement of Profit and loss	401.54	535.02		
Enacted Income Tax Rate applicable to Company	25.17%	25.17%		
Expected Income Tax Expenses	101.07	134.67		
Tax effects of :				
Non-deductible expenses	2.72	2.94		
Tax netted off in share of profit of Joint Venture Entity	(11.10)	(1.06)		
Assets not created on losses of subsidiaries	26.32	4.20		
Others	2.18	(0.57)		
Total Tax	121.19	140.18		
At the effective income tax rate of 31 March	30.18%	26.20%		
b) Movement in deferred tax liabilities (net) for the year ended 31 March 2023				
Particulars	Opening Balance as at 1 April 2022	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2023
Tax effect of items constituting deferred tax liabilities:				
Accelerated depreciation for tax purposes	71.13	10.77	-	81.90
Gratuity fund	1.51	0.23	-	1.74
	72.64	11.00	-	83.64
Tax effect of items constituting deferred tax assets:				
Expense allowed in the year of payment	3.90	2.11	-	6.01
Other adjustment	3.64	0.48	-	4.12
	7.54	2.59	-	10.13
Net deferred tax liabilities	65.10	8.41	-	73.51
Movement in deferred tax liabilities (net) for the year ended 31 March 2022				
Particulars	Opening Balance as at 1 April 2021	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2022
Tax effect of items constituting deferred tax liabilities:				
Accelerated depreciation for tax purposes	75.51	(4.38)	-	71.13
Gratuity fund	0.74	0.77	-	1.51
	76.25	(3.61)	-	72.64
Tax effect of items constituting deferred tax assets:				
Expense allowed in the year of payment	1.63	2.27	-	3.90
Other adjustment	1.86	1.78	-	3.64
	3.49	4.05	-	7.54
Net deferred tax liabilities	72.76	(7.66)	-	65.10

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For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

32	COMMITMENTS:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Capital Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	148.57	385.79
	Export Commitments	1,111.30	1,314.73
33	CONTINGENT LIABILITIES NOT PROVIDED FOR:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Claims against the company not acknowledged as debts: Income Tax *	1.98	1.48
	* 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 Consolidated Financial Statements. The matters are pending before respective appellate authorities and not yet settled.		
34	EARNINGS PER SHARE:		
	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
	Net Profit for the year	280.35	394.84
	Weighted Average Number of Equity Shares	8,506,865	8,506,865
	Basic and diluted Earnings per share (In ₹)	32.96	46.41
	Nominal Value of Equity Share (In ₹)	10.00	10.00
35	RELATED PARTY DISCLOSURE:		
	As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:		
	(i) List of Related Parties		
	(a) Key Management Personnel		
	1. Mr. Rajiv Gandhi - CEO & Managing Director		
	2. Ms. Priya Gandhi - Executive Director		
	3. Mr. Nikhil Jhanwar - Chief Financial Officer		
	4. Mr. Vinod Mali - Company Secretary & Compliance Officer		
	(b) Independent Directors		
	1. Mr. Naman Patel (up to 31 March 2023)		
	2. Mr. Amit Shukla (up to 31 March 2023)		
	3. Ms. Sandhya Patel		
	4. Mr. Ashok Bhadalkar		
	5. Mr. Ameet Desai		
	(c) Relatives of key management personnel		
	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)		
	(d) Enterprises owned or significantly influenced by key management personnel or their relatives		
	1. Hester Coatings LLP		
	2. Biolink Healthcare Limited		
	3. Hester Diagnostics Private Limited		
	4. Gujarat Polyplast Private Limited		
	5. Blue Ray Aviation Private Limited		
	6. Hester Aviation Services Private Limited		
	7. Gujarat Airconnect Private Limited		
	8. Aerotrans Services Private Limited		
	9. Corella Air LLP		
	10. NetLink India		
	11. Sourcepro Infotech Private Limited		
	(e) Joint venture entity		
	1. Thrishool Exim Limited		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

