



Hester Biosciences Limited
Formerly Hester Pharmaceuticals Limited



21st
Annual Report
2007-2008



Hester Biosciences Limited

The CEO & Managing Director's letter to shareholders

Dear Fellow Shareholders:

I take immense pleasure in informing you that on 19.2.2008, the name of your company was changed from Hester Pharmaceuticals Limited to **Hester Biosciences Limited**. It seemed imperative for your company's name to have a reflection of the company's core business activity and therefore this change in name. Hester is a 100% biotech company.

India continues to maintain a good GDP growth rate at 8%, despite the negative currents of growing inflation and increasing interest rates. This in itself exhibits the fundamental strength of our economy.

The growing economy has gone well for your company.

In the year, Net Revenues at Rs. 32.63 crores reflected a growth of 49.47% over the previous year. This growth was possible due to the 4 times increase of the production capacity which went on-stream in March 2007. A bottom-line of 21.57% was achieved as against 23.60% in the earlier year, despite a depreciation provision of 8.35 times of the earlier year. The capacity utilisation in the year was 33%.

Your company's focus is not just on the top-line. Maintaining the bottom line is as much a mandate.

The newly created facility is one of the best of its kinds in the world. We have reasons to believe that with this expanded capacity, your company will be able to actively explore bigger international business opportunities.

In the current financial year, your company has already applied for 2 additional poultry vaccines and 2 large animal vaccines. Product registration in 5 additional countries is on-going.

Our pursuit for growth continues. In the current financial year, notwithstanding a flat first quarter, we have forecasted a growth rate of over 40%.

As always, I take this opportunity to thank our bankers, vendors, business partners and stakeholders for your perennial support.

Yours Sincerely,

Rajiv Gandhi



CORPORATE INFORMATION

BOARD OF DIRECTORS :

Dr. Bhupendra V. Gandhi *Chairman*
 Mr. Rajiv Gandhi *CEO & Managing Director*
 Mr. Sanjiv Gandhi
 Mr. Darayus Lakdawalla
 Mr. Ravin Gandhi
 Mr. Vimal Ambani
 Mr. Abhinava Shukla
 Dr. Parimal Tripathi *Alternate Director of Mr. Ravin Gandhi*

CHIEF FINANCIAL OFFICER :

Mr. Jigar Shah

REGISTERED OFFICE :

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

CORPORATE OFFICE :

16/10, Devendra Society,
 Naranpura,
 Ahmedabad - 380 013.
 E-mail : mail@hesterbiosciences.co.in
 Website : www.hesterbiosciences.co.in

MANUFACTURING UNIT :

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

BANKERS :

Bank of India
 Navrangpura Branch,
 Ahmedabad - 380 009.

AUDIT COMMITTEE :

Mr. Darayus Lakdawalla *Chairman*
 Mr. Vimal Ambani *Member*
 Mr. Sanjiv Gandhi *Member*

SHAREHOLDERS' GRIEVANCE COMMITTEE :

Mr. Darayus Lakdawalla *Chairman*
 Mr. Sanjiv Gandhi *Member*

REMUNERATION COMMITTEE :

Mr. Darayus Lakdawalla *Chairman*
 Mr. Vimal Ambani *Member*
 Dr. Parimal Tripathi *Member*

AUDITORS :

M/s. Shah Narielwala & Co.
 Chartered Accountants
 608, 'Shitiratna', Panchvati, Ellisbridge,
 Ahmedabad - 380 006.

REGISTRAR & TRANSFER AGENTS :

M/s. Pinnacle Shares Registry Pvt. Ltd.
 Near Ashoka Mills, Naroda Road,
 Ahmedabad 380 025.

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DIRECTORS' REPORT

Dear Shareholder:

Your Directors are pleased to present the 21st Annual Report with the Audited Accounts of the Company for the year ended 31.3.2008.

CHANGE IN NAME

The name of the company was changed from Hester Pharmaceuticals Limited to Hester Biosciences Limited from 19.2.2008.

FINANCIAL RESULTS :

		(Rs. In Lacs)
Particulars	Current year	Previous Year
Total Income	3290.87	2218.72
Profit before Depreciation & Tax	1459.39	837.69
Less : Depreciation	368.46	44.09
Profit Before Tax	1090.93	793.60
Less : Provision for Tax		
Deferred Tax	21.61	80.68
Current Tax	360.00	191.80
Fringe Benefit Tax	5.25	6.00
Net Profit After Tax	704.07	515.12
Balance of Profit & Loss Account	134.51	50.32
Profit available for appropriation	838.58	565.44
Dividend on equity shares	129.78	103.82
Dividend Tax	22.06	17.64
General Reserve	400.00	309.47
Balance carried to Balance sheet	286.74	134.51
Earnings per share (Basic/Diluted)	13.56	11.14

FINANCIAL HIGHLIGHTS

Sales

Your company posted a good performance during the year. Its turnover increased to Rs. 32.63 crores from Rs. 21.83 crores in 2006-07, thereby registering a growth of 49.47%.

Profitability

Your company's PBT for the year ended 31.3.2008 is recorded at Rs. 10.91 crores, which is 37.46% higher than that of the previous financial year.

Net Profit for the year is recorded at Rs. 7.04 crores, which is 36.67% higher than that of the previous financial year.

Earning per share

EPS was at Rs. 13.56 as on 31.3.2008 as against Rs. 11.14 as on 31.3.2007.

Net Worth

The company's net worth as on 31.3.2008 was at Rs. 33.47 crores as compared to Rs. 27.95 crores as on 31.3.2007.

Dividend

Your Directors have recommended a dividend payment of Rs. 2.50 per equity share of Rs. 10 each for the financial year 2007-08 as against Rs. 2.00 per equity share for the previous year. This dividend is subject to approval by the shareholders at the ensuing AGM.

REVIEW OF OPERATIONS
Capacity utilisation

The company has reached 33% capacity utilisation as on 31.3.2008 by producing 158 crore doses. The total capacity is at 480 crore doses.

GMP and ISO certification

We continue to be a GMP and an ISO 9001-2000 certified company.

Future Prospects

1. The Indian poultry industry continues to grow at around 10% per annum. The industry growth as well as the increased product range will ensure a consistent high growth rate for your company.
2. Company registration and product registrations are on-going in many countries thereby ensuring good exports in the coming years.
3. India is progressing towards becoming a vaccine manufacturing hub for the world. This has led to international companies looking at Hester for manufacturing and marketing tie-ups.

ENERGY CONSERVATION

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

The company has a continuous focus on energy conservation. Regular studies are conducted to analyses quantitative energy conservation patterns, and variances are rigorously scrutinized. The company regularly benchmarks its energy conservation levels and consistently works towards improving efficiencies, towards getting the cost of energy down for every unit produced.

Total energy consumption and energy consumption per unit of production :

Particulars		31-03-2008	31-03-2007
(A) Power and Fuel Consumption:			
Electricity:			
(a) Purchased			
Units	Kwh	18,20,985.00	10,35,075.00
Total Amount	Rs.	1,06,23,825.00	51,77,022.00
Rate/ Unit	Rs.	5.83	5.00
(b) Own Generation through Diesel Generator set			
Units	Kwh	13,926.00	10,801.00
Unit per liter of Diesel Oil	Kwh	2.85	2.22
Cost/Unit	Rs.	14.79	17.04
(B) Consumption per Unit of Production :			
Electricity consumed per vial (in units)		1.62	1.10

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

1. R&D work is currently on-going towards developing a live salmonella poultry vaccine as well as 2 other poultry vaccines.
2. An independent R&D centre is being set-up for animal disease surveillance.
3. We continue to work towards increasing our production yields as well as towards reducing production time cycles to achieve higher efficiencies.

FOREIGN EXCHANGE EARNINGS & OUTFLOW

Foreign exchange earnings during the year were Rs. 69.93 lacs (Previous Rs. 20.16 lacs) towards sale of goods. Total outflow of foreign exchange towards purchase of materials, trading goods, traveling expenses, purchase of capital items during year was Rs. 376.85 lacs, as compared to Rs. 339.37 lacs during the previous year.

DIRECTORS:

Ms. Bela Gandhi has resigned from the Board with effect from 21.1.2008. The Board appreciated the contribution made by her during her tenure in the Board.

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

PUBLIC DEPOSITS:

The company has not invited or accepted any deposits under Section 58A of the Companies Act, 1956, from the public, during the year.

FINANCE:

The working capital requirement was funded through enhanced bank limits. The capital expenditures were funded through the additional working capital & term loan from the bankers and internal accruals.

CORPORATE GOVERNANCE:

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

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

FORMATION OF VARIOUS COMMITTEES:

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

PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees of the Company are furnished in Annexure forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year ended on 31st March. 2008.

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

The Directors have prepared the attached statements of accounts for the year ended 31st March, 2008 on a going concern basis.

AUDITORS & AUDITORS REPORT :

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

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

ACKNOWLEDGEMENT:

The Directors express their appreciation to Bank of India, Employees at all levels and customers for their sustained support.

Last but not the least, the directors convey their gratitude to the esteemed shareholders whose dauntless support has been the main source of inspiration.

By order of the Board

24th June 2008
Ahmedabad

Rajiv Gandhi
CEO & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors Report for the year ended on 31st March, 2008

(A) Employed throughout the year and was in receipt of remuneration which in the aggregate was not less than Rs. 24,00,000/- p.a.

Sr. No.	Name & Share Holding %	Age in Years	Qualification	Date of Commencement of Employment	Designation/ Nature of Duties	Experience In years	Gross Remuneration Rs. in Lacs	Last Employment held with Designation
1	Mr. Rajiv Gandhi 9.66 %	46	B. Com Diploma in Marketing & Poultry Management	29.04.1987	CEO & Managing Director	24	24.00	—

(B) Employed for a part of the year and was in receipt of remuneration which in the aggregate was not less than Rs. 2,00,000/- p.m.

Not Applicable

Notes:

- Gross Remuneration includes Salary, House Rent Allowance, House Rent Allowance, Extra Allowance Commission, Incentive, and Superannuation fund but excludes Gratuity.
- The employment of person referred above is on contractual Basis

MANAGEMENT DISCUSSIONS AND ANALYSIS
Outlook for the Industry

The poultry industry is consolidating with international companies looking at India as a very big potential towards meat consumption. Egg is now perceived as an important source for protein in the daily diet.

Industry focus remains on disease identification as well as prevention programs. The use of poultry vaccines and disease diagnostic tools have gained importance.

The government policy towards poultry vaccines continues to be the same as what it was at the beginning of the financial year. Imports though permissible, are unable to make any dent in the Indian market.

Avian Influenza disease (Bird Flu) in chicken is being effectively controlled by the Government of India to avoid recurrence or the spread of the disease.

Outlook for the Company

With the expanded capacity, your company is looking at growing exponentially for the next 2 years by addressing the Indian as well as the international market.

The production has been stabilized in the new plant.

With the new plant adhering to all international standards, the emphasis is now towards registrations in countries.

Economies of scale as well as modern automated technology have resulted into increasing efficiencies in terms of yields as well as in terms of larger batch sizes.

Internal Control Systems

The company has recently embarked on the implementation of an ERP solution to enable the strengthening of the internal management system.

Budgetary controls are well in place.

The organization structure continues to be very compact, thereby enabling the company to have the highest sale versus employee ratio amongst other poultry vaccine manufacturers in India.

Financial performance Vs Operational performance

The financial performance of the company for the year 2007-08 is described in the Director's report.

Human Resources

The company continues to give special attention to human resources development.

The total strength of the company is 200 motivated employees (permanent and contractual). Personnel turnover has been very minimal.

Training programs for all employees are regularly embarked upon.

Industrial relations continued to remain cordial at all levels.

REPORT ON CORPORATE GOVERNANCE

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

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

Company's Philosophy on Corporate Governance

At Hester Biosciences Limited, we believe and constantly try to achieve good governance through timely disclosures, transparency, accountability and the responsibility in all our dealings with our employees, shareholders, clients and community at large.

The Board of Directors represents the interest of the Company's stakeholders, for optimizing long-term value by way of providing necessary guidance and strategic vision to the Company. The Board also ensures that the Company's management and employees operate with the highest degree of ethical standards through compliance of Code of Conduct.

We, at Hester Biosciences Limited, believe that the constant efforts to improve operational performance, guided by our values, from the basis for good Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation and integrity.

Board of Directors :

The Company's Board comprises of 8 Directors (including alternate Directors) with a mix of executive/non-executive and promoter/independent directors. The composition of Board complies with the requirements of the Corporate Governance code with more than 50% of the directors being non-executive directors and at least 1/3 of the directors being independent directors.

The Board normally meets once in a quarter. Additional meetings are held as and when required. During the year under review, Board of Directors of Hester met 4 times, viz 27th June, 2007, 26th July, 2007, 18th October, 2007 and 21st January, 2008 and the 20th Annual General Meeting was held on 11th September, 2007. The gap between any two meetings did not exceed four months. The agenda papers along with notes and other supporting were circulated in advance of the Board Meeting with sufficient information as required under Clause 49 of the Listing Agreement.

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

Name of the Director, Designation & Age	Category & Nature of Employment	Date of Appointment	No. of other Directorship held in public companies in India	No. of other Board committees of which Member(M)/Chairman (C)	Board meeting attended	Attendance at the last AGM	No. of Shares held & % holding (of the Company)
Mr. Bhupendra V Gandhi Chairman 66 Years	Non Executive Non Independent Director	03/12/1992	0	0	0	Yes	3,02,680 5.83%
Mr. Rajiv Gandhi CEO & Managing Director 46 Years	Executive Non Independent Director-Contractual employment	29/04/1987	2	0	4	Yes	5,01,306 9.66%
Mr. Sanjiv Gandhi Director 43 Years	Non Executive Non Independent Director	29/04/1987	2	0	1	Yes	3,91,480 7.54%
Mr. Darayus Lakdawalla Director, 47 Years	Non Executive Independent Director	01/03/1990	1	0	1	Yes	15,720 0.30%
Mr. Ravin Gandhi Director 35 Years	Non Executive Non Independent Director	22/04/1999	0	0	—	No	2,68,880 5.18%
*Ms. Bela Gandhi Director 37 Years	Non Executive Non Independent Director	22/04/1999	0	0	—	No	2,67,090 5.15%
Mr. Vimal Ambani Director, 47 Years	Non Executive Independent Director	01/02/2003	2	0	4	Yes	54,900 1.13%
Mr. Abhinava Shukla Director, 63 years	Non Executive Independent Director	01/02/2003	0	0	3	No	—
\$Dr. Parimal Tripathi Alternate Director to Mr. Ravin Gandhi 49 Years	Non Executive Non Independent Director	27/06/2003	0	0	3	No	—

* Ms. Bela Gandhi has resigned w.e.f. 21.01.2008

\$ Dr. Parimal Tripathi has resigned as an alternate Director of Ms. Bela Gandhi w.e.f 21.01.2008

Notes:

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

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

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING :

Name of Director	Mr. Abhinava Shukla	Mr. Vimal Ambani
Date of Birth	06.10.1945	26.10.1961
Date of appointment	21.03.2003	01.02.2003
Qualifications	B. E., MBA	B.E., MBA
Expertise in specific functional areas	Management	General Management
List of Public Ltd. Co. in which Directorship held	—	Tower Overseas Ltd. Sanrhea Technical Textile Ltd.
Chairman/ Member of the Committees of the Board of Directors of the Co.	Nil	2
Chairman/ Member of the committees of Directors of other Co.	Nil	Nil

CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. All Board Member and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year ended on 31st March 2008. A declaration to this effect duly signed by CEO of the Company is attached herewith and forms part of Corporate Governance Report.

AUDIT COMMITTEE :

The Audit Committee comprises of 3 members, Mr. Darayus Lakdawalla, as the Chairman of the Committee & Mr. Vimal Ambani and Mr.Sanjiv Gandhi as Members of the Committee. All members are Non-Executive Directors, out of which 2 are Independent Directors.

The above composition meets all the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Manager (Finance) acts as the Secretary of the Audit Committee.

During the year under review, 4 meeting were held on 27th June, 2007, 26th July, 2007, 18th October, 2007 and 21st January, 2008. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 11th September, 2007. The Audit Committee at its Meeting held on 27th June, 2007, reviewed the Annual Accounts for the year 2006-07 and recommended the accounts for approvals by the Board of Directors. The Audit Committee at its meeting held on 26th July, 2007, 18th October, 2007 and 21st January, 2008, reviewed the unaudited financial results for the quarter ended on June 30, 2007, September 30, 2007 and December 31, 2007.

Details of attendance of members of the Audit Committee is as under:

Name	Designation	Attendance
Mr. Darayas Lakdawalla	Chairman	4
Mr. Vimal Ambani	Member	-
Mr. Sanjiv Gandhi	Member	4

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

Broad Terms of Reference

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

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

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

SHAREHOLDERS' GRIEVANCE COMMITTEE :

The Shareholders Grievance Committee as a sub-committee of the Board has been constituted mainly to focus on the redressal of Shareholders / Investors Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc. The committee comprises of Mr. Darayus Lakdawalla as the Chairman of the Committee and Mr. Sanjiv Gandhi as Member. During the year, 4 meetings were held on 27th June, 2007, 26th July, 2007, 18th October, 2007 and 21st January, 2008. Both of them have attended all the meetings. The Company had received 15 complaints from the Shareholders, all of them have been resolved and no complaint was pending as on 31st March, 2008.

Mr. Jigar Shah, CFO provides secretarial support to the Committee and is also the designated Compliance Officer for such matters.

The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal. The Board has delegated powers for approving transfer and transmission of shares and issue of duplicate shares to Share Transfer Committee. The Share Transfer Committee met 24 times during the year. The Company has no transfers pending at the close of the financial year.

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

Sr. No.	Nature of Complaints / Requests	Received	Resolved	Pending as on 31-03-2008
1.	Non-receipt of Dividend warrant	9	9	—
2.	Non-receipt of Annual Reports	2	2	—
3.	Non-receipt of shares after transfer / bonus shares	2	2	—
4.	Letters received from SEBI / ROC / Stock Exchanges	2	2	—
5.	Others	—	—	—
Total		15	15	—

REMUNERATION COMMITTEE

The Remuneration Committee as a sub-committee of the Board has been constituted mainly to determine and recommend to Board, the company's policies on remuneration packages for executive and non- executive directors. The committee comprises of Mr. Darayus Lakdawalla as the Chairman of the Committee and Mr Vimal Ambani and Dr. Parimal Tripathi as Members.

No meeting was held during the year under review, as there was no change in remuneration of any Managerial persons.

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

REMUNERATION TO DIRECTORS :

Name of Director	Designation	Remuneration (including perquisites) Paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration Rs.
Dr. Bhupendra V. Gandhi	Chairman	Nil	Nil	Nil	Nil
Mr. Rajiv Gandhi	CEO & Managing Director	24,00,000/-	Nil	Nil	24,00,000/-
Mr. Sanjiv Gandhi	Director	Nil	2000/-	Nil	2000/-
Mr. Darayus Lakdawalla	Director	Nil	2000/-	Nil	2000/-
Mr. Ravin Gandhi	Director	Nil	Nil	Nil	Nil
*Ms. Bela Gandhi	Director	Nil	Nil	Nil	Nil
Mr. Vimal Ambani	Director	Nil	8000/-	Nil	8000/-
Mr. Abhinava Shukla	Director	Nil	6000/-	Nil	6000/-
Dr Parimal Tripathi	Alternate Director	Nil	6000/-	Nil	6000/-
Total		24,00,000/-	24,000/-	Nil	24,24,000/-

* Ms. Bela Gandhi has resigned w.e.f. 21.01.2008

SUBSIDIARY COMPANY :

The Company does not have any subsidiary Company.

OTHER COMPLIANCES :

The Company has no materially significant related party transactions with its promoters, the directors or the management or relatives etc., that may have potential conflicts with the interests of the Company at large.

For details about related parties transactions, see Note No. 10 of Notes on Accounts under Schedule 15 balance sheet of the Company.

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

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

Business risk evaluation and management is an ongoing process within the Organization. During the period under review, a detailed exercise on the Business Risk Management was carried out covering all aspects of business operations.

The Company has already appointed Mr. Rajiv Gandhi, as CEO & Managing Director and Mr. Jigar Shah, as CFO of the Company, in last year. Certification from the both was placed as a part of good Corporate Governance practice in the Annual Accounts of FY 2007-08.

General Body Meetings :

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

AGM	Date	Time	Venue	No. of special Resolutions passed
18th AGM	15th June 2005	11.00 a.m.	Village : Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	1 (One)
19th AGM	14th July, 2006	11.00 a.m.	Village : Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	1 (One)
20th AGM	11th Sept., 2007	11.00 a.m.	Village : Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	1 (One)

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

At the AGM held on 15th June, 2005, special resolution were passed for change of name of the Company to 'Hester Biosciences Limited' as per section 21 of the Companies Act, 1956. At the AGM held on 14th July, 2007, special resolution was passed for re-appointment of Mr. Rajiv Gandhi, as CEO & Managing Director of the Company as per section 198,269 and other application provisions of the Act. At the AGM held on 11th September, 2007, special resolution was passed for alteration of some of the Articles of Association of the Company under section 31 of the Act.

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

POSTAL BALLOT :

The Company has not passed any resolution through postal ballot during the year under reference. None of the resolutions proposed for the ensuing Annual General meeting need to be passed through Postal Ballot.

CEO/CFO Certification

The Company is duly placing a certificate to the Board from the CEO & Managing Director and Chief Financial Officer in accordance with the provisions of Clause 49(V) of the Listing Agreement. The aforesaid certificate duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31st March, 2008 has been placed before the Board and given elsewhere in this Annual Report.

MEANS OF COMMUNICATION :

During the year, quarterly, half-yearly and annual financial results of the Company were submitted to the stock exchanges immediately after the conclusion of the Board meetings and were also published in two newspapers, The Hindu Business Line (English), Financial Express (English & Gujarati) The Indian Express (English) and Economics Times (Gujarati). These results are also put on the Company's website : www.hesterbiosciences.co.in.

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

SHAREHOLDERS' INFORMATION :

Registered office : Village : Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721
 Corporate Office : 16/10, Devendra Society, Naranpura, Ahmedabad 380 013.
 Phone : 079 - 27680476, Fax : 079 - 27682250
 E-mail : mail@hesterbiosciences.co.in, Website : <http://www.hesterbiosciences.co.in>
 Branches : Old No.7 New No.17/1, 1St Floor, Osborne Road, I Cross Bangalore 560 042
 SCO 847, Cabin No.10, NAC Shivalik Enclave, Manimajra, Chandigarh- 160101

Date, Time, Venue of Annual General Meeting

The 21st Annual General Meeting of the members of the company is scheduled to be held on Thursday, the 28th August, 2008 at 11.00 a. m. at its Registered Office of the company at Village : Merda Adraj, Taluka: Kadi, District : Mehsana, Gujarat 382 721. All the members are invited to attend the meeting.

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

Financial calendar

Financial year 2007-08 (April 1, 2007 to March 31, 2008)

Results were announced on	- 26th July 2007	- first quarter
	- 18th October 2006	- half year
	- 21st January 2008	- third quarter
	- 20th June 2008	- fourth quarter and annual (audited)

Financial year 2008-09 (April 1, 2007 to March 31, 2008)

Results will be announced on	- Last week of July 2008	- first quarter
	- Last week of October 2008	- half year
	- Last week of January 2009	- third quarter
	- Third week of June 2009	- fourth quarter and annual (audited)

Book closure : Saturday 23rd August, 2008 to Thursday, 28th August, 2008 (both days inclusive)

Annual General Meeting : Thursday 28th August, 2008 at 11.00 a.m.

Details of Shares Types of shares : Equity Shares

No. of paid up shares : 51,91,200

Market lot of shares : 1 share

Stock code	: Name of Stock Exchange	Code no.
	Mumbai Stock Exchange	524669

Listing

The Company's shares are listed and traded on the Stock Exchanges at Mumbai. The Company has paid listing fees to Mumbai Stock Exchange for financial year 2008-2009.

STOCK DATA

Monthly share price data on BSE for the financial year 2007-08 is as under.

Month	High Rs.	Low Rs.	Average Rs.	Volumes (No. of Shares)
April '07	78.75	59.85	69.30	31896
May '07	83.90	70.05	76.98	55030
June '07	108.10	69.00	88.55	210008
July '07	154.85	103.65	129.25	574152
August '07	139.00	118.15	128.58	105731
September '07	164.20	123.00	143.60	305484
October '07	188.00	128.50	158.25	177597
November '07	183.70	116.00	149.85	201622
December '07	275.00	170.00	222.50	491802
January '08	261.00	155.55	208.28	129668
February '08	197.00	150.05	173.52	36579
March '08	186.00	94.00	140.00	103518

SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM:

The Company's shares are compulsorily traded in dematerialized mode. As on 31st March 2008, 78.90% shares were held in dematerialized form and balance 21.10% shares were held in physical form. Those shareholders whose shares are held in physical form are requested to dematerialized the same at the earliest in their own interest. The demat security code (**ISIN**) for the equity shares is **INE782E01017**

DISTRIBUTION OF SHAREHOLDING (AS ON MARCH 31, 2008)
a. On the basis of Shares held

No. of Equity Shares held (Range)	No. of share-holders	Percentage to total share-holders	No. of Shares held	Percentage to total shares held
Up to 500	3241	88.33	410249	7.90
501 - 1000	152	4.14	123111	2.37
1001 - 2000	85	2.32	129906	2.50
2001 - 3000	38	1.04	98643	1.90
3001 - 4000	31	0.84	111957	2.16
4001 - 5000	18	0.49	85890	1.65
5001 - 10000	34	0.93	234094	4.51
Above 10000	70	1.91	3997350	77.00
TOTAL	3669	100.00	5191200	100.00

b. On the basis of Category

Description	No. of members		No. of shares	
	Nos.	%	Nos.	%
a. Promoters Holding				
Directors & Relatives	28	0.77	2037776	39.25
Promoters' Companies	3	0.07	201300	3.88
b. Non Promoters Holding				
Resident Individual (incl. HUF)	3508	95.62	1926056	37.10
Non Resident Individual	35	0.96	766255	14.76
Mutual Fund, Nationalized Bank etc.	3	0.07	9000	0.17
Domestic Companies	92	2.51	250813	4.84
Total:	3669	100.00	5191200	100.00

SHARE TRANSFER SYSTEM :

Applications for transfer of shares in physical form are processed by the Company's Registrar & Transfer Agent M/s. Pinnacle Shares Registry Pvt. Ltd. The Share Transfer Committee constituted for transfer / transmission of shares, issue of duplicate shares and allied matters considers and approves the share transfer once in fortnight subject to transfer instrument being valid and complete in all respects.

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

DETAILS OF DIVIDEND

The Board of Directors has recommended Dividend @ Rs. 2.50 per share for financial year 2007-2008, as compared to @ Rs.2.00 per share for last year. The payment of 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 **28th August, 2008** 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) Ltd.(CDSL) at the end of business hours on **22nd August, 2008**

DETAILS OF UNPAID DIVIDEND

As the Company has not paid any dividend , prior to the last three year's dividend and so there is no unpaid dividend amount. All members, who have not claimed any dividend amount in last three years, are requested to revalidate their dividend warrants.

OUTSTANDING GDRS/ADRS/WARRANTS/ANY OTHER CONVERTIBLE INSTRUMENTS

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

NOMINATION FACILITY

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

APPOINTMENT OF REGISTRAR & TRANSFER AGENT

In terms of SEBI circular D&CC/FITTC/CIR-15/2002 dated December 27, 2002, the company has appointed M/s. Pinnacle Shares Registry Pvt. Ltd. of Ahmedabad (details as mentioned below) as our Share Transfer Agent (R&T Agent) effective from April 1, 2003 for physical as well as dematerialized shares.

CHANGE IN SHAREHOLDERS DETAILS

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

INVESTORS COMMUNICATION

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

M/s. Pinnacle Shares Registry Pvt. Ltd.

Unit : Hester Biosciences Limited

Near Asoka Mills, Naroda Road, Ahmedabad 380 025

Ph. 079 – 22204226 /22200591 Fax : 079 – 2220 2963 e-mail: investor.service@psrpl.com

DECLARATION UNDER CODE OF CONDUCT

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

Ahmedabad
24th June, 2008

Rajiv Gandhi
CEO & Managing Director

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

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

1. We have reviewed the balance sheet and profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31st March, 2008 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards , applicable laws and regulations.
2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent , illegal or violate the company's code of conduct.
3. We accept the responsibilities for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee
 - a. significant change in internal control over financial reporting during the year.
 - b. significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Ahmedabad
24th June, 2008

Rajiv Gandhi
Chief Executive officer

Jigar Shah
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No. 04-22333

Nominal Capital: Rs.6,50,00,000/

To,
The Members of
HESTER BIOSCIENCES LIMITED

In accordance with Clause 49 of the Listing Agreement entered into by **Hester Biosciences Limited** (formerly known as Hester Pharmaceuticals Limited) with the Stock Exchange, I have examined all the relevant records of the Company relating to its compliance of conditions of Corporate Governance as stipulated in revised Clause 49, for the financial year ended on March 31, 2008.

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

In my opinion and to the best of my information and according to the explanations given to me and the re-presentations made by the Directors and the Management, I certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated in abovementioned listing agreement, except Code of Conduct are yet to be placed on website of the Company.

As per the records maintained by the Company and information given to me, I have to state that there were no investor grievance remaining unattended/ pending for a period exceeding one month as on 31st March, 2008.

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.

Signature :

Name of Company Secretary **Tapan Shah**
Membership No. : FCS4476
C. P. Number 2839

Place : Ahmedabad
Date : 24th June, 2008

AUDITORS' REPORT

To,
The Members,
HESTER BIOSCIENCES LIMITED.
(Formerly Hester Pharmaceuticals Ltd.)

We have audited the attached Balance Sheet of Hester Biosciences Ltd. (Formerly Hester Pharmaceuticals Ltd.) as at **31st March, 2008** and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared, in all material respects, in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- v. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said

accounts gives the information required by the Companies Act, 1956, in the manner so required and given a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2008 :
- b. in the case of the Profit and Loss Account, of the profit for the year ended on that date and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for Shah Nariealwala & Co
Chartered Accountants

D.R. Shah
Partner

Place : Ahmedabad

Date : 24.06.2008

Member ship No: 36805

Annexure to the Auditors' Report referred to in Paragraph-3 of our report of even date

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government under section 227(4A) of the Companies Act, 1956 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we further report that:

- (1) (i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (ii) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (iii) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (2) (i) The inventory has been physically verified during the year by management. In our opinion, the frequency of verification is reasonable.
- (ii) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (iii) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) (i) The Company has granted loans to Companies listed in the register maintained under Section 301 of the Companies Act, 1956. Outstanding balance of loans granted at the year end was Rs. 3,817,728 /-.

- Maximum outstanding during the year of loans granted was Rs. 3,817,728 /- .
- (ii) In our opinion and according to the information and explanations given to us, the rates of interest and other terms and conditions on which loans have been granted from companies/ other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - (iii) The loans granted by the Company are at call and no stipulations have been made regarding payment of interest.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. We have not noted any continuing failure to correct major weakness in the internal controls during the course of audit.
 - (5) (i) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (ii) In our opinion and according to the information and explanations given to us, there are no transactions, which are made in pursuance of contacts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and are exceeding the value of rupees five lakhs in respect of any party during the year.
 - (6) The Company has not accepted any deposits from the public.
 - (7) The Company does not have a formal internal audit system. In our opinion its internal control procedures involves reasonable internal checks commensurate with its size and nature of its business.
 - (8) We have broadly reviewed the books of accounts, relating to materials and other items of cost maintained by the company in respect of product where pursuant to the rules made by the Central Government, the maintenance of Cost Records has been prescribed under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. The same have been examined and audited by an independent cost accountant.
 - (9) (i) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, cess and other statutory dues applicable to it.
 - (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty were outstanding, as at 31st March, 2008 for a period of more than six months from the date they became payable.
 - (iii) According to the information and explanations given to us, there are no dues in respect of income tax, excise duty, sales tax, wealth tax, service tax or cess that have not been deposited with appropriate authority on account of dispute.
 - (10) The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
 - (11) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
 - (12) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
 - (13) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
 - (14) The company is not dealing or trading in shares, securities, debentures and other investments.
 - (15) The Company has not given any guarantee for loans taken by others from bank or financial institution.
 - (16) As informed to us, the term loans have been applied for the purpose for which they were raised.
 - (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except core (permanent) working capital.
 - (18) Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
 - (19) During the period covered by our audit report, the company has not issued any debentures.
 - (20) According to the information and explanations given to us, the management has disclosed on the end use of money raised by Rights issue during the year and the same has been verified by us.
 - (21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

for Shah Nariealwala & Co
Chartered Accountants

D.R. Shah
Partner

Place : Ahmedabad
Date : 24.06.2008

Member ship No: 36805

BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	Schedule	Current Year		Previous Year	
		Rs.	Rs.	Rs.	Rs.
A. SOURCES OF FUNDS					
1 SHAREHOLDERS' FUNDS					
a) Share Capital	1	5,19,12,000		5,19,12,000	
b) Reserve & Surplus	2	28,27,80,918		22,75,57,760	
			33,46,92,918		27,94,69,760
2 LOAN FUNDS					
a) Secured Loans	3	20,14,26,009		22,35,76,914	
TOTAL		53,61,18,927		50,30,46,674	
B. APPLICATION OF FUNDS					
1 Fixed Assets	4				
a) Gross Block		47,31,71,204		37,66,75,944	
b) Less: Depreciation		6,41,27,159		2,78,87,853	
c) Net Block		40,90,44,045		34,87,88,091	
d) Capital Work-in-Progress		—		55,45,823	
2 Current Assets, Loans & Advances	5	29,63,47,124		30,08,64,065	
Less:-					
Current Liabilities & Provisions.	6	15,03,01,073		13,53,41,075	
Net Current Assets		14,60,46,051		16,55,22,990	
3 Deferred Tax					
Assets		—		—	
Liabilities		(1,89,71,169)	(1,89,71,169)	(1,68,10,230)	(1,68,10,230)
TOTAL		53,61,18,927		50,30,46,674	
Notes on Accounts	15				

As per our Report of even date attached

for **Shah Narielwala & Co**
Chartered Accountants

D. R. Shah
Partner

Ahmedabad, 24th June, 2008

for and on behalf of the Board

Rajiv Gandhi *CEO & Managing Director*
Sanjiv Gandhi *Director*
Darayus Lakdawalla *Director*

Ahmedabad, 24th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2008

Particulars	Schedule	Current Year		Previous Year	
		Rs.	Rs.	Rs.	Rs.
A. INCOME					
Sales (Net)	7		32,63,36,510		21,82,79,085
Other Income	8		27,50,877		35,92,827
Change in Inventories	9		1,98,96,932		2,25,42,088
TOTAL			34,89,84,320		24,44,13,999
B. EXPENDITURE					
Trading Purchases			42,32,368		30,45,776
Rawmaterial Consumed	10		6,28,17,346		7,09,36,711
Manufacturing Expenses	11		3,44,97,606		2,39,79,516
Personnel Cost	12		2,99,40,304		1,96,40,080
Selling, General & Adm. Expenses	13		4,50,08,847		3,60,64,748
TOTAL			17,64,96,472		15,36,66,831
OPERATING PROFIT			17,24,87,848		9,07,47,168
Interest & Finance Charges	14		2,65,49,220		69,77,223
PROFIT BEFORE DEPRE. AND TAX			14,59,38,628		8,37,69,945
Less : Depreciation			3,68,45,920		44,09,342
PROFIT BEFORE TