HESTER

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CIN L99999GJ1987PLC022333

23 July 2021

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Scrip Code: 524669

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

Symbol: HESTERBIO

Respected Sir/ Madam:

Subject: Notice of the 34th Annual General Meeting along with Annual Report of the Company for the financial year 2020-21

This is to inform you that the 34th Annual General Meeting of the Company will be held on **Tuesday, 17 August 2021 at 10:00 a.m. (IST)** through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), in accordance with the applicable circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for the financial year 2020-21 along with Notice of the 34th Annual General Meeting, which is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Company's Registrar and Transfer Agent, Link Intime India Private Limited/ Depositories. The said Annual Report will also be available on the website of the Company, that is, www.hester.in.

The Register of Members and Share Transfer Books of the Company will remain closed **from Saturday, 7 August 2021 to Tuesday, 17 August 2021 (both days inclusive)** for the purpose of determining shareholders' entitlement for final dividend, as recommended by the Board of Directors at their meeting held on Tuesday, 8 June 2021 on the equity shares at the rate of 100% (i.e. INR 10 per share), for the financial year 2020-21 subject to approval of members at the ensuing annual general meeting. The dividend on equity shares, if declared at the 34th Annual General Meeting, will be paid on or after Friday, 20 August 2021.

The Company has fixed Monday, 9 August 2021 will be the "Cut-off Date" for the purpose of determining the Members eligible to vote on the resolutions set out in the Notice of the AGM or to attend the AGM. The remote e-Voting period commences on Friday, 13 August 2021 at 9:00 a.m. (IST) and ends on Monday, 16 August 2021 at 5:00 p.m. (IST) The remote e-Voting module shall be disabled for voting thereafter. The members who have not casted their vote through remote e-voting shall be entitle to vote on the day of Annual General Meeting.

Please take the same on your record.

Sincerely,
For Hester Biosciences Limited

Vinod Mali
Company Secretary &
Compliance Officer

Hester Biosciences Ltd. Ahmedabad

Enclosure: As above

HESTER

2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021

Expanding Horizons. Igniting Possibilities.

Hester Biosciences Limited
34th Annual Report 2020-21

HESTER

Hester Biosciences Limited

34th Annual Report 2020-21

Forward-Looking Statements

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

This Report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

CORPORATE OVERVIEW

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CORPORATE OVERVIEW

1.1

Introduction

Market Capitalisation

₹ 16,305 MILLION

2600%

2600% growth in the last decade

Global Vaccine Manufacturing Capacity

₹ 8.99 BILLION

87%

87% growth in the last decade

30+

Countries of Presence

2nd

Largest Poultry Vaccine Manufacturer in India

*Including ₹1.50 billion of upcoming plant in Africa expected to commission in December 2021

Hester Biosciences is amongst the fastest growing poultry and animal healthcare companies globally.

Each day our scientists continue to innovate and collaborate with research institutes to develop better products. Our team reaches out to thousands of livestock holders to provide products and technical assistance.

We have been at the forefront of improving health of animals and poultry globally, protecting the livelihood of livestock farmers and creating value for each of our stakeholders.

It's now the time, that we build on our strong foundation and transcend to the next level. We are expanding horizons to grow our business multi-fold and igniting possibilities to maximise value creation for all stakeholders.

Expanding Horizons at Hester Biosciences

1. Widening portfolio with differentiated herbal line of products
2. Actively collaborating to strengthen research competencies and portfolio offerings for new diseases
3. Driving business excellence by restructuring and optimising processes and systems
4. Deepening innovation with focus on large animals
5. Growing scale by adding capacity and exploring inorganic opportunities
6. Strategically allocating resources in line with growth areas

1.2

FY 2020-21 in Focus

RESILIENT PERFORMANCE

₹ 2,084.77 MILLION

↑ 23% Net Sales

₹ 719.82 MILLION

↑ 36.51% EBIDTA

₹ 399.01 MILLION

↑ 27.9% Profit After Tax

₹ 2,375.81 MILLION

↑ 16.99% Net Worth

25.90% ROCE

↑ 894 Basis Points

0.07 DEBT EQUITY RATIO (IN TIMES)

0.24 in FY 2019-20

SUSTAINED NEW PRODUCT LAUNCHES

- New category of Herbal products for poultry and animals
- Live Thermo-tolerant PPR Vaccine - Nigerian 75/1 Strain
- Newcastle Disease Vaccine, Live Nano (Lasota Strain)
- Infectious Avian Encephalomyelitis Vaccine, Inactivated (Van Roekel Strain)

EFFECTIVE RESPONSE TO THE COVID-19 PANDEMIC

- Mask and sanitiser distribution in Mehsana, Gujarat
- All Government norms followed
- Uninterrupted supplies of vaccines and healthcare products
- ₹8.50 million contribution to PM CARES Fund

ASSISTANCE TO FARMERS

Provided technical assistance for improving the biosecurity and general health condition of poultry to prevent the outbreak such as Bird Flu disease

KEY INNOVATIONS IN PROGRESS

First Lumpy Skin Disease Vaccine in India

New category of Herbal products for poultry and animals

₹8.5Mn
contribution to PM CARES Fund

First vaccine against Lumpy Skin Disease in India to be launched by Hester

1.3

Ready for Opportunities in Africa

We have completed the construction of our animal vaccine manufacturing plant in Tanzania, which is one of the largest in the African continent. Despite all the challenges relating to the pandemic, our teams moved with agility to ensure the project work continues.

HESTER BIOSCIENCES AFRICA LIMITED

The plant is expected to commence production by December 2021, and its benefits will be visible from FY 2021-22 as we capitalise on its large capacity to serve the African markets which has one of the largest domestic livestock and large animals. Built at a total cost of USD 14.30 million, this plant will help us become a leading player in Africa and contribute significantly to our overall top line.

1.5 BILLION DOSES

Animal Vaccine Capacity

One of Africa's largest vaccine plants

Established extensive distribution network and applied for product registrations

Potential to address major diseases specific to the African continent

1.4

Herbal Products for Holistic Well-Being of Animals

Herbal therapy for veterinary is steadily gaining prominence in the global arena with several animal health professionals recommending natural supplements in addition to allopathic health products to build immunity and improve overall health, production and reproduction of animals. Moreover, they are safe and natural, with no withdrawal period and side effects.

At Hester, we intend to meet this growing demand by producing research-based herbal range of products for poultry, cattle, sheep, goat and swine. Complementing our existing products, these natural products, will widen our offerings and help target new customers. These products have been clinically trialled (at veterinary colleges and private farms) with encouraging results on the efficacy and overall performance.

13 PRODUCTS LAUNCHED

ANIMAL

	Digestive Tonic and Anti-bloat solution
	Wound Healing Preparation
	Fertility Supplement
	Anti-Mastitis Preparation
	Anti-Prolapse Preparation
	Stress Reliever and Immunity Booster
	Ectoparasiticide Preparation
	Uterine Tonic

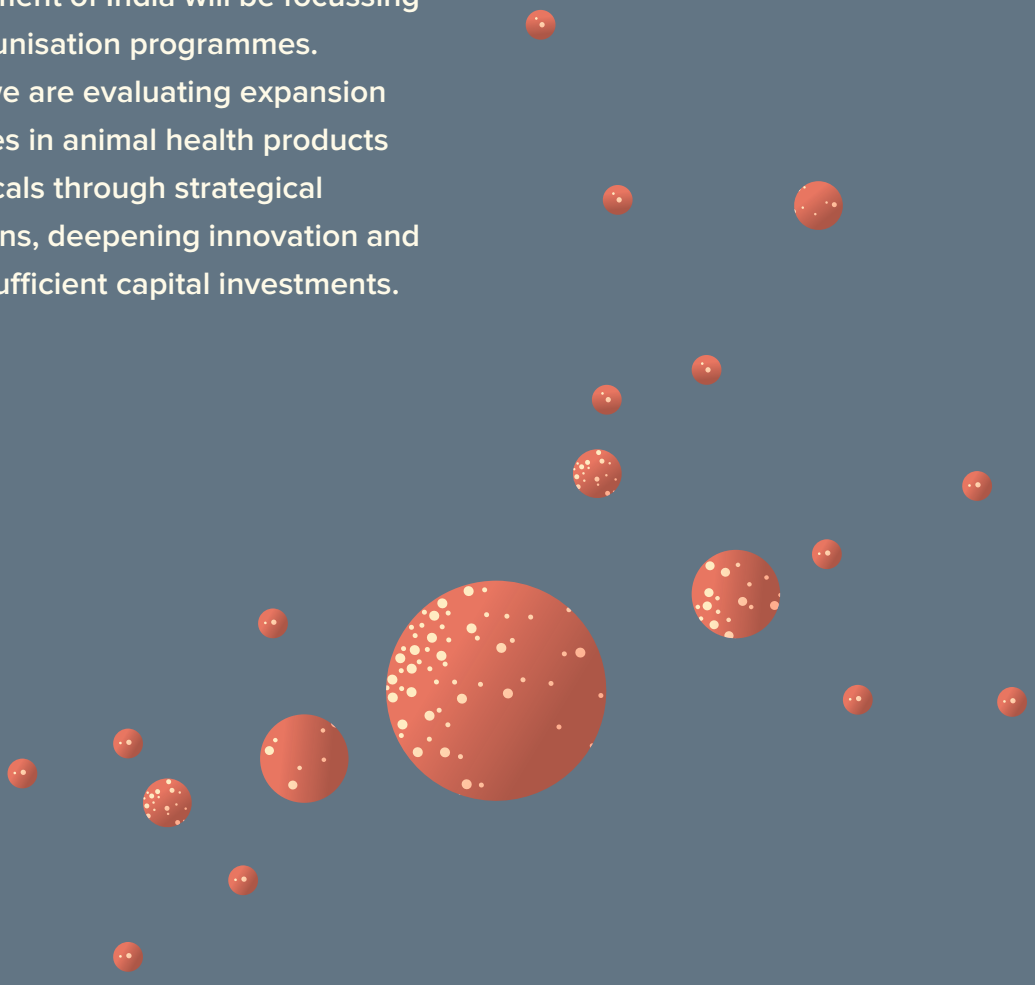
POULTRY

	Herbal Replacer for Choline Chloride
	Stress Reliever and Immunity Booster
	Growth Promoter
	Liver Tonic
	Respiratory Stimulants

1.5

Innovating for India's Fight Against Severe Animal Diseases

Large animal diseases are rising and the Government of India will be focussing on the immunisation programmes. At Hester, we are evaluating expansion opportunities in animal health products and biologicals through strategical collaborations, deepening innovation and allocating sufficient capital investments.



CLASSICAL SWINE FEVER & SHEEP POX VACCINE

These are severe diseases with high mortality rates, causing heavy financial losses to farmers. At Hester, we have signed agreements with ICAR-IVRI (Indian Council of Agricultural Research – Indian Veterinary Research Institute) for acquiring technologies to produce and commercialise vaccines for these diseases, the first that have been indigenously developed using locally isolated strains. Extensively tested by IVRI for safety and potency, they are found to provide 100% protection. We aim to produce them at low cost to enable large scale immunisation.

24 MONTHS

Protective Immunity Period
for Classical Swine Fever Vaccine

48 MONTHS

Protective Immunity Period
for Sheep Pox Vaccine

PPR VACCINES WITH LAST-MILE DELIVERY CAPABILITY

PPR (Peste Des Petits Ruminants) disease affects 30 million sheep and goat annually across the globe, and thus impacting livelihoods and food security of small livestock keepers. FAO and OIE intends to eradicate PPR disease by 2030 through vaccination.

At Hester, we are manufacturing PPR (standard) vaccine. However, with most keepers in rural areas, its last-mile delivery remained unviable due to lack of cold chain facilities. In 2020, our Nepal unit successfully developed and commercialised the Live Thermo-tolerant PPR Vaccine - Nigerian 75/1 Strain, with technology from Tufts University. It has received a quality certification from The Pan African Veterinary Centre (AU-PANVAC) and regulatory approvals from Department of Drug Administration (DDA), Nepal.

LUMPY SKIN DISEASE (LSD) VACCINE – READY FOR INDIAN BREAKTHROUGH

Cattle LSD, an endemic in most African and Middle Eastern countries, is an emerging disease of economic importance for farmers in India. Vaccination is the only effective means to control it. However, there are no vaccines for it in India. At Hester, we have made significant progress in developing LSD vaccine. Currently undergoing safety and efficacy evaluations, it has been appreciated by the Government for its efficacy (results awaited).

BRUCELLA VACCINE – COMMITTED TO DRIVE GOVERNMENT OF INDIA'S (GOI) IMMUNISATION PROGRAMME

Brucella disease is of global economic importance, impacting cattle. A bigger concern is its transmissibility to humans with no vaccine available to protect humans. Therefore, immunisation of animals with vaccine is an urgency. The GoI has already initiated steps to immunise female calves, with 4 crore calves targeted in the first phase. We, at Hester, aim to be an important part of this initiative. We are currently manufacturing and supplying the conventional Brucella Abortus S19 vaccine across India. However, we have acquired technology from IVRI to develop S19 Delta Par, new DIVA enabled vaccine which has enhanced safety, immunogenicity, and lifelong immunity assurance with a single shot.

LIFELONG IMMUNITY

Our S19 Delta Par, new DIVA enabled vaccine offers lifelong immunity assurance against Brucella with a single shot

1.6

About Hester Biosciences

PROFILE

Hester Biosciences is a leading poultry and animal healthcare company engaged in manufacturing and marketing of vaccines and healthcare products. We operate with a singular focus of improving health of poultry and animals, monitoring and preventing diseases in them, and in turn enabling livestock farmers grow income.

We are progressing innovation charter and building capacities to unlock untapped potential. We also aim to play a bigger role in strengthening the livestock industry in India and contributing to the nation's development.

Our Group Companies

HESTER BIOSCIENCES NEPAL PRIVATE LIMITED (HBNPL)

65% STAKE

Business

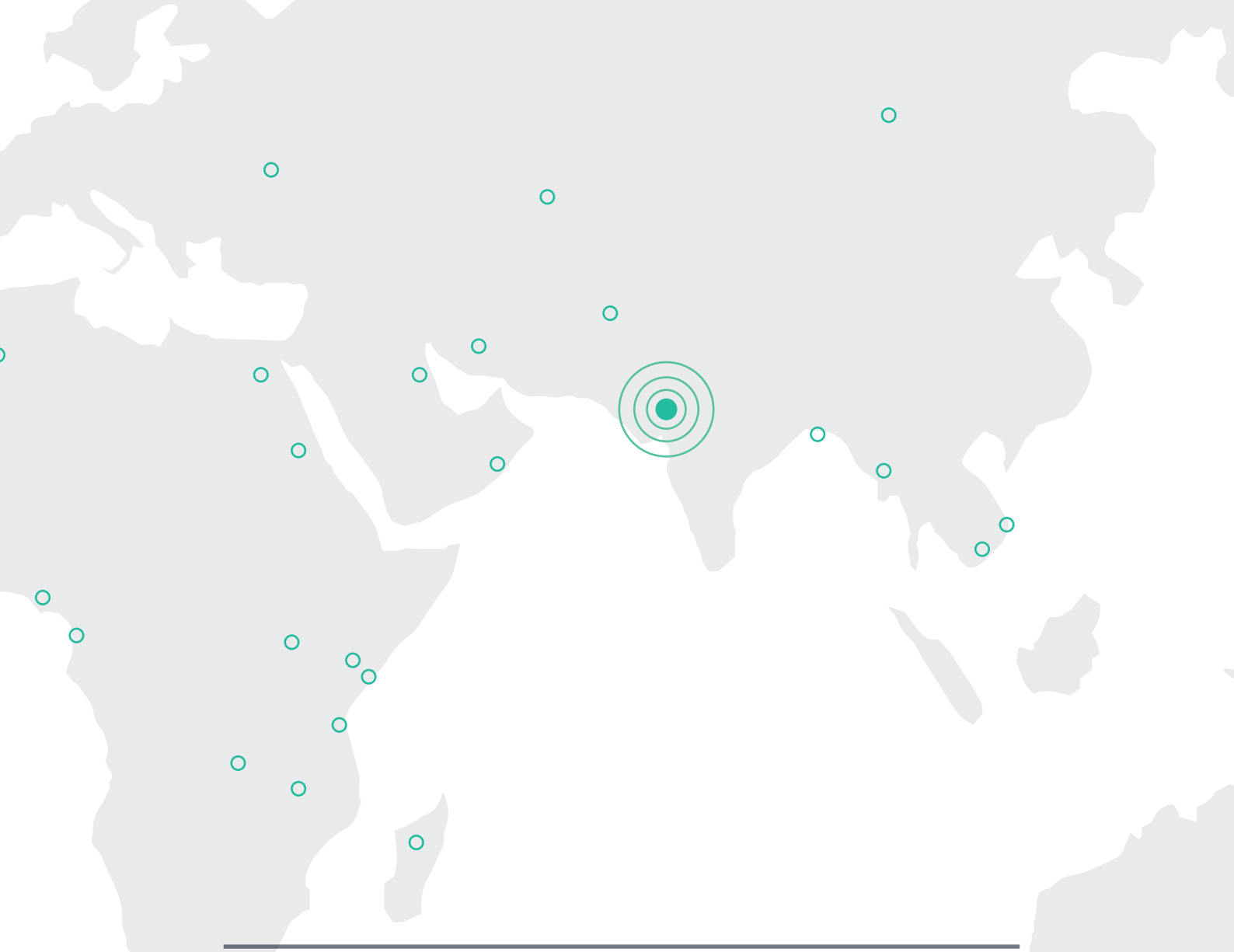
Manufacturing and supplying of animal vaccines

TEXAS LIFESCIENCES PRIVATE LIMITED (TEXAS LIFESCIENCES)

54.85% STAKE

Business

Manufacturing and supplying of pharma formulations, tablets, capsules, powder and oral liquid for human and veterinary health



HESTER BIOSCIENCES AFRICA LIMITED (HBAL)

100% STAKE

Business

Manufacturing and supplying of veterinary vaccines and animal health products (expected operationalisation in FY22)

HESTER BIOSCIENCES KENYA LIMITED (HBKL)

100% STAKE

Business

Trading and supplying of veterinary vaccines and animal health products in Kenya, Tanzania and other African regions through Hester Biosciences Tanzania Limited

Diversified Offerings for A Healthier and Safer World

We offer a wide range of high-efficacy vaccines, quality pharmaceutical medicines and affordable feed supplements that protect poultry and animals from diseases, improve their health and optimise their productivity. We work closely with customers and offer technical services to provide holistic health solutions. Our poultry and animal healthcare divisions continuously monitor the gap in the market basis which they innovate vaccines indigenously as well as through collaborations to meet our customer's unmet needs and ultimately to ensure a safer world.

	POULTRY HEALTHCARE PRODUCTS	ANIMAL HEALTHCARE PRODUCTS
Diseases covered	Newcastle Disease, Infectious Bronchitis, Infectious Bursal Disease, Fowl Pox, Egg Drop Syndrome, Reo, Marek's Disease, Infectious Coryza, Fowl Cholera, Mycoplasma gallisepticum, Inclusion body hepatitis, Avian encephalomyelitis, etc.	Goat Pox, Peste des Petits Ruminants (PPR), Brucellosis, Mastitis, Metritis & All types of infections, Reproductive disorders, Theileriosis, Parasitic diseases, etc.
Vaccines	**18 LIVE VACCINES** **30 INACTIVATED VACCINES**	**3 LIVE VACCINES**
Therapeutics	Anti-infective, Anti-parasite, NSAIDs and Anthelmintic	
Feed Supplement	Toxin binder, Trace minerals, Enzyme preparation, and Bypass fat	
Herbal Products	Growth promoter, Herbal replacer for Choline chloride, Stress reliever and immunity booster Respiratory stimulant, Liver tonic, Wound healing preparation, Fertility supplement, Uterine tonic, Digestive tonic and Anti-bloat solution, Ectoparasiticide preparation, Anti-mastitis & Anti-prolapse preparation	
Biosecurity	Disinfectants for farms and equipment, Water sanitiser	
Nutrition	Mineral Mixture, Fertility Supplement and Growth Tonic	

RANGE OF WORLD-CLASS PRODUCTS AND SERVICES

- Wide offerings of 48 poultry vaccines (single and combination), 3 large animal vaccines, medicines, feed supplements and disinfectants for poultry and large animals
- Value-added services of poultry seroprofiling, cattle mastitis control and other technical assistance
- World-class products complying to WHO, GMP, GLP and ISO 9001:2015 standards

ECONOMIES OF SCALE

- Ability to deliver products at competitive prices led by large scale production and operational efficiencies
- Asia's largest single-location animal biological manufacturing facility in Gujarat, India and Kathmandu, Nepal
- 8.99 billion doses of total manufacturing capacity

DEEP INNOVATION CAPABILITIES

- Department of Scientific & Industrial Research (DSIR) recognised R&D labs
- Expert team of scientists
- Collaborations to gain technical know-how and develop cost-effective vaccines

SUPPLY CHAIN CAPABILITIES

- Ability for last-mile delivery of products and services across India
- Extensive distribution network in Nepal and Africa

SUSTAINABLE OPERATIONS

- Safe, environmental-friendly operations complying to ISO 14001:2015 and OHSAS 18001:2007

ROBUST CORPORATE GOVERNANCE PRACTICES

- Ethical and transparent business; further strengthened with appointment of E&Y as an Internal Auditor
- Compliance to demanding standards across 30+ global markets
- Investments in technologies and processes to strengthen compliance

EXPERIENCED PROMOTERS AND A DYNAMIC TEAM

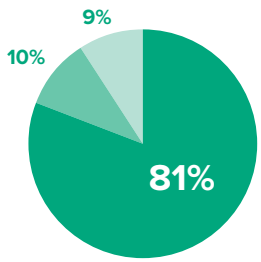
- Highly experienced promoters with deep industry knowledge
- Team with rich knowledge of the global generic pharmaceutical business environment

DIVERSIFIED AND DE-RISKED OPERATIONS

- Revenues diversified across regions, customer type, and business segments

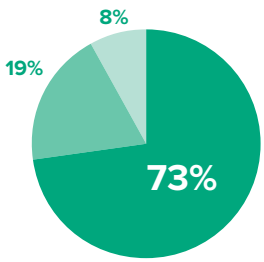
FY 2020-21 REVENUE

BY GEOGRAPHY



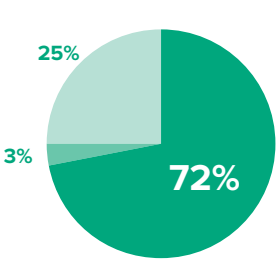
- DOMESTIC
- EXPORTS
- OTHERS

BY SEGMENT



- POULTRY HEALTHCARE
- ANIMAL HEALTHCARE
- OTHERS

BY CUSTOMER TYPE



- TRADE
- GOVERNMENT TENDERS
- OTHERS

1.7

CEO & MD's Message

Dear Shareholders,
As always, I am pleased to present the performance of your Company for FY 2020-21.

FY 2020-21 IN RETROSPECT

The year FY 2020-21 has been in line with the financial forecasts and budgets.

After few setbacks faced in FY 2019-20, due to a combination of external and internal factors, we introspected ourselves. Corrective measures were identified and implemented. We ensured better planning and put necessary internal systems in place.

The pandemic has taught us to have a business model that is flexible, agile, resilient and above all, one that needs to deal with unforeseen circumstances. During the pandemic, we witnessed examples of people uniting to fight the crisis, and scientists working at a rapid pace to develop vaccines, coming up with holistic solutions for our end users. While the challenge is not behind, we remain cautiously optimistic of better days ahead.

At Hester, we did our bit by contributing ₹ 8.50 million to the PM CARES Fund as well as by distributing essential supplies like masks and sanitisers to combat COVID-19, in the district of Mehsana, Gujarat. While our health and safety measures have always been uncompromised, we took added measures and followed all guidelines set by the Government of India to ensure the safety of our employees.

CONTINUED ▸

BUSINESS OVERVIEW OF HESTER INDIA

Your Company reported net sales of ₹ 2,084.77 million in FY 2020-21 compared to ₹ 1,694.25 million in the previous year, thereby registering a growth of 23%.

Domestic sales were at ₹ 1,693.17 million as compared to ₹ 1,316.04 million in FY 2019-20, thereby registering a growth of 29%. The Company performed better than expected in the domestic market.

...the Company performed better than expected in the domestic market

On the other hand, export sales were at ₹ 215.88 million as compared to ₹ 224.19 million in FY 2019-20, thereby registering a de-growth of 4%. The hit in the export business was mainly due to our inability to make international shipments as COVID-19 had very restricted flight movements for most of the financial year.

The higher performance in domestic sales neutralised the negative impact on international sales, thus enabling us to achieve our yearly target.

Overall, Poultry Health Division showed a growth by 25% and the Animal Health Division registered a growth of 19%.

Your Company recorded a net profit after tax of ₹ 399.01 million in FY 2020-21 as against ₹ 312.24 million in the previous year with a growth of 28%.

While the quarter on quarter gross margins have always been oscillating within a band, the overall year's EBIDTA margins have improved.

In the year gone by, the progress of our subsidiaries was impacted to some extent.

HESTER NEPAL

FY 2020-21 has not been as per expectations. Due to the pandemic, FAO tendering for PPR had been very low, notwithstanding the restrictions in air shipments for the supply of vaccines internationally.

Hester Nepal has registered a loss of ₹ 9.73 million with a turnover of ₹ 47.52 million in FY 2020-21, against a turnover of ₹ 161.80 million in FY 2019-20.

TEXAS LIFESCIENCES

As mentioned before, through Texas Lifesciences, Hester aims at achieving complete self-reliance for the supplies of health products. A majority portion of our animal and poultry health products are manufactured at Texas. We are in the process of expanding the capacity, besides making further improvements in the manufacturing processes, as well as adding specialised human resources to increase the overall efficiency and performance.

Texas Lifesciences reported net sales of ₹ 180.01 million in FY 2020-21 as compared to ₹ 128.03 million in the previous year, thereby registering a growth of 41%.

HESTER TANZANIA

The company is in the process of establishing additional sales and distribution networks keeping in focus the demands from Tanzanian markets as well as of the East African countries.

HESTER AFRICA

The project construction is completed. We hope to release the first batches of the locally manufactured PPR vaccine and New Castle Disease vaccine in this financial year.

We hope to release the first batches of the locally manufactured PPR vaccine and New Castle Disease vaccine in this financial year.

CONTINUED ▸

GOING FURTHER

For many years, we, at Hester, have established a strong portfolio around poultry which accounts for 73% of our FY 2020-21 revenues.

However, I believe it is now time for us to graduate and build our large animal business as we see a very high potential for growth in this area. Government of India is also undertaking large-scale immunisation programmes for cattle, swine, sheep and goat which are a major source of income for the livestock farmers in the country.

In line with this, we have deepened our innovation and capital allocation focussed on the large animal healthcare.

We are actively partnering with various institutions to get the technology for developing vaccines for the emerging diseases that require attention. This year, we have entered into an agreement with ICAR-IVRI (Indian Council of Agricultural Research – Indian Veterinary Research Institute) for getting technologies to develop vaccines for Classical Swine Fever, Sheep Pox and Lumpy Skin Disease. The registration for these vaccines is in process and we hope to commence the commercial production and marketing for all these vaccines by the end of this financial year.

The recently launched herbal product division is primarily going to focus on the long-term chronic illnesses in the animals, complementing our range of allopathic health products. This division is expected to give us substantial results in increasing the top line in the coming financial year.

Above all, at Hester, we strongly believe, technology as well as human resource together make the place succeed. So far, throughout the pandemic, despite seeing some lows and difficulties, we have not had any layoffs and pay cuts. Salaries have been given on time. This year, we maintained an average of 14% of salary increment across the organisation right from the month of April 2021. Announcements were made well in time, and this has helped us maintain and boost the overall motivation of our employees.

UPDATES ON THE HESTER'S INITIATIVES IN DEVELOPING COVID-19 VACCINE

IIT Guwahati (our technology partner) is in the process of developing the master seed, based on which, Hester shall take the project further towards developing the vaccine.

On 27 May 2021, an MoU was signed between Bharat Biotech and Gujarat Covid Vaccine Consortium (GCVC) of which Hester is a part. Hester shall provide the complete infrastructure at its Gujarat plant for manufacturing the Drug Substance for COVAXIN for Bharat Biotech.

CONTINUED ▸

IN CONCLUSION

Hester is now in an aggressive expansion mode. On one hand, we have plans to grow capacities organically, on the other, we are actively pursuing inorganic opportunities in India and internationally.

We have undertaken extensive market research to ensure that we are present in the right businesses and markets, having a strong growth potential. We are confident that our investments will generate sustainable returns without impacting the quality of our balance sheet.

While taking an aggressive posture, Hester has in mind and is conscious of the fact that aggression coupled with stability will pay higher dividends.

I thank all the stakeholders for their trust, support, guidance and good wishes. The journey ahead is long. Together we shall continue to grow.

Warm regards,
Rajiv Gandhi
CEO & MD

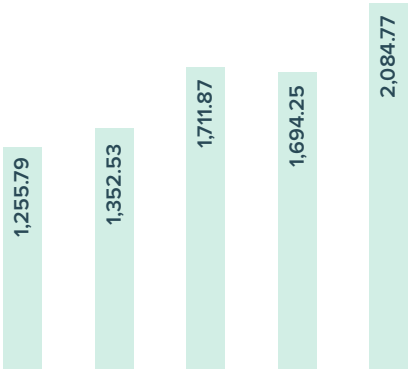
1.8

Growing Resiliently

PROFIT & LOSS METRICS

TURNOVER
(₹ in million)

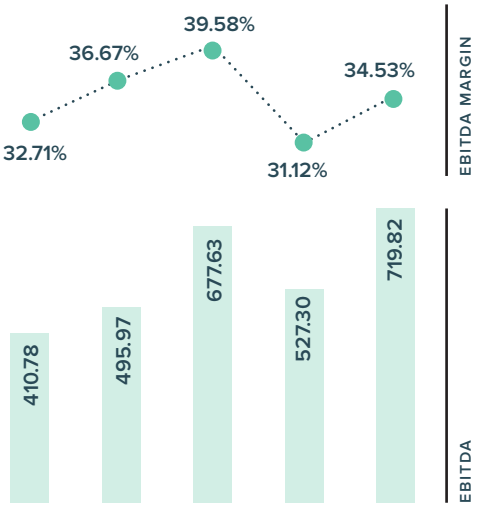
Turnover increased on the back of strong 55% growth in domestic business as onset of Bird Flu surged demand for poultry vaccines and health products. Export business grew marginally due to the pandemic related trade restriction and lower international demand.



▲ 23.05% OVER FY20 ▲ 15.62% 5-YEAR CAGR

EBITDA (₹ in million) & EBITDA MARGIN (%)

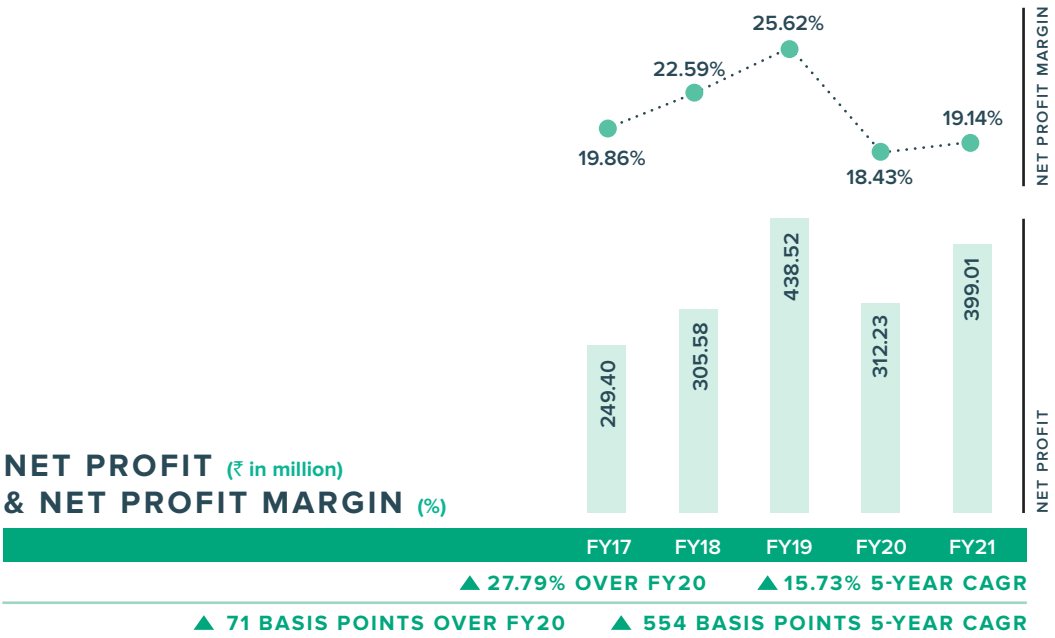
Operating profits grew in line with revenue growth. EBITDA margins improved due to rationalisation of product mix and decline in marketing and administrative expenses. Our operating performance continues to be amongst the best in the industry.