(ii) Transactions during the year with Related Parties:						
Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Enterprises Having Significant Influence		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
a) Purchase of Goods	-	-	43.82	35.88	43.82	35.88
b) Sales of Goods	-	-	49.06	7.62	49.06	7.62
c) Commission Expense	-	-	-	1.54	-	1.54
d) Professional Services Rendered	-	-	-	2.00	-	2.00
e) Professional Services Availed	-	-	-	1.50	-	1.50
f) Travel Service Expense	-	-	11.80	6.51	11.80	6.51
g) Sitting Fees	2.64	3.43	-	-	2.64	3.43
h) Remuneration Paid	54.85	59.13	-	-	54.85	59.13
i) Rent Income	0.40	-	-	-	0.40	-
j) Purchase of Land & Building	55.00	-	-	-	55.00	-
k) Rent Paid	0.30	1.80	2.60	0.60	2.90	2.40

(iii) Outstanding balances at the year-end						
Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Enterprises Having Significant Influence		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
a) Trade Receivables	-	-	23.16	34.16	23.16	34.16
b) Trade Payables	-	-	10.41	3.72	10.41	3.72
c) Loans & Advances	-	-	35.71	37.92	35.71	37.92
d) Remuneration Payable	1.47	28.00	-	-	1.47	28.00

Notes:

- The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave encashment, as it is determined on an actuarial basis for the Group as a whole.
- Bank Facilities (Working capital limit, Term loans and External Commercial Borrowings) are secured by guarantee of Mr. Rajiv Gandhi, Mr. Sanjiv Gandhi and Dr. Bhupendra Gandhi, Directors of the Company.

36 EMPLOYEE BENEFITS EXPENSES:

a) Defined Contribution Plans:

The Group 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 Group required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit.

The Group recognised ₹ 19.12 million (2021-22: ₹ 18.01 million) for provident fund and other funds in the Statement of Profit and Loss. The contributions payable to this plan by the Group are at rates specified in the rules of the scheme. The Group has no further obligations under the plan beyond its monthly contributions.

b) Defined Benefit Plan:

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

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

The following table sets out the funded status of the gratuity plan and the amount recognised by the Group's financial statement as at 31 March 2023.

BALANCE SHEET

(i) Change in the Present Value of Defined Benefit Obligation		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Defined Benefit Obligation at Beginning of the Year	42.60	34.30
Current Service Costs	4.24	5.77
Interest Cost on Defined Benefit Obligation	2.94	2.17
Actuarial (Gain) / Loss on Defined Benefit Obligation	(1.83)	2.01
Benefits paid during the Year	(2.06)	(1.65)
Defined Benefit Obligation at End of the Year	45.89	42.60

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For the year ended 31 March 2023

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(ii) Change in Plan Asset		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Fair Value of Plan Assets at the Beginning of the Year	46.27	37.23
Expected Return on Plan Assets	3.22	2.36
Contribution made during the Year	3.49	8.42
Benefits paid during the Year	(2.06)	(1.65)
Actuarial Loss on Plan Assets	(0.36)	(0.09)
Fair Value of Plan Assets at the End of the Year	50.56	46.27
(iii) Disclosure in Balance Sheet		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Defined Benefit Obligation at the End of the Year	(45.89)	(40.26)
Fair Value of Plan Assets at the end of the Year	50.56	46.27
Unfunded Status [(Deficit)/Surplus]	(2.75)	(2.34)
Funded Status [(Deficit)/Surplus]	7.42	6.01
Net (Liability)/Asset Recognised in the Balance Sheet of the Company	7.42	6.01
Net (Liability)/Asset Recognised in the Balance Sheet of the subsidiary	(2.75)	(2.34)
(iv) Reconciliation - Balance Sheet		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net (Asset)/Liability at the Beginning of the Year	(3.66)	(2.92)
Expenses Recognised in Statement of Profit or Loss	3.95	5.58
Expenses/(Income) Recognised in Other Comprehensive Income	(1.47)	2.10
Employers Contribution Paid	(3.49)	(8.42)
Net Liability/(Asset) at the End of the Year	(4.67)	(3.66)
STATEMENT OF PROFIT AND LOSS		
(v) Expenses recognised during the Year		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
In Income Statement		
Current Service Costs	4.24	5.77
Interest Cost	(0.29)	(0.19)
Expenses Recognised in Statement of Profit or Loss	3.95	5.58
In Other Comprehensive Income		
Actuarial (Gain) / Loss	(1.83)	2.01
Return on Plan Assets	0.36	0.09
(Income)/Expenses Recognised in Other Comprehensive Income	(1.47)	2.10
(vi) Assumptions used-Holding company		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Discount rate	7.41%	6.96%
Rate of return on plan asset	7.41%	6.96%
Salary escalation	6.00%	6.00%
Attrition rate	For service of 4 years and below 20% p.a. For service of 5 years and above 6% p.a.	For service of 4 years and below 20% p.a. For service of 5 years and above 6% p.a.
(vii) Assumptions used-Subsidiary company		
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Discount rate	7.31%	6.09%
Salary escalation	10.00%	10.00%
Attrition rate	20.00%	20.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts are in ₹ Million, unless otherwise stated)

(viii) Sensitivity Analysis - Impact on defined benefit obligation			
Particulars	Year ended 31 March 2023		
	Increase	Decrease	
Change in discounting rate (delta effect of +/- 1%)	(3.00)	3.43	
Change in rate of salary increase (delta effect of +/- 1%)	3.22	(2.94)	
Change in rate of employee turnover(delta effect of +/- 1%)	0.28	(0.33)	
Particulars	Year ended 31 March 2022		
	Increase	Decrease	
Change in discounting rate (delta effect of +/- 1%)	(2.87)	3.29	
Change in rate of salary increase (delta effect of +/- 1%)	3.12	(2.80)	
Change in rate of employee turnover(delta effect of +/- 1%)	0.19	(0.23)	
(ix) The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:			
Particulars	Year ended 31 March 2023	Year ended 31 March 2022	
Insurance funds	50.56	46.27	
% of total plan assets	100%	100%	
(x) The following payments are expected contributions to the defined benefit plan in future years:			
Particulars	Year ended 31 March 2023	Year ended 31 March 2022	
Within the next 12 months (next annual reporting period)	5.64	6.14	
Between 2 and 5 years	17.45	14.39	
Between 6 and 10 years	17.43	16.36	
Beyond 10 years	48.70	43.77	
Total expected payments	89.22	80.66	
(xi) The weighted average duration of the projected benefit obligation at the end of the reporting period is 9 years (31 March 2022: 9 years).			

37 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT:

(i) Financial Instruments:

(a) Category-wise Classification of Financial Instruments:				
Particulars	Refer Note	As at 31 March 2023		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Investments in joint venture entity	5	-	253.05	253.05
Trade receivables	9	-	796.31	796.31
Cash and cash equivalents	10	-	131.56	131.56
Other balances with banks	6 & 11	-	30.87	30.87
Loans	12	-	59.90	59.90
Other financial assets	6	-	201.90	201.90
Total		-	1,473.59	1,473.59
Financial liabilities				
Borrowings	15 & 20	-	2,681.53	2,681.53
Trade payables	21	-	299.77	299.77
Other financial liabilities	17	-	171.21	171.21
Lease Liabilities	16	-	59.99	59.99
Total		-	3,212.50	3,212.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Refer Note	As at 31 March 2022		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Investments in joint venture entity	5	-	212.38	212.38
Trade receivables	9	-	552.80	552.80
Cash and cash equivalents	10	-	247.50	247.50
Other balances with banks	6 & 11	-	33.15	33.15
Loans	12	-	60.80	60.80
Other financial assets	6	-	182.04	182.04
Total		-	1,288.67	1,288.67
Financial liabilities				
Borrowings	15 & 20	-	2,225.71	2,225.71
Trade payables	21	-	180.18	180.18
Other financial liabilities	17	-	147.20	147.20
Lease Liabilities	16	-	55.97	55.97
Total		-	2,609.06	2,609.06

(b) Category-wise Classification of Financial Instruments:

The financial instruments are categorised in to three levels, based on the inputs used to arrive at fair value measurement as

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Inputs based on unobservable market data

There are no financial assets and liabilities which are measured at Fair value through profit and loss or Fair value through OCI, and all financial assets and liabilities are carried at amortised cost. Therefore, disclosure with respect to fair value measurement hierarchy of financial instruments is not required.

(ii) Financial risk management

The Group'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 Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group 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 Group's profits or the value of its holding of financial instruments. The Group is exposed to market risks on account of foreign exchange rates and interest rates.

(i) Foreign currency exchange rate risk:

The Group's foreign currency risk arises from its foreign operations, 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 Group.

The major foreign currency exposure for the group 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	Liabilities		Assets	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
USD	892.64	686.33	189.03	127.98
Euro	2.24	-	-	3.18

The above table represents total exposure of the Group towards foreign exchange denominated assets and liabilities.

For the years ended 31 March 2023 and 31 March 2022, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and value in the respective currencies for the above mentioned financial assets/liabilities would affect the Group's net profit by approximately ₹ 7.06 million and ₹ 5.55 million respectively.

Particulars	Impact on Profit & Loss		Impact on Equity	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022

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(All amounts are in ₹ Million, unless otherwise stated)

a) USD Sensitivity				
Rupee/USD - Increase by 1%	(7.04)	(5.58)	(7.04)	(5.58)
Rupee/USD - Decrease by 1%	7.04	5.58	7.04	5.58
b) EURO Sensitivity				
Rupee/Euro - Increase by 1%	(0.02)	0.03	(0.02)	0.03
Rupee/Euro - Decrease by 1%	0.02	(0.03)	0.02	(0.03)

(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 Group is exposed to fluctuations in interest rates in respect of rupee loans carrying a floating rate of interest and USD External Commercial Borrowing carrying a floating Libor interest rate.

Variable-rate instruments	As at 31 March 2023	As at 31 March 2022
Term Loans from Banks and others	219.68	287.96
External commercial borrowings	885.53	676.74
Cash Credit from Bank	588.58	348.45
Total	1,693.79	1,313.15

Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not have any designate derivatives (interest rate swaps). The exposure of Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	Impact on Profit & Loss	
	As at 31 March 2023	As at 31 March 2022
a) Long Term - Borrowings Sensitivity		
Increase by 1%	(11.05)	(9.65)
Decrease by 1%	11.05	9.65
b) Short Term - Borrowings Sensitivity		
Increase by 1%	(5.89)	(3.48)
Decrease by 1%	5.89	3.48

(b) Credit Risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Group 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 Group 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. Refer Note 9 for movement in impairment allowance.

(c) Liquidity Risk:

Liquidity risk refers to the risk that the Group 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 Group 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.

Maturity Profile of financial liabilities as at 31 March 2023

Particular	Within 1 Year	1-2 Years	2-5 Years	> 5 Years	Total
Borrowings	833.03	247.27	606.20	995.03	2,681.53
Trade Payable	299.77	-	-	-	299.77
Othe Financial Liabilities	164.06	7.15	-	-	171.21
Lease Liabilities	3.72	3.72	11.59	40.96	59.99
Total	1,300.58	258.14	617.79	1,035.99	3,212.50

Maturity Profile of financial liabilities as at 31 March 2022

Particular	Within 1 Year	1-2 Years	2-5 Years	> 5 Years	Total
Borrowings	580.27	183.99	480.82	980.63	2,225.71

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Trade Payable	180.19	-	-	-	180.19
Othe Financial Liabilities	141.54	5.66	-	-	147.20
Lease Liabilities	3.27	0.30	5.20	47.21	55.98
Total	905.27	189.95	486.02	1,027.84	2,609.08

(iii) Capital management

The capital structure of the Group consists of equity, debt, cash and cash equivalents. The Group's objective for capital management is to maintain the capital structure which will support the Group's strategy to maximise shareholder's value, safeguarding the business continuity and help in supporting the growth of the Group.

As at 31 March 2023 the Group meets its capital requirement through equity and borrowings. The Group monitors its capital and debt on basis of debt to equity ratio

The debt-equity ratio for the reporting period is as follow

Particulars	As at 31 March 2023	As at 31 March 2022
Total borrowings including Lease liabilities	2,741.52	2,281.68
Total Equity	2,885.46	2,673.94
Debt-Equity ratio	0.95	0.85

38 SEGMENT INFORMATION:

(i) Identification of Segments:

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Management committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 Operating Segments), in deciding how to allocate resources and in assessing performance. The Group is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry, Large animal and Pet health products. The CEO and Managing Director (CMD) and Senior management of the Group constitutes the CODM of the Group.

The Group has three principal operating and reporting segments viz. Poultry healthcare, Animal health care and Petcare.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group.

(ii) Information about product and services:

Particulars	Poultry Healthcare	Animal Healthcare	Petcare	Others	Total
Year Ended 31 March 2023					
Segment Revenue					
Revenue from operations	1,413.19	1,141.36	17.67	88.69	2,660.91
Identifiable Segment Expenses	(1,143.96)	(934.00)	(21.66)	(54.32)	(2,153.95)
Segment Results	269.23	207.35	(3.99)	34.37	506.96
Less: Unallocable Finance Cost					93.22
Add: Share of Profit in Joint Venture Entity					44.09
Less: Other Unallocable Expense (net)					56.29
Net Profit Before Tax					401.54
Less: Tax Expense					121.19
Net Profit after Tax					280.35
Year Ended 31 March 2022					
Segment Revenue					
Revenue from operations	1,718.31	631.75	-	-	2,350.06
Identifiable Segment Expenses	(1,170.93)	(622.69)	-	-	(1,793.62)
Segment Results	547.38	9.06	-	-	556.44
Less: Unallocable Finance Cost					40.64
Add: Share of Profit in Joint Venture Entity					4.23
Less: Other Unallocable Income (net)					(14.99)
Net Profit Before Tax					535.02
Less: Tax Expense					140.18
Net Profit after Tax					394.84
Other Information					
Particulars	Poultry Healthcare	Animal Healthcare	Petcare	Others	Total

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

Year Ended 31 March 2023					
Segment Assets	2,422.77	2,142.83	13.86	112.60	4,692.06
Unallocated Assets					2,007.60
Total					6,699.66
Segment Liabilities	273.36	260.73	0.57	88.36	623.02
Unallocated Liabilities					3,191.18
Total					3,814.20
Non cash items	2.41	3.32	-	0.36	6.09
Capital Expenditure	601.54	107.94	0.06	-	709.54
Year Ended 31 March 2022					
Segment Assets	2,360.77	2,123.38	-	-	4,484.15
Unallocated Assets					1,137.46
Total					5,621.61
Segment Liabilities	219.44	343.50	-	-	562.94
Unallocated Liabilities					2,384.73
Total					2,947.67
Non cash items	(66.61)	5.74	-	-	(60.87)
Capital Expenditure	223.82	1.73	-	-	225.55

Notes:

a) Others segment include sale of other Pharmaceutical products.

b) Unallocated assets and liabilities includes capital work in-progress, capital advances and capital creditors related to Human Vaccine Project as the same is yet to be capitalised. Unallocated Capital expenditure of ₹ 386.34 million (Previous year: ₹ 654.95 million) incurred on human vaccine project during the year.

(iii) Secondary Reportable Segment (Geographical):

Particulars	In India	Outside India	Total
Segment Revenue			
As at 31 March 2023	2,169.22	491.69	2,660.91
As at 31 March 2022	1,901.77	448.29	2,350.06
Non-current operating assets			
As at 31 March 2023	2,657.21	1,422.54	4,079.75
As at 31 March 2022	1,752.36	1,438.45	3,190.81

39 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

(All amounts are in ₹ Million, unless otherwise stated)

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	92.56%	2,670.77	115.36%	323.42	6.95%	1.13	109.42%	324.55
Subsidiary Company (Indian)								
Texas Lifesciences Private Limited	1.82%	52.39	2.86%	8.03	-0.10%	(0.02)	2.70%	8.01
Subsidiary Company (Foreign)								
Hester Biosciences Nepal Private Limited	2.59%	74.82	4.95%	13.87	-	-	4.68%	13.87
Hester Biosciences Africa Limited	3.64%	105.12	-43.74%	(122.62)	-9.60%	(1.56)	-41.87%	(124.18)
Hester Biosciences Kenya Limited	2.03%	58.53	-0.99%	(2.78)	17.10%	2.78	0.00%	0.00
Joint Venture Entity								
Thrishool Exim Limited	8.77%	253.05	15.73%	44.09	-	-	14.86%	44.09
Non Controlling interest in Subsidiary Companies								
	3.06%	88.16	5.02%	14.08	-0.06%	(0.01)	4.74%	14.07
Inter company transaction								
	-14.46%	(417.38)	0.81%	2.26	85.70%	13.93	5.46%	16.19
Total	100.00%	2,885.46	100.00%	280.35	100.00%	16.25	100.00%	296.60

40 OTHER STATUTORY INFORMATION:

- The Group has utilised the borrowings from banks and financial institutions for the specific purpose for which it was taken.
- The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous year.
- The Group has not advanced or loaned or invested funds (either borrowed funds or security premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

41 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:

The Group 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 17 May 2023 there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Consolidated Financial Statements.

In terms of our report attached
For Chandulal M. Shah & Co.
 Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
 Partner
 Membership No.: 135188

For and on behalf of Board of Directors

Rajiv Gandhi
 CEO & Managing Director
 DIN: 00438037

Nikhil Jhanwar
 Chief Financial Officer

Priya Gandhi
 Executive Director
 DIN: 06998979

Vinod Mali
 Company Secretary

Date 17 May 2023
Place Ahmedabad

TEN-YEAR FINANCIAL STATISTICS

(All amounts are in ₹ Million, unless otherwise stated)

YEAR ENDED ON 31 MARCH	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales of Goods	651.04	690.48	889.06	982.36	1,234.87	1,319.14	1,703.53	1,540.23	1,909.04	2,155.02	2,490.87
Other Operating Income	-	-	11.31	26.56	20.91	33.39	8.34	154.02	175.74	38.49	49.13
REVENUE FROM OPERATIONS	651.04	690.48	900.37	1,008.92	1,255.78	1,352.53	1,711.87	1,694.25	2,084.77	2,193.51	2,540.00
Other Income	2.34	7.73	3.57	8.72	7.26	18.77	30.97	29.26	16.48	46.57	53.23
TOTAL INCOME	653.38	698.21	903.94	1,017.64	1,263.04	1,371.30	1,742.84	1,723.51	2,101.25	2,240.08	2,593.23
TOTAL EXPENSES	503.11	555.30	743.03	769.15	932.17	934.23	1,145.33	1,311.23	1,500.64	1,707.52	2,153.99
(a) Cost of material consumed	147.15	104.56	150.01	157.68	177.67	217.04	227.32	211.31	241.75	370.74	292.81
(b) Purchase of Stock-in-trade	31.76	39.28	37.23	67.59	88.05	78.42	137.26	171.89	252.09	392.97	553.71
(c) (Increase)/decrease in inventories	(24.64)	(30.32)	59.58	(29.75)	33.21	(62.35)	(72.45)	(155.74)	40.14	(125.26)	(47.71)
(d) Employee benefits expenses	90.62	98.37	123.17	154.40	183.23	222.88	267.41	371.56	334.51	391.19	479.17
(e) Finance Cost	32.18	64.34	44.49	36.86	32.08	23.16	35.43	50.34	39.47	24.68	64.97
(f) Depreciation and amortisation expense	43.95	53.78	54.94	57.32	55.09	54.51	75.66	93.85	96.33	95.02	97.88
(g) Other Expenses	182.09	225.29	273.62	325.05	362.84	400.57	474.69	568.02	496.35	558.18	713.16
PROFIT BEFORE EXCEPTIONAL ITEMS	150.27	142.91	160.91	248.49	330.87	437.07	597.51	412.28	600.61	532.56	439.24
Exceptional Items	-	-	27.21	-	-	-	-	-	(52.78)	-	-
PROFIT BEFORE TAX	150.27	142.91	188.11	248.49	330.87	437.07	597.51	412.28	547.83	532.56	439.24
Tax Expenses	53.37	42.03	48.16	56.26	81.47	131.49	158.99	100.05	148.82	137.39	115.82
PROFIT AFTER TAX	96.90	100.88	139.95	192.23	249.40	305.58	438.52	312.23	399.01	395.17	323.42
BALANCE SHEET AS AT 31 MARCH	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SOURCES OF FUNDS :											
Share Capital	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07
Other Equity	593.68	674.65	757.39	918.13	1,135.85	1,375.71	1,709.30	1,945.73	2,290.74	2,599.27	2,838.75
Loan Funds	214.81	324.49	387.17	386.56	394.27	426.17	382.92	478.96	162.04	1,224.66	1,650.25
TOTAL	893.56	1,084.21	1,229.63	1,389.76	1,615.19	1,886.95	2,177.28	2,509.77	2,537.85	3,909.00	4,574.07
APPLICATION OF FUNDS :											
Property, Plant & Equipments and Intangible assets	346.99	506.77	565.30	615.68	608.50	667.40	1,008.09	967.64	866.93	843.09	1,082.17
Capital Work-in-Progress	240.53	131.50	142.74	104.70	212.94	304.73	4.17	8.74	37.19	819.09	1,486.07
Investments	27.85	36.33	88.80	86.70	86.02	144.78	282.19	406.71	438.85	646.89	646.89
Net Current Assets	304.18	458.87	486.12	663.01	743.19	843.27	983.72	1,209.57	1,262.94	1,662.85	1,430.41
Deferred Tax Assets / (Liabilities)	(25.99)	(49.26)	(53.33)	(80.33)	(35.46)	(73.23)	(100.89)	(82.89)	(68.06)	(62.92)	(71.47)
TOTAL	893.56	1,084.21	1,229.63	1,389.76	1,615.19	1,886.95	2,177.28	2,509.77	2,537.85	3,909.00	4,574.07
Equity Dividend	20%	20%	31%	41%	53%	100%	110%	66%	100%	100%	80%

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	Depositoy 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

Hester Biosciences Limited
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Corporate & Registered Office
1st Floor, Pushpak
Motilal Hirabhai Road,
Panchvati Circle,
Ahmedabad, Gujarat 380006
India

CIN: L99999GJ1987PLC022333
Phone +91 79 26445107
Email cs@hester.in

www.hester.in



KALOLWALA & ASSOCIATES

www.kalolwala.com

PUBLICATION DESIGN

Ruchika Nambiar
www.ruchikanambiar.com

The logo consists of a solid teal square. Inside the square, the word "HESTER" is written in a white, bold, sans-serif font, centered horizontally and vertically.

HESTER

Hester Biosciences Limited
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