▲ 36.51% OVER FY20 ▲16.60% 5-YEAR CAGR

▲ 341 BASIS POINTS OVER FY20 ▲ 113 BASIS POINTS 5-YEAR CAGR

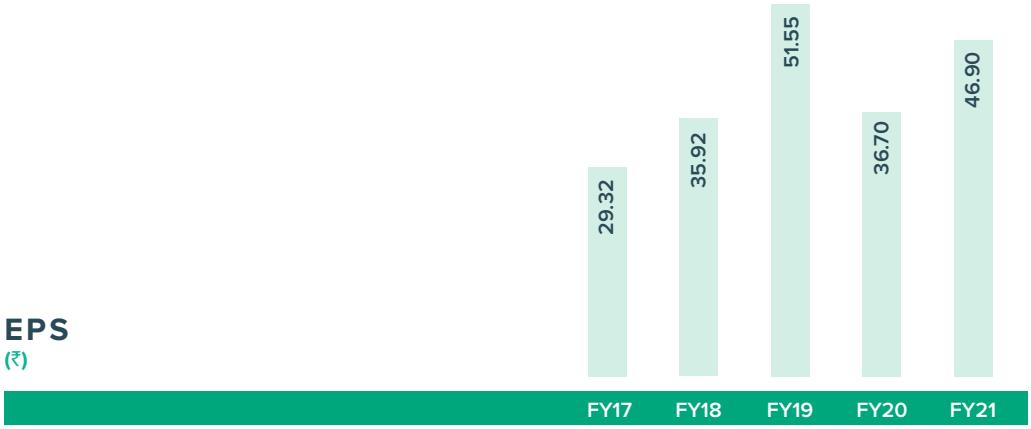
NET PROFIT (₹ in million) & NET PROFIT MARGIN (%)



▲ 27.79% OVER FY20 ▲ 15.73% 5-YEAR CAGR

▲ 71 BASIS POINTS OVER FY20 ▲ 554 BASIS POINTS 5-YEAR CAGR

EPS (₹)

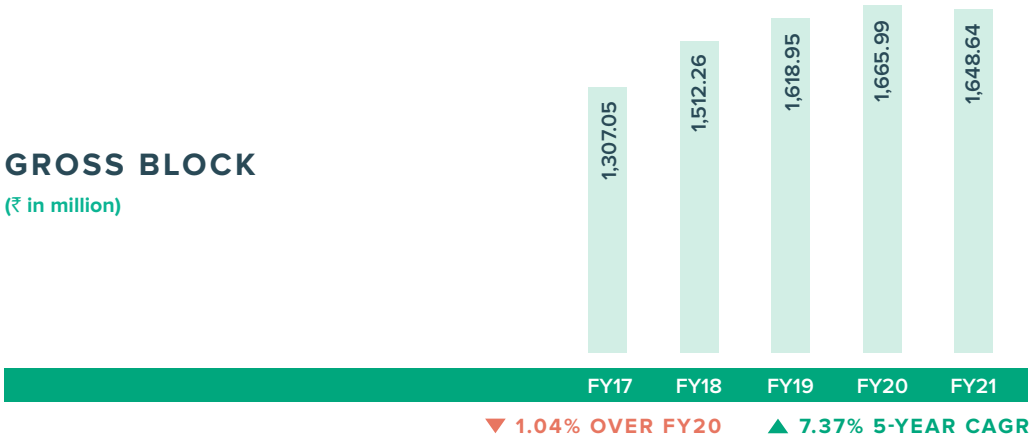


▲ 27.79% OVER FY20 ▲ 15.73% 5-YEAR CAGR

BALANCE SHEET METRICS

GROSS BLOCK

(₹ in million)

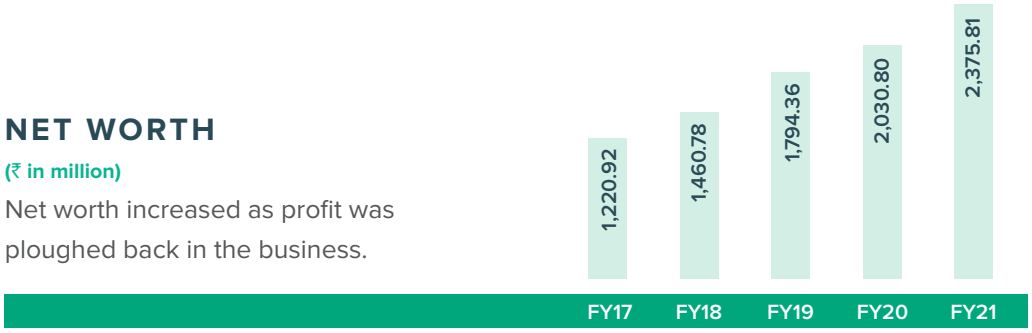


▼ 1.04% OVER FY20 ▲ 7.37% 5-YEAR CAGR

NET WORTH

(₹ in million)

Net worth increased as profit was ploughed back in the business.

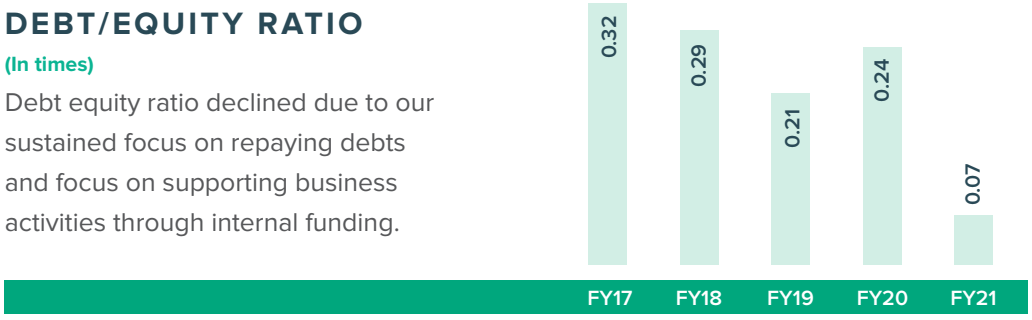


▲ 16.99% OVER FY20 ▲ 18.82% 5-YEAR CAGR

DEBT/EQUITY RATIO

(In times)

Debt equity ratio declined due to our sustained focus on repaying debts and focus on supporting business activities through internal funding.



BOOK VALUE PER SHARE

(₹)

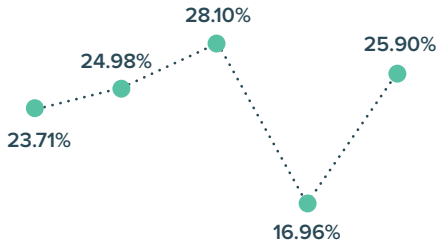
Book Value increased as we continued to manage assets and liabilities in a better way to grow the shareholders' value.

▲ 16.99% OVER FY20 ▲ 18.82% 5-YEAR CAGR

RETURN ON CAPITAL EMPLOYED

(%)

ROCE improved 894 basis points as we generated better returns supported by improved product mix, better sales efficiency on existing assets and decline in expenses.

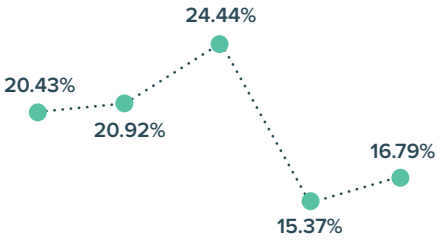


▲ 894 BASIS POINTS OVER FY20 ▲ 494 BASIS POINTS 5-YEAR CAGR

RETURN ON EQUITY

(%)

ROE increased due to higher profitability.



▲ 142 BASIS POINTS OVER FY20 ▼ 232 BASIS POINTS 5-YEAR CAGR

P.42-119

STATUTORY REPORTS

2.1

Corporate Information

BOARD OF DIRECTORS

Dr. Bhupendra Gandhi	Chairman
Mr. Rajiv Gandhi	CEO & Managing Director
Mr. Sanjiv Gandhi	Director
Mr. Ravin Gandhi	Director
Mr. Naman Patel	Independent Director
Mr. Amit Shukla	Independent Director
Ms. Sandhya Patel	Independent Director
Mr. Ashok Bhadakal	Independent Director
Ms. Nina Gandhi	Alternate Director

CHIEF FINANCIAL OFFICER
Mr. Chetas Patel
(From 29 April 2020 till 8 June 2021)

Mr. Nikhil Jhanwar
(Appointed with effect from 9 June 2021)

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 - 382721

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

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

STAKEHOLDERS' GRIEVANCES & RELATIONSHIP COMMITTEE
Mr. Amit Shukla (Chairman)
Mr. Naman Patel
Ms. Sandhya Patel

NOMINATION AND REMUNERATION COMMITTEE
Mr. Naman Patel (Chairman)
Mr. Amit Shukla
Mr. Ashok Bhadakal

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Mr. Rajiv Gandhi (Chairman)
Mr. Sanjiv Gandhi
Mr. Amit Shukla

RISK MANAGEMENT COMMITTEE
Mr. Rajiv Gandhi (Chairman)
Ms. Sandhya Patel
Ms. Priya Gandhi
Ms. Kajal Patel

SHARE TRANSFER COMMITTEE
Mr. Rajiv Gandhi (Chairman)
Mr. Sanjiv Gandhi
Mr. Amit Shukla

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

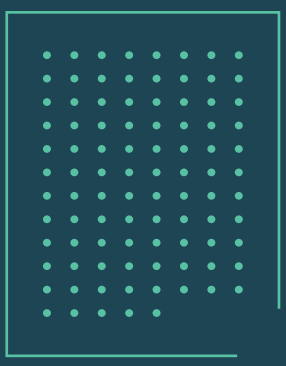
REGISTRAR & TRANSFER AGENTS
Link Intime India Private Limited
(Unit: Hester Biosciences Limited)
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre,
Near St. Xavier's College Corner,
Off C. G. Road, Ellisbridge,
Ahmedabad 380006

STOCK EXCHANGES
BSE Limited
National Stock Exchange of India Limited

2.2

Board's Report

Your Directors are pleased to present the Thirty Fourth Annual Report and the Audited Financial Statements for the financial year ended on 31 March 2021.



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 2021 is summarised below:

(Amounts in ₹ million)

Particulars	Standalone		Consolidated	
	For the year ended on 31 March 2021	For the year ended on 31 March 2020	For the year ended on 31 March 2021	For the year ended on 31 March 2020
Revenue from operations and other income	2,101.25	1,723.52	2,190.16	1,896.35
Profit before interest, depreciation, amortisation expenses, and tax (PBIDT)	736.41	556.48	733.42	617.67
Less: Finance Cost	39.47	50.34	66.04	73.70
Less: Depreciation, Amortisation Expenses	96.33	93.85	133.14	130.72
Profit before exceptional items and tax	**600.61**	**412.29**	**534.24**	**413.26**
Exceptional Items	52.78	-	33.21	-
Profit after exceptional items and before tax	**547.83**	**412.29**	**501.03**	**413.26**
Less: Tax Expenses	148.82	100.05	154.05	103.24
Profit for the year (PAT)	**399.01**	**312.24**	**346.98**	**310.02**
Attributable to:				
Owners	399.01	312.24	344.30	291.71
Non-Controlling Interest	-	-	2.68	18.32
Other Comprehensive Income /(Loss)	**2.14**	**(4.01)**	**(15.80)**	**20.48**
Total Comprehensive Income	**401.15**	**308.23**	**331.18**	**330.50**
Attributable to:				
Owners	401.15	308.23	328.50	312.19
Non-Controlling Interest	-	-	2.68	18.32
Opening Balance in Retained Earnings	1,368.98	1,132.54	1,252.17	1,039.70
Amount available for appropriation	**1,770.13**	**1,440.77**	**1,598.61**	**1,323.96**
Less: Dividend on equity shares	56.15	71.79	56.15	71.79
Closing Balance in Retained Earnings	**1,713.98**	**1,368.98**	**1,542.46**	**1,252.17**
Earnings Per Share (Basic / Diluted) (Face Value of Share ₹ 10 each)	**46.90**	**36.70**	**40.79**	**36.44**

RESULTS OF OPERATIONS

Sales
During the year under review, the standalone revenue from operations was ₹ 2,084.77 million, as compared to ₹ 1,694.25 million in the previous year. The consolidated revenue from operation was ₹ 2,143.32 million in the financial year ended on 31 March 2021, as compared to ₹ 1,832.68 million in the previous year.

Profitability
The Company achieved a standalone profit before tax of ₹ 547.83 million, as compared to ₹ 412.29 million in the previous year. The consolidated profit before tax was ₹ 501.03 million in the financial year ended on 31 March 2021, as compared to ₹ 413.26 million in the previous year.

Earnings per share
The EPS on the standalone financials was ₹ 46.90 for the year ended on 31 March 2021 as against ₹ 36.70 as on 31 March 2020. The EPS on consolidated financials was ₹ 40.79 for the year ended on 31 March 2021 as against ₹ 36.44 as on 31 March 2020.

Share Capital
The paid-up equity share capital as on 31 March 2021 stood at ₹ 85.07 million. The members of the Company approved the special resolution on 8 March 2021 for Issuance of equity shares, and/or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment up to an aggregate amount of ₹ 2 billion, through the Postal Ballot process.

Net Worth
The Companys' standalone net worth as on 31 March 2021 was at ₹ 2,375.81 million as compared to ₹ 2,030.80 million as on 31 March 2020. The Companys' consolidated net worth as on 31 March 2021 was at ₹ 2,359.58 million as compared to ₹ 2,064.93 million as on 31 March 2020.

COVID-19 RESPONSE

The Company have created a group of senior management team to monitor the events happening in the external environment and take suitable preventive and corrective measures to ensure continued safety of employees. Our manufacturing facilities were operating at a reasonable capacity utilisation and we have ensured that our products supplied to without interruptions.

We have taken several steps aimed at ensuring the safety, which include work from home, social distancing in the office premises, sanitisation of our office premises; plant location and company vehicles, thermal screening for employees working at sites, providing sanitisers, masks etc. to employees. Apart from following all protocols and guidelines issued by global health organisations like WHO for Covid-19 we have come out with our own advisory for the employees for safety of our employees. We have distributed sanitisers and masks in the district of Mehsana, Gujarat.

DIVIDEND

Your Directors have recommended a dividend of ₹ 10 (100%) per equity share on 8,506,865 Equity Shares of ₹ 10 each fully paid-up for the financial year 2020-21, amounting to ₹ 85.07 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 21.32% of standalone profits.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), the Company has formulated a Dividend Distribution Policy. The dividend distribution policy is available on the Company's website and can be accessed at: www.hester.in.

During the year, the unclaimed dividend pertaining to the dividend for the year ended 31 March 2013 was transferred to Investors Education and Protection Fund (IEPF) in accordance with statutory requirements.

FINANCIAL LIQUIDITY

Cash and cash equivalent as on 31 March 2021 was ₹ 12.44 million against ₹ 51.90 million in the previous year and short-term borrowings as on 31 March 2021 was ₹ 17.10 million against ₹ 318.01 million in the previous year. The details of long-term and short-term borrowings at the end of financial year 2020-21 have placed in notes to Financial Statements of the Company.

The Company's working capital management is robust and involves a well-organised process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

INSURANCE

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

PUBLIC DEPOSITS

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated total income from operations is ₹ 2,190.16 million and total comprehensive income attributable to owners' equity after non-controlling interest is ₹ 328.50 million for the financial year 2020-21 as compared to the consolidated total income from operations of ₹ 1,896.35 million and total comprehensive income attributable to owners' equity after non-controlling interest of ₹ 312.19 million for the previous financial year 2019-20. Consolidated financial results include the financial results of following entities:

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

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

SUBSIDIARY COMPANIES

As on 31 March 2021, your Company has two wholly-owned subsidiary Company namely, Hester Biosciences Africa Limited and Hester Biosciences Kenya Limited; and two subsidiary Companies namely, Hester Biosciences Nepal Private Limited and Texas Lifesciences Private Limited. One Step-down subsidiary company namely, Hester Biosciences Tanzania Limited, which is subsidiary of Hester Biosciences Kenya Limited. There has been no material change in the nature of business of the subsidiaries.

The business details of the subsidiary companies are as under:

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

Texas Lifesciences Private Limited (Texas Lifesciences)
Texas Lifesciences is a subsidiary of Hester Biosciences Limited and holds 54.85% stake. Texas Lifesciences is in the business of manufacturing and supplying pharma formulations, tablets, capsules, powder and oral liquid for human and veterinary markets.

Hester Biosciences Africa Limited (HBAL)
HBAL is 100% wholly-owned subsidiary of Hester Biosciences Limited in Tanzania. HBAL will be in the business of manufacturing veterinary vaccines and animal health product in Tanzania.

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

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

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

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

RELATED PARTY TRANSACTIONS

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

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

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC - 2 is annexed as **Annexure -3**. The Related Party Transactions took placed during the financial year 2020-21 have placed in Notes of Financial Statements of the Company.

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

COST ACCOUNTS AND RECORDS

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment, Cessation and Re-appointment of Directors

During the year, upon recommendation of Nomination and Remuneration Committee, Ms. Sandhya Patel (DIN: 02215022) & Mr. Ashok Bhadakal (DIN: 00981201), were appointed as an Independent Directors of the Company and Mr. Naman Patel (DIN: 05143261) & Mr. Amit Shukla (DIN: 00709322), were re-appointed as an Independent Directors of the Company for the period of 3 years with effect from 1 April 2020 and shareholders has approved in the 33rd Annual General Meeting held on 4 September 2020.

Retirement by Rotations

In accordance with the provisions of section 152 (6) of the Act and in terms of the Articles of Association of the Company, Mr. Ravin Gandhi, Non-Executive Director (DIN: 00438361) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Profile of Directors seeking Appointment/Re-appointment

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

Declaration by Independent Directors

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

Training of Independent Directors

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

Key Managerial Personnel

Mr. Rajiv Gandhi, CEO & Managing Director, Mr. Chetas Patel, Chief Financial Officer and Mr. Vinod Mali, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013, as on 31 March 2021. During the year, Mr. Sahil Shah, has resigned from the post of Chief Financial officer of the Company with effect from 29 April 2020 and Mr. Chetas Patel appointed as Chief Financial Officer with effect from 29 April 2020. Thereafter, Mr. Chetas Patel has resigned from the post of Chief Financial Officer with effect from the close of the office hours on 8 June 2021 and Mr. Nikhil Jhanwar has been appointed as a Chief Financial Officer of the Company with effect from 9 June 2021.

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

In a separate meeting of Independent Directors held on 30 January 2021, performance of Non-Independent Directors and performance of the Board as a whole was evaluated. Further, they also evaluated the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-Executive Directors.

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) That in preparation of Financial Statements for the year ended 31 March 2021, 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 2021 on going concern basis;

e) The Directors had laid down the internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

COMMITTEES OF BOARD OF DIRECTORS

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

The Company has following Committees of the Board:

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

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

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

The Company always endeavors to create and provide an environment to its employees and external individuals engaged with the Company that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. During the financial year 2020-21, no complaints were received with regards to sexual harassment at any location of the Company.

CORPORATE GOVERNANCE

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

SECRETARIAL STANDARDS

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

BUSINESS RESPONSIBILITY REPORTING

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

AUDITORS

Statutory Auditor and Audit Report

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 Board has duly reviewed the Statutory Auditors' Report of Chandulal M. Shah & Co. for the year ended on 31 March 2021. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

Internal Auditor and Audit Report

Ernst & Young LLP, Chartered Accountants, Ahmedabad, has been the internal auditor of the Company for the FY 2020-21. The Internal Auditor is appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports its findings on the internal audit of the Company to the Audit Committee on a quarterly basis. The scope of internal audit is approved by the Audit Committee.

The Board has re-appointed Ernst & Young LLP, Chartered Accountants, Ahmedabad for the FY 2021-22 as an Internal Auditor of the Company in the Board meeting held on 8 June 2021, 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 2020-21, on the remuneration terms as approved by the members at the last Annual General Meeting held on 4 September 2020. The Cost Audit report for the financial year 2019-20 was filed within the due date. The due date for submission of the Cost Audit Report for the year 2020-21 is within 180 days from 31 March 2021.

The Board has re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad for the FY 2021-22 as a Cost Auditor of the Company in the Board meeting held on 8 June 2021, after obtaining its willingness and eligibility letter for appointment as Cost Auditor of the Company. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Kiran J. Mehta & Co. is included in the Notice convening 34th Annual General Meeting of the Company.

Secretarial Auditor & 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 2020-21. The Secretarial Audit Report for the FY 2020-21 is annexed to this Board's Report as **Annexure-4**. The Board of Directors has duly reviewed the Secretarial Auditors' Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation/clarification by the Board of Directors as provided under section 134 of the Act.

The Board of Directors has re-appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2021-22 in the Board Meeting held on 8 June 2021.

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 FRAMEWORK

Pursuant to the provisions of section 134(3)(n) of the Act and requirements under the 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.

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

Discussion on risks and concerns are covered in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND ITS ADEQUACY

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

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to section 134 (5) (e) of the Act. For the year ended on 31 March 2021, the Board having opinion that the Company has sound Internal Financial Control commensurate with the size, scale and complexity of its business operations. The Internal Financial Control operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls whenever the effect of such gaps would have a material effect on the Companys' operations.

CREDIT RATING

During the year, CARE Ratings Limited has reaffirmed the credit rating of "CARE A- /Stable" for long-term bank facilities and "CARE A- : Stable/ CARE A2" for long-term /short term bank facilities and "CARE A2" for short term bank facilities of the Company.

CERTIFICATIONS/RECOGNITION

The Company having following certifications:

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

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor have reported to the Audit Committee of the Board, 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 this Report.

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

During the year, the Company has transferred 8,935 equity shares of 55 shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to Investor Education & Protection Fund pursuant in compliance with the provisions of Section 124(6) of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"). The Company has sent letters to shareholders to claim their unpaid dividend before the shares transferred to IEPF Account.

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 2021 in Form MGT-7 is uploaded on website of the Company and can be accessed at www.hester.in.

PARTICULAR OF EMPLOYEES

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

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

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

DATE 8 June 2021
PLACE Ahmedabad

The Annual Report on Corporate Social Responsibility (CSR) Activities

Annexure-1

1 Brief outline on CSR Policy of the Company

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

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	Chairman/ Executive Director	1	1
2	Mr. Sanjiv Gandhi	Member/ Non-Executive Director	1	1
3	Mr. Amit Shukla	Member/ Independent Director	1	1

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

Sr.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	Nil	Nil

6	Average net profit of the company as per section 135(5)	₹ 481 million
7	a) Two percent of average net profit of the company as per section 135(5)	₹ 9.62 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).	**₹ 9.62 million**

8 a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (in ₹ million)	Amount Unspent (in ₹ million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
14.09	NA		NA		

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 (Yes/ No)	Location of the project (State & District)	Amount spent for the project (in ₹ million)	Mode of Implementa-tion - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency (Name & CSR Reg. No.)	
1	Healthcare	Healthcare	No	Pan India	6.00	No	PM Cares Fund	-
2	Healthcare	Healthcare	Yes	Mehsana, Gujarat	0.09	Yes	-	-
3	Educations	Educations	No	Gujarat	8.00	No	Shree Bhartiya Sankruti Samvardhak Trust	-
Total					**14.09**			

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)	**₹ 14.09 million**

g) Excess amount for set off, if any

Sr.	Particular	Amount ((in ₹ million)
(i)	Two percent of average net profit of the company as per section 135(5)	9.62
(ii)	Total amount spent for the Financial Year	14.09
(iii)	Excess amount spent for the financial year [(ii)-(i)]	4.47
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	4.47

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

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

DATE 8 June 2021
PLACE Ahmedabad

Annexure-2

AOC-1
Statement containing the salient features of the Financial Statements of Subsidiaries/ Associates/Joint Ventures

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

PART "A" – SUBSIDIARIES

(Amount 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	1 April 2020 to 31 March 2021	1 April 2020 to 31 March 2021	1 April 2020 to 31 March 2021	1 April 2020 to 31 March 2021	1 April 2020 to 31 March 2021
Reporting currency and Exchange rate	NPR 1 = ₹ 0.625	₹	TZS 1 = ₹ 0.03157	KSH 1 = ₹ 0.66885	TZS 1 = ₹ 0.03157
Equity Share capital	156.25	63.08	294.02	10.07	39.11
Other Equity	(59.36)	21.85	(55.70)	29.66	(12.14)
Total Assets	410.85	129.14	1,290.35	75.33	57.08
Total Liabilities	313.96	44.21	1,052.04	35.60	30.11
Investments	-	-	-	37.57	-
Turnover	71.73	180.03	18.13	-	40.40
Profit before Taxation	(29.31)	18.30	(31.48)	(0.69)	(3.63)
Provision for Taxation	-	4.84	0.19	-	0.20
Profit after Taxation	(9.73)	13.46	(31.67)	(0.69)	(3.84)
% of Shareholding	65%	54.85%	100%	100%	98.10%*

* Hester Biosciences Tanzania Limited is subsidiary of Hester Biosciences Kenya Limited by holding 98.10% equity shares.

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

1. Names of subsidiaries which are yet to commence operations:
    i) Hester Biosciences Africa Limited

2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

PART "B" – ASSOCIATES AND JOINT VENTURES

The Company does not have any Associates or Joint Ventures as on 31 March 2021.

For and on behalf of the Board of Directors

Rajiv Gandhi	**Sanjiv Gandhi**	**DATE** 8 June 2021
CEO & Managing Director	Director	**PLACE** Ahmedabad
DIN: 00438037	DIN: 00024548	

Annexure-3

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

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

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

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

The Company has not entered into any contract/ arrangement/ transaction with its related parties, which is not in ordinary course of business or at arm's length during the year ended on 31 March 2021. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

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

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

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

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

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

DATE 8 June 2021
PLACE Ahmedabad

Secretarial Audit Report for the financial year ended 31 March 2021

Annexure-4

[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 Companys' books, papers, minute books, forms and returns filed and other records maintained by the Company and based on the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit through electronically by way of scan copy or soft copy through mail or otherwise and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2021, 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 2021 according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
    c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
6. Secretarial Standards issued by the Institute of Company Secretaries of India (SS - 1 and SS - 2)

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

CONTINUED ▸

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

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

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

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

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

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

I further report that, Based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit and on the basis of Compliance Certificates issued by the Directors, CEO & Managing Director and Company Secretary of the Company and taken on record by the Board of Directors at their meetings, in my opinion, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines and general laws like various labour laws, competition law, environmental laws, etc.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was change in the composition of the Board of Directors that took place during the period under review Mr. Vishwesh Patel and Ms. Grishma Nanavaty, being Independent Directors ceased to be Directors with effect from 1 April 2020. Mr. Ashok Bhadkal and Ms. Sandhya Patel appointed as Independent Directors, with effect from 1 April 2020. During the year, Mr. Sahil Shah has resigned as Chief Financial Officer (CFO) with effect from 29 April 2020 and Mr. Chetas Patel has been appointed as CFO of the Company with effect from 29 April 2020.

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

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

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

i) Approval of shareholders has been taken for issuance of equity shares or equity linked securities/securities convertible into equity shares through Qualified Institutional Placement (QIP) or Preferential allotment to the extent of ₹ 200 crores through postal ballot process on 8 March 2021.

ii) Company has approved the collabration with IIT - Guwahati for development of vaccine for COVID-19.

iii) Company has appointed M/s Chandulal M Shah & Co., Chartered Accountants, Ahmedabad as a statutory Auditors in place of M/s Shah Karia & Associates, for a period of 3 years.

iv) Company's operation were partially affected in the month of April, 2020, due to lockdown effected by the Government of India under Pandemic COVID-19.

Name of Company Secretary in practice: Tapan Shah
FCS No.: 4476
C P No.: 2839
UDIN: F004476C000413423

DATE 8 June 2021
PLACE Ahmedabad

Note:

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

Annexure-A

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done based on the records and documents provided, on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Name of Company Secretary in practice: Tapan Shah
FCS No.: 4476
C P No.: 2839
UDIN: F004476C000413423

DATE 8 June 2021
PLACE Ahmedabad

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

Annexure-5

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

Sr.	Name	Designation	Ratio
1	Mr. Rajiv Gandhi	CEO & Managing Director	165.07

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

Sr.	Name	Designation	Percentage (%)
1	Mr. Rajiv Gandhi	CEO & Managing Director	33
3	Mr. Vinod Mali	Company Secretary & Compliance Officer	-
4	Mr. Sahil Shah*	Chief Financial Officer	N. A.
5	Mr. Chetas Patel**	Chief Financial Officer	N.A.

* Resigned with effect from on 29 April 2020 **Appointed with effect from 29 April 2020

c. The percentage decrease in the median remuneration of employees in the financial year 2020-21 was 4.92%.

d. There were 428 permanent employees on the rolls of the Company as on 31 March 2021.

e. The profit after tax for the financial year ended on 31 March 2021 increased by 28% and the average decrease in remuneration of employees was 7.98%.

f. The average annual decrease in the salaries of the employees, other than managerial personnel was 7.98%, whereas average increase in the managerial remuneration was 33% for the financial year. The increase in managerial remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.

g. There is no employee who is in receipt of remuneration in excess of the highest paid Director during the year.

h. 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.

i. There was no employee except Mr. Rajiv Gandhi, CEO & Managing Director of the Company, employed throughout the financial year with salary above ₹ 1.02 Crore per annum or employed in part of the financial year with an average salary above ₹ 8.50 Lakhs per month. Details of Remuneration paid to Mr. Rajiv Gandhi is provided into Directors Report and Corporate Governance Report, which is forming part of this Annual Report.

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

DATE 8 June 2021
PLACE Ahmedabad

Annexure-6

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

A. CONSERVATION OF ENERGY

i	**The steps taken or impact on conservation of energy:**	
1	**Furnace Oil & Water Consumption**	
	Target	Reduction in fuel (FO) & water consumption.
	Action	Using new three TPH with Air pre-heater boiler and condensate water for plant steam.
	Result	Reduction in operating hours of boiler by running all requirement at a time.
	Advantage	8-10% fuel (FO) & 5-7% water consumption per ton of steam production from existing fuel & water consumption by using new three TPH with Air pre-heater boiler and condensate water for plant steam.
2	**Raw Water Consumption**	
	Target	Reduction in raw water consumption.
	Action	Saving of raw water in fire network by using RO reject water.
	Result	Saving on cost of processing reject water and saving on raw water cost.
	Advantage	Reduction in raw water consumption by one lac liter.
3	**Electricity, general water consumption at site:**	
	Target	1.5% to 2% reduction in electricity, water and steam consumptions at site by installation of energy monitoring system.
	Action	1. Installation of metering system and software to monitor real time consumption of the resources viz., electrical energy, steam and water. 2. Collection of three months data to see the consumption pattern. 3. Once consumption and losses at these points are analysed and listed, we would formulate an improvement plan, involving all the departments as well as the vendors. 4. Energy monitoring system installation by Jun'20. 5. Data collection and parallel analysis by Sep'20. 6. Gap analysis and corrective measures and its cost by Oct'20. 7. Two months for implementation of system by Dec'20. 8. Monitoring of implemented system and savings by Mar'21.
	Result	1.5 % to 2% reduction in Electricity, water and steam consumptions.
	Advantage	Reduction in energy bill.

4	**Reduction of FO consumption by reduction in running hours of Boiler & PSG.**	
	Target	Reduction in running hours of boiler and pure steam.
	Action	1. Autoclave cycles in production planning in such a way to minimise operating hours of Boiler & PSG resulting in reduction of FO consumption. 2. Everyday 25 to 30 cycles of autoclave are run in VP1 & VP2 in total 14 autoclaves averaging to 2 cycles per autoclave of max 1.5 hour each. 3. If all the cycles are planned cumulatively than boiler & PSG operating hours can be minimised ultimately resulting in reduction in FO consumption.
	Result	Saving in furnace oil consumption cost.
ii	**iThe steps taken by the Company for utilising alternate sources of energy:**	
	There were no steps taken by the Company for utilising alternate sources of energy.	
iii	**The capital investment on energy conservation equipment:**	
	NIL	

B. TECHNOLOGY ABSORPTION

i	**The effort made towards technology absorption;**	1)	Rain water harvesting system has been installed to recharge the wells and ground water with rain water harvesting during the monsoon season. During the year under review, we have managed to recharge wells with 5.23 million liters of rain water.
		2)	Change over from Furnace Oil to light diesel oil in boilers which is result into reduction of environmental pollution.
		3)	The Company have entered into an agreement with ICAR-IVRI (Indian Council of Agricultural Research - Indian Veterinary Research institute Indian Council of Agricultural Research -Indian Veterinary Research institute) for getting technologies to develop vaccines for classical seine fever, sheep pox and lumpy skin disease.
		4)	The Company has a focus to develop in-house technologies.

ii	**The benefit derived like product improvement, cost reduction, product development or import substitution;**	Process improvement is an on-going activity in the company. It has been well reflected in the financials by way of improved operating margins. The endeavour is to keep the efforts on to further reduce the operating margins.
iii	**In case of imported technology (imported during the last three years reckoned from the beginning of the financial year);**	We have not acquired any technology from international sources during the year.
iv	**The expenditure incurred on Research and Development**	The Company has incurred expenditure of ₹ 10.24 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 ₹ 356.63 million, whereas the foreign exchange in terms of actual outflows was ₹ 20.96 million.

For and on behalf of the Board of Directors

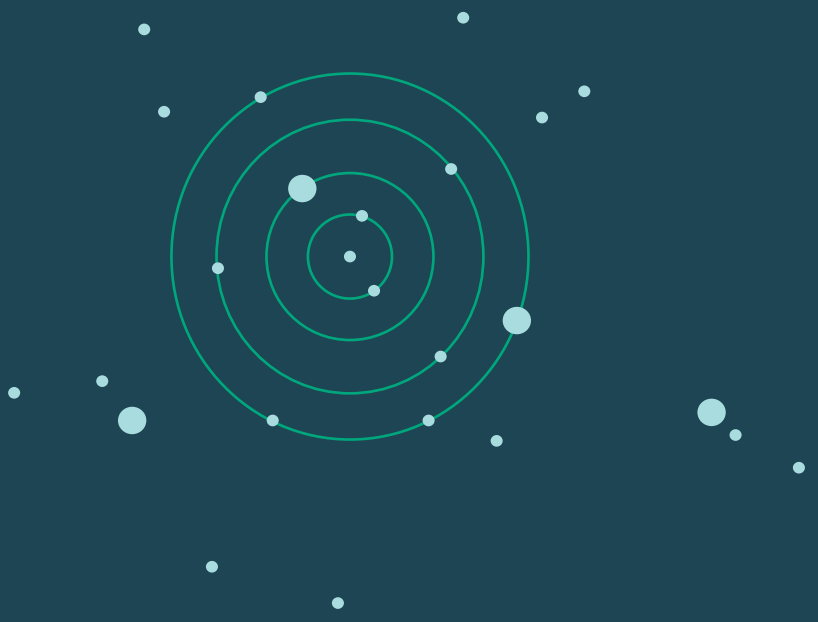
Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

DATE 8 June 2021
PLACE Ahmedabad

2.3

Business Responsibility Report



SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr.	Particulars	Details			
1	Corporate Identity Number (CIN)	L99999GJ1987PLC022333			
2	Name of the Company	HESTER BIOSCIENCES LIMITED			
3	Registered address	1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380006			
4	Website	www.hester.in			
5	Email Id	mail@hester.in			
6	Financial Year reported	2020-21			
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Group	Class	Sub Class	Description
		210	2100	21001	Manufacture of pharmaceuticals, medicinal chemical and botanical products
8	Key products/Services	The Company manufactures and markets a wide range of veterinary products.			
9	Total number of locations where business activity is undertaken by the Company	The Company's businesses and operations are spread across different geographies. The Company's Manufacturing and research and development activities are operated from Plant situated at Kadi, Mehsana, Gujarat in India, details whereof provided in this annual report. The Company's registered office and five branch offices details are provided in this annual report. Details of business performance in Indian markets as well as international markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Annual Report.			
10	Markets served by the Company - Local/State/National/International	The Company has a significant presence nationally and globally in the veterinary healthcare sector.			

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	:	₹ 85.07 million
2	Total Income from Operations	:	₹ 2,084.77 million
3	Total profit after taxes	:	₹ 399.01 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	₹ 9.62 million 2.41%
5	List of activities in which expenditure in Sr. No. 4 above has been incurred:		
	a. Healthcare		
	b. Education		
	c. Covid-19		

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1 Details of Director/Directors responsible for BR

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

2 Principle-wise (as per NVGs) BR Policy/policies:
The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

P1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3: Businesses should promote the well-being of all employees

P4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5: Businesses should respect and promote human rights

P6: Businesses should respect, protect and make efforts to restore the environment

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8: Businesses should support inclusive growth and equitable development

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

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

Sr.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for?	Y	Y	Y	Y	Y[1]	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	DDoes the policy confirm to any national / international standards? If yes, specify? (50 words)	The Company is abiding by the various laws and while framing the policies, the Company takes into account the best practices and national and international standards.								
4	Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y[2]	Y	Y	Y	Y	Y	Y[3]
		All statutory policies are approved by the Board of Directors, whereas other policies are signed by the CEO & Managing Director or the respective Department Heads.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are implemented and being reviewed regularly by the Board of Directors and respective Department Heads.								
6	Indicate the link for the policy to be viewed online?	**www.hester.in** **https://www.hester.in/corporate-goverance**								

7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, all the policies are communicated to the employees through emails and whereas each employee has an access via internal portal and the external stakeholders through Company's website. [www.hester.in]								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, The Company has formed a Stakeholders' Grievances and Relationship Committee to redress any grievances of shareholders and investors. The respective department heads attends all grievances pertaining to their department and addresses the grievance. Product related grievances are also resolved by the respective department heads to which the product pertains to.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company regularly carries out evaluation of the working of all the policies through committees and internal auditors. CSR expenditure is also audited by the Company's statutory auditors.								

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

4 Governance related to BR:

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

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

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

The Company publishes BR Report as a part of Annual Report. The Company publishes BR report annually. Report is posted on the Company's website and can be accessed at: https://www.hester.in/information#annual

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

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

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

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

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

PRINCIPLE 2

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

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

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

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

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

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

PRINCIPLE 3

Businesses should promote the well-being of all employees

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

The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race,

color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on 31 March 2021 are provided in the below table:

Sr.	Category of Employees	Number of Employees
1	Management staff	31
2	Marketing field staff	234
3	Others	163
4	Total	428
5	Contractual employees	-
6	Permanent Woman employees	23
7	Permanent employees with disabilities	-

2. The Companys' management has not recognised any association of employees. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.

3. The permanent and contractual employees at the Company's manufacturing site, Registered Office and Branch offices are provided training on relevant Environment, Health and Safety aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions.

PRINCIPLE 4

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

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

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

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

PRINCIPLE 5

Businesses should respect and promote human rights

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

PRINCIPLE 6

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

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

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

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

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

PRINCIPLE 7

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

The Company is a member of following Chambers and Associations:

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

The Company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions, like Federation of Indian Chambers of Commerce and Industry, The Indian Drug Manufacturers Association, Gujarat Chamber of Commerce and Industry and Indian Federation of Animal Health Companies. The Company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to quality medicines, best manufacturing practices, corporate governance, corporate social responsibility, etc.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development

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

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

PRINCIPLE 9

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

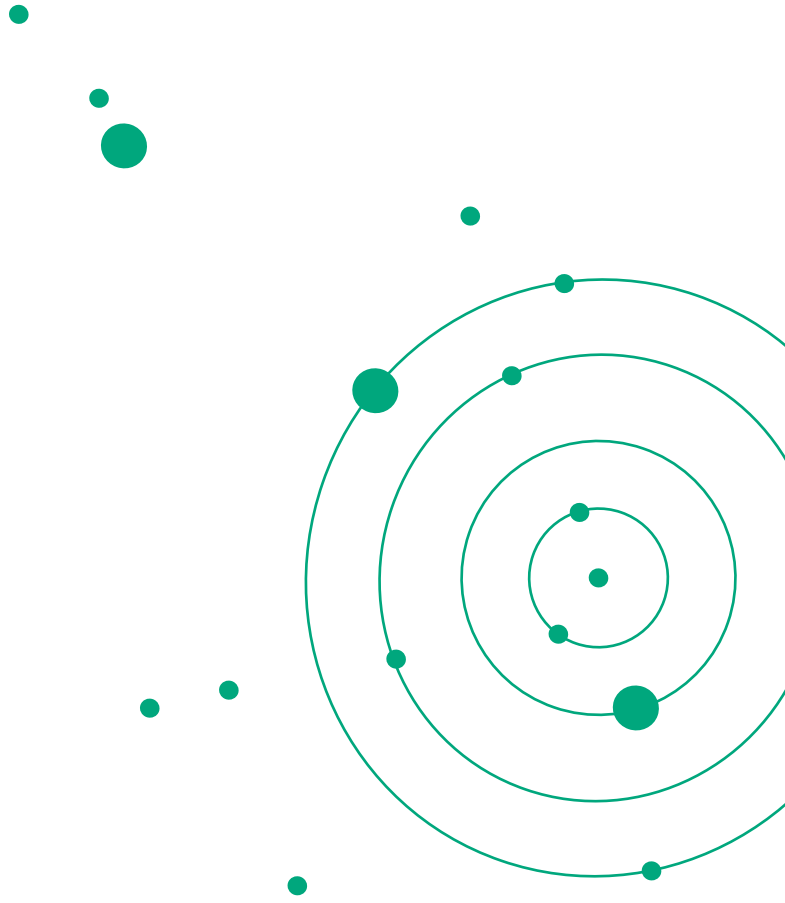
The company has well established customer complaint handling standard operating procedures. Our Quality Assurance department always close the customer complaint as per defined procedure. Our company maintains customer complaint register which is duly inspected by regulatory authority at the time of inspection.

During the year under review, the company has filed case against one customer under the provisions of Section 138 of Negotiable

Instrument Act, 1881 for the recovery of outstanding amounts. This case is on-going before the Court of Ahmedabad at the end of the Financial Year 2020-21.

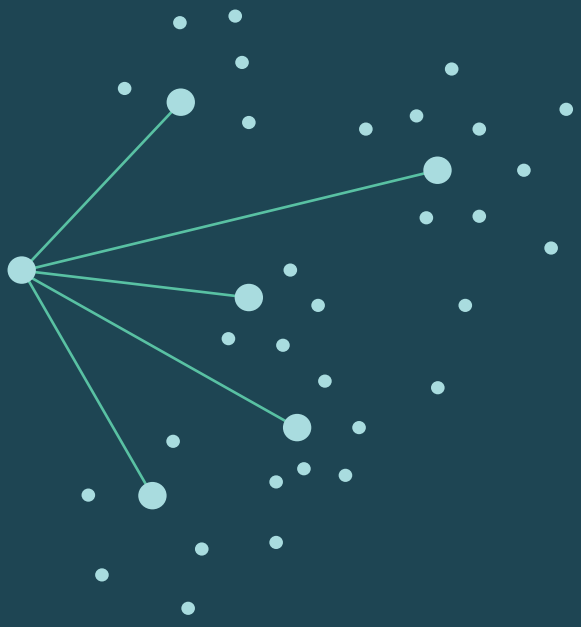
The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers. The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behaviour. The Company has various checks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

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



2.4

Management Discussion and Analysis



ECONOMIC OVERVIEW

Global Economy

Global economy is gradually emerging from one of its deepest recessions, caused by the COVID-19 pandemic in FY20. The strength of economic recovery differs across countries and socio-economic groups, dictated by path of the pandemic, severity of lockdown restrictions and efficacy of the policy support. The International Monetary Fund (IMF) has estimated global economic growth to have contracted by 3.3% in FY20 despite better-than-expected actual performance by key economies in the second half of FY20.

Rising vaccine rollouts, sustained accommodative monetary policies, additional fiscal stimulus by a few large advanced economies (AEs), with positive spillovers expected for the rest of the world and relatively better adaptability of most countries to the recent waves of the virus, have infused optimism that the world will survive the new virulent visits of COVID-19. Accordingly, IMF has projected world economy to grow by 6.0% in FY21 and 4.4% in FY22. The sizeable fiscal support announced by some economies for FY21 including the United States and Japan, together with the unlocking of Next Generation EU funds, are seen providing further support to the global economy in FY21 and FY22.

Emerging market and developing economies are projected to trace diverging recovery paths as it would largely hinge on the speed of vaccination, extent and effectiveness of policy support and country-specific structural factors. According to Organisation for Economic Co-operation and Development (OECD)'s interim economic assessment, the economic activities in China, India and Turkey have progressed above pre-pandemic levels driven by strong fiscal measures and a recovery in manufacturing and construction. However, new mutants of the COVID-19 virus, second/third waves of infections, renewed lockdowns in many countries and uneven access to vaccines across countries continue to weigh on the outlook.

World Economies: Performance at a Glance

World Economic output growth in %				
	2019	**2020**	**2021P**	**2022P**
World Output	**2.8**	**-3.3**	**6.0**	**4.4**
Advanced Economies	**1.6**	**-4.7**	**5.1**	**3.6**
United States	2.2	-3.5	6.4	3.5
Euro Area	1.3	-6.6	4.4	3.8
Japan	0.3	-4.8	3.3	2.5
United Kingdom	1.4	-9.9	5.3	5.1
Canada	1.9	-5.4	5.0	4.7
Other Advanced Economies	1.8	-4.2	4.7	4.0
Emerging Market and Developing Economies	**3.6**	**-2.2**	**6.7**	**5.0**
Emerging and Developed Asia	**5.3**	**-1.0**	**8.6**	**6.0**
China	5.8	2.3	8.4	5.6
India	4.0	-8.0	12.5	6.9
ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam)	**4.8**	**-3.4**	**4.9**	**6.1**

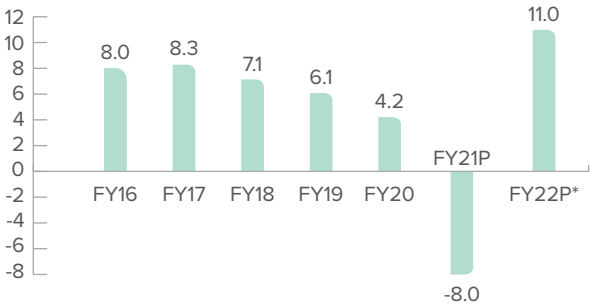
Source: IMF World Economy Outlook April 2021

Indian Economy

The slowdown in Indian economy was hit hard by the COVID-19 outbreak and the resultant lockdowns, which brought economic activity to a near standstill in the April-June period of FY 2020-21. The economy saw the worst contraction ever of 23.9% YoY in the first quarter of FY 2020-21. In order to mitigate the impact of the COVID-19 pandemic, the governments and central bank have provided unprecedented and large fiscal and monetary stimuli since March 2020.

Consequently, the economic activity showed significant improvement and high frequency indicators – vehicle sales; railway freight traffic; toll collections; goods and services tax (GST) revenues; e-way bills; and steel consumption – showed gains in manufacturing and services activity in second-half of FY 2020-21. According to the second advance estimates for 2020-21 released by the National Statistical Office (NSO), India's real gross domestic product (GDP) is estimated to contract by 8.0% during FY 2020-21.

India Economic Growth (%)



Source: National Statistics Office 2nd Advance Estimates dated 26 February 2021,

*Economic Survey – 2020-21

Outlook

Indian economic activity is widely expected to recover strongly. As per Economic Survey 2020-21, Indian economy is likely to rebound with 11% growth in FY 2021-22 – the highest since independence. Rural demand remains buoyant and record agriculture production in FY 2020-21 bodes well for its resilience. The fiscal stimulus from increased allocation for capital expenditure under the Union Budget 2021-22, expanded production-linked incentives (PLI) scheme and rising capacity utilisation should provide strong support to economic growth. Rapid vaccination drive, large pent-up demand, investment enhancing measures by the government provide an upside to the baseline growth path. The recent surge in COVID-19 infections and new mutants, adds uncertainty to the domestic growth outlook amidst tightening of restrictions by some state governments. The evolving COVID-19 trajectory and progress on vaccination remain the key drivers of economic activity and inflation, globally and in India.

INDUSTRY OVERVIEW

Global Veterinary Healthcare Industry

Animal healthcare includes diagnosis, prevention, control and treatment of the diseases affecting health of the animals. Global Animal Healthcare Market size was valued at around USD 139 billion in 2020 and is predicted to grow at over 4.7% CAGR from 2021 to 2027. The market is largely driven by a significant rise in demand for protein food and an increase in the incidence of zoonotic and food-borne diseases globally. This unprecedented rise in disease prevalence has triggered companies to produce advanced vaccines and pharmaceuticals, which is contributing to the market growth. In addition, the rising number of government initiatives to promote animal health products is presumed to drive the overall market.

Growing penetration of e-commerce platforms promoting online pharmacies, investing in research and development (R&D) activities to come up with improved product offerings and acceptance of advanced technologies will result in the market expansion. Various developed countries around the world are acting as the focal point for growth of high adoption of online pharmacies on account of numerous benefits such as convenience and discounted prices for ordered medications.

The outbreak of COVID-19 pandemic has affected the entire animal healthcare sector. Several cases were reported where all of them including companion animals, livestock animals and animals kept in zoological facilities tested positive for COVID-19 virus. After the guidelines from the World Veterinary Association (WVA) and several other local veterinary associations, various countries have put veterinary services under the 'essential' category. This helped in curbing the spread of viruses in animals by having faster consultation and treatment at the right time in hospitals. Moreover, the outbreak saw supportive government policies for continued research and approval of animal drugs amid pandemics.

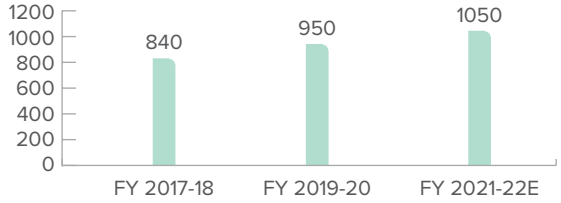
North America was the largest region in the global veterinary healthcare market, accounting for more than 50% of the market in 2020. The dominance is followed by the European countries due to the favorable government regulations such as the EU Veterinary Medicines Regulation and increasing adoption of pet insurance in European countries. Moreover, increasing prevalence of zoonotic diseases and favorable reimbursement programs and increasing adoption of pet health insurance in the U.S. are other major factors contributing to the market growth.

Source: https://www.gminsights.com/industry-analysis/animal-healthcare-market

Indian Animal Healthcare Industry

Indian animal health market is currently witnessing strong growth. It accounts for around 10% of global animal health care industry in volume terms. The size of Indian Health care market is estimated at USD 950 million in FY 2019-20 and is expected to reach USD 1,050 million by FY 2021-22, registering a CAGR of ~6% over the forecast period. The animal healthcare sector in India has witnessed a paradigm shift over the last few years because of the adoption of innovative technologies used for the prevention and cure of farm and companion animals.

Indian Animal Healthcare Market (USD Million)

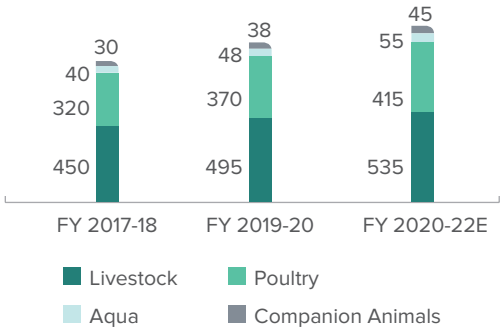


Source: Animalhealthindia.com

India has emerged as an attractive as well as reliable exporter of quality APIs and Formulations as well as feed supplements. In order to strengthen position and expand globally, large number of companies are setting up offices in overseas market and adapting global trends. These coupled with inherent Indian advantages of low operational costs, technical expertise, and abundance of raw materials are sure to assist Indian animal healthcare market to grow globally.

Livestock remained the largest segment representing around 52% of the market share in FY 2019-20 followed by poultry at 39%.

Indian Animal Healthcare - Species Wise (USD Million)



Source: Animalhealthindia.com

Major growth enablers for the industry

- Factors that drive the trend towards animal healthcare are changes in lifestyles, increased urbanisation, nuclear families, single status, few or no children, and employment stresses are creating a significant need for emotional support.

- Among the developing countries, India has the highest zoonotic disease burden, with widespread illness and death. The increasing prevalence of zoonotic ailments and a significant growth in the veterinary pharmaceutical industry are primarily driving the India animal health market.

- The rising integration of IoT with animal health monitoring solutions, along with the growing usage of mobile sensors and wearables to monitor animal behavior and health, are providing a thrust to the market.

- Increasing adoption of feed additives, which helps in improving the overall animal health while enhancing the quality of products, including milk, eggs, and meat, is further catalysing the market growth.

- Implementation of laws on illegal slaughtering of animals, animal abuse will promote people to adopt animals

- The Government of India is undertaking extensive R&D activities in the field of animal health to create awareness for disease control and provide effective treatments.

The sector remained in a secular, steady growth phase with an increasing number of local companies expanding global footprints till COVID-19 hit the shores in February 2020. In the post COVID-19 era, companies are focused on making animal health equipment and products more accessible to consumers by fortifying their supply chains and are promoting these products as essential goods, which can be a respite for the animal health market in the long run.

Government Initiatives

- The Government has allocated ₹ 31,010 million in the Union Budget 2021-22 as against ₹ 26,463 million allocated in FY2020-21 to the Ministry of Fisheries, Animal Husbandry and Dairying (AH&D).

- A Memorandum of Understanding was signed on 7th April, 2021 between Department of Animal Husbandry and Dairying (DAHD), Ministry of AH&D, Government of India and Ministry of AYUSH, to introduce the concept of Ayurveda and its allied disciplines into veterinary science by their promotion in research and development including research on new formulations in quality drugs for veterinary science through medicinal herbs. This cooperation will definitely help to develop a regulatory mechanism for the use of Ayurveda in the veterinary sector for the benefit of animal health, livestock owners' community and the society at large.

- National Animal Disease Control Programme (NACDP) launched in September 2019 for eradicating the foot and mouth disease (FMD) and brucellosis in livestock aims to control the livestock diseases by 2025 and eradicate the same by 2030. As on 11 May 2021, out of 157.0 million animals registered, 99.6 million FMD vaccination and 54,954 brucellosis vaccination were conducted.

- Under National Artificial Insemination Programme (NAIP) for breed improvement 16.7 million Artificial Insemination were conducted in FY 2020-21, out of 5.6 million were conducted on buffaloes.

Source:
https://pib.gov.in/PressReleasePage aspx?PRID=1710389
http://inaph.nddb.coop/NADCP
http://inaph.nddb.coop/Chart/AI

COMPANY OVERVIEW

Hester Biosciences Limited (hereinafter to be referred as 'the Company'/'Hester') is one of the leading and pioneering animal healthcare companies in India. Incorporated in 1987, the Company is engaged in manufacturing and trading of vaccines and health products. Over the years, Hester has established a strong brand equity and is presently the second largest poultry vaccine manufacturer in India.

The Company primarily deals in four business verticals namely Poultry Vaccines, Large Animal Vaccines, Poultry Health Products and Large Animal Health Products. Hester's products and services portfolio comprises of more than 51 vaccines and 70+ health products. The Company's

products, registered with various countries and internal agencies, have received wide acceptance across and India as well as other international markets. Hester has established its footprints in several parts of the Africa region and in many countries like Vietnam, Indonesia, Nepal and Bangladesh.

State of the art manufacturing facilities
Hester has three state-of-the-art manufacturing units for vaccine, health products and diagnostics. Based in Ahmedabad, Gujarat, Hester's first manufacturing unit is located in Kadi, Mehsana district of Gujarat. It is the single largest location animal biological manufacturing facility in Asia, created to benchmarked international quality and compliance standards. The Company's second unit is located in Kathmandu, Nepal. Hester has an installed manufacturing capacity of 6.25 billion doses in India and 1.24 billion doses in Nepal. The Company is also setting up Dar es Salaam unit in Tanzania, Africa. The facility is almost near completion. However, due to COVID-19, the first commercial production got delayed, which is expected to start by December 2021.

Hester is a WHO Goods Manufacturing practices (GMP), Good Laboratory Practices (GLP), ISO 9001, ISO 14001 and OHSAS 18001-certified Company. The Company has received GMP from Tanzania drug authority manufacturing facility for both Hester India and HBNPL. The Company's R&D department is recognised and approved by the DSIR (Department of Scientific & Industrial Research) for in-house development. The Company's key strength lies in its cutting-edge research and development competencies.

Robust Product Portfolio
Hester has long and established track record of more than three decades in manufacturing of poultry vaccine. In the product category, the Company has two segments i.e. Poultry and Animals.

The Company provides more than 48 products across poultry vaccines, which includes Live Vaccines, Inactivated Vaccines and several health products. In addition to ELISA & PCR diagnostic kits, the Company develop and sale NDV and IBV ELISA kits for sero-monitoring of poultry and PCR molecular diagnostic kits for a variety of diseases. These kits help towards an accurate diagnosis of diseases or virus strains in broiler, thereby inducing corrective action.

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

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

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

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

FINANCIAL AND OPERATIONAL OVERVIEW (On standalone basis)

During the year under review, both poultry and animal healthcare division performed significantly well. The Company's performance was impacted in first quarter of FY 2020-21 due to COVID-19 pandemic induced lockdowns. Low value necessary products and vaccines were sold more rather than high value products. Consequently, the Company started rationalising the product mix to optimise growth and profitability by putting more focus on health products. The territorial expansion within India, done in last few months, has started contributing significantly during the year for both, Poultry as well as Animal Healthcare Division.

The Company has achieved sales of ₹ 2,084.77 million in FY 2020-21 as against ₹ 1,694.25 million in FY 2019-20, representing growth of 23%.

The Poultry segment has achieved sales of ₹ 1,513.97 million in FY 2020-21 as against ₹ 1,207.15 million in previous year, representing growth of 25%. The segment has contributed 73% in total revenues of the Company in FY 2020-21 as compared to 71% in FY 2019-10.

The Animal segment has achieved sales of ₹ 395.07 million in FY 2020-21 as against ₹ 333.08 million in previous year, representing growth of

19%. The segment has contributed 19% in total revenues of the Company in FY 2020-21 as compared to 20% in FY 2019-20.

Other Operating Income was ₹ 175.73 million in FY 2020-21 as against ₹ 154.02 million in previous year.

The Company has achieved domestic sales of ₹ 1,693.17 million in FY 2020-21 as against ₹ 1,316.04 million in FY 2019-20, a growth of 29%. The Company has achieved export sales of ₹ 215.88 million in FY 2020-21 as against ₹ 224.19 million in FY 2019-20, a de-growth of 4%. While export orders have continued to flow in, the higher demand within India led the Company to divert the production for domestic sales.

The Company has achieved EBIDTA of 35% of sales in FY 2020-21 as against 31% of sales in FY 2019-20, growth of 341 basis points.

The Company has achieved Net Profit of 19% of sales in FY 2020-21 as against 18% of sales in FY 2019-20, growth of 71 basis points.

The Company has recommended a dividend of ₹ 10 per equity share representing 100% of Face Value ₹ 10 per share for FY 2020-21. This is in line with the Company's dividend policy to distribute a minimum of 18% of the net profit.

Return on net worth has increased to 17% in FY 2020-21 as against 15% in FY 2019-20 on account of better profitability from operations in the current year.

Interest coverage ratio has increased to 15.73 in FY 2020-21 as against 11.79 in FY 2019-20.

Debt - equity ratio stood at 0.07 in FY 2020-21 as against 0.24 in FY 2019-20.

Current ratio increased to 4.03 in FY 2020-21 as against 2.12 in FY 2019-20.

During the year, the Company has repaid borrowings aggregating ₹ 319.95 million which has helped in reducing the overall interest expense for the year and also resulted in improving the interest coverage ratio, current ratio and debt equity as compared with the previous year.

OUTLOOK

- **Strengthening product portfolio**
  In the past few years, the Company has attained leadership position in animal healthcare sector viz. Bovines, Poultry and other large animals. In the last few years, the Company has diversified its portfolio from a predominantly domestic poultry vaccine to a complete chain of veterinary vaccines, medicines and healthcare segments. Hester will continue to improve its product mix by adding new products and offering new solutions. In line with global health practices to move away from antibiotics, Hester has decided to focus on herbal products. Most new products to be launched by the Company would be natural or herbal in nature for both Poultry as well as Animal division. In April 2021, the Company has formally integrated a new range of Herbal Products for livestock and poultry to support the overall wellbeing of animals, and to supplement the existing product range.

- **Capitalising on sales and distribution network**
  In order to reduce dependency on any product, division or geography, the Company has strategically increased the sales of the health products. Although these products will have a lower gross margin, it will ultimately improve the top line and the bottom line. The Company is also evaluating expansion opportunities in manufacturing and distribution of Animal Health Products and Biologicals, worldwide. With the objective to penetrate the Company's products in new geographies, marketing and sales team has been strengthened by adding additional filed force.

- **Hester to have monopoly in LSD Vaccine**
  Lumpy Skin Disease (LSD) in cattle is an emerging disease in India, which is of economic importance for cattle farmers. Hester is currently working towards developing a vaccine against LSD. The Company has already received the test license for evaluation of safety & efficacy of the vaccine and has plans to commercially launch the vaccine by first quarter FY 2021-22. Hester is the only Company in India who has an LSD vaccine under development. The vaccine has a good export potential as well. LSD is endemic in most African and Middle Eastern countries. In 2015 and 2016

the disease spread to south-east Europe, the Balkans and the Caucasus. Since 2019, the disease was reported in India as well as in some Asian countries. As there is no treatment for the disease, prevention by vaccination is the only effective means to control the disease.

- **Growing Technology Collaborations and alliances**
  The Government of India has planned to immunise 4 crore female calves in India in the first phase against Brucella through vaccination. Hence, the Company has signed the agreement with ICAR-IVRI in September 2020 for developing the Brucella Abortus S19 Delta Par vaccine. This represents the Company's step forward towards developing a Brucella vaccine with enhanced safety, immunogenicity, as well as assuring lifelong immunity with a single shot in calf-hood. Brucella is a disease of economic importance worldwide. With this vaccine, the Company is expected to touch new heights by becoming a channel for immunising cattle against Brucella, globally.

  In order to produce good quality vaccine in India at low cost, Hester has signed two agreements with ICAR-IVRI (Indian Council of Agricultural Research – Indian Veterinary Research Institute) in April 2021, for acquiring technologies for the production and commercialisation of Classical Swine Fever Vaccine and Sheep Pox Vaccine. These vaccines are the first that have been developed within India in line with Government's step towards making India self-sufficient, Atmanirbhar. The vaccines hope to prevent economic losses in swine and sheep farming in India, the population of which is estimated at 9.06 million and 74.26 million respectively.

- **Expanding Manufacturing Capacities**
  In view of the various opportunities and increasing demand worldwide, including those of Brucella and LSD vaccines, Hester is planning to expand it production capacities.

- **Global Footprint – Increasing focus on exports**
  Hester is expanding its distribution network in select African countries through its subsidiaries. This network will distribute products from the Company's' India, Nepal and Tanzania plants and will drive growth in the international business in the coming years. In Nepal, the Company has 17 vaccine licenses and expects 6 vaccine licenses in the future. These vaccines will be available for domestic sale. Africa would be the main focus region of the Company. In Africa, the Company is creating a specific animal vaccine manufacturing, be supported by poultry vaccines in India. The Tanzania unit in Africa, focuses on capturing the immense potential of the Africa market is near completion. It is acquainted with full-fledged depot, cold room storage, transportation facility. The Company is in process of establishing sales and distribution network therein, keeping in focus the demands from domestic market as well as East African countries. The Company has also entered into technical collaboration with Egypt-based Novapharma which is expected to reveal significant opportunity. The Company would be able gain significant market share, given high demand for poultry vaccine and low competition in Egypt.

- Expanding into rural and backyard PPR market
  Hester Biosciences Nepal has successfully developed and launched its Live Thermo-tolerant PPR (Peste Des Petits) Vaccine - Nigerian 75/1 Strain, under the brand name Live Thermovac PPR Vaccine. The Company has started commercial production and marketing of the same while it will be available in packs of 25, 50 and 100 doses. As most of the small ruminant keepers are in rural areas, the thermo-tolerant characteristic of this vaccine will ensure safe delivery of a stable vaccine in remote areas of the world where cold chain maintenance is a challenge. The thermo-tolerant PPR vaccine will add to the Company's range for a specific rural and backyard market mainly covering small holder livestock keepers, worldwide.

- **Developing vaccine against COVID-19**
  Being in veterinary vaccine manufacturing, as well as working towards developing recombinant vaccines, Hester has a fairly good understanding and the capability to get into human vaccine. The Company has initiated the development of a vaccine against COVID-19 disease. A recombinant vaccine is being developed in collaboration with IIT Guwahati.

RISKS IDENTIFICATION & MITIGATION STRATEGIES

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

  Mitigation Strategy: The Company continuously monitor the business and economic environment and adapt new technologies and seek ways to improve market penetration to counter such an event.
- **Competition Risk:** The manufacturing processes as well as geographical expansion is very complex in the industry given stringent registration requirements. The Company might receive stiff competition from its peers in terms of new market entrants with better technology or change in marketing strategy by the competitors.

  Mitigation Strategy: Hester has proven competence in research and unparalleled technical expertise in the industry. The Company has established significant brand equity amongst the customers and is one of the largest animal healthcare companies in Asia. The Company effortlessly strive to stay ahead in the learning curve by expanding its geographical reach and diversifying its product mix.

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

  Mitigation Strategy: The Company has successfully developed and launched its Live Thermo-tolerant PPR. Hester has started commercial production and marketing of its thermo-tolerant PPR vaccine from December 2020. The vaccine will be available in packs of 25, 50 and 100 doses. The development of this Thermo-tolerant PPR vaccine puts Hester at the forefront of the global fight for the eradication of PPR.

- **Forex risks:** The Company's operations being exposed to a significant number of geographies, it deals in a number of currencies. Any unfavourable movements in the exchange rate would adversely affect the Company's financials and results of operations.

  Mitigation Strategy: In the FY 2020-21, the Company derived over 10% of sales from exports and fulfil some of its raw material requirements through imports. Hester evaluates exchange rate exposure arising from foreign currency transactions on a continuous basis. The Company manage forex risks by adopting a very stringent hedging policy. The Company enters into a variety of derivative financial instruments like foreign exchange forward contracts to hedge its exposure of foreign currency risk.

- **Regulatory risks:** The Company operates in a highly regulated and competitive environment across multiple geographies. Increased regulatory oversight and adverse changes to regulations in key markets could adversely impact the Company's business of operations Further, any violation or non-compliance of standards could lead to the revocation or suspension of licenses, imposition of fines and criminal sanctions.

  Mitigation Strategy: In the past few decades, the Company has established a long standing relationship with local government and authorities and continues to receive unrelenting support. The Company always endeavors to reduce political or regulatory risks by involving proper legal consultations and ensuring documentations are done properly.

INTERNAL CONTROL, SYSTEMS AND ADEQUACY

Hester has put in place a strong internal control mechanism to safeguard all its assets and ensure operational excellence. The mechanism also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness

of the organisation's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The Company has proper and adequate systems of internal financial controls which ensure that transactions are authorised, recorded and reported correctly. Regular internal audits and checks ensure that responsibilities are executed effectively. Audit committee is responsible for implementation and maintenance of adequate internal financial controls to ensure the orderly and efficient conduct of its business. The Audit committee review important issues and material weakness raised by the Internal and Statutory Auditors on a periodic basis. Timely and adequate measures are undertaken ensuring that the risk is mitigated appropriately with necessary rectification measures on a periodic basis.

CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Many important factors including global and domestic estimates, change in government regulations, tax laws and other statutes, force majeure may affect the actual result which could be different from what the directors envisage in terms of future performance and outlook.

2.5

Report on Corporate Governance

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

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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

GOVERNANCE STRUCTURE

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

BOARD OF DIRECTORS

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

A) Composition of the Board

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meet with the requirements of the Code of Corporate Governance and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. As on 31 March 2021, the Board is headed by Dr. Bhupendra Gandhi, Non-Executive Chairman and who is also related to the Promoters. Pursuant to Regulation 17A of Listing Regulations, the Company has obtained the approval of members through

special resolution for attaining age of 75 Years and more. As on 31 March 2021, your Companys' Board comprises of eight Directors (excluding One Alternate Director);

Which includes one Executive Director and seven Non-Executive Directors, including four Independent Directors, who have considerable experience and expertise in their respective fields. As required under the provisions of section 149(1) of the Companies Act, 2013 and Rules made there under and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal, industry and information technology. Thus the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

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

a) **Managerial:**
Experience and expertise in Business Management, Project Management and Risk Management functions.

b) **Marketing & Distribution:**
Experience and expertise in developing promotional strategies to increase the sales in the existing market and explore potential for the Company at Domestic and Global level. Awareness about domestic and global markets business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.

c) **Finance & Audit:**
Expertise and Experience in accounting and financial control functions. Expertise in preparation of financial strategies for the long term growth of the business.

d) **Environment Sustainability:**
Experience and expertise in developing and implementing high standards of environment sustainability in the Company.

e) **Compliance & Governance:**
Awareness of the existing laws and economic policies applicable to the Company thereby ensuring proper legal and statutory compliances and appropriate application of policies to the advantage of the Company. Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

f) **Business Strategy & Planning:**
Experience in guiding and leading management teams to make decisions in uncertain environments and long term planning through business strategic management.

g) **Merger & Acquisition:**
Experience of merger and acquisition activities to help Company for investment in right direction with better growth and development.

h) **Technology & Innovation:**
Experience of Board members about the technology applicable to the company resulting in how to implement technological updates into the business of the Company. Innovative ideas about technology development and adoption which is helpful into the business of the Company.

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

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

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

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

Name of Director	Managerial	Marketing & Distribution	Finance & Audit	Environment Sustainability	Compliance & Governance	Business Strategy & Planning	Merger & Acquisition	Technology & Innovation
Dr. Bhupendra Gandhi Chairman	√	-	-	√	√	-	-	√
Mr. Rajiv Gandhi CEO & Managing Director	√	√	√	√	√	√	√	√
Mr. Sanjiv Gandhi Director	√	√	√	√	√	√	√	√
Mr. Ravin Gandhi Director	√	-	√	-	-	√	√	-
Ms. Nina Gandhi Alternate Director	√	√	√	√	√	√	-	-
Mr. Naman Patel Independent Director	√	√	√	√	√	√	√	√
Mr. Amit Shukla Independent Director	√	√	√	-	√	-	-	√
Ms. Sandhya Patel Independent Director	√	√	√	√	√	√	-	√
Mr. Ashok Bhadakal Independent Director	√	√	-	√	√	√	-	√

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

B) Board of Directors and their Meetings

During the year, upon recommendation of Nomination and Remuneration Committee, Ms. Sandhya Patel (DIN: 02215022) & Mr. Ashok Bhadakal (DIN: 00981201), were appointed and Mr. Naman Patel (DIN: 05143261) and Mr. Amit Shukla (DIN: 00709322), were re-appointed as an Independent Director of the Company for the period of period of 3 years with effect from 1 April 2020 and shareholders have approved the appointment in the 33rd Annual General Meeting held on 4 September 2020.

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

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

In compliance with regulation 17 of the Listing Regulations and as required under the Act, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, five board meetings were held on 29 April 2020, 26 June 2020, 30 July 2020, 31 October 2020 and 30 January 2021.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly/half yearly unaudited financial statements and the audited annual financial statements, projects and capital expenditure, compliance with applicable laws and regulations. It monitors

overall performance of the Company and reviews performance of its subsidiary. The Agenda for the Board meeting covers items set out as guidelines in regulation 17 of Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions. In compliance with regulation 17 of Listing Regulations, the Company has circulated all agenda papers along with notes and other supporting before seven days of the Board meetings.

The meetings of the Board of Directors are scheduled well in advance. During the year under review, all the meetings were held through video/ audio visual means. The Company Secretary, in consultation with the CEO & Managing Director, prepare detailed agenda for the meetings. Directors are also free to bring up any matter for discussion at the Board meetings with the permission of the Chairman. The during the year, information as mentioned in Part A of Schedule II of SEBI Listing Regulations, has been placed before the Board for its Consideration.

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

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

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

1) Quarterly results and results of operations of Company, its subsidiaries;
2) All borrowings, investments, loans and guarantees;
3) Minutes of the meetings of the Board of Directors, Committees of the Board and the summary of minutes of the subsidiary Companies;
4) Details of any joint ventures, acquisitions of brands, trademarks or companies or any collaboration agreements;
5) Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any;
6) Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or;
7) Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

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

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

The following table gives the attendance of the Directors at the Board meetings of the Company as at 31 March 2021.

Name of the Director	Category & Position	No. of Board meetings held during the year	No. of Board meetings attended	Whether attended last AGM (Yes/No)	Number of equity Shares held
Dr. Bhupendra Gandhi*	Non-Executive Chairman	5	4	Yes	399,100
Mr. Rajiv Gandhi	Executive CEO & Managing Director	5	5	Yes	890,397
Mr. Sanjiv Gandhi	Non-Executive Non-Independent Director	5	4	Yes	697,820
Mr. Ravin Gandhi	Non-Executive Non-Independent Director	5	-	-	403,320
Ms. Nina Gandhi	Non-Executive Alternate Director	5	5	Yes	696,340
Mr. Naman Patel	Non-Executive Independent Director	5	5	Yes	1,500
Mr. Amit Shukla	Non-Executive a Independent Director	5	5	Yes	5,250
Ms. Sandhya Patel	Non-Executive Independent Woman Director	5	4	Yes	-
Mr. Ashok Bhadakal	Non-Executive Independent Director	5	5	Yes	-

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

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

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

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

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

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

The information as required by regulations 26 & 36(3) of the SEBI (LODR) Regulation, 2015, in relation to appointment/re-appointment of Directors of the Company are provided in the 34th Annual General Meeting Notice of the Company.

D) Familiarisation Programme

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

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

E) Evaluation of Board of Directors

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

COMMITTEES OF BOARD OF DIRECTORS

The Board of Directors currently has the following committees:

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

1) Audit Committee

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

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

Audit Committee comprises of four members i.e. Mr. Naman Patel as the Chairman of the Committee and Mr. Amit Shukla, Ms. Sandhya Patel and Mr. Ashok Bhadakal as the Members. The composition of committee meets all the requirements of Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Audit Committee held five meetings during 2020-21 on 29 April 2020, 26 June 2020, 30 July 2020, 31 October 2020 and 30 January 2021. The time gap between any two meetings was less than 120 days. During the year under review, the Audit Committee has reviewed unaudited/ audited financial

results for the quarter, half yearly and annually, approval of accounts of the Company, reviewed and approve the changes in KMPs, appointment of statutory auditor, internal auditor and secretarial auditor, and approved the fund raising proposal of the Company.

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

Name of the Member	Category	No. of Meetings held	No. of Meetings Attended
Mr. Naman Patel (Chairman)	Non-Executive/ Independent	5	5
Mr. Amit Shukla	Non-Executive/ Independent	5	5
Ms. Sandhya Patel	Non-Executive/ Independent	5	4
Mr. Ashok Bhadakal	Non-Executive/ Independent	5	5

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 33rd Annual General Meeting held on 4 September 2020.

Invitees at the Audit Committee Meetings

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

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

Terms of Reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
   a) Matters requiring inclusion in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013.
   b) Changes, if any, in accounting policies and practices and reasons for the same.
   c) Major accounting entries involving estimates based on the exercise of judgment by management.
   d) Significant adjustments made in the financial statements arising out of audit findings.
   e) Compliance with listing and other legal requirements relating to financial statements.
   f) Disclosure of any related party transactions.
   g) Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making

appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditors' independence and performance, and effectiveness of the audit process;

8. Approval or any subsequent modification of transactions of the Company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors about any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

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

21. Management discussion and analysis of financial condition and results of operations;

22. Statement of significant related party transactions (as defined by the audit committee), submitted by management;

23. Transactions done with promoter or promoter group holding 20% or more of Equity or Preference share capital will require prior approval of audit committee.

24. Review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments made.

25. Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which holds 10% or more shareholding in the listed entity.

26. Management letters / letters of internal control weaknesses issued by the statutory auditors;

27. Internal audit reports relating to internal control weaknesses; and

28. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

29. Statement of deviations:

(a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

2) Nomination And Remuneration Committee

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

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

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

Nomination and Remuneration Committee comprises of three members Mr. Naman Patel as the Chairman of the Committee and Mr. Amit Shukla and Mr. Ashok Bhadakal as the Members. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 19 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee held only one meeting was held on 29 April 2020 in the FY 2020-21, to approve and recommend changes of CFO of the Company.

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

Name of the Member	No. of Meeting held	No. of Meeting Attended
Mr. Naman Patel (Chairman)	1	1
Mr. Amit Shukla	1	1
Mr. Ashok Bhadakal	1	1

The Company Secretary acts as the Secretary to the Committee.

Terms of Reference

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3. Devising a policy on diversity of board of directors;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

Nomination and Remuneration Policy and details of remuneration paid/payable to the Directors for the year ended 31 March 2021:

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

a) Objectives:

1) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;

2) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board; and

3) To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

b) Remuneration to Non-Executive and Independent Director:

1) Non-Executive and Independent Directors may receive remuneration/ commission as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made there under.

2) Non-Executive and Independent Directors may receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Independent Director shall be entitled to reimbursement of expenses for participation in the Board and other meeting.

3) Non-Executive and Independent Directors may receive commission within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4) An Independent Director shall not be entitled to any stock option of the Company.

5) Companys' remuneration policy is guided by a common reward framework and set of principles and objectives as particularly envisaged under section 178 of the Companies Act 2013, inter alia, principles pertaining to determining qualifications, positives attributes, integrity and independence etc.

6) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on 31 March 2021.

7) The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

c) Remuneration to CEO & Managing Director:

Mr. Rajiv Gandhi is the CEO & Managing Director of the Company. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors decides and approves the remuneration payable to Mr. Rajiv Gandhi, as approved by shareholders as per the resolution passed through postal ballot and result declared on 24 January 2020.

As per the recommendation of the Nomination and Remuneration Committee, Mr. Rajiv Gandhi, CEO & Managing Director will be paid / was paid remuneration of ₹ 51.53 million for the financial year ended on 31 March 2021.

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

d) Remuneration to Senior Management Employees:

The CEO & Managing Director with the help of the Human Resources Department, carry out the individual performance review based on the standard appraisal matrix and after taking

into account the appraisal score card and other factors like - Key Performance Area v/s initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on a predetermined process and after accessing the candidates' capability to shoulder higher responsibility.

e) Details of the sitting fees paid to the Non-Executive Directors for the year 2020-21 are given below:

(₹ in million)

Name of the Non-Executive Directors	Board Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meeting	Stakeholders' Grievances and Relationship Committee Meetings	Total
Dr. Bhupendra Gandhi	0.20	-	-	-	0.20
Mr. Sanjiv Gandhi	0.20	-	-	-	0.20
Ms. Nina Gandhi	0.25	-	-	-	0.25
Mr. Naman Patel	0.25	0.25	0.03	0.10	0.63
Mr. Amit Shukla	0.25	0.25	0.03	0.10	0.63
Ms. Sandhya Patel	0.20	0.20	-	0.08	0.48
Mr. Ashok Bhadakal	0.25	0.25	0.03	-	0.53
Total	**1.60**	**0.95**	**0.08**	**0.28**	**2.90**

f) Stock Option:

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

3) Stakeholders' Grievances & Relationship Committee

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

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

Stakeholder's Grievances & Relationship Committee comprises of three members Mr. Amit Shukla as the Chairman of the Committee and Mr. Naman Patel and Ms. Sandhya Patel as the Members. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. The Stakeholder's Grievances & Relationship Committee held four meetings during 2020-21 on 26 June 2020, 30 July 2020, 31 October 2020 and 30 January 2021.

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

Name of the Member	No. of Meeting held	No. of Meeting Attended
Mr. Amit Shukla (Chairman)	4	4
Mr. Naman Patel	4	4
Ms. Sandhya Patel	4	4

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

Number of Complaints

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

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

Terms of Reference

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

1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

2) Review of measures taken for effective exercise of voting rights by shareholders.

3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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

4) Corporate Social Responsibility (CSR) Committee

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

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

CSR Committee comprises of three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members. The CSR committee held one meeting on 30 January 2021.

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

Name of the Member	No. of Meeting held	No. of Meeting Attended
Mr. Rajiv Gandhi (Chairman)	1	1
Mr. Sanjiv Gandhi	1	1
Mr. Amit Shukla	1	1

Terms of Reference

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

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

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

5) Risk Management Committee

Pursuant to regulation 21 of the Listing Regulations mandates top 1000 listed entities based on market capitalisation as at the end of the immediate previous financial year to constitute the Risk Management Committee and formulate the Risk Management Policy vide SEBI (LODR) (Second Amendments) Regulations, 2021. The Company ranked 643 based on market capitalisation and this regulation applicable to the Company from financial year 2021-22. 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 majority of the members of the Committee are Directors. 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 of the Committee

The Risk Management Committee comprises of four members Mr. Rajiv Gandhi as the Chairman of the Committee and Ms. Sandhya Patel (Independent Director), Ms. Priya Gandhi (Deputy Director - Business Operations) and Ms. Kajal Patel (Deputy Director - Plant Operations) as the Members. The Company Secretary acts as the Secretary to the committee.

Terms of Reference

1) To formulate a detailed risk management policy which shall include:
   a) 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.
   b) Measures for risk mitigation including systems and processes for internal control identified risks.
   c) Business Continuity plan
2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4) To periodically review the risk management policy, at least once in

two years, including by considering the changing industry dynamics and evolving complexity;

5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

6) Management Committee

The Management Committee comprises of three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members. Management Committee oversees day to day operations of the Company. The Management Committee makes decision within the authority delegated by the Board of Directors. All decisions / recommendations of the Committee are placed before the Board of Directors for information and / or their approval. The Management Committee met four times during the year on 19 May 2020, 10 September, 07 December 2020 and 12 February 2021. All the members of committee have attended all the Meetings.

7) Share Transfer Committee

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

The Management Committee comprises of three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members. The Company Secretary acts as the Secretary to the committee. The Share Transfer Committee met fourteen times during the year and mostly all the members attended the meetings.

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

Terms of Reference

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

INDEPENDENT DIRECTORS' MEETING

During the year under review, a separate meeting of Independent Directors was held on 30 January 2021, inter alia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,

2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors, and

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

All the Independent Directors were present at the meeting.

BUSINESS RESPONSIBILITY REPORT

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

SUBSIDIARY COMPANIES:

Company has four non-material Subsidiary Companies namely, Hester Biosciences Nepal

Private Limited, Texas Lifesciences Private Limited, Hester Biosciences Africa Limited and Hester Biosciences Kenya Limited as on 31 March 2021. The Company has one Step-down subsidiary namely, Hester Biosciences Tanzania Limited, which is subsidiary of Hester Biosciences Kenya Limited as on 31 March 2021. The Audit Committee reviews the financial statements, particularly, the investments made in Subsidiary Companies and step-down subsidiary Company. The Board also reviews the financial statements of the said Subsidiary Companies on annual basis.

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

DISCLOSURES

A) Related Party Transaction

All the transactions entered into with related parties as defined under Companies Act, 2013 and Regulations 23 of SEBI (LODR) Regulations, 2015, during the financial year were in the ordinary course of business and on arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Prior approval of the Audit Committee is obtained for all Related Party Transactions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Related Party Transactions during the year have been disclosed in notes on financial statements as per the requirement of "Indian Accounting Standard (Ind As) - 24 Related Party Disclosure" issued by ICAI.

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

B) Code of Conduct

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel in Compliance with Part-D under Schedule V of SEBI (LODR) Regulations, 2015. The Code of Conduct is available on the website of the Company: www.hester.in. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended on 31 March 2021 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 8 June 2021
PLACE Ahmedabad

C) Prohibition of Insider Trading

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

D) Whistle Blower Policy

The Company has a Whistle Blower Policy to deal with instance of fraud and mismanagement. The employees of the Company are free to report instances of unethical behavior, actual or suspected fraud, violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained while dealing with concerns and also that no discrimination is done with any person

for a genuinely raised concern. Employees can lodge their Complaints through anonymous e-mails besides usual means of communications like written complaints. No personnel have been denied access to the Audit Committee.

E) Management

Management Discussion and Analysis:

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

Disclosure of material financial and commercial transactions:

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

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

The particulars about the brief resume and other information required to be disclose under Regulation 36 (3) of SEBI (LODR) Regulations, 2015, of the Director seeking appointment/re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the 34th Annual General Meeting.

G) Compliance by the Company

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

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

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

I) CEO/CFO Certification

The requisite certification from the CEO & Managing Director and Chief Financial Officer required to be given under Regulation 17(8) read with Part B of Schedule II of SEBI (LODR) Regulations, 2015. The aforesaid certificate, duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31 March 2021, has been placed before the Board.

J) Credit Ratings

During the year, CARE Ratings Limited has reaffirmed the credit rating of "CARE A- /Stable" for long-term bank facilities and "CARE A- : Stable / CARE A2" for long-term / short term bank facilities and "CARE A2" for short term bank facilities of the Company.

K) Fees of Statutory Auditor

The Company has obtained the services of statutory auditor of the Company i.e. Shah Karia & Associates, and Chandulal M. Shah & Co., Chartered Accountant, Ahmedabad and paid/payable during the FY 2020-21, towards stated services as below and Statutory Auditor of the Company is not appointed as an Auditor for any subsidiary company:

(₹ in million)

Sr.	Services	Shah Karia & Associates*	Chandulal M. Shah & Co.**
1	Statutory Audit Fees	-	0.90
2	Limited Review Fees	0.10	0.30
3	Other Professional / Certification Fees	0.03	0.01
Total		**0.13**	**1.21**

* till 33rd Annual General Meeting
** from the end of 33rd Annual General Meeting

L) Certificate from a Practicing Company Secretary

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

M) Unclaimed Shares

During the year, the Company has transferred 8,935 equity shares held by 55 equity shareholders to Demat account of IEPF authorities for which the Company had complied with the necessary requirements. The Company have transferred total 75,462 equity shares to demat account of IEPF Authority.

N) Recommendation of the Committees:

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

MEANS OF COMMUNICATION

1. The Company has 10,743 the shareholders as on 31 March 2021. The main channel of communication to shareholders through Annual Report, which includes inter-alia, the Board's Report, Managements' 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 CEO & Managing Director makes presentation on the performance, operating and financial results of the Company. The Chairman and other Key Managerial Personnel also respond to the specific queries of the shareholders.

3. The quarterly, half yearly and annual financial results are sent to Stock Exchanges and published in "Financial Express", in English and Gujarati Editions. Simultaneously, they are also put on the Company's website and can be accessed at: www.hester.in.

4. The official news releases and official media releases are sent to stock exchanges and are put on the Companys' website (www.hetser.in). Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half yearly and annual financial results. These presentations and schedule of analyst or institutional investors meet or call are also put on the Company's website and the transcripts of the call can be accessed at www.hester.inaswell as sent to the Stock Exchanges. No unpublished price sensitive information is discussed in meeting / presentation with institutional investors and financial analysts.

5. The Companys' website (www.hester.in) contains a separate dedicated section 'Investor Relations' where information are available.

6. The Annual Report containing, inter alia, Audited Financial Statements, Audited Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MDA) Report forms part of the Annual Report. The Company's Annual Report is also available on the Company's website and can be accessed at www.hester.in.

7. The Company disseminates the requisite corporate announcements including the SEBI Listing Regulation compliances through NSE Electronic Application Processing System (NEAPS) / BSE Corporate Compliance & Listing Centre. The NEAPS/ BSE's Listing Centre is a web-based application and periodical fillings like shareholding pattern, corporate governance report, financial results, material / price sensitive information, etc. are filed electronically on such designated platforms.

8. The investor complaints received through SEBI Complaints Redress System (SCORES) are processed in a centralised web-based complaints redress system. The salient features of this system are: centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

9. The Company has designated the following email-id exclusively for investor servicing: cs@hester.in, for queries on share transfer, transmission, bonus shares, dividend etc.

GENERAL MEETINGS

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

Financial Year	Meeting	Date	Venue	Time
2017-18	31st AGM	10 August 2018	Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura,	11.00 a.m.
2018-19	32nd AGM	31 July 2019		
2019-20	33rd AGM	4 September 2020	Through Video Conferencing (VC) /Other Audio Visual Modes (OVAM)	11.00 a.m.

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

Sr.	Nature of Special Resolutions passed	Relevant provisions of the Companies Act	AGM details
1	Granting loan, giving guarantee, providing security or making investment in excess of limit specified in Section 186 of the Companies Act, 2013	Section 186 of Companies Act, 2013	31st AGM held on 10 August 2018
2	To give Milestone Bonus to Mr. Rajiv Gandhi, CEO & Managing Director for the FY 2018-19	Section 197 and 203 of Companies Act, 2013	32nd AGM held on 31 July2019
3	Re-appointment of Mr. Naman Patel (DIN: 05143261) as an Independent Director	Sections 149, 152 and other applicable Sections of Companies Act, 2013	33rd AGM held on 4 September 2020
4	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 30 January2021 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 Thursday, 22 February 2021 in Financial Express (English and Gujarati Editions) incompliance with the provisions of the Companies Act, 2013 and Secretarial Standard - 2. The remote e-voting period commences from Saturday, 6 February 2021 at 09:00 A.M. (IST) and ends on Sunday, 7 March 2021 at 5:00 P.M. (IST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/ beneficial owner (in case of electronic shareholding) as on Friday, 29 January 2021.

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, 8 March 2021.

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 (%)
Issuance of equity shares, and/or equity linked securities and/ or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment	100.00	-

GENERAL SHAREHOLDERS' INFORMATION

1) Annual General Meeting

AGM Date, Time and	Tuesday, 17 August 2021 at 10:00 a.m.
Mode of AGM/ Venue	Through Video Conferencing/ Other Audio Visual Means
Book Closure Date	Saturday, 7 August 2021 to Tuesday, 17 August 2021
Financial Year	1 April 2020 to 31 March 2021

2) Tentative Financial Calendar

First quarter financial results	On or before 14 August 2021
Half yearly financial results	On or before 14 November 2021
Third quarter financial results	On or before 14 February 2022
Audited financial results for the year 2021-22	On or before 30 May 2022

3) Listing of Equity Shares on Stock Exchanges

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

4) Payment of Listing Fees

Annual listing fee for the financial year 2021-22 has been paid by the Company to BSE and NSE.

5) Payment of Depository Fees

Annual Custody/ Issuer fee for the financial year 2021-22 has been paid by the Company to Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL).

6) a) Details of Shares:

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

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

Name of the Stock Exchanges	Stock Code	Closing Price as on 31 March 2021 (₹)	Market Capitalisation as on 31 March 2021	Rank based on Market Capitalisation 31 March 2021
BSE Limited	524669	1,916.15	16,305.53	643
The National Stock Exchange of India Limited	HESTERBIO	1,916.10	16,300.00	618

7) Stock Market Price Data

a) Monthly share price data on BSE for the financial year 2020-21 is as under:

Month (FY 2020-21)	Hester High (₹)	Hester Low (₹)	Hester Closing* (₹)	BSE Sensex Closing (₹)
April	1,550.00	933.90	1,336.85	33,717.62
May	1,340.00	1,070.00	1,137.90	32,424.10
June	1,396.00	1,140.00	1,210.90	34,915.80
July	1,370.00	1,180.30	1,318.60	37,606.89
August	1,598.00	1,323.55	1,416.95	38,628.29
September	1,884.20	1,460.15	1,701.90	38,067.93
October	1,890.00	1,675.00	1,759.55	39,614.07
November	1,880.00	1,690.00	1,793.90	44,149.72
December	1,811.00	1,600.00	1,708.30	47,751.33
January	1,850.00	1,635.90	1,680.75	46,285.77
February	1,800.00	1,690.45	1,789.25	49,099.99
March	2,277.80	1,651.25	1,916.75	49,509.15

*Closing prices on the last working day of month

b) Monthly share price data on NSE for the financial year 2020-21 is as under:

Month (FY 2020-21)	Hester High (₹)	Hester Low (₹)	Hester Closing* (₹)	NSE Nifty Closing (₹)
April	1,568.95	927.80	1,337.05	9,859.90
May	1,345.00	1,080.15	1,138.55	9,580.30
June	1,394.00	1,138.60	1,211.75	10,302.10
July	1,371.00	1,200.00	1,320.85	11,073.45
August	1,599.80	1,315.00	1,417.80	11,387.50
September	1,900.00	1,462.10	1,698.70	11,247.55
October	1,898.00	1,675.00	1,769.80	11,642.40
November	1,884.00	1,676.75	1,792.75	12,968.95
December	1,812.75	1,601.00	1,708.60	13,981.75
January	1,850.00	1,630.00	1,684.20	13,634.60
February	1,799.00	1,685.00	1,791.80	14,529.15
March	2,280.00	1,651.00	1,916.10	14,690.70

*Closing prices on the last working day of month.

8) Shares held in Physical and Dematerialised Form

The Companys' shares are compulsorily traded in the dematerialised mode. As on 31 March 2021, 96.03% shares were held in the dematerialised form and the balance 3.97% shares were held in physical form. The shareholders whose shares are held in physical form are requested to dematerialise the same at the earliest in their own interest. The dematerialised security code **(ISIN)** for the equity shares is **INE782E01017**. As on that date, total promoters' holding is 53.73% of the capital. Shareholding pattern of the Company as on 31 March 2021 is given in Point 9 (b).

9) Distribution of Shareholding as on 31 March 2021

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

No. of Equity Shares Held (Range)	Number of Shareholders	Percentage of Total Shareholders	Number of Shares held	Percentage to Total Shares Held
1 to 500	10,055	93.60	6,23,929	7.33
501 to 1000	308	2.87	2,24,931	2.64
1001 to 2000	161	1.50	2,30,497	2.71
2001 to 3000	53	0.49	1,32,837	1.56
3001 to 4000	25	0.23	87,885	1.03
4001 to 5000	13	0.12	57,593	0.68
5001 to 10000	50	0.47	3,36,044	3.95
Above 10001	78	0.73	68,13,149	80.09
Total	**10,743**	**100.00**	**85,06,865**	**100.00**

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

Sr.	Description	Number of Members	Number of Shares	Percentage
1	Promoters & Promoters' Group	14	4,570,944	53.73
2	Resident Individual	9,656	2,666,244	31.34
3	Hindu Undivided Family	260	174,229	2.05
4	Non-Resident Individual	341	513,984	6.04
5	Investors Education and Protection Fund (IEPF)	1	75,462	0.89
6	Mutual Fund, Financial Institutions / Banks, Insurance Companies	3	69,837	0.82
7	Foreign Portfolio Investor	12	51,304	0.60
8	Domestic Companies	153	333,580	3.92
9	Clearing Members and others	66	51,281	0.60
	Total	**10,506**	**8,506,865**	**100.00**

10) Share Transfer System

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

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

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

11) Reconciliation of Share Capital

A practicing company secretary carried out audit in each of the quarters in the financial year 2020-21, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total

issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with depositories. The reports of audit were submitted to stock exchanges for compliances of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018.

12) Nomination Facility

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

13) Change in shareholders' details

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

14) Details of Dividend

The Board of Directors has recommended final dividend at ₹ 10 per share (100%) for the financial year 2020-21. The payment of final dividend as recommended by the Directors, if approved at the Meeting, will be made:

(i) To those members whose names are on the Register of Members on record date or to their mandates.

(ii) In respect of shares held in electronic form, to those "deemed members" whose names appears of the statement of beneficiary ownership, furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on record date.

15) Details of Unclaimed Dividend as on 31 March 2021

Financial Years	Date of Declaration of Dividend	Dividend payment %	Unpaid/ Unclaimed Amount (in ₹)	Expected date of transfer of unclaimed dividend of IEPF
2013-14	23 September 2014	20	2,76,108.00	27 November 2021
2014-15	15 September 2015	31	4,13,707.40	19 November 2022
2015-16 (Interim)	10 March 2016	30	3,96,672.00	15 May 2023
2015-16 (Final)	29 July 2016	11	1,58,563.90	3 October 2023
2016-17 (Interim)	20 October 2016	30	4,08,174.00	25 December 2023
2016-17 (Final)	28 July 2017	23	3,27,821.80	1 October 2024
2017-18 (Interim)	9 November 2017	40	5,54,336.00	13 January 2025
2017-18 (Final)	10 August 2018	60	5,89,638.00	14 October 2025
2018-19 (1st Interim)	10 August 2018	20	2,08,576.00	14 October 2025
2018-19 (2nd Interim)	29 October 2018	20	2,17,446.00	2 January 2026
2018-19 (Final)	31 July 2019	70	5,87,209.00	4 October 2026
2019-20 (Final)	4 Septmber 2020	66	4,77,987.80	9 November 2027

16) Locations of the Companys' Offices and Manufacturing Plant

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

Branches:

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

17) Registrar and Share Transfer Agent

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

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

18) Address for Correspondence

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

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

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

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

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

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

20) Details of Non-Compliance

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by any

Stock Exchange, SEBI or any other statutory authority. The Company Secretary in Practice has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Board's Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports filed by the Company.

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

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

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

DATE 8 June 2021
PLACE Ahmedabad

CEO & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,
Board of Directors
Hester Biosciences Limited
Ahmedabad

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

1. We have reviewed the Balance Sheet and Profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31 March 2021 and that to the best of our knowledge and belief:

   a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

   b. These statements together present a true and fair view of the Companys' affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Companys' Code of Conduct.

3. We accept 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.

For and on behalf of the Board of Directors

Rajiv Gandhi	**Chetas Patel**	**DATE** 8 June 2021
CEO & Managing Director	Chief Financial Officer	**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 2021 as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub- regulation (2) of Regulation 46 and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, pursuant to the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Name of Company Secretary: Tapan Shah
Membership No.: FCS4476
C P No.: 2839
UDIN: F004476C000413456

DATE 8 June 2021
PLACE Ahmedabad

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the CoVID-19, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

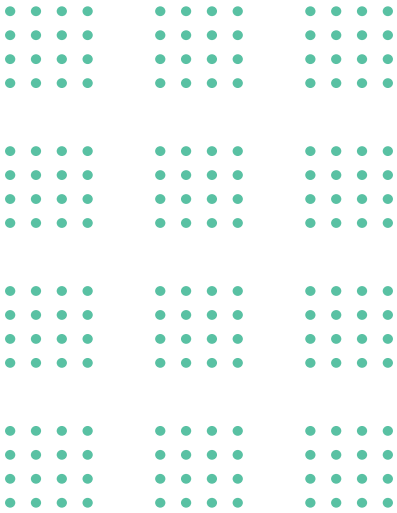
Sr.	Name of Director	DIN	Date of appointment in Company*
1	Dr. Bhupendra Vithaldas Gandhi	00437907	21/04/2005
2	Rajiv Dinesh Gandhi	00438037	29/04/1987
3	Sanjiv Dinesh Gandhi	00024548	29/04/1987
4	Ravin Kanti Gandhi	00438361	22/04/1999
5	Nina Rajiv Gandhi	00024657	07/05/2016
6	Naman Madhav Patel	05143261	18/10/2014
7	Amit Priyatam Shukla	00709322	22/07/2015
8	Sandhya Maulik Patel	02215022	01/04/2020
9	Ashok Bhimrao Bhadakal	00981201	01/04/2020

* Date of appointment is as per the MCA portal

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

Name of Company Secretary: Tapan Shah
Membership No.: FCS4476
C P No.: 2839
UDIN: F004476C000413456

DATE 8 June 2021
PLACE Ahmedabad



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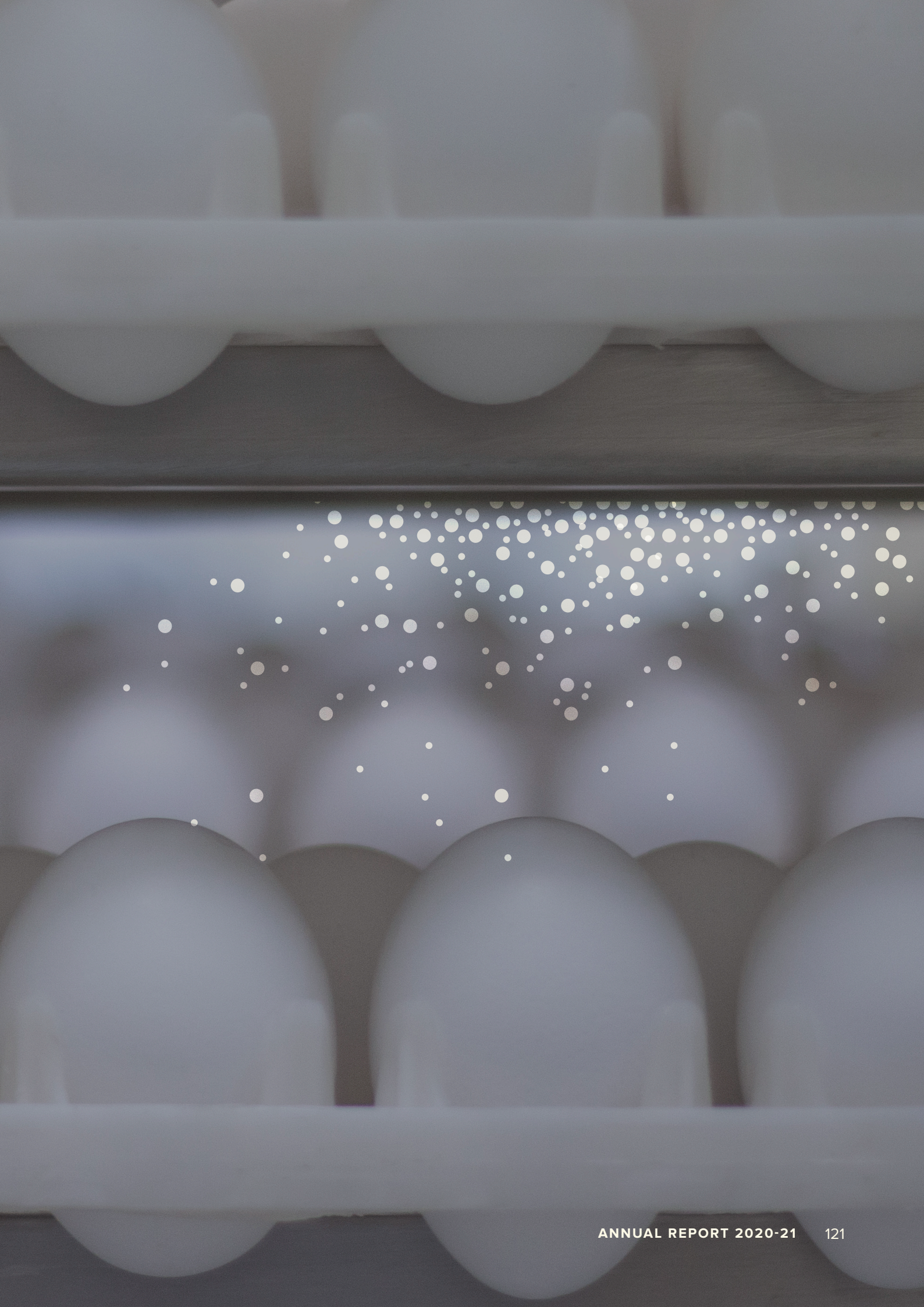
FINANCIAL STATEMENTS



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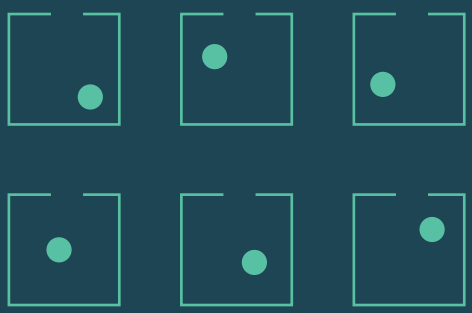
Standalone Financial Statements



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 2021, 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 2021, 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 for the financial year ended 31 March 2021. 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. No.	Key Audit Matters	Auditor's Response
1	**Impairment of Company's Investments in subsidiaries and loans to subsidiaries**	
	As at 31 March 2021, the carrying value of the Company's investments in equity shares and loans given to the subsidiaries amounted to ₹ 438.85 Million and ₹ 7.40 Million. The Company accounts for above investments in subsidiaries at cost (subject to Impairment assessment). Management regularly reviews whether there are any indicators of impairment of the investments by reference to Ind AS 36 -'Impairment of Assets'. This is a Key Audit Matter as the amount of investments and loans to subsidiaries is material to the separate financial statements of the Company and the determination of recoverable value for impairment assessment involves significant management judgement.	Our audit procedures in relation to evaluation of impairment testing of investments in and loans to subsidiaries included the following: • We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over the impairment assessment of such investments. • We evaluated the Company's process regarding impairment assessment. • We evaluated the cash flow forecasts (with underlying economic growth rate) by comparing them to the approved budgets and our understanding of the internal and external factors. • We checked the mathematical accuracy of the impairment model and agreed relevant data back to the latest budgets, actual past results and other supporting documents. • We compared the carrying values of the investments and loans to subsidiaries with their respective net assets values and earnings for the period. • We evaluated the disclosures made in the Standalone Financial Statements.
2	**Carrying Value of Trade Receivables**	
	The collectability of the Company's trade receivables of carrying value ₹ 455.50 Million and the valuation of allowance for impairment of trade receivables require significant management judgment. Due to slack in the Poultry Industry, Company has extended an additional credit period, however, this adverse impact is temporary in nature and Industry will recover in the short run as per the management estimate. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. Accordingly, it has been determined as a key audit matter.	Our audit procedures included following: • We assessed a sample of trade receivables and advances. • We assessed the ageing of trade receivables and advances, the customer's historical payment patterns and whether any post year-end payments have been received up to the date of completing our audit procedures. • We also discussed with the management regarding any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties wherever available. • In assessing the appropriateness of the overall provision for impairment, we considered the management's application of policy for recognising provisions. • We assessed the Company's provisioning policy and comparing the Company's provisioning against historical collection data. • Considered the completeness and accuracy of the disclosures.

Sr. No.	Key Audit Matters	Auditor's Response
3	**Valuation of Inventories**	
	The Company has inventory of carrying value ₹ 570.12 Million which is around 27% of its' total revenue including Raw Materials, Packing material, work in progress, finished goods and traded goods. We considered the value of the inventory of 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 net realisable value. The inventory valuation of the company involves complex procedures estimating the costs incurred, overheads applied and provisioning for slow moving, expired and obsolete inventory.	Our audit procedures included following: • We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realisable value 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 considered various factors including the 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 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.

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.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the 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 judgment 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 polices 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditors' 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 Matters
The comparative financial information of the Company for the year ended 31 March 2020, included in these standalone financial statements, were audited by the predecessor auditor who expressed an unmodified opinion on those financial information vide their audit report dated 26 June 2020. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements
As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the 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.

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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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. The remuneration paid/provided to any director is not in excess of the limit laid down under Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 35 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.

For **Chandulal M. Shah & Co.**
Chartered Accountants
FRN 101698W

Arpit D. Shah
Partner
M. No. 135188
UDIN: 21135188AAAACR3127

DATE 8 June 2021
PLACE Ahmedabad

Annexure A

to the Independent Auditors' 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 2021:

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) The Company has a regular programme for physical verification of its fixed assets by which its fixed assets. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. However, due to outbreak of COVID–19 pandemic, physical verification of fixed assets could not be carried out during the year. As represented by the management, these will be covered for verification in the subsequent period.

   (c) According to the information and explanations given to us and based on our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

2. According to information and explanations given to us, the physical verification of inventories has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on such physical verification during the year.

3. The Company has granted loan to a subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013.

   (a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is prima facie, not prejudicial to the interest of the Company.

   (b) No repayment of principal and interest was sought by the Company and thus, there has been no default on the part of the Party to whom the money has been lent; and

   (c) There is no amount of loan granted to company listed in the register maintained under section 189 of the Act, which are overdue for more than ninety days.

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

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company and hence not commented upon.

6. 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.

7. According to information and explanations given to us in respect of statutory dues and on the basis of our examination of the books of account, and records :

   (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods & Service Tax, Duty of Customs, Cess and any other 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 2021 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, Sales Tax, Service 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 Statue	Nature of Dues	Amount (₹ In Million)	Years to Which matter pertains	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.10	A.Y. 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.38	A.Y. 2018-19	DCIT, Ahmedabad

8. 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.

9. According to the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. The company has utilised the proceeds of the term loans for which it was raised.

10. According to the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.

13. In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

14. According to the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

15. According to the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.

16. In our opinion, the company is not required to be registered under Section 45IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) 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: 21135188AAAACR3127

DATE 8 June 2021
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 over financial reporting of Hester Biosciences Limited ("the Company") as of 31 March 2021 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls over Financial Reporting with reference to standalone financial statements

A company's internal financial control over financial reporting with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 Over Financial Reporting with reference to standalone financial statements
Because of the inherent limitations of internal financial controls over financial reporting 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 over financial reporting with reference to standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies of procedures may deteriorate.

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting with reference to standalone financial statements and such internal financial controls over financial reporting with reference to standalone financial statements were operating effectively as on 31 March 2021, 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: 21135188AAAACR3127

DATE 8 June 2021
PLACE Ahmedabad

Balance Sheet

as at 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	3	863.07	960.81
(b) Capital Work-in-Progress	3	35.38	8.74
(c) Other Intangible Assets	4	3.30	3.93
(d) Biological Assets other than the Bearer Plants	5	0.56	2.90
(e) Financial Assets			
(i) Investments	6	438.85	406.71
(ii) Loans	7	7.40	50.86
(iii) Other Financial Assets	8	41.14	52.37
(f) Other Non-current Assets	9	34.39	53.77
Total Non-current Assets		**1,424.09**	**1,540.09**
(2) Current Assets			
(a) Inventories	10	570.12	604.32
(b) Financial Assets			
(i) Trade Receivables	11	455.50	447.61
(ii) Cash and Cash Equivalents	12	12.44	51.90
(iii) Loans	7	179.99	0.97
(iv) Other Financial Assets	8	4.17	3.99
(c) Other Current Assets	13	173.84	123.02
Total Current Assets		**1,396.06**	**1,231.81**
Total Assets		**2,820.15**	**2,771.90**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Share capital	14	85.07	85.07
(b) Other equity	15	2,290.74	1,945.73
Total Equity		**2,375.81**	**2,030.80**
(2) Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	26.76	74.45
(ii) Other Financial Liabilities	17	3.03	1.53
(b) Deferred Tax Liabilities (Net)	33	68.06	82.89
Total Non-current Liabilities		**97.85**	**158.87**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	17.10	318.01
(ii) Trade Payables	19		
- Total outstanding dues of micro enterprises and small enterprises		2.98	7.08
- Total outstanding dues of creditors other than micro enterprises and small enterprises		137.27	129.00
(iii) Other Financial Liabilities	20	124.22	98.35
(b) Other Current Liabilities	21	26.83	25.38
(c) Current Tax Liabilities	22	29.42	-
(d) Provisions	23	8.67	4.41
Total Current Liabilities		**346.49**	**582.23**
Total Liabilities		**443.34**	**741.10**
Total Equity and Liabilities		**2,820.15**	**2,771.90**

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

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Statement of Profit and Loss

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from Operations	24	2,084.77	1,694.25
Other Income	25	16.48	29.27
Total Income		**2,101.25**	**1,723.52**
Expenses			
Cost of raw material and components consumed	26	241.75	276.23
Purchase of traded goods	27	252.09	171.89
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	28	40.14	(155.74)
Employee benefits expense	29	334.51	371.56
Finance Cost	30	39.47	50.34
Depreciation and amortisation expense		96.33	93.85
Other Expenses	31	496.35	503.10
Total Expenses		**1,500.64**	**1,311.23**
Profit before exceptional items and tax		**600.61**	**412.29**
Exceptional Items	32	(52.78)	-
Profit before tax		**547.83**	**412.29**
Tax Expense :	33		
Current Tax		163.65	118.05
Deferred Tax		(14.83)	(18.00)
Total Tax Expense		**148.82**	**100.05**
Profit after tax		**399.01**	**312.24**
Other Comprehensive Income			
Items that will not to be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plans		2.86	(5.36)
Income Tax Effect		(0.72)	1.35
Net other comprehensive gain / (loss) that will not be reclassified to profit or loss		**2.14**	**(4.01)**
Total Comprehensive Income for the year		**401.15**	**308.23**
Earnings Per Equity Share (EPS)			
Basic and Diluted (Face Value ₹ 10 Per Share)	37	46.90	36.70
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

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Statement of Changes in Equity

for the year ended 31 March 2021

(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 2019	8,506,865	85.07
Issue of Equity Share Capital	-	-
As at 31 March 2020	8,506,865	85.07
Issue of Equity Share Capital	-	-
As at 31 March 2021	**8,506,865**	**85.07**

B OTHER EQUITY

Particulars	Reserve and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at 1 April 2019	**9.42**	**175.07**	**392.26**	**1,132.54**	**1,709.30**
Profit for the year				312.24	312.24
Other Comprehensive Income for the year					
Re-measurement loss on defined benefit plan (net of tax)				(4.01)	(4.01)
Total Comprehensive Income for the year				308.23	308.23
Dividend paid (including dividend distribution tax)				(71.79)	(71.79)
As at 31 March 2020	**9.42**	**175.07**	**392.26**	**1,368.98**	**1,945.73**
Profit for the year				**399.01**	**399.01**
Other Comprehensive Income for the year					
Re-measurement gain on defined benefit plan (net of tax)				2.14	2.14
Total Comprehensive Income for the year				401.16	401.16
Dividend paid				(56.15)	(56.15)
Balance as at 31 March 2021	**9.42**	**175.07**	**392.26**	**1,713.99**	**2,290.74**

In terms of our report attached

For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Statement of Cash Flows

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	547.83	412.29
Adjustments For:		
Depreciation and Amortisation Expense	96.33	93.85
Exceptional Items	52.78	-
Provision for doubtful debt	2.87	-
Bad Debts Written off	6.90	0.62
(Profit) / Loss on Sale of Property, Plant & Equipments	2.69	(4.74)
Interest expense	37.15	38.18
Interest Income	(12.94)	(5.40)
Operating profit before working capital changes	**733.61**	**534.80**
Adjustments For:		
Trade Receivables	(17.65)	(121.52)
Inventories	34.20	(119.36)
Other Assets	(50.77)	17.14
Trade Payables	4.17	55.59
Other Current Liabilities	2.94	15.28
Short-term Provisions	4.25	1.19
Loans	(179.03)	1.61
Other Financial Liability	0.44	0.57
Other Financial Assets	3.44	(13.55)
Cash Generated From Operations	**535.60**	**371.74**
Income tax paid (net)	(134.89)	(113.52)
Net cash generated from / (used in) operating activities (A)	**400.71**	**258.22**
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	(42.50)	(84.00)
Proceeds from Sale of Property, Plant and Equipment	0.42	9.81
Payment towards investment in subsidiaries	(8.25)	(124.52)
Proceeds from loans repaid	-	3.82
Interest received	12.67	4.43
Bank / margin money deposits withdrawn (Net)	10.74	(22.87)
Net cash generated from / (used in) investing activities (B)	**(26.92)**	**(213.32)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(19.04)	(12.60)
Proceeds/(Repayment) of Short-term Borrowings (net)	(300.91)	108.64
Interest Paid	(37.15)	(38.18)
Dividend Paid (Including Dividend Distribution Tax)	(56.15)	(71.79)
Net cash (used in) / generated from financing activities (C)	**(413.25)**	**(13.92)**
Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	**(39.46)**	**30.98**
Cash and cash equivalents at the beginning of the year	51.90	20.92
Cash and cash equivalents at the end of the year	**12.44**	**51.90**
Cash and cash equivalents as per above comprise of the following :		
Cash on Hand	1.21	1.66
Balance with Banks - On Current Accounts	11.23	15.24
Fixed Deposits having maturity of less than 3 months	-	35.00
Balances as per Statement of Cash Flow	**12.44**	**51.90**

Non cash items :

i) Accrued Interest for the year of ₹ 0.69 million (Previous year Nil) Inter Corporate Deposits ("ICD") given respectively, have been converted to the ICD balances as on reporting date.

ii) Inter Corporate Deposits given of ₹ 23.90 Million (Previous year -Nil) were converted into investment in equity share capital of a subsidiary.

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 2019	Cash flows	Other Changes*	As at 31 March 2020
Long term borrowings	173.55	(12.60)	-	160.95
Short term borrowings	209.37	108.64	-	318.01
Interest	-	(38.18)	38.18	-
Total	**382.92**	**57.87**	**38.18**	**478.96**

Particulars	As at 1 April 2020	Cash flows	Other Changes*	As at 31 March 2021
Long term borrowings	160.95	(19.04)	-	141.91
Short term borrowings	318.01	(300.91)	-	17.10
Interest	-	(37.15)	37.15	-
Total	**478.96**	**(357.10)**	**37.15**	**159.01**

* Other changes in Interest accured represents accrual of interest during the year.

In terms of our report attached

For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Notes to Standalone Financial Statements

for the year ended 31 March 2021

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 The National Stock Exchange of India Limited (NSE). The registered office of the company is located at Pushpak, 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat.

The company is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry and Large animal health products having its manufacturing set up at Merda Adraj village, Mehsana District, Gujarat.

The financial statements were approved for issue in accordance with a resolution of the directors on 8 June 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation:

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

i) Defined benefit plans - plan assets measured at fair value

ii) Biological assets - measured at fair value less cost to sell

The financial statements 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 Revenue Recognition:

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

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

Interest income primarily comprises of interest from term deposits with banks and on loans to subsidiary companies. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

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 lesees) is recognised on a straight-line basis over the lease term.

c Property Plant & Equipments :

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, Plant and Equipments are stated at cost of acquisition

Notes to Standalone Financial Statements

for the year ended 31 March 2021

or construction less accumulated depreciation and accumulated impairement 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 changed to the Statement of Profit and Loss for the period during which such expenses are incurred except for high values which are capitalised.

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

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

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

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.

d 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.

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

e Depreciation / Amortisation :

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

Particulars	Estimated Useful Life
Furniture & Fixtures	Over a Period of 9 Years
Vehicles	Over a Period of 8 Years
Plant & Machineries, Equipments, Electrical Installation & Utilities	Over a Period of 5 to 9 Years
Office Building	Over a Period of 30 Years
Servers & Networks	Over a Period of 6 Years
Computers	Over a Period of 3 Years

f 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.

g Investments:

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

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

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.

h 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."

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

Notes to Standalone Financial Statements

for the year ended 31 March 2021

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

i Borrowing Costs:

Borrowing costs 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.

j Foreign Currency Transactions:

i The Company's financial statements are presented in Indian Rupees, which is also the Company's functional and presentation currency.

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

iii 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.

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

iv Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

k Research and Development:

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

l Provision For Retirement Benefits:

(i) Short-Term Employee Benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

(ii) Post- employment benefit plans:

a) Defined Contribution Plan:

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

b) Defined Benefit Plan:

The Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs

of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognised in full in the period in which they occur.

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

m 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.

n 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.

o Financial Instruments:

(i) Financial Asset:

(a) Classification:

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(b) Initial recognition and measurement:

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date,i.e., the date that the Group commits to purchase or sell the asset.

(c) Financial assets at amortised cost:

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

Notes to Standalone Financial Statements

for the year ended 31 March 2021

2) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised ."

(d) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated 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.

(e) Impairment of financial assets:
In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) trade receivables:
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(ii) Financial Liabilities:

(a) Classification:
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

(b) Initial recognition and measurement:
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans and borrowings, and payables), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments."

(c) Subsequent measurement:
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

Notes to Standalone Financial Statements

for the year ended 31 March 2021

that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

(d) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

p Taxation:

i. Current Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

ii. Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

q 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.

r 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.

s Provisions and Contingent Liablities:
A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

t Operating Cycle and Current/Non-current classification:
All the assets and liabilities have been classified as current or non current as per the Companys' 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

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.

u Biological Assets:

Biological assets are measured at fair value less costs to sell, with any change therein recognised in Statement of Profit and Loss.

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 health care and animal health care.

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 furture periods.

a Judgements

In the process of applying the Company's accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options — Company as lessee.

The Company determines the lease term as the non- cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several

lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

b Estimates and assumptions

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 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.

c Taxes

Pursuant to the Taxation Laws (Amendment) Ordinance 2019 issued by Ministry of Law and Justice (Legislative Department) dated 20 September 2019 effective from 1 April 2019, the Company has opted to avail lower tax rates of 22% (without any tax benefits) instead of existing tax rate of 30%.

d 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 39.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Computer	Total
Gross Block							
As at 1 April 2019	**18.30**	**634.76**	**826.91**	**58.43**	**46.70**	**18.52**	**1,603.62**
Additions	-	5.24	35.66	1.09	14.01	1.07	57.07
Disposals	-	4.19	4.52	-	-	-	8.71
As at 31 March 2020	**18.30**	**635.81**	**858.05**	**59.52**	**60.71**	**19.60**	**1,650.98**
Additions	-	7.26	18.60	1.84	1.72	1.74	31.16
Disposals	-	38.64	10.15	-	-	-	48.79
As at 31 March 2021	**18.30**	**604.43**	**866.50**	**61.36**	**62.43**	**21.34**	**1,634.35**
Depreciation/Amortisation and Impairment							
As at 1 April 2019	-	133.35	391.81	34.24	29.48	13.58	601.46
Charge for the Year	-	20.01	62.11	4.15	4.46	2.19	92.92
Deductions	-	1.32	2.89	-	-	-	4.21
As at 31 March 2020	**-**	**152.04**	**451.03**	**38.39**	**33.94**	**15.77**	**690.17**
Charge for the Year	-	20.07	63.77	4.41	5.16	2.02	95.43
Deductions	-	7.99	7.33	-	-	-	15.32
As at 31 March 2021	**-**	**164.12**	**507.48**	**42.80**	**39.10**	**17.79**	**771.28**
Net Block							
As at 31 March 2020	18.30	483.77	407.01	21.13	26.77	3.83	960.81
As at 31 March 2021	**18.30**	**440.31**	**359.02**	**18.56**	**23.33**	**3.55**	**863.07**

Notes:

For charges created on aforesaid assets, refer note 16.

Capital work-in-progress

Particulars	Amount
As at 31 March 2021	**35.38**
As at 31 March 2020	8.74

4 INTANGIBLE ASSETS

Particulars	Software	Product registration fees	Total
Gross Block			
As at 1 April 2019	7.13	4.02	**11.15**
Additions	0.06	-	**0.06**
Disposals	-	-	**-**
As at 31 March 2020	**7.19**	**4.02**	**11.21**
Additions	0.28	-	**0.28**
Disposals	-	-	**-**
As at 31 March 2021	**7.47**	**4.02**	**11.49**
Depreciation/Amortisation and Impairment			
As at 1 April 2019	4.86	1.49	**6.35**
Charge for the Year	0.52	0.40	**0.92**
Deductions	-	-	**-**
As at 31 March 2020	**5.39**	**1.90**	**7.29**
Charge for the Year	0.50	0.40	**0.90**
Deductions	-	-	**-**
As at 31 March 2021	**5.89**	**2.30**	**8.19**
Net Block			
As at 31 March 2020	1.81	2.12	**3.93**
As at 31 March 2021	**1.58**	**2.72**	**3.30**

Notes:
For charges created on aforesaid assets, refer note 16.

5 BIOLOGICAL ASSETS OTHER THAN THE BEARER PLANTS:

Particulars	As at 31 March 2021	As at 31 March 2020
Live Stock		
At the Beginning of the Year	2.90	2.13
Add: Purchased during the Year	0.50	1.35
Less: Sold/Disposed during the Year	2.84	0.57
At the end of the year	**0.56**	**2.90**

Non-Financial Measures or Estimates of Physical Quantities of Biological Assets

Particulars		As at 31 March 2021	As at 31 March 2020
Live Stock	NOS	16,340	39,329
At the end of the year		**16,340**	**39,329**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

6 NON CURRENT INVESTMENTS

Particulars	As at 31 March 2021	As at 31 March 2020
Investment in subsidiaries:		
Unquoted Investments in equity instruments - at cost (All fully paid)		
Hester Biosciences Nepal Private Limited 1,625,000 (31 March 2020:1,242,645) Equity shares each of NPR 100	109.91	86.02
Hester Biosciences Africa Limited 9,112,079 (31 March 2020: 9,112,079) Equity shares each of TSHS 1,000	283.97	283.97
Texas Lifesciences Private Limited 3,459,702 (31 March 2020 :2,634,702) Equity shares each of ₹ 10	34.60	26.35
Hester Biosciences Kenya Limited 150,600 (31 March 2020: 150,600) Equity shares each of KSHS 100	10.37	10.37
Total	**438.85**	**406.71**
Aggregate value of Unquoted Investment	**438.85**	**406.71**

7 LOANS

(Unsecured, Considered Good unless otherwise stated)

Particulars	Non Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
- **Unsecured, Considered Good**				
Loans & Advances to related parties (Refer Note 38)	7.40	50.86	-	-
Loan to Employees	-	-	1.99	0.97
Loan to Others	-	-	178.00	-
- **Unsecured, Considered Doubtfull**				
Loans & Advances to related parties (Refer Note 38)	19.57	-	-	-
Less : Provision for Doubtful Advances	(19.57)	-	-	-
Total	**7.40**	**50.86**	**179.99**	**0.97**

The details of loans and advances of the Company outstanding at the end of the year, in terms of regulation 53 (F) read together with para A of Schedule V of SEBI (Listing Obligation and Disclosure Regulation, 2015).

Name of the Company and Relationship	Outstanding amount		Maximum amount outstanding during the year	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Hester Biosciences Nepal Private Limited (Subsidary)	7.40	50.86	54.92	50.86
Total	**7.40**	**50.86**	**54.92**	**50.86**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

8 OTHER FINANCIAL ASSETS

(Unsecured, Considered Good)

Particulars	Non Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Bank Deposits with maturity of more than 12 months	27.95	38.69	-	-
Security Deposit	13.18	13.67	-	-
Gratuity Fund	-	-	2.93	3.02
Interest Accrued	-	-	1.24	0.97
Total	**41.14**	**52.37**	**4.17**	**3.99**

9 OTHER NON CURRENT ASSETS

(Unsecured, Considered Good)

Particulars	As at 31 March 2021	As at 31 March 2020
Capital Advances	30.04	49.34
Advance Tax (Net of Provision for tax)	4.35	4.43
Total	**34.39**	**53.77**

10 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw Materials	29.10	32.44
Work-in-Progress	287.40	393.87
Finished Goods	120.99	81.82
Stock-in-Trade	87.94	60.78
Stores & Spares	13.56	10.25
Packing Materials	31.13	25.16
Total	**570.12**	**604.32**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

11 TRADE RECEIVABLES

Particulars	As at 31 March 2021	As at 31 March 2020
Secured, considered good	-	-
Unsecured, considered good	455.50	447.61
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	2.87	-
Total	**458.37**	**447.61**
Less :		
Impairment allowance (allowance for bad and doubtful debts)	(2.87)	-
Total	**455.50**	**447.61**

Notes : For dues from the related parties, refer notes 38

12 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2021	As at 31 March 2020
Balance with Banks		
- In Current Accounts	6.61	10.78
- In Deposit Accounts with original Maturity less than 3 Months	-	35.00
- Unpaid dividend accounts	4.62	4.46
Cash on Hand	1.21	1.66
Total	**12.44**	**51.90**

13 OTHER CURRENT ASSETS

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, Considered Good		
Advances to Suppliers	44.01	42.06
Prepaid Expenses	8.68	3.65
Export Incentives Receivables	1.15	1.14
Balance with Government Authorities	71.00	75.35
Others	49.00	0.82
Total	**173.84**	**123.02**

14 SHARE CAPITAL

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised Capital		
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	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**

(All amounts are in ₹ Million, unless otherwise stated)

14.01 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31 March 2021	As at 31 March 2020
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**

14.02 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 an final dividend of ₹ 10.00 per equity share (100%) for year 2020-21, subject to the approval of the shareholders.

14.03 The details of shareholders holding more than 5% equity shares in the company

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% held	No. of Shares	% held
Mr. Rajiv Gandhi	890,397	10.47	885,397	10.41
Ms. Nina Gandhi	696,340	8.19	696,340	8.19
Mr. Sanjiv Gandhi	697,820	8.20	692,820	8.14

15 OTHER EQUITY

Particulars	As at 31 March 2021	As at 31 March 2020
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	1,368.99	1,132.54
Add: Profit for the year	399.01	312.24
Add: Other Comprehensive Income (Remeasurement gain / (loss) of defined benefit plans, net of tax)	2.14	(4.01)
Less: Dividend paid	56.15	59.55
Less: Dividend distribution tax	-	12.24
	1,713.99	**1,368.99**
Total	**2,290.74**	**1,945.73**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Notes :

1 **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.

2 **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.

3 **General Reserve:** Under the erstwhile Companies Act 1956, general reserves was created through an annual transfer of net income at specificed percentage in accordance with applicable regulation. Consequent to the introduction of Companies Act 2013, the requirement of mandatorily transfer a specificed 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.

4 **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 2021	As at 31 March 2020
Cash dividend on equity shares declared and paid		
Final Dividend for the year ended 31 March 2020 ₹ 6.60 per share (for the year ended 31 March 2019 ₹ 7 per share)	56.15	59.55
Dividend distribution tax	-	12.24
	56.15	**71.79**
Proposed dividend on equity shares		
Final Dividend for the year ended 31 March 2021 ₹ 10.00 per share (for the year ended 31 March 2020 ₹ 6.60 per share)	85.07	56.15
	85.07	**56.15**

Proposed dividends on equity shares are subject to approval at the ensuing Annual General Meeting and are not recognised as a liability as on 31 March.

16 BORROWING (LONG TERM)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured Borrowings		
Term Loans from Banks	137.98	152.53
Hire Purchase Loans from Banks	3.93	8.42
	141.91	**160.95**
Less: Current Maturities of Long Term Borrowings (Refer Note 20)		
Term Loans from Banks	(114.08)	(84.88)
Hire Purchase Loans from Banks	(1.07)	(1.62)
	(115.15)	**(86.50)**
Total	**26.76**	**74.45**

16.01 Repayment Terms and Security Pledged Againt the Borrowings:

1. The security details for the borrowing balances :

Term Loans from Banks aggregating to ₹ 137.98 million (Previous year ₹ 152.53 million) are secured / to be 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 ₹ 3.93 million (Previous year ₹ 8.42 million) are secured / to be secured by hypothecation of specific vehicle/car on paripassu basis.

2. Repayment schedule for the borrowing balances:

The secured term loans from banks aggregating to ₹ 137.98 million (Previous year ₹ 152.53 million) are repayable over a period of 3 years in monthly /quarterly / yearly instalments for various loans from FY 2021-22 to FY 2023-24.

The hire purchase loan from banks aggregating to ₹ 3.93 million (Previous year ₹ 8.42 million) are repayable over a period of 3 years in monthly instalments started from FY 2021-22 to FY 2023-24.

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

17 OTHER NON CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits	3.03	1.53
Total	**3.03**	**1.53**

18 SHORT TERM BORROWINGS

Particulars	As at 31 March 2021	As at 31 March 2020
Loan Repayable on Demand		
- Cash Credit from Bank	17.01	317.85
- Credit Card	0.09	0.16
Total	**17.10**	**318.01**

18.01 Cash Credit accounts are secured by first and exlusive hypothication 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.

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

19 TRADE PAYABLES

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises	2.98	7.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	137.27	129.00
Total	**140.25**	**136.08**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Dues to micro, small & medium enterprises as per msmed act, 2006:

Particulars	As at 31 March 2021	As at 31 March 2020
Principal amount due remaining unpaid to to Micro and Small Enterprises as at end of the year;	2.98	7.08
Interest accrued and remaining unpaid to 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.

20 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2021	As at 31 March 2020
Current Maturities of Long Term Borrowings (Refer Note No.:16)		
- Term Loans	114.08	84.88
- Hire Purchase Loans	1.07	1.62
Unclaimed Dividends	4.62	4.46
Creditors for Capital expenses	4.04	7.25
Others	0.41	0.14
Total	**124.22**	**98.35**

21 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from Customers	4.44	4.25
Payables to Statutory Authorities	22.39	21.13
Total	**26.83**	**25.38**

22 CURRENT TAX LIABILITIES

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Current Tax (Net of advance tax)	29.42	-
Total	**29.42**	**-**

23 PROVISIONS (CURRENT)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Leave encashment	8.67	4.41
Total	**8.67**	**4.41**

24 REVENUE FROM OPERATIONS

Particulars		Year ended 31 March 2021	Year ended 31 March 2020
(A)	Sale of Goods	1,909.04	1,540.23
(B)	Other Operating Revenue		
	- Professional Fees	9.33	-
	- Revenue from license fees and services	166.41	154.02
Total		**2,084.77**	**1,694.25**

Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue as per contracted price	2,088.74	1,696.84
Adjustments		
Discount on prompt payment	3.97	2.59
Revenue from contract with customers	**2,084.77**	**1,694.25**

25 OTHER INCOME

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest Income		
- Bank Deposits	1.36	0.35
- Others	1.26	5.05
Commission Income	10.32	9.97
Foreign Exchange Fluctuation (Net)	-	6.39
Profit on Sale of Property, Plant and Equipment (net)	0.15	5.31
Other Miscellaneous Income	3.39	2.19
Total	**16.48**	**29.27**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

26 COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Inventory at the Beginning of the Year	57.60	84.78
Add: Purchased during the Year	244.38	249.05
Less: Inventory at the End of the Year	60.23	57.60
Total	**241.75**	**276.23**

27 PURCHASE OF TRADED GOODS

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Purchase of traded goods	252.09	171.89
Total	**252.09**	**171.89**

28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
Inventories at the End of the Year				
- Finished Goods	120.99		81.82	
- Traded Goods	87.94		60.78	
- Work-in-Progress	287.40		393.87	
		496.33		**536.47**
Inventories at the Beginning of the Year				
- Finished Goods	81.82		54.98	
- Traded Goods	60.78		63.46	
- Work-in-Progress	393.87		262.29	
		536.47		**380.73**
Total		**40.14**		**(155.74)**

29 EMPLOYEE BENEFIT EXPENSE

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries & Wages	316.15	353.28
Gratuity expense (Refer Note 39)	5.70	3.20
Contributions to Provident Fund & Other Funds (Refer Note 39)	11.51	10.54
Staff Welfare Expenses	1.15	4.54
Total	**334.51**	**371.56**

30 FINANCE COST

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest Expenses	37.15	38.18
Bank Charges	2.32	12.16
Total	**39.47**	**50.34**

31 OTHER EXPENSES

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Power and Fuel	69.32	72.86
Consumption of Stores and Spares	25.84	38.42
Repairs & Maintenance		
- Plant and Machinery	15.24	13.15
- Building	-	0.20
- Others	5.42	7.91
Testing and inspection charges	8.08	2.25
Factory Expense	58.70	59.13
Freight Expense	86.68	56.61
Foreign Exchange Fluctuation (net)	4.03	-
Sales promotion Expense	52.95	57.60
Legal and Professional fees	42.42	48.49
Traveling & conveyance Expense	55.45	83.51
Insurance Expense	6.65	4.25
Rent	7.78	7.23
Rates and Taxes	10.48	7.54
Payment to Auditor		
- As Auditor	1.20	1.00
- For Taxation Matters	-	0.25
- For Other Services	0.10	0.10
CSR Expenses (Refer Note 36)	9.62	3.45
Bad Debts written off	6.90	0.62
Charity and donations	0.68	0.61
Directors' sitting fees	2.90	3.12
Miscellaneous Expenses	25.92	34.79
Total	**496.35**	**503.10**

32 EXCEPTIONAL ITEMS

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Loss on disposal of Patan farm	33.21	-
Impairment of interest accured on loan to subsidiary	19.57	-
Total	**52.78**	**-**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

33 TAX RECONCILIATION

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Satement of Profit and Loss		
Current tax		
Current income tax	163.65	118.05
Deferred tax		
Deferred tax expense	(14.83)	(18.00)
Income tax expenses reported in the Statement of Profit and Loss	**148.82**	**100.05**
OCI Section		
Other comprehensive income (OCI)		
Tax related to items recognised in OCI during the year		
Remeasurement gain/(loss) of defined benefit plans	(0.72)	1.35
Tax charged/(credited) to OCI	**(0.72)**	**1.35**

a. Reconciliation of tax expense and the accounting profit

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax as per Statement of Profit and loss	547.83	412.29
Enacted Income Tax Rate applicable to Company	25.17%	25.17%
Expected Income Tax Expenses	**137.89**	**103.77**
Tax effects of :		
Non- deductible expenses	7.61	1.03
Others	3.32	(4.76)
Total Tax	**148.82**	**100.05**
At the effective income tax rate of 31 March	**27.15%**	**24.27%**

b. Movement in deferred tax liabilities (net) for the year ended 31 March 2021

Particulars	Opening Balance as at 1 April 2020	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2021
Tax effect of items constituting deferred tax liabilities:				
Accelerated depreciation for tax purposes	83.39	(12.93)	-	70.46
Gratuity Advance / (Liability)	(0.76)	1.50	-	0.74
	82.63	**(11.44)**	**-**	**71.20**
Tax effect of items constituting deferred tax assets:				
Expense allowed in the year of payment	(0.26)	1.53	-	1.27
Other adjustment	-	1.86	-	1.86
	(0.26)	**3.39**	**-**	**3.13**
Net deferred tax liabilities	**82.89**	**(14.83)**	**-**	**68.06**

Movement in deferred tax liabilities (net) for the year ended 31 March 2020

Particulars	Opening Balance as at 1 April 2019	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities:				
Accelerated depreciation for tax purposes	100.02	(16.63)	-	83.39
Gratuity Advance / (Liability)	0.75	(1.51)	-	(0.76)
	100.77	**(18.14)**	**-**	**82.63**
Tax effect of items constituting deferred tax assets:				
Expense allowed in the year of payment	(0.12)	(0.14)	-	(0.26)
Other adjustment	-	-	-	-
	(0.12)	**(0.14)**	**-**	**(0.26)**
Net deferred tax liabilities	**100.89**	**(18.00)**	**-**	**82.89**

34 COMMITMENTS

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	18.86	14.08

35 CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Claims against the company not acknowledged as debts:		
Income Tax*	1.48	1.10
Corporate Guarantee given against credit facilities availed by Subsidiary**	1,029.00	1,055.40

*Includes demand from Income Tax Authorities based on assessment/appeal orders and the Company is in appeal with higher authorities, and the Company has been advised that the decision will be in favour of the Company, and hence no provision has been made in the Financial Statements. The matters are pending before respective appellate authorities and not yet settled.

**In respect of Corporate Guarantee of USD 14 Million issued in favor of Bill & Melinda Gates Foundation, U.S.A on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly Owned Subsidiary Company) for setting up of an animal vaccine manufacturing plant.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

36 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE:

PPursuant 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 2021	Year ended 31 March 2020
a)	Gross amount required to be spent by the Company during the year		9.62	9.12
b)	Amount approved by the Board to be spent during the year		14.09	3.45
c)	Amount spent during the year			
	i)	Construction/acquisition of any asset	-	-
	ii)	On purposes other than (i) above	14.09	3.45
d)	Amount spend excess to be set off in next Financial Year			
	i)	Construction/acquisition of any asset	-	-
	ii)	On purposes other than (i) above	4.47	-
e)	Details related to spent / unspent obligations:			
	i)	Contribution to Public Trust	-	-
	ii)	Contribution to Charitable Trust	-	-
	iii)	Unspent amount in relation to:		
		- Ongoing project	-	-
		- Other than ongoing project	14.09	3.45
			14.09	**3.45**

In case of Section 135(5) Excess amount spent			
Opening Balance	**Amount required to be spent during the year**	**Amount spent during the year**	**Closing Balance**
-	9.62	14.09	4.47

37 EARNINGS PER SHARE

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net Profit for the year	399.01	312.24
Weighted Average Number of Equity Shares	8,506,865	8,506,865
Basic and diluted Earnings per share (In ₹)	46.90	36.70
Nominal Value of Equity Share (In ₹)	10.00	10.00

38 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
(Subsidiary of Hester Biosciences Kenya Limited)

(c) Key Management Personnel:

1) Mr. Rajiv Gandhi - CEO & Managing Director
2) Mr. Chetas patel - Chief Financial Officer (w.e.f. 29 April 2020)
3) Mr. Vinod Mali - Company Secretary
4) Mr. Sahil Shah - Chief Financial Officer (Upto 29 April 2020)

(d) Independend Directors

1) Mr. Naman Patel
2) Mr. Amit Shukla
3) Ms. Sandhya Patel
4) Mr. Ashok Bhadakal

(e) 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)
5) Ms. Priya Gandhi (Deputy Director - Business Operations)

(f) 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) Aerotrans Services Private Limited

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(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 Company		Enterprises Having Significant Influence (EHSI)		Total	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(a)	Purchase of Goods	-	-	171.44	106.73	29.25	24.02	200.69	130.75
(b)	Sales of Goods	-	-	44.96	57.67	-	-	44.96	57.67
(c)	Interest Income	-	-	-	4.41	-	-	-	4.41
(d)	Commission Income	-	-	10.32	20.64	-	-	10.32	20.64
(e)	Commission Expense	-	-	-	-	2.98	-	2.98	-
(f)	Professional Fees	-	-	-	-	9.33	-	9.33	-
(g)	Travel Service Expense	-	-	-	-	0.98	-	0.98	-
(h)	Sitting Fees	2.90	2.01	-	-	-	-	2.90	2.01
(i)	Remuneration Paid	54.81	75.48	-	-	-	-	54.81	75.48
(j)	Rent Paid	-	-	-	-	0.60	0.60	0.60	0.60
(k)	Loans and Advances Given	-	-	-	0.80	-	-	-	0.80
(l)	Loans and Advances Received Back	-	-	-	2.64	-	-	-	2.64
(m)	Investment in Subsidiary Companies	-	-	32.15	124.52	-	-	32.15	124.52
	(Refer note below statement of cash flow)								

Outstanding balances at the year-end

Particulars		Key Management Personnel/Relatives of Key Managerial Personnel		Subsidiary Company		Enterprises Having Significant Influence (EHSI)		Total	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(a)	Trade Receivables	-	-	63.30	42.98	11.00	-	63.30	42.98
(b)	Trade Payables	-	-	22.65	18.66	3.65	2.53	26.39	21.19
(c)	Loans & Advances	-	-	24.08	68.34	0.77	-	24.08	68.34
(d)	Investments	-	-	438.85	406.71	-	-	438.85	406.71
(e)	Remuneration Payable	29.33	9.21	-	-	-	-	29.33	9.21

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 and Term loans) are secured by personal guarantee of the directors.

3 For the year ended 31 March 2021, the company has recorded any impairment of interest accured/ loan to subsidiary for the amount of ₹ 19.57 million relating to amounts owed by subsidiary company (31 March 2020: ₹ Nil).

4 Corporate Guarantee of USD 14 Million issued in favor of Bill & Melinda Gates Foundation, U.S.A on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly Owned Subsidiary Company) for setting up of an animal vaccine manufacturing plant.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

39 EMPLOYEE BENEFITS EXPENSES

a Defined Contribution Plans:

The Company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The providend 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 ₹ 11.51 million (2019-20: ₹ 10.54 million) for provident fund contribution and other funds in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.

b Defined Benefit Plan:

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

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

The following table sets out the funded status of the gratuity plan and the amount recognised by the Companys' financial statement as at 31 March 2021.

Balance Sheet

(i) Change in the Present Value of Defined Benefit Obligation

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Defined Benefit Obligation at Beginning of the Year	34.05	27.20
Current Service Costs	3.96	3.00
Past Service Costs	1.95	-
Interest Cost on Defined Benefit Obligation	2.32	2.12
Actuarial (Gain) / Loss on Defined Benefit Obligation	(3.27)	5.28
Benefits paid during the Year	(4.71)	(3.54)
Defined Benefit Obligation at End of the Year	**34.30**	**34.05**

(ii) Change in Plan Asset

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Fair Value of Plan Assets at the Beginning of the Year	37.07	24.63
Expected Return on Plan Assets	2.53	1.92
Contribution made during the Year	2.75	14.15
Benefits paid during the Year	(4.71)	(3.54)
Actuarial Loss on Plan Assets	(0.41)	(0.08)
Fair Value of Plan Assets at the End of the Year	**37.24**	**37.07**

(iii) Disclosure in Balance Sheet

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Defined Benefit Obligation at the End of the Year	(34.30)	(34.05)
Fair Value of Plan Assets at the end of the Year	37.24	37.07
Funded Status [(Deficit)/Surplus]	2.93	3.02
Net (Liability)/Asset Recognised in the Balance Sheet	**2.93**	**3.02**

(iv) Reconciliation - Balance Sheet

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net (Asset)/Liability at the Beginning of the Year	(3.02)	2.57
Expenses Recognised in Statement of Profit or Loss	5.70	3.20
Expenses Recognised in Other Comprehensive Income	(2.86)	5.36
Employers Contribution Paid	(2.75)	(14.15)
Net Liability/(Asset) at the End of the Year	**(2.93)**	**(3.02)**

Statement of Profit and Loss

(v) Expenses recognised during the Year

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
In Income Statement		
Current Service Costs	3.96	3.00
Past Service Costs	1.95	-
Interest Cost	(0.21)	0.20
Expenses Recognised in Statement of Profit or Loss	**5.70**	**3.20**
In Other Comprehensive Income		
Actuarial (Gain) / Loss	(3.27)	5.28
Return on Plan Assets	0.41	0.08
Expenses Recognised in Other Comprehensive Income	**(2.86)**	**5.36**

(vi) Assumptions used

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discount rate	6.33%	6.82%
Rate of return on plan asset	6.33%	6.82%
Salary escalation	6.00%	6.00%
Attrition rate	For service 4 years and below 20.00% p.a. For service 5 years and above 6.00% p.a.	2.00%

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

(vii) Sensitivity Analysis - Impact on defined benefit obligation

Particulars	Year ended 31 March 2021	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(2.69)	3.13
Change in rate of salary increase (delta effect of +/- 1%)	2.97	(2.61)
Change in rate of employee turnover(delta effect of +/- 1%)	0.07	(0.09)

Particulars	Year ended 31 March 2020	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(3.50)	4.22
Change in rate of salary increase (delta effect of +/- 1%)	4.22	(3.56)
Change in rate of employee turnover(delta effect of +/- 1%)	0.24	(0.29)

(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 2021	Year ended 31 March 2020
Insurance funds	37.24	37.07
% 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 2021	Year ended 31 March 2020
Within the next 12 months (next annual reporting period)	2.16	3.18
Between 2 and 5 years	11.56	7.22
Between 6 and 10 years	13.33	10.73
Beyond 10 years	39.82	70.08
Total expected payments	**66.87**	**91.22**

(x) The weighted average duration of the projected benefit obligation at the end of the reporting period is 10 years (31 March 2020: 13 years).

40 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT

(a) Category-wise Classification of Financial Instruments

Particulars	Refer Note	As at 31 March 2021		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Investments in Unquoted Equity shares of subsidary companies	6	-	438.85	438.85
Trade receivables	11	-	455.50	455.50
Cash and cash equivalents	12	-	12.44	12.44
Other balances with banks	8	-	27.95	27.95
Loans	7	-	187.39	187.39
Other financial assets	8	-	17.35	17.35
Total		**-**	**1,139.49**	**1,139.49**
Financial liabilities				
Borrowings	16	-	159.01	175.01
Trade payables	19	-	140.25	159.25
Other financial liabilities	17	-	12.10	29.10
Total		**-**	**311.37**	**363.37**

Particulars	Refer Note	As at 31 March 2020		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Investments in Unquoted Equity shares of subsidary companies	6	-	406.71	406.71
Trade receivables	11	-	447.61	447.61
Cash and cash equivalents	12	-	51.90	51.90
Other balances with banks	8	-	38.69	38.69
Loans	7	-	51.83	51.83
Other financial assets	8	-	17.66	17.66
Total		**-**	**1,014.39**	**1,014.39**
Financial liabilities				
Borrowings	16	-	478.96	478.96
Trade payables	19	-	136.08	136.08
Other financial liabilities	17	-	13.38	13.38
Total		**-**	**628.43**	**628.43**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

(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 described bellow:

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 valve 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 Companys' 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 Companys' 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 Companys' 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 Companys' 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 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
USD	1.76	1.58	95.21	68.27
Euro	6.42	-	1.87	-

The above table represents total exposure of the company towards foreign exchange denominated assets and liabilities.

For the years ended 31 March 2021 and 31 March 2020, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the Companys' net profit by approximately ₹ 0.89 million and ₹ 0.67 million respectively.

Sensitivity analysis

Particulars	Impact on Profit & Loss		Impact on Equity	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
a) USD Sensitivity				
Rupee/USD - Increase by 1%	0.93	0.67	0.93	0.67
Rupee/USD - Decrease by 1%	(0.93)	(0.67)	(0.93)	(0.67)
b) EURO Sensitivity				
Rupee/Euro - Increase by 1%	(0.05)	-	(0.05)	-
Rupee/Euro - Decrease by 1%	0.05	-	0.05	-

(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.

Variable-rate instruments	As at 31 March 2021	As at 31 March 2020
Long Term - Borrowings	137.98	152.23
Total	**137.98**	**152.23**

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) . Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Particulars	Impact on Profit & Loss	
	As at 31 March 2021	As at 31 March 2020
a) Long Term - Borrowings Sensitivity		
Increase by 1%	1.38	1.53
Decrease by 1%	(1.38)	(1.53)

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

(b) Credit Risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers.

All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

(c) Liquidity Risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Maturity Profiles of financial liabilities as at 31 March 2021				
Particulars	**Within 1 year**	**1-2 Years**	**2-5 Years**	**Total**
Borrowings	132.25	18.00	8.76	159.01
Trade Payable	140.25	-	-	140.25
Othe Financial Liabilities	9.08	3.03	-	12.10
Total	**281.58**	**21.02**	**8.76**	**311.36**

Maturity Profiles of financial liabilities as at 31 March 2020				
Particulars	**Within 1 year**	**1-2 Years**	**2-5 Years**	**Total**
Borrowings	404.51	58.00	16.45	478.96
Trade Payable	136.08	-	-	136.08
Othe Financial Liabilities	11.85	1.53	-	13.38
Total	**552.45**	**59.53**	**16.45**	**628.42**

(iii) Capital management

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Companys' objective for capital management is to maintain the capital structure which will support the Companys' strategy to maximise shareholders' value, safeguarding the business continuity and help in supporting the growth of the Company.

As at 31 March 2021 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 follow

Particulars	As at 31 March 2021	As at 31 March 2020
Total borrowings	159.01	478.96
Total Equity	2,375.81	2,030.80
Debt-Equity ratio	**0.07**	**0.24**

41 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 2021	As at 31 March 2020
1	Hester Biosciences Nepal Private Limited	Manufacturing of goods	Nepal	65%	65%
2	Texas Lifesciences Private Limited	Manufacturing of goods	India	54.85%	54.80%
3	Hester Biosciences Africa Limited	-	Africa	100%	100%
4	Hester Biosciences Kenya Limited	Trading of Goods	Kenya	100%	100%

Note: Method of accounting investment in subsidary is at cost.

42 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 of holding company (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 and Large animal health products. The CEO & Managing Director (CMD) and Senior management of the holding company constitutes the CODM of the Company.

The Company has two prinicpal operating and reporting segments viz. poultry healthcare and animal health care.
The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

(ii) Information about product and services:

Particulars	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
Segement Revenue						
Sales and Operating Earnings (Net)	1,513.98	395.07	1,909.04	1,203.46	361.07	1,564.53
Other Income	44.60	131.12	175.73	65.91	63.81	129.72
Total Segment Revenue	**1,558.58**	**526.19**	**2,084.77**	**1,269.38**	**424.87**	**1,694.25**
Identifiable Segment Expenses	(1,170.19)	(324.30)	(1,494.49)	(958.77)	(302.12)	(1,260.89)
Segment Operating Income	**388.39**	**201.89**	**590.28**	**310.61**	**122.75**	**433.36**
Less : Unallocable Finance Cost			39.47			50.34
Less : Other Unallocable Expense			2.98			(29.27)
Net Profit Before Tax			**547.83**			**412.29**
Less : Tax Expense			148.82			100.05
Net Profit after Tax			**399.01**			**312.24**

Particulars	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
Other Information						
Segment Assets	1,822.52	325.89	2,148.41	2,009.42	247.17	2,256.59
Unallocated Assets			671.74			515.31
Total Segment Assets			**2,820.15**			**2,771.90**
Segment Liabilities	143.64	39.59	183.23	132.31	42.49	174.80
Unallocated Liabilities			260.11			566.30
Total Segment Liabilities			**443.34**			**741.10**
Non cash items	65.18	0.05	65.23	93.03	0.82	93.85
Capital Expenditure	35.13	7.37	42.50	83.51	0.49	84.00

(iii) Secondary Reportable Segment (Geographical by Customers):

Particulars	In India	Outside India	Total
Segment Revenue			
Year ended 31 March 2021	**1,702.49**	**382.28**	**2,084.77**
Year ended 31 March 2020	1,316.04	378.21	1,694.25
Segment Assets			
As at 31 March 2021	**2,690.61**	**129.54**	**2,820.15**
As at 31 March 2020	**2,666.49**	105.41	2,771.90

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

43 EVENTS OCCURRED AFTER THE BALANCE SHEET DATE

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 8 June 2021 there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

44 The Code on Social Security, 2020 ("Code") relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

45 Previous Years' figures have been regrouped / reclassified wherever necessary to confirm to Current Year's classification / disclosure.

In terms of our report attached

For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

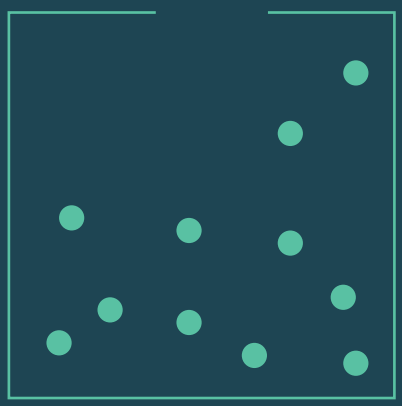
Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

3.2

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 (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at 31 March 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity 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 "the Consolidated Financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial statements give the information required by the Companies Act, 2013, 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 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the '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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 standalone financial statements for the financial year ended 31 March 2021. 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. No.	Key Audit Matters	Auditor's Response
1	**Carrying Value of Trade Receivables**	
	The collectability of the Group's trade receivables of carrying value ₹ 492.12 Million and the valuation of allowance for impairment of trade receivables require significant management judgment. Due to slack in the Poultry Industry, Group has extended an additional credit period, however, this adverse impact is temporary in nature and Industry will recover in the short run as per the management estimate. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. Accordingly, it has been determined as a key audit matter.	Our audit procedures included following: • We assessed a sample of trade receivables and advances. • We assessed the ageing of trade receivables and advances, the customer's historical payment patterns and whether any post year-end payments have been received up to the date of completing our audit procedures. • We also discussed with the management regarding any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties wherever available. • In assessing the appropriateness of the overall provision for impairment, we considered the management's application of policy for recognising provisions. • We assessed the Company's provisioning policy and comparing the Company's provisioning against historical collection data. • Considered the completeness and accuracy of the disclosures.
2	**Valuation of Inventories**	
	The Group has inventory of carrying value ₹ 622.22 Million which is around 28% of its' total revenue including Raw Materials, Packing material, work in progress, finished goods and traded goods. We considered the value of the inventory of 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 net realisable value. The inventory valuation of the Group involves complex procedures estimating the costs incurred, overheads applied and provisioning for slow moving, expired and obsolete inventory.	Our audit procedures included following: • We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realisable value of inventory. • Assessing the appropriateness of Group's accounting policy for valuation of stock-in- trade and compliance of the policy with the requirements of the prevailing accounting standards. • We considered various factors including the 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 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.

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, 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 financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Holding 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 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 or 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.

In preparing the Consolidated financial statements, management is responsible for assessing the Holding 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 Holding Company or to cease operations, or has no realistic alternative but to do so.

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

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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial statements, including the disclosures, and whether the Consolidated Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated financial statements.

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 for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditors' 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 four subsidiaries and one step down subsidiary included in the consolidated financial results, whose financial statements reflect total assets of ₹ 1,923.33 Million, total revenue of ₹ 310.72 Million and total net profit/(loss) after tax of ₹ (34.27) Million, total comprehensive income/ (loss) of ₹ (32.60) Million and net cash inflows of ₹ 16.83 Million for the year ended 31 March 2021. These financial statements and other financial information have been audited by other auditors, whose report have been furnished to us by the management and our opinion on the Consolidated Financial

Statements, in so far relates to the amounts and disclosures included in respect of subsidiaries, is solely based on the reports of such other auditors.

Some of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion as far as it relates to the balances, affairs of such subsidiaries located outside India is based on the report of other auditors, and the conversion adjustments prepared by the management of the Company and audited by us.

2. The comparative financial information of the Company for the year ended 31 March 2020, included in these consolidated financial statement, were audited by the predecessor auditor who expressed an unmodified opinion on those financial information vide their audit report dated 26 June 2020.

Our opinion is not modified in respect of these matters.

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

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 / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial statements;

(b) In our opinion, proper books of account as required by law 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 Companies (Indian Accounting Standard) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2020;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company none of the directors of the Group's companies, incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial statements of the Holding Company incorporated in India, refer to our separate Report in the Annexure to this report;

(g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and

explanation given to us by the management, the remuneration paid/provided during the Current Year by the Holding Company and its subsidiary incorporated in India to their directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid/provided to any director by the Holding Company and its subsidiary incorporated in India is not in excess of the limit laid down under Section 197 of the Act.

(h) With respect to the other matters to be included in the 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 also the other financial information of the subsidiaries:

i. The Consolidated Financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its Consolidated Financial statements – Refer Note 34 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 2021;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For Chandulal M. Shah & Co.
Chartered Accountants
FRN 101698W

Arpit D. Shah
Partner
M. No. 135188
UDIN: 21135188AAAACS8857

DATE 8 June 2021
PLACE Ahmedabad

ANNEXURE 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 Hester Biosciences Limited as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of Hester Biosciences Limited (hereinafter referred to as the "Holding Company"), a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls
The Board of Directors of the Holding Company, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 over financial reporting with reference to these Consolidated Financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 over financial reporting with reference to these Consolidated Financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the

internal financial controls over financial reporting with reference to these Consolidated Financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 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 over financial reporting with reference to these Consolidated Financial statements.

Meaning of Internal Financial Controls over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these Consolidated Financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these 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 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 over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Consolidated Financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial statements and such internal financial controls over financial reporting with reference to these Consolidated Financial statements were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 these consolidated financial statement, in so far as it relates to separate financial statement of one subsidiary company which is incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

For Chandulal M. Shah & Co.
Chartered Accountants
FRN 101698W

Arpit D. Shah
Partner
M. No. 135188
UDIN: 21135188AAAACS8857

DATE 8 June 2021
PLACE Ahmedabad

Balance Sheet

as at 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	3	1,322.87	1,418.54
(b) Capital Work-in-Progress	3	1,089.87	741.51
(c) Other Intangible Assets	4	4.21	3.93
(d) Biological Assets other than the Bearer Plants	5	0.56	2.90
(e) Financial Assets			
(i) Other Financial Assets	7	41.14	52.37
(f) Other Non-current Assets	8	36.78	53.68
Total Non-current Assets		**2,495.44**	**2,272.93**
(2) Current Assets			
(a) Inventories	9	622.22	639.67
(b) Financial Assets			
(i) Trade Receivables	10	492.12	584.36
(ii) Cash and Cash Equivalents	11	212.69	235.31
(iii) Loans	6	179.99	0.97
(iv) Other Financial Assets	7	4.31	3.99
(c) Other Current Assets	12	103.72	128.81
Total Current Assets		**1,615.06**	**1,593.10**
Total Assets		**4,110.49**	**3,866.03**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Share capital	13	85.07	85.07
(b) Other equity	14	2,198.01	1,925.65
Equity Attributable to Owners		2,283.08	2,010.72
Non Controlling Interest		76.50	54.21
Total Equity		**2,359.58**	**2,064.93**
(2) Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	828.42	764.76
(ii) Other Financial Liabilities	16	54.87	53.58
(b) Deferred Tax Liabilities (Net)	33	72.76	88.17
(c) Other non-current liabilities	20	181.20	59.93
Total Non-current Liabilities		**1,137.25**	**966.44**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	32.79	325.42
(ii) Trade Payables	18		
- Total outstanding dues of micro enterprises and small enterprises		2.98	7.08
- Total outstanding dues of creditors other than micro enterprises and small enterprises		277.88	193.15
(iii) Other Financial Liabilities	19	198.87	136.17
(b) Other Current Liabilities	20	26.36	168.26
(c) Current Tax Liabilities	21	30.83	-
(d) Provisions	22	43.95	4.56
Total Current Liabilities		**613.66**	**834.66**
Total Liabilities		**1,750.91**	**1,801.10**
Total Equity and Liabilities		**4,110.49**	**3,866.03**

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

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Statement of Profit and Loss

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from Operations	23	2,143.32	1,832.68
Other Income	24	46.84	63.66
Total Income		**2,190.16**	**1,896.35**
Expenses			
Cost of raw material and components consumed	25	386.58	376.33
Purchase of traded goods	26	79.67	65.16
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	27	35.97	(161.68)
Employee benefits expense	28	389.23	406.51
Finance Cost	29	66.04	73.70
Depreciation and amortisation expense		133.14	130.72
Other Expenses	30	565.29	592.32
Total Expenses		**1,655.92**	**1,483.09**
Profit before exceptional items and tax		**534.24**	**413.26**
Exceptional Items	31	(33.21)	-
Profit before tax		**501.03**	**413.26**
Tax Expense :	32		
Current Tax		169.47	121.67
Deferred Tax		(15.42)	(18.43)
Total Tax Expense		**154.05**	**103.24**
Profit after tax		**346.98**	**310.02**
Other Comprehensive Income			
Items that will not to be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plans		2.86	(5.36)
Income Tax Effect		(0.72)	1.35
Items that will be reclassified to Profit or Loss			
Foreign Currency Translation Reserve		(17.94)	24.49
Income Tax Impact		-	-
Net other comprehensive gain / (loss) that will not be reclassified to profit or loss		**(15.80)**	**20.48**
Total Comprehensive Income for the year		**331.18**	**330.50**
Profit for the period attributable to:			
(i) Owners of the Company		344.30	291.71
(ii) Non Controlling Interest		2.68	18.32
Other Comprehensive Income for the peiod attributable to:			
(i) Owners of the Company		(15.80)	20.48
(ii) Non Controlling Interest		-	-
Total Comprehensive Income for the peiod attributable to:			
(i) Owners of the Company		328.50	312.19
(ii) Non Controlling Interest		2.68	18.32
Earnings Per Equity Share (EPS)			
Basic and Diluted (Face Value ₹ 10 Per Share)	36	40.79	36.44

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

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Statement of Changes in Equity

for the year ended 31 March 2021

(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 2019	8,506,865	85.07
Issue of Equity Share Capital	-	-
As at 31 March 2020	8,506,865	85.07
Issue of Equity Share Capital	-	-
As at 31 March 2021	**8,506,865**	**85.07**

B OTHER EQUITY

Particulars	Reserve and Surplus					Total	Non Controling Interest
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve		
Balance as at 1 April 2019	**83.38**	**175.07**	**392.26**	**1,039.70**	**(0.89)**	**1,689.52**	**35.89**
Profit for the Year				291.71		291.71	18.32
Other Comprehensive Income for the year							
Re-measurement gain on defined benefit plan (net of tax)				(4.01)		(4.01)	
Exchange differences on translating the financial statements of a foreign operation					24.49	24.49	
Total Comprehensive Income for the year				287.70	24.49	312.19	18.32
Dividends (including dividend distribution tax)				(71.79)		(71.79)	
Transtional Adjustment:				(3.44)		(3.44)	
Others	(0.82)					(0.82)	
Balance as at 31 March 2020	**82.56**	**175.07**	**392.26**	**1,252.17**	**23.60**	**1,925.65**	**54.21**
Profit for the Year				**344.30**		**344.30**	**2.68**
Other Comprehensive Income for the year							
Re-measurement gain on defined benefit plan (net of tax)				2.14		2.14	
Exchange differences on translating the financial statements of a foreign operation					(17.94)	(17.94)	
Total Comprehensive Income for the year				346.44	(17.94)	328.50	2.68
Dividends Paid				(56.15)		(56.15)	
Funds infused in subsidary							19.62
Balance as at 31 March 2021	**82.56**	**175.07**	**392.26**	**1,542.46**	**5.65**	**2,198.01**	**76.50**

In terms of our report attached

For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Statement of Cash Flows

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	501.03	413.26
Adjustments For:		
Depreciation and Amortisation Expense	133.14	132.30
Exceptional Items	33.21	-
Loss on diposal of investment in subsidiary	-	0.74
Provision for doubtful debt	2.87	-
Bad Debts Written off	6.90	0.62
(Profit) / Loss on Sale of Property, Plant & Equipments	23.22	(5.31)
Interest expense	40.25	76.66
Interest Income	(12.94)	(3.73)
Operating profit before working capital changes	**727.67**	**614.54**
Adjustments For:		
Trade Receivables	82.47	(256.33)
Inventories	17.46	(131.82)
Other Assets	25.09	-
Other Non Current Assets	16.90	33.29
Trade Payables	80.63	98.63
Other Current Liabilities	(108.88)	96.07
Short-term Provisions	(4.10)	(3.33)
Loans	(179.03)	1.61
Other Financial Liability	63.98	29.60
Other Financial Assets	(2.28)	(5.18)
Cash Generated From Operations	**719.89**	**477.08**
Income tax paid (net)	(139.36)	(109.36)
Net cash generated from / (used in) operating activities (A)	**580.53**	**367.72**
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	(407.42)	(734.98)
Proceeds from Sale of Property, Plant and Equipment	0.42	9.81
Interest received	12.67	3.73
Bank / margin money deposits withdrawn/(investment) (Net)	10.60	(23.30)
Net cash generated from / (used in) investing activities (B)	**(383.72)**	**(744.73)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	63.67	181.25
Proceeds from Issue of Share Capital in subsidiary entities from Non-controlling interest shareholers	19.64	-
Proceeds/(Repayment) of Short-term Borrowings (net)	(292.64)	100.44
Interest Paid	(40.25)	(76.66)
Proceeds from Grants	123.54	54.19
Dividend Paid (Including Dividend Distribution Tax)	(56.15)	(71.79)
Net cash (used in) / generated from financing activities (C)	**(182.19)**	**187.43**
Exchange rate fluctuation arising on consolidation (D)	(37.24)	18.42
Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	**(22.62)**	**(171.16)**
Cash and cash equivalents at the beginning of the year	235.31	406.47
Cash and cash equivalents at the end of the year	**212.69**	**235.31**
Cash and cash equivalents as per above comprise of the following :		
Cash on Hand	11.81	1.75
Balance with Banks - On Current Accounts	200.88	198.56
Fixed Deposits having maturity of less than 3 months	-	35.00
Consolidated Cash Flow	**212.69**	**235.31**

Non cash items :

i) Accrued Interest for the year of ₹ 0.69 million (Previous year Nil) Inter Corporate Deposits ("ICD") given respectively, have been converted to the ICD balances as on reporting date.

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 2019	Cash flows	Other changes*	As at 31 March 2020
Long term borrowings	700.14	181.25	-	881.38
Short term borrowings	224.98	100.44	-	325.42
Interest	-	(76.66)	76.66	-
Total	**925.12**	**205.03**	**76.66**	**1,206.81**

Particulars	As at 1 April 2020	Cash flows	Other changes*	As at 31 March 2021
Long term borrowings	881.38	63.67	67.31	1,012.36
Short term borrowings	325.42	(292.64)	-	32.79
Interest	-	(40.25)	40.25	-
Total	**1,206.81**	**(269.22)**	**107.56**	**1,045.15**

* Other changes in Interest accured represents accrual of interest during the year

In terms of our report attached

For Chandulal M. Shah & Co.
Firm Registration No.: 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

1 CORPORATE INFORMATION

Hester Biosciences Limited (herein after 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 Pushpak, 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat.

The group is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry and Large animal health products having its manufacturing set up at Merda Adraj village, Mehsana District, Gujarat.

The consolidated financial statements were authorised for issue in accordance with a resolution passed in Board Meeting held on 8 June 2021.

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, 2019and 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.

2.1 SIGNIFICANT ACCOUNTING POLICIES

a Principles of Consolidation :

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries. In the preparation of consolidated financial statements, investment in subsidiary has been accounted for in accordance with Ind AS 110 on 'Consolidated Financial Statements'. 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.

ii) 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

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

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.

iii) 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.

iv) 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.

v) The subsidiary 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 subsidary)	Tanzania

b 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.

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.

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

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

Interest income primarily comprises of interest from term deposits with banks and on loans to subsidiary companies. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

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 lesees) is recognised on a straight-line basis over the lease term.

d **Property Plant & Equipments :**
Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, Plant and Equipments are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairement 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 changed to the Statement of Profit and Loss for the period during which such expenses are incurred except for high values which are capitalised.

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

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

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

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

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

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.

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

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

Particulars	Estimated Useful Life
Furniture & Fixtures	Over a Period of 9 Years
Vehicles	Over a Period of 8 Years
Plant & Machineries, Equipments, Electrical Installation & Utilities	Over a Period of 5 to 9 Years
Office Building	Over a Period of 30 Years
Servers & Networks	Over a Period of 6 Years
Computers	Over a Period of 3 Years

g **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.

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.

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 **Leases:**
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.

Group as a lessee:

i **Right-of-use assets**
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

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

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:

Assets	Estimated Useful Life
Right-of-use of office premises and leasehold land	Over the balance period of lease agreement

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:

ii Lease Liability

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.

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.

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 Group as a lessor
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.

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

m **Provision for Retirement Benefits:**

(i) **Short-Term Employee Benefits:**
The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

(ii) **Post- employment benefit plans:**

a) **Defined Contribution Plan:**
Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner.

b) **Defined Benefit Plan:**
The 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.

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

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

p 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date,i.e., the date that the Group commits to purchase or sell the asset.

(c) Financial assets at amortised cost:

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

2) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised.

(d) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's 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.

(e) Impairment of financial assets:
In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) (financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) trade receivables:
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(ii) Financial Liabilities:

(a) Classification:
The 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

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

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:
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

(d) Derecognition:
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

q Taxation:

i. Current Tax:
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

ii. Deferred Tax Provision:
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

r **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.

s **Provisions and Contingent Liablities:**
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 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.

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 financial statements.

t **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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

u **Biological Assets:**
Biological assets are measured at fair value less costs to sell, with any change therein recognised in Statement of Profit and Loss.

v **Segment Reporting:**
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 and animal health care.

2.2 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 furture periods.

a **Judgements**
In the process of applying the Companies's accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options — group as lessee.

The group determines the lease term as the non- cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has several lease contracts that include extension and termination options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

b **Estimates and assumptions**
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.

c **Taxes**
Pursuant to the Taxation Laws (Amendment) Ordinance 2019 issued by Ministry of Law and Justice (Legislative Department) dated 20 September 2019 effective from 1 April 2019, the Company has opted to avail lower tax rates of 22% (without any tax benefits) instead of existing tax rate of 30%.

d **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 38.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

(All amounts are in ₹ Million, unless otherwise stated)

Particulars	Freehold Land	Right to use Assets	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Computer	Total
Gross Block								
As at 1 April 2019	**72.53**	**-**	**869.56**	**1,067.10**	**62.56**	**52.80**	**18.74**	**2,143.29**
Additions	0.23	-	6.98	37.16	1.52	14.45	1.10	61.45
Recognition on initial application of Ind AS 116	-	49.99	-	-	-	-	-	49.99
Disposals	-	-	4.19	4.52	-	-	-	8.71
Translation Reserve	-	-	0.01	0.08	0.02	0.13	-	0.23
As at 31 March 2020	**72.76**	**49.99**	**872.36**	**1,099.82**	**64.10**	**67.37**	**19.84**	**2,246.24**
Additions	-	37.12	7.27	19.18	2.26	1.72	2.85	70.40
Disposals	-	-	38.64	10.19	-	-	-	48.83
Translation Reserve	-	0.46	-	-	-	-	-	0.46
As at 31 March 2021	**72.76**	**87.57**	**840.99**	**1,108.81**	**66.36**	**69.09**	**22.69**	**2,268.26**
Depreciation/Amortisation and Impairment								
As at 1 April 2019	-	-	157.89	462.57	35.86	32.04	13.69	701.04
Charge for the Year	-	-	30.39	86.94	4.75	5.44	2.26	129.79
Deductions	-	-	1.32	2.89	-	-	-	4.21
Translation Reserve		-	-	0.02	0.01	0.05	-	0.07
As at 31 March 2020	**-**	**-**	**186.96**	**546.64**	**40.62**	**37.53**	**15.95**	**827.69**
Charge for the Year	-	3.53	29.54	85.05	5.03	6.60	2.49	132.24
Deductions	-	-	7.99	7.33	-	-	-	15.32
Translation Reserve	-	0.72	-	0.03	-	0.01	-	0.76
As at 31 March 2021	**-**	**4.25**	**208.52**	**624.39**	**45.65**	**44.14**	**18.44**	**945.38**
Net Block								
As at 31 March 2020	72.76	49.99	685.40	553.18	23.48	29.85	3.89	1,418.54
As at 31 March 2021	**72.76**	**83.32**	**632.46**	**484.41**	**20.71**	**24.96**	**4.25**	**1,322.87**

Notes:

For charges created on aforesaid assets, refer note 15.

Capital work-in-progress

Particulars	Amount
As at 31 March 2021	**1,089.87**
As at 31 March 2020	741.51

Notes:

1. Capital work in progress mainly includes cost of building and plant and machinery for manufacturing plant in Tanzania aggregating to ₹ 1,051.60 million (Previous Year: ₹ 732.77 million)
2. Expenditure towards property, plant & equipment including expenditure incurred during construction/new projects are accumulate as capital work in progress.
3. Borrowing cost of ₹ 5.76 million (Previous year ₹ 2.96 million) is capitalised during the year.

4 OTHER INTANGIBLE ASSETS

Particulars	Software	Product registration fees	Total
Gross Block			
As at 1 April 2019	7.13	4.02	**11.15**
Additions	0.06	-	**0.06**
Disposals	-	-	**-**
As at 31 March 2020	**7.19**	**4.02**	**11.21**
Additions	1.19	-	**1.19**
Disposals	-	-	**-**
As at 31 March 2021	**8.38**	**4.02**	**12.40**
Depreciation/Amortisation and Impairment			
As at 1 April 2019	4.86	1.49	**6.35**
Charge for the Year	0.52	0.40	**0.92**
Deductions	-	-	**-**
As at 31 March 2020	**5.39**	**1.90**	**7.29**
Charge for the Year	0.50	0.40	**0.90**
Deductions	-	-	**-**
As at 31 March 2021	**5.89**	**2.30**	**8.19**
Net Block			
As at 31 March 2020	1.81	2.12	**3.93**
As at 31 March 2021	**2.49**	**2.72**	**4.21**

Notes:
For charges created on aforesaid assets, refer note 15.

5 BIOLOGICAL ASSETS OTHER THAN THE BEARER PLANTS

Particulars	As at 31 March 2021	As at 31 March 2020
Live Stock		
At the Beginning of the Year	2.90	2.13
Add: Purchased during the Year	0.50	1.35
Less: Sold/Disposed during the Year	2.84	0.57
At the end of the year	**0.56**	**2.90**

Non-Financial Measures or Estimates of Physical Quantities of Biological Assets

Particulars		As at 31 March 2021	As at 31 March 2020
Live Stock	Nos	16,340	39,329
At the end of the year		**16,340**	**39,329**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

6 LOANS

(Unsecured, Considered Good unless otherwise stated)

Particulars	Current	
	As at 31 March 2021	As at 31 March 2020
Loan to Employees	1.99	0.97
Loan to Others	178.00	-
Total	**179.99**	**0.97**

7 OTHER FINANCIAL ASSETS

(Unsecured, Considered Good)

Particulars	Non Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Bank Deposits with maturity of more than 12 months	28.09	38.69	-	-
Security Deposit	13.04	13.67	0.14	-
Gratuity Fund	-	-	2.93	3.02
Interest Accrued	-	-	1.24	0.97
Total	**41.14**	**52.37**	**4.31**	**3.99**

8 OTHER NON CURRENT ASSETS

(Unsecured, Considered Good)

Particulars	As at 31 March 2021	As at 31 March 2020
Capital Advances	30.04	49.34
Other Advances	2.39	-
Advance Tax (Net of Provision for tax)	4.35	4.34
Total	**36.78**	**53.68**

9 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw Materials	49.46	45.82
Work-in-Progress	287.40	393.87
Finished Goods	138.98	95.64
Traded Goods	87.94	60.78
Stores & Spares	13.56	10.26
Packing Materials	44.88	33.31
Total	**622.22**	**639.67**

10 TRADE RECEIVABLES

Particulars	As at 31 March 2021	As at 31 March 2020
Secured, considered good	-	-
Unsecured, considered good	492.12	584.36
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	2.87	-
Total	**494.99**	**584.36**
Less :		
Impairment allowance (allowance for bad and doubtful debts)	(2.87)	-
Total	**492.12**	**584.36**

11 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2021	As at 31 March 2020
Balance with Banks		
- In Current Accounts	196.26	194.10
- In Deposit Accounts with original Maturity less than 3 Months	-	35.00
- Unpaid dividend accounts	4.62	4.46
Cash on Hand	11.81	1.75
Total	**212.69**	**235.31**

12 OTHER CURRENT ASSETS

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, Considered Good		
Advances to Suppliers	7.85	25.38
Prepaid Expenses	9.87	7.64
Export Incentives Receivables	1.15	1.14
Balance with Government Authorities	74.46	55.54
Others	10.38	39.09
Total	**103.72**	**128.81**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

13 SHARE CAPITAL

Particulars	As at 31 March 2021	As at 31 March 2020
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 2021	As at 31 March 2020
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 an final dividend of ₹ 10.00 per equity share (100%) for year 2020-21, subject to the approval of the shareholders.

13.03 The details of shareholders holding more than 5% equity shares in the Company

Name of the share holders	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% held	No. of Shares	% held
Mr. Rajiv Gandhi	890,397	10.47	885,397	10.41
Ms. Nina Gandhi	696,340	8.19	696,340	8.19
Mr. Sanjiv Gandhi	697,820	8.20	692,820	8.14

14 OTHER EQUITY

Particulars	As at 31 March 2021	As at 31 March 2020
Capital Reserve		
As per last Balance sheet	82.56	83.38
Add: Movement during the year	-	(0.82)
	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	1,252.17	1,039.70
Add: Profit for the year	344.30	291.71
Add: Other Comprehensive Income (Remeasurement gain / (loss) of defined benefit plans, net of tax)	2.14	(4.01)
Less: Transitional Adjustment	-	(3.44)
Less: Dividend paid	56.15	59.55
Less: Dividend distribution tax	-	12.24
	1,542.47	**1,252.17**
Foreign Currency Translation Reserve		
As per Last Balance Sheet	23.60	(0.89)
Add: Movement during the year	(17.94)	24.49
	5.66	23.60
Total	**2,198.01**	**1,925.65**

Notes :

1 **Capital reserve :** This is mainly used to record the reserves created on receipt of state/central subsidies, grant of the subsidary 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.

2 **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.

3 **General Reserve:** Under the erstwhile Companies Act 1956, general reserves was created through an annual transfer of net income at specificed percentage in accordance with applicable regulation. Consequent to the introduction of Companies Act 2013, the requirement of mandatorily transfer a specificed 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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

4 **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 2021	As at 31 March 2020
Cash dividend on equity shares declared and paid		
Final Dividend for the year ended 31 March 2020 ₹ 6.60 per share (for the year ended 31 March 2019 ₹ 7 per share)	56.15	59.55
Dividend distribution tax	-	12.24
	56.15	**71.79**
Proposed dividend on equity shares		
Final Dividend for the year ended 31 March 2021 ₹ 10.00 per share (for the year ended 31 March 2020 ₹ 6.60 per share)	85.07	56.15
	85.07	**56.15**

Proposed dividends 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 2021	As at 31 March 2020
Secured Borrowings		
Term Loans from Banks	272.85	346.72
Term Loans from Others	735.05	525.06
Hire Purchase Loans from Banks	4.46	9.61
	1,012.36	**881.38**
Less: Current Maturities of Long Term Borrowings (Refer Note 19)		
Term Loans from Banks	(182.87)	(115.00)
Hire Purchase Loans from Banks	(1.07)	(1.62)
	(183.94)	**(116.63)**
Total	**828.42**	**764.76**

Notes:

1. **The security details for the borrowing balances:**

   Term Loans from Banks aggregating to ₹ 272.85 million (Previous year ₹ 346.72 million) are secured / to be 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 BMGF amunting to ₹ 735.05 million (Previous year ₹ 525.06 million) are secured by corporate guarantee issued by Hester Biosciences Limited, India for issue of loan to Hester Biosciences Arfica Limited.

   Hire Purchase Loans from Banks aggregating to ₹ 4.46 million (Previous year ₹ 9.61 million) are secured / to be secured by hypothecation of specific vehicle/car on paripassu basis.

2. **Repayment schedule for the borrowing balances:**

   The secured term loans from banks aggregating to ₹ 272.85 million (Previous year ₹ 346.71 million) are repayable over a period of 3 years in monthly /quarterly / yearly instalments for various loans from FY 2021-22 to FY 2023-24.

   The secured term loans from BMGF aggregating to ₹ 735.05 million (Previous year ₹ 525.06 million) are repayable over a period of 5 years in monthly /quarterly / yearly instalments for various loans from FY 2025-26 to FY 2029-30.

   The hire purchase loan from banks aggregating to ₹ 4.46 million (Previous year ₹ 9.61 million) are repayable over a period of 3 years in monthly instalments started from FY 2021-22 to FY 2023-24.

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

16 OTHER NON CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits	3.03	1.65
Lease liability	51.84	51.93
Total	**54.87**	**53.58**

17 SHORT TERM BORROWINGS

Particulars	As at 31 March 2021	As at 31 March 2020
Loan Repayable on Demand		
- Cash Credit from Bank	32.70	325.26
- Credit Card	0.09	0.16
Total	**32.79**	**325.42**

17.01 Cash Credit accounts are secured by first and exlusive hypothication 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.

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

18 TRADE PAYABLES

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises	2.98	7.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	277.88	193.15
Total	**280.86**	**200.23**

Dues to micro, small & medium enterprises as per msmed act, 2006:

Particulars	As at 31 March 2021	As at 31 March 2020
Principal amount due remaining unpaid to to Micro and Small Enterprises as at end of the year;	2.98	7.08
Interest accrued and remaining unpaid to 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 Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

19 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2021	As at 31 March 2020
Current Maturities of Long Term Borrowings (Refer Note 15)		
- Term Loans	182.87	115.00
- Hire Purchase Loans	1.07	1.62
Unclaimed Dividends	4.62	4.46
Creditors for Capital expenses	4.60	11.73
Others	5.70	3.36
Total	**198.87**	**136.17**

20 OTHER CURRENT LIABILITIES

Particulars	Non Current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Deferred Capital Grant	181.20	59.93	-	-
Advance from Customers	-	-	4.44	4.29
Payables to Statutory Authorities	-	-	21.92	4.36
Other Liabilities	-	-	-	159.62
Total	**181.20**	**59.93**	**26.36**	**168.26**

21 CURRENT TAX LIABILITIES

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Current Tax (Net of advance tax)	30.83	-
Total	**30.83**	**-**

22 PROVISIONS (CURRENT)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Leave encashment	8.67	4.56
Deferred income	35.29	-
Total	**43.95**	**4.56**

23 REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(A) Sale of Goods	1,967.57	1,716.88
(B) Other Operating Revenue		
- Professional Fees	9.33	-
- Revenue from license fees and services	166.42	115.80
Total	**2,143.32**	**1,832.68**

Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue as per contracted price	2,147.29	1,835.27
Adjustments:		
Discount on prompt payment	3.97	2.59
Revenue from contract with customers	**2,143.32**	**1,832.68**

24 OTHER INCOME

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest Income		
- Bank Deposits	1.36	3.09
- Others	11.58	0.64
Foreign Exchange Fluctuation (Net)	-	9.36
Profit on Sale of Property, Plant and Equipment (net)	0.15	5.31
Rent Income	0.11	0.32
Grant Income	23.23	36.11
Other Miscellaneous Income	10.41	8.83
Total	**46.84**	**63.66**

25 COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Inventory at the Beginning of the Year	79.13	95.23
Add: Purchased during the Year	401.79	360.23
Less: Inventory at the End of the Year	94.34	79.13
Total	**386.58**	**376.33**

26 PURCHASE OF TRADED GOODS

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Purchase of traded goods	79.67	65.16
Total	**79.67**	**65.16**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(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 2021	Year ended 31 March 2020
Inventories at the End of the Year		
- Finished Goods	138.98	95.64
- Traded Goods	87.94	60.78
- Work-in-Progress	287.40	393.87
	514.32	**550.29**
Inventories at the Beginning of the Year		
- Finished Goods	95.64	62.85
- Traded Goods	60.78	63.47
- Work-in-Progress	393.87	262.29
	550.29	**388.61**
Total	**35.97**	**(161.68)**

28 EMPLOYEE BENEFIT EXPENSE

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries & Wages	367.61	387.47
Gratuity expense (Refer Note 38)	5.70	3.20
Contributions to Provident Fund & Other Funds (Refer Note 38)	13.40	14.44
Staff Welfare Expenses	2.51	1.41
Total	**389.23**	**406.51**

29 FINANCE COST

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest Expenses	60.62	63.89
Bank Charges	5.42	9.81
Total	**66.04**	**73.70**

30 OTHER EXPENSES

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Power and Fuel	75.68	81.31
Consumption of Stores and Spares	25.84	41.38
Repairs & Maintenance		
- Plant and Machinery	17.69	13.15
- Building	-	0.20
- Others	7.18	9.28
Testing and inspection charges	10.71	2.34
Factory Expense	61.71	62.75
Freight Expense	93.78	66.34
Foreign Exchange Fluctuation (net)	4.03	-
Sales promotion Expense	56.44	123.32
Legal and Professional fees	51.49	38.02
Traveling & conveyance Expense	58.95	65.37
Insurance Expense	8.08	7.47
Rent	13.14	7.23
Rates and Taxes	11.13	5.30
CSR Expenses (Refer Note 35)	9.62	3.45
Bad Debts written off	6.90	0.62
Charity and donations	0.75	0.68
Directors' sitting fees	2.90	2.01
Miscellaneous Expenses	49.27	62.10
Total	**565.29**	**592.32**

31 EXCEPTIONAL ITEMS

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Loss on disposal of Patan farm	33.21	-
Total	**33.21**	**-**

32 TAX RECONCILIATION

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Satement of Profit and Loss		
Current tax		
Current income tax	169.47	121.67
Deferred tax		
Deferred tax expense	(15.42)	(18.43)
Income tax expenses reported in the Statement of Profit and Loss	**154.05**	**103.24**
OCI Section		
Other comprehensive income (OCI)		
Tax related to items recognised in OCI during the year		
Remeasurement gain/(loss) of defined benefit plans	(0.72)	1.35
Tax charged/(credited) to OCI	**(0.72)**	**1.35**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

a. Reconciliation of tax expense and the accounting profit

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax as per Statement of Profit and loss	501.03	413.26
Enacted Income Tax Rate applicable to Company	25.17%	25.17%
Expected Income Tax Expenses	**126.11**	**104.02**
Tax effects of :		
Non- deductible expenses	7.61	1.29
Effects of differential tax rate under various jurisdiction	17.01	3.11
Others	3.32	(5.16)
Total Tax	**154.05**	**103.24**
At the effective income tax rate of 31st March	**30.75%**	**24.98%**

b. Movement in deferred tax liabilities (net) for the year ended 31 March 2021

Particulars	Opening Balance as at 1 April 2020	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2021
Tax effect of items constituting deferred tax liabilities:				
Accelerated depreciation for tax purposes	88.67	(13.16)	-	75.51
Gratuity Advance / (Liability)	(0.76)	1.50	-	0.74
	87.91	**(11.66)**	**-**	**76.25**
Tax effect of items constituting deferred tax assets:				
Expense allowed in the year of payment	(0.26)	1.89	-	1.63
Other adjustment	-	1.86	-	1.86
	(0.26)	**3.75**	**-**	**3.50**
Net deferred tax liabilities	**88.17**	**(15.42)**	**-**	**72.76**

Movement in deferred tax liabilities (net) for the year ended 31 March 2020

Particulars	Opening Balance as at 1 April 2019	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities:				
Accelerated depreciation for tax purposes	105.73	(17.06)	-	88.67
Gratuity Advance / (Liability)	0.75	(1.51)	-	(0.76)
	106.48	**(18.57)**	**-**	**87.91**
Tax effect of items constituting deferred tax assets:				
Expense allowed in the year of payment	(0.12)	(0.14)	-	(0.26)
Other adjustment	-	-	-	-
	(0.12)	**(0.14)**	**-**	**(0.26)**
Net deferred tax liabilities	**106.60**	**(18.43)**	**-**	**88.17**

33 COMMITMENTS

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	19.03	14.08

34 CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Claims against the company not acknowledged as debts:		
Income Tax *	1.48	1.10

* includes demand from Income Tax Authorities based on assessment/appeal orders and the holding company is in appeal with higher authorities, and the holding company has been advised that the decision will be in favour of the holding company, and hence no provision has been made in the Financial Statements. The matters are pending before respective appellate authorities and not yet settled.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

35 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 2021	Year ended 31 March 2020
a)	Gross amount required to be spent by the Company during the year		9.62	9.12
b)	Amount approved by the Board to be spent during the year		**14.09**	**3.45**
c)	Amount spent during the year			
	i)	Construction/acquisition of any asset	-	-
	ii)	On purposes other than (i) above	14.09	3.45
d)	Amount spend excess to be set off in next Financial Year			
	i)	Construction/acquisition of any asset	-	-
	ii)	On purposes other than (i) above	4.47	-
e)	Details related to spent / unspent obligations:			
	i)	Contribution to Public Trust	-	-
	ii)	Contribution to Charitable Trust	-	-
	iii)	Unspent amount in relation to:		
		- Ongoing project	-	-
		- Other than ongoing project"	14.09	3.45
			14.09	**3.45**

In case of Section 135(5) Excess amount spent			
Opening Balance	**Amount required to be spent during the year**	**Amount spent during the year**	**Closing Balance**
-	9.62	14.09	4.47

36 EARNINGS PER SHARE

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net Profit for the year	346.98	310.02
Weighted Average Number of Equity Shares	8,506,865	8,506,865
Basic and diluted Earnings per share (In ₹)	40.79	36.44
Nominal Value of Equity Share (In ₹)	10.00	10.00

37 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) Mr. Chetas patel - Chief Financial Officer (w.e.f. 29 April 2020)
3) Mr. Vinod Mali - Company Secretary
4) Mr. Sahil Shah - Chief Financial Officer (Upto 29 April 2020)

(b) Independend Directors

1) Mr. Naman Patel
2) Mr. Amit Shukla
3) Ms. Sandhya Patel
4) Mr. Ashok Bhadakal

(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)
5) Ms. Priya Gandhi (Deputy Director - Business Operations)

(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) Aerotrans Services Private Limited

(ii) Transactions during the year with Related Parties :

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Enterprises Having Significant Influence (EHSI)		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(a) Purchase of Goods	-	-	33.54	27.40	33.54	27.40
(b) Commission Expense	-	-	2.98	-	2.98	-
(c) Professional Fees	-	-	9.33	-	9.33	-
(d) Travel Service Expense	-	-	0.98	-	0.98	-
(e) Sitting Fees	2.90	2.01	-	-	2.90	2.01
(f) Remuneration Paid	54.81	75.48	-	-	54.81	75.48
(g) Rent Paid	-	-	0.60	0.60	0.60	0.60

Outstanding balances at the year-end

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Enterprises Having Significant Influence (EHSI)		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(a) Trade Receivables	-	-	11.00	-	11.00	-
(b) Trade Payables	-	-	4.69	2.86	4.69	2.86
(c) Loans	-	-	0.77	-	0.77	-
(d) Remuneration Payable	29.33	9.21	-	-	29.33	9.21

Notes:

1 The remuneration to the key managerial personnel does not include the provisions made for gratuity, as it is determined on an actuarial basis for the group as a whole.

2 Bank Facilities (Working capital limit and Term loans) are secured by personal guarantee of the directors.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

38 EMPLOYEE BENEFITS EXPENSES

a Defined Contribution Plans

The Company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The providend 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 ₹ 13.40 million (2019-20: ₹ 14.44 million) for provident fund contribution and other funds in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.

b Defined Benefit Plan

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

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

The following table sets out the funded status of the gratuity plan and the amount recognised by the Companys' financial statement as at 31 March 2021.

Balance Sheet

(i) Change in the Present Value of Defined Benefit Obligation

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Defined Benefit Obligation at Beginning of the Year	34.05	27.20
Current Service Costs	3.96	3.00
Past Service Costs	1.95	-
Interest Cost on Defined Benefit Obligation	2.32	2.12
Actuarial (Gain) / Loss on Defined Benefit Obligation	(3.27)	5.28
Benefits paid during the Year	(4.71)	(3.54)
Defined Benefit Obligation at End of the Year	**34.30**	**34.05**

(ii) Change in Plan Asset

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Fair Value of Plan Assets at the Beginning of the Year	37.07	24.63
Expected Return on Plan Assets	2.53	1.92
Contribution made during the Year	2.75	14.15
Benefits paid during the Year	(4.71)	(3.54)
Actuarial Loss on Plan Assets	(0.41)	(0.08)
Fair Value of Plan Assets at the End of the Year	**37.24**	**37.07**

(iii) Disclosure in Balance Sheet

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Defined Benefit Obligation at the End of the Year	(34.30)	(34.05)
Fair Value of Plan Assets at the end of the Year	37.24	37.07
Funded Status [(Deficit)/Surplus]	2.93	3.02
Net (Liability)/Asset Recognised in the Balance Sheet	2.93	3.02

(iv) Reconciliation - Balance Sheet

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net (Asset)/Liability at the Beginning of the Year	(3.02)	2.57
Expenses Recognised in Statement of Profit or Loss	5.70	3.20
Expenses Recognised in Other Comprehensive Income	(2.86)	5.36
Employers Contribution Paid	(2.75)	(14.15)
Net Liability/(Asset) at the End of the Year	**(2.93)**	**(3.02)**

Statement of Profit and Loss

(v) Expenses recognised during the Year

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
In Income Statement		
Current Service Costs	3.96	3.00
Past Service Costs	1.95	-
Interest Cost	(0.21)	0.20
Expenses Recognised in Statement of Profit or Loss	**5.70**	**3.20**
In Other Comprehensive Income		
Actuarial (Gain) / Loss	(3.27)	5.28
Return on Plan Assets	0.41	0.08
(Income)/Expenses Recognised in Other Comprehensive Income	**(2.86)**	**5.36**

(vi) Assumptions used

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discount rate	6.33%	6.82%
Rate of return on plan asset	6.33%	6.82%
Salary escalation	6.00%	6.00%
Attrition rate	For service 4 years and below 20.00% p.a. For service 5 years and above 6.00% p.a.	2.00%

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

(vii) Sensitivity Analysis - Impact on defined benefit obligation

Particulars	Year ended 31 March 2021	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(2.69)	3.13
Change in rate of salary increase (delta effect of +/- 1%)	2.97	(2.61)
Change in rate of employee turnover(delta effect of +/- 1%)	0.07	(0.09)

Particulars	Year ended 31 March 2020	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(3.50)	4.22
Change in rate of salary increase (delta effect of +/- 1%)	4.22	(3.56)
Change in rate of employee turnover(delta effect of +/- 1%)	0.24	(0.29)

(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 2021	Year ended 31 March 2020
Insurance funds	37.24	37.07
% 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 2021	Year ended 31 March 2020
Within the next 12 months (next annual reporting period)	2.16	3.18
Between 2 and 5 years	11.56	7.22
Between 6 and 10 years	13.33	10.73
Beyond 10 years	39.82	70.08
Total expected payments	**66.87**	**91.22**

(x) The weighted average duration of the projected benefit obligation at the end of the reporting period is 10 years (31 March 2020: 13 years).

39 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT

(a) Category-wise Classification of Financial Instruments

Particulars	Refer Note	As at 31 March 2021		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Trade receivables	10	-	492.12	492.12
Cash and cash equivalents	11	-	212.69	212.69
Other balances with banks	7	-	28.09	28.09
Loans	6	-	179.99	179.99
Other financial assets	7	-	17.35	17.35
Total		**-**	**930.26**	**930.26**
Financial liabilities				
Borrowings	15	-	1,045.15	1,045.15
Trade payables	18	-	280.86	280.86
Other financial liabilities	16	-	69.80	69.80
Total		**-**	**1,395.81**	**1,395.81**

Particulars	Refer Note	As at 31 March 2020		
		Fair Value through profit or loss	Amortised cost	Carrying Value
Financial assets				
Trade receivables	10	-	584.36	584.36
Cash and cash equivalents	11	-	235.31	235.31
Other balances with banks	7	-	38.69	38.69
Loans	6	-	0.97	0.97
Other financial assets	7	-	17.66	17.66
Total		**-**	**876.99**	**876.99**
Financial liabilities				
Borrowings	15	-	1,206.81	1,206.81
Trade payables	18	-	200.23	200.23
Other financial liabilities	16	-	73.13	73.13
Total		**-**	**1,480.17**	**1,480.17**

(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 described bellow:

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 valve through profit and loss or Fair value through OCI, And all finacial assets and liabilities are carried at amortised cost. Therefore, disclosure with respect to fair value measurement hierarchy of financial instruments is not required.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

(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 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 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
USD	1.76	1.58	55.12	68.27
Euro	6.42	-	1.87	-

The above table represents total exposure of the company towards foreign exchange denominated assets and liabilities.

For the years ended 31 March 2021 and 31 March 2020, 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 Companys' net profit by approximately ₹ 0.48 million and ₹ 0.67 million respectively.

Particulars	Impact on Profit & Loss		Impact on Equity	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
a) USD Sensitivity				
Rupee/USD - Increase by 1%	0.53	0.67	0.53	0.67
Rupee/USD - Decrease by 1%	(0.53)	(0.67)	(0.53)	(0.67)
b) EURO Sensitivity				
Rupee/Euro - Increase by 1%	(0.05)	-	(0.05)	-
Rupee/Euro - Decrease by 1%	0.05	-	0.05	-

(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.

Variable-rate instruments	As at 31 March 2021	As at 31 March 2020
Long Term - Borrowings	1,007.90	871.82
Total	**1,007.90**	**871.82**

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) . Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Particulars	Impact on Profit or loss	
	As at 31 March 2021	As at 31 March 2020
a) Long Term - Borrowings Sensitivity		
Increase by 1%	10.08	8.72
Decrease by 1%	(10.08)	(8.72)

(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.

(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 Profiles of financial liabilities as at 31 March 2021				
Particulars	**Within 1 year**	**1-2 Years**	**2-10 Years**	**Total**
Borrowings	216.73	97.39	731.03	1,045.15
Trade Payable	280.86	-	-	280.86
Othe Financial Liabilities	14.93	3.03	51.84	69.80
Total	**512.52**	**100.42**	**782.87**	**1,395.81**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

Maturity Profiles of financial liabilities as at 31 March 2020				
Particulars	**Within 1 year**	**1-2 Years**	**2-10 Years**	**Total**
Borrowings	442.05	164.42	600.34	1,206.81
Trade Payable	200.23	-	-	200.23
Othe Financial Liabilities	19.54	1.65	51.93	73.13
Total	**661.82**	**166.07**	**652.27**	**1,480.17**

(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 shareholders' value, safeguarding the business continuity and help in supporting the growth of the Group.

As at 31 March 2021 the Group meets its capital requirement through equity and borrowings from banks. 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 2021**	**As at 31 March 2020**
Total borrowings	1,045.15	1,206.81
Total Equity	2,359.58	2,064.93
Debt-Equity ratio	**0.44**	**0.58**

40 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 of holding company (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 and Large animal health products. The CEO & Managing Director (CMD) and Senior management of the holding company constitutes the CODM of the Group.

The Group has two prinicpal operating and reporting segments viz. Poultry healthcare and animal health care.
The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting.

(All amounts are in ₹ Million, unless otherwise stated)

(ii) Information about product and services:

Particulars	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
Segement Revenue						
Sales and Operating Earnings (Net)	1,564.51	578.81	2,143.32	1,203.46	629.22	1,832.68
Total Segment Revenue	**1,564.51**	**578.81**	**2,143.32**	**1,203.46**	**629.22**	**1,832.68**
Identifiable Segment Expenses	(1,175.40)	(397.89)	(1,573.29)	(894.06)	(503.19)	(1,397.25)
Segment Operating Income	**389.11**	**180.92**	**570.03**	**309.40**	**126.03**	**435.43**
Less : Unallocable Finance Cost			66.04			73.70
Less : Other Unallocable Expense			2.96			(51.53)
Net Profit Before Tax			**501.03**			**413.26**
Less : Tax Expense			154.05			103.24
Net Profit after Tax			**346.98**			**310.03**

Particulars	Year Ended 31 March 2021			Year Ended 31 March 2020		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
Other Information						
Segment Assets	1,891.35	1,993.65	3,885.00	2,117.64	1,618.50	3,736.14
Unallocated Assets			225.49			129.89
Total Segment Assets			**4,110.49**			**3,866.03**
Segment Liabilities	220.23	309.87	530.10	154.73	321.36	476.09
Unallocated Liabilities			1,220.81			1,325.01
Total Segment Liabilities			**1,750.91**			**1,801.10**
Non cash items	66.15	0.05	66.20	(5.51)	0.82	(4.69)
Capital Expenditure	400.05	7.37	407.42	4.57	666.39	670.96

(iii) Secondary Reportable Segment (Geographical by Customers):

Particulars	In India	Outside India	Total
Segment Revenue			
Year ended 31 March 2021	**1,711.06**	**432.26**	**2,143.32**
Year ended 31 March 2020	1,492.69	339.99	1,832.68
Segment Assets			
As at 31 March 2021	**4,021.04**	**89.45**	**4,110.49**
As at 31 March 2020	**3,760.62**	105.41	3,866.03

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts are in ₹ Million, unless otherwise stated)

41 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT,2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY:

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 Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Holding Company								
Hester Biosciences Limited	101%	2,375.80	114.99%	399.01	100.00%	(15.80)	115.71%	383.21
Subsidiary Company (Indian)								
Texas Lifesciences Private Limited	1.97%	46.54	2.13%	7.38	-	-	2.23%	7.38
Subsidiary Company (Foreign)								
Hester Biosciences Nepal Private Limited	2.67%	62.98	-1.82%	(6.33)	-	-	-1.91%	(6.33)
Hester Biosciences Africa Limited	10.10%	238.31	-9.09%	(31.54)	-	-	-9.52%	(31.54)
Hester Biosciences Kenya Private Limited	1.16%	27.38	-1.38%	(4.78)	-	-	-1.44%	(4.78)
Non Controlling interest in Subisidiary Companies	3.24%	76.50	0.77%	2.68	-	-	0.81%	2.68
Inter company transaction	-19.83%	(467.94)	-5.60%	(19.44)	-	-	-5.87%	(19.44)
Total	**100%**	**2,359.58**	**100%**	**346.98**	**100%**	**(15.80)**	**100%**	**331.18**

42 EVENTS OCCURRED 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 8 June 2021 there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

43 The Code on Social Security, 2020 ("Code") relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The holding company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

44 Previous Years' figures have been regrouped / reclassified wherever necessary to confirm to Current Year's classification / disclosure.

In terms of our report attached

For Chandulal M. Shah & Co.
Firm Registration No. : 101698W
Chartered Accountants

Arpit D. Shah
Partner
Membership No.: 135188

PLACE: Ahmedabad
DATE: 8 June 2021

For and on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN No.: 00024548

Chetas Patel
Chief Financial Officer

Vinod Mali
Company Secretary

PLACE: Ahmedabad
DATE: 8 June 2021

Ten-Year Financial Statistics

(All amounts are in ₹ Million, unless otherwise stated)

Year Ended on 31 March	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales of Goods	419.71	482.63	651.04	690.48	889.06	982.36	1,234.87	1,319.14	1,703.53	1,540.23	1,909.04
Other Operational Income	-	-	-	-	11.31	26.56	20.91	33.39	8.34	154.02	175.74
Net Sales	**419.71**	**482.63**	**651.04**	**690.48**	**900.37**	**1,008.92**	**1,255.78**	**1,352.53**	**1,711.87**	**1,694.25**	**2,084.78**
Other Income	1.31	2.44	2.34	7.73	3.57	8.72	7.26	18.77	30.97	29.26	16.48
Total Income	**421.02**	**485.07**	**653.38**	**698.21**	**903.94**	**1,017.64**	**1,263.04**	**1,371.30**	**1,742.84**	**1,723.51**	**2,101.26**
Total Expenses	**239.13**	**293.55**	**426.98**	**437.18**	**643.60**	**674.97**	**845.00**	**856.56**	**1,034.24**	**1,167.04**	**1,364.84**
(a) (Increase)/decrease in Inventories	(54.59)	(51.45)	(24.64)	(30.32)	59.58	(29.75)	33.21	(62.35)	(72.45)	(155.74)	40.14
(b) Trading Purchase	1.89	6.72	31.76	39.28	37.23	67.59	88.05	78.42	137.26	171.89	252.09
(c) Consumption of Raw materials	113.76	119.21	147.15	104.56	150.01	157.68	177.67	217.04	227.32	211.31	241.75
(d) Manufacturing Expenses	60.98	87.41	93.48	116.49	128.91	168.40	175.53	197.55	224.13	245.67	182.60
(e) Staff Cost	58.19	68.68	90.62	98.37	123.17	154.40	183.23	222.88	267.41	371.56	334.51
(f) Selling, General & Admn. Expenses	58.89	62.98	88.61	108.80	144.71	156.65	187.31	203.02	250.56	322.35	313.75
Interest	25.28	28.27	32.18	64.34	44.49	36.86	32.08	23.16	35.43	50.34	39.47
Depreciation	44.78	41.23	43.95	53.78	54.94	57.32	55.09	54.51	75.66	93.85	96.33
Profit Before Exceptional Items	**111.83**	**122.02**	**150.27**	**142.91**	**160.91**	**248.49**	**330.87**	**437.07**	**597.51**	**412.28**	**600.61**
Exceptional Items	-	-	-	-	27.21	-	-	-	-	-	(52.78)
Profit Before Tax	**111.83**	**122.02**	**150.27**	**142.91**	**188.11**	**248.49**	**330.87**	**437.07**	**597.51**	**412.28**	**547.83**
Provision for taxation	35.88	44.11	53.37	42.03	48.16	56.26	81.47	131.49	158.99	100.05	148.82
Net Profit	**75.96**	**77.91**	**96.90**	**100.88**	**139.95**	**192.23**	**249.40**	**305.58**	**438.52**	**312.23**	**399.01**
Balance Sheet as at	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Sources of Funds :											
Paid-up Equity Share Capital	51.91	56.71	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07
Equity Warrants	16.44	-	-	-	-	-	-	-	-	-	-
General Reserve & Surplus	411.50	543.78	593.68	674.65	757.39	918.13	1,135.85	1,375.71	1,709.30	1,945.73	2,290.74
Loan Funds	213.25	140.20	214.81	324.49	387.17	386.56	394.27	426.17	382.92	478.96	159.01
Total	**693.10**	**740.69**	**893.56**	**1,084.21**	**1,229.63**	**1,389.76**	**1,615.19**	**1,886.95**	**2,177.28**	**2,509.77**	**2,534.82**
Application of Funds :											
Net Fixed Assets	392.16	365.32	346.99	506.77	565.30	615.68	608.50	667.40	1,008.09	967.64	866.93
Capital Work - in - Progress	-	63.04	240.53	131.50	142.74	104.70	212.94	304.73	4.17	8.74	35.38
Investment	25.00	25.00	27.85	36.33	88.80	86.70	86.02	144.78	282.19	406.71	438.85
Net Current Assets	301.40	311.81	304.18	458.87	486.12	663.01	743.19	843.27	983.72	1,209.57	1,261.72
Deferred Tax Assets / (Liabilities)	(25.46)	(24.48)	(25.99)	(49.26)	(53.33)	(80.33)	(35.46)	(73.23)	(100.89)	(82.89)	(68.06)
Total	**693.10**	**740.69**	**893.56**	**1,084.21**	**1,229.63**	**1,389.76**	**1,615.19**	**1,886.95**	**2,177.28**	**2,509.77**	**2,534.82**
Equity Dividend	35%	10%	20%	20%	31%	41%	53%	100%	110%	66%	100%

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	DIVA	Differentiating Infected from Vaccinated Animals
22	DPID	Depositroy Participant Identity
23	DSIR	Department for Scientific & Industrial Research
24	EBIDTA	Earnings Before Interest, Depreciation, Taxes, and Amortisation
25	EPCG	Export Promotion Capital Goods
26	EPS	Earning Per Share
27	ESOS	Employees Stock Option Scheme
28	ETP	Effulent Treatment Plant
29	FAO	Food and Agriculture Organisation
30	FD	Fixed Deposit
31	FOB	Free On Board
32	F.Y.	Financial Year
33	GAAP	Generally Accepted Accounting Principles
34	GALVmed	Global Alliance for Livestock Veterinary Medicines
35	GDRs	Global Depository Receipts
36	GMP	Good Manufacturing Practices
37	GLN	Global Location Number
38	GLP	Good Laboratory Practices
39	HBL	Hester Biosciences Limited
40	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 Parternership
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

NOTES

NOTES

HESTER

Hester Biosciences Limited
34th Annual Report 2020-21

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PUBLICATION DESIGN

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HESTER

Hester Biosciences Limited

34th Annual Report 2020-21

HESTER BIOSCIENCES LIMITED
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Email: mail@hester.in Website: www.hester.in

NOTICE

NOTICE is hereby given that 34th Annual General Meeting of the Members of Hester Biosciences Limited will be held on Tuesday, 17 August 2021 at 10:00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements and audited consolidated financial statements of the Company for the financial year ended on 31 March 2021 and the reports of the Board of Directors' and Auditors' thereon, to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the audited financial statements and audited consolidated financial statements of the Company for the financial year ended 31 March 2021 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

2. To declare a dividend on equity shares for the financial year ended 31 March 2021 and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT a dividend at the rate of INR 10 (Ten rupees only) per equity share of INR 10 (Ten rupees) each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended 31 March 2021 and the same be paid out of the profits of the Company."

3. To appoint Mr. Ravin Gandhi (DIN: 00438361), who retires by rotation as a Director and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Ravin Gandhi (DIN: 00438361), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company."

SPECIAL BUSINESS

4. Approval for increase in remuneration of Ms. Priya Gandhi and holding an office or place of profit in the Company, to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188(1)(f) read with rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modifications(s) or re-enactment thereof, for the time being in force), as per the recommendation and approval of the Nomination and Remuneration Committee and Audit Committee in the meeting held on 8 June 2021, approval of the shareholders be and is hereby accorded to enhance the prescribed limit of salary payable to Ms. Priya Gandhi, Deputy Director - Business Operation of the Company and holding an office or place of profit in the company, as computed under applicable provisions of Companies Act, 2013 and its allied rules from INR 1.67 million to INR 5.40 million per annum and such other perquisites in accordance with the Company rules."

"RESOLVED FURTHER THAT the Board of Directors and of the Company be and is hereby authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/ doubts arise from it, as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

5. To ratify the remuneration of Cost Auditors for the financial year ending 31 March 2022 and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor viz. Kiran J. Mehta & Co. (Firm Registration No. 000025), Cost Accountants, Ahmedabad, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2022, be paid the remuneration of INR 2,10,000 (Rupees Two Lakh Ten Thousand Only) plus goods and service tax as applicable and reimbursement of Out-of-pocket expenses"

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

By order of Board of Directors

Vinod Mali
Company Secretary &
Compliance Officer

Place: Ahmedabad
Date: 8 June 2021

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its circular dated 13 January 2021 read together with circulars dated 8 April 2020, 13 April 2020 and 5 May 2020 (collectively referred to as "MCA Circulars"), permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the embers at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM.

2. In terms of the said circulars, the 34th Annual General Meeting (AGM) of the members will be held through VC/OAVM. Hence, members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participation in the meeting through VC/OAVM is provided in notes and available at the Company's website www.hester.in

3. In terms of the provisions of Section 152 of the Act, Mr. Ravin Gandhi, Director, retire by rotation at the Meeting. The Nomination and Remuneration Committee and the Board of Directors of the Company recommend his re-appointment.

   Mr. Ravin Gandhi is interested in the Ordinary Resolutions set out at Item No. 3, of the Notice with regard to his reappointment. The other relatives of Mr. Ravin Gandhi may be deemed to be interested in the resolutions set out at Item No. 3 of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item No. 3 of the Notice.

4. Information regarding appointment/re-appointment of Directors and Explanatory Statement in respect of special businesses to be transacted pursuant to Section 102 of the Companies Act, 2013 and/or Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:.

Name of Director	Mr. Ravin Gandhi
Date of Birth & Nationality	USA
Qualifications	B.S. in Accountancy, C.P.A., M.B.A.
No. of Equity Shares held in the Company (Face Value INR 10 each)	403,320
Nature of expertise in specific functional area	Managerial, Finance & Audit, Business Strategy & Planning, Merger & Acquisition
List of directorship held in other public companies as on 31 March 2021	-
Name of committees in which he holds membership/ chairmanship as on 31 March 2021*	-
Relationship with other Directors	Cousin of Mr. Rajiv Gandhi Cousin of Mr. Sanjiv Gandhi Nephew of Dr. Bhupendra Gandhi

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

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report.

5. In compliance with the MCA Circulars and SEBI Circular dated 15 January 2021 read with Circular dated 12 May 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members hose e-mail address is registered with the Company/ Depository Participants. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.hester.in, websites of the Stock Exchanges that is, BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and the AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility) i.e. www.evotingindia.com

6. Pursuant to the MCA General Circular No. 14/2020 dated 8 April 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorisation shall be sent to the Scrutiniser by email through their registered email address to scrutiniser@tapanshah.in with copies marked to the Company at cs@hester.in.

7. For receiving all communication (including Annual Report) from the Company electronically:
   a) Members holding shares in physical mode and who have not registered / updated their e-mail address with the Company are requested to register/ update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at cs@hester.in or to Link Intime India Private Limited at ahmedabad@linkintime.co.in

   b) Members holding shares in dematerialised mode are requested to register / update their e-mail address with the relevant Depository Participant.

8. The Register of Members and Share Transfer Book of the Company shall remain closed from Saturday, 7 August 2021 to Tuesday, 17 August 2021 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Share Transfer Agent.

10. Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the Registrar & Transfer Agent of the Company. In case shares held in dematerialised form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.

11. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders holding shares in the physical mode. The shareholders who are desirous of availing this facility, may kindly write to Company's Registrar & Transfer Agent for nomination form by quoting their folio number.

12. Members desiring any information as regards to Accounts are requested to send an email to cs@hester.in, 10 days in advance before the date of the meeting to enable the Management to keep full information ready on the date of AGM.

13. In terms of Regulation 12 and Schedule I of SEBI Listing Regulation requires all companies to use the facilities of electronic clearing services for payment of dividend. In compliance with these regulations, payment of dividend will be made only by electronic mode directly into the bank account of Members and no dividend warrants or demand drafts will be issued without bank particulars.

14. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode.

15. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice.

16. The Annual Report along with the Notice of AGM will be placed on the Company's website on www.hester.in

17. Members of the Company holding shares either in physical form or in Dematerialised forms as on Friday, 16 July 2021, will receive Annual Report for the financial year 2020-21 through electronic mode.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be able to attend the AGM through VC/OAVM or view the live webcast of AGM through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under shareholders'/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request by 7 August 2021 from their registered email address mentioning their name as registered in the records of the Company, DPID/Client ID or Folio Number at cs@hester.in. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Instructions and other information for members for attending the AGM through VC/OAVM are given in this Notice.

4. Body Corporates whose Authorised Representatives are intending to attend the Meeting through VC/OAVM are requested to send to the Company on their email Id cs@hester.in, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting and through E-voting.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

6. As the Annual General Meeting of the Company is held through Video Conferencing/OAVM, we therefore request the members to submit questions in advance relating to the business specified in this Notice of AGM on the Email ID: cs@hester.in

7. Members whose email IDs are already registered with the Depository Participant/ Registrar and Share Transfer Agent of the Company and who are desirous to attend the AGM through VC/OAVM can apply at cs@hester.in requesting for participation in the AGM, by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID.

8. Members who are desirous of attending the AGM through VC/OAVM and whose email IDs are not registered with the RTA of the Company/ DP, may get their email IDs registered as per the instructions provided in this Notice.

9. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

11. In case of Android/Iphone connection, Participants will be required to download and Install the appropriate application as given in the mail to them. Application may be downloaded from Google Play Store/ App Store.

12. Further Members will be required to allow Camera and use Internet audio settings as and when asked while setting up the meeting on Mobile App.

13. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

14. The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation which will be sent to the eligible applicants.

15. Institutional Shareholders are encouraged to participate at the AGM through VC/OAVM and vote thereat.

16. Any person, who acquires shares of the Company and become member of the Company after sending the Notice of AGM through electronic mode and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com.

INFORMATION AND OTHER INSTRUCTIONS RELATING TO E-VOTING:

A. The Instructions for Members for Remote E-Voting are as under:-

1. The voting period begins on Friday, 13 August 2021 at 9:00 a.m. (IST) and ends on Monday, 16 August 2021 at 5:00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. Monday, 9 August 2021 may cast their vote electronically. The E-Voting module shall be disabled by CDSL for voting thereafter.

2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting date.

3. Pursuant to SEBI Circular No. SEBI/HO/CFD/ CMD/CIR/P/2020/242 dated 9 December 2020, under Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

   Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

   In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

4. In terms of SEBI circular no. SEBI/HO/CFD/ CMD/CIR/P/2020/242 dated 9 December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

5. Pursuant to above said SEBI Circular, Login method for e-Voting for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.

	2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from an e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. 5)
Individual Shareholders holding securities in demat mode with NSDL	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

6. Login method for e-Voting for shareholders other than individual shareholders & physical Shareholders:

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on "Shareholders" module.

(iii) Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

   OR

   Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at https://www.cdslindia.com from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in dematerialised form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

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

For Members holding shares in Dematerialised Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both dematerialised shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to sequence number which is printed on Attendance Slip / communicated by mail indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your dematerialised account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the Member ID / Folio Number in the Dividend Bank details field as mentioned in instruction (v).

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

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in dematerialised form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the dematerialised account holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the "HESTER BIOSCIENCES LIMITED" on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If dematerialised account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSLs' mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) Note for Non - Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

(xix) If you have any queries or issues regarding E-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

(xx) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

B. The Instructions for Members for E-Voting on the day of the AGM: -

1. The procedure for E-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote E-Voting and are otherwise not barred from doing so, shall be eligible to vote through E Voting system in the AGM.

3. Members who have voted through Remote E-Voting will be eligible to attend the AGM and participate there at. However, they will not be eligible to vote at the AGM.

4. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

5. Members are requested to follow the instructions, if any, provided during the currency of the AGM for E- Voting.

6. The details of the person who may be contacted for any grievances connected with the facility for e-voting during the AGM shall be the same person mentioned for Remote e-voting.

C. Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

i. For Physical shareholders: Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to our RTA (Link Intime India Private Limited) on their email ID: ahmedabad@linkintime.co.in.

ii. For Demat shareholders: Please update your email id & mobile no. with your respective Depository Participant (DP).

IEPF Related Information:

18. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2012-13, from time to time, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link: www.iepf.gov.in

19. The details of unpaid and unclaimed dividends lying with the Company as on 31 March 2021 are uploaded on the website of the Company and can be accessed through: www.hester.in and Details of unpaid and unclaimed dividends up to 31 March 2020 are also uploaded on the website of the IEPF Authority and can be accessed through the link: www.iepf.gov.in.

20. In compliance with to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2020-21, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer. Details of shares so far transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through: www.hester.in. The said details have also been uploaded on the website of the IEPF Authority and can be accessed through the link: www.iepf.gov.in.

21. Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from the IEPF Authority.

22. Due dates for transfer to IEPF, of the unclaimed/unpaid dividends for the financial year 2013-14 and thereafter, are as under:

Financial Years	Date of Declaration	Due Date
2013-14	23 September 2014	28 October 2021
2014-15	15 September 2015	20 October 2022
2015-16 (Interim)	10 March 2016	15 April 2023
2015-16 (Final)	29 July 2016	3 September 2023
2016-17 (Interim)	20 October 2016	25 November 2023
2016-17 (Final)	28 July 2017	1 September 2024
2017-18 (Interim)	9 November 2017	14 December 2024
2017-18 (Final)	10 August 2018	14 September 2025
2018-19 (1st Interim)	10 August 2018	14 September 2025
2018-19 (2nd Interim)	29 October 2018	3 December 2025
2018-19 (Final)	31 July 2019	4 September 2026
2019-20 (Final)	4 September 2020	10 October 2027

23. Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company/its Registrar, for obtaining payments thereof as earliest and before the due date mentioned above.

24. Any member, who has not claimed final dividend in respect of the financial year 2013-14 onwards, is requested to approach the Company/ the Registrar and Share Transfer Agents of the Company for claiming the same as early as possible as but not later than 20 September 2021 for final dividend of financial year 2013-14.

Dividend Related Information:

25. The dividend, as recommended by the Board, if approved at the AGM, in respect of equity shares held in electronic form will be payable to the beneficial owners of shares as on Friday, 06.08.2021 as per the details furnished to the Company by Depositories for this purpose. In case of shares held in physical form, dividend will be paid to the shareholders, whose names shall appear on the Register of Members as on Friday, 06.08.2021. Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants/ demand drafts will be dispatched to the registered address of the Members who have not updated their bank account details.

26. Members are requested to register / update their complete bank details:
    i. with their Depository Participant(s) with which they maintain their demat accounts, if shares are held in dematerialised mode, by submitting forms and documents as may be required by the Depository Participant(s); and

    ii. with the Company / Link Intime (RTA) by emailing at cs@hester.in or ahmedabad@linkintime.co.in, if shares are held in physical mode, by submitting:
        1) Scanned copy of the signed request letter which shall contain Member's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details),
        2) Self-attested copy of the PAN card, and
        3) Cancelled cheque leaf (in case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested)

27. Tax Deductible at Source / Withholding tax: In terms of the provisions of the Income-tax Act, 1961, ("the Act"), dividend paid or distributed by a Company on or after 1 April 2020 is taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend. The deduction of tax at source will be based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

    A. Resident Shareholders:

    a) Tax will be deducted at source ("TDS") under Section 194 of the Act @ 10% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during financial year does not exceed INR 5,000.

    b) Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Blank Form 15G and 15H can be downloaded from the link given at the end of this communication. Please note that all fields mentioned in the Form are mandatory and Company may reject the forms submitted, if it does not fulfil the requirement of law.

    c) Needless to mention, valid Permanent Account Number ("PAN") will be mandatorily required. Shareholders who do not have PAN, TDS would be deducted at higher rates u/s 206AA of the Income Tax Act.

    d) NIL /lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (in specified format available at Company's website) as listed below:

i. **Insurance companies:** Declaration by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;

ii. **Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income- tax Act, 1961 along with self-attested copies of registration documents and PAN card;

iii. **Alternative Investment Fund (AIF) established in India**: Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided.

iv. **New Pension System Trust**: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

v. **Other shareholder**: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

vi. Shareholders who have provided a valid certificate issued u/s. 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

B. For non-resident shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors):

Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. In case non-resident shareholders provide a certificate issued under section 197/195 of the Act, for lower / NIL withholding taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following the following declaration and documents in specified format (Specific formats are available on Company's website):

i. Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities; In case PAN is not available, the non-resident shareholder shall furnish (a) name, (b) e-mail ID, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country;

ii. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;

iii. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;

iv. Self-declaration by the non-resident shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non-resident having PE in India would need to comply with provisions of section 206AB of the IT Act).

v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.

vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

The self-declarations referred above can be downloaded from the website of the Company, www.hester.in.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non- resident shareholders and meeting requirement of Act read with applicable tax treaty. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rates at the time of tax deduction on dividend amounts.

C. Section 206AB of the Act:

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from 1 July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Income Tax Act has expired; and
- The aggregate of TDS and TCS in his case is INR 50,000 or more in each of these two previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

The Company will use the mechanism prescribed by Income tax department to verify if a shareholder is a 'specified person' under section 206AB of the Income Tax Act and basis the result provided, the Company will apply higher rates under section 206AB of the Income Tax Act on those shareholders who are covered as 'specified person' under section 206AB of the IT Act.

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration (specific format) with Company in the manner prescribed by the Rules on or before 30 September 2021. The Company will not accept any declarations referred to Rule 37BA of Income Tax Rules, 1962 on or after 30 September 2021.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted.

28. Shareholders holding equity shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to status in which shares are held under a PAN will be considered on their entire holding in different accounts.

29. Clearing member should ensure that as on record date no shares are lying in their account. Kindly note that the aforementioned documents should be sent to Link Intime India Private Limited, the Registrar and Transfer Agent (RTA) at ahmedabad@linkintime.co.in. You can also email the same to cs@hester.in. No communication on the tax determination / deduction shall be entertained after 31 July 2021.

30. To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the aforesaid declaration along with all the requisite documents may be send to email ids of Company: cs@hester.in and Link Intime: ahmedabad@linkintime.co.in on or before 31 July 2021 (cut-off date).

    All the shareholders are requested to update their PAN, email address and other details with their Depository Participant (if shares are held in electronic form) and Company / Link Intime (if shares are held in physical form) against all their folio. Company is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return of the Company.

31. The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.

32. Members are requested to quote their Folio No. or DP ID / Client ID, in case shares are in physical / dematerialised form, as the case may be, in all correspondence with the Company / Registrar and Share Transfer Agent.

33. Investor Grievance Redressal: - The Company has designated an e-mail id investor@hesterbiosciences.co.in to enable investors to register their complaints, if any.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statement sets out all the material facts relating to the Item Nos. 4 and 5 of the accompanying Notice.

Item No. 4

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings with related parties of the Company. The provisions of Section 188(1)(f) of the Companies Ac!, 2013 that govern the related parties appointment to any office or place of profit in the company, its subsidiary company or associate company.

Ms. Priya Gandhi Daughter of Mr. Rajiv Gandhi (CEO & Managing Director and Promoter of the Company) was appointed as Deputy Director - Business Operations of the Company and holding a place of profit under Section 188(1)(f) and all other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modifications(s) or re-enactment thereof, for the time being in force), at a monthly salary of INR 1.67 million per annum and a resolution to this effect was passed by the Board of Directors.

She is drawing a salary of INR 1.67 million per annum and further required, the Company to seek approval of the members of the Company in the event of increase in salary in excess of the aforesaid limit to INR 5.40 million per annum with effect from approval of Members in AGM.

In terms of Sections 188(1)(f) of the Companies Act, 2013 read with applicable rules and as per the recommendation by Nomination and Remuneration Committee, for enhancement in prescribed limit of salary payable to Ms. Priya Gandhi, Deputy Director - Business Operations of the Company and holding an office or place of profit in the company, are in the ordinary course of business and at arm's length basis transaction. Mr. Priya Gandhi associated with the Company from last few years and meanwhile gave her best for its immense growth and her present role is crucial to provide impetus to the expanding domestic business as well as international business of the Company. Considering her qualification, experience and present role prescribed limit of Companies Act is not commensurate, hence requires approval of the shareholders.

Except Mr. Priya Gandhi and her relatives Directors, namely, Mr. Rajiv Gandhi and Mr. Sanjiv Gandhi, none of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the aforesaid Ordinary Resolution save and except to the extent of their directorship/ shareholding in any such body corporate as may be applicable.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditor, to conduct the audit of the cost accounts / cost records of the Company for the financial year 2021-22 on a remuneration of INR 2,10,000 plus goods and service tax as applicable and reimbursement of out-of pocket expenses.

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

Accordingly, consent of the members is being sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year 2021-22.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the aforesaid Ordinary Resolution save and except to the extent of their directorship/ shareholding in any such body corporate as may be applicable.

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

By order of Board of Directors

Vinod Mali
Company Secretary &
Compliance Officer

Place: Ahmedabad
Date: 8 June 2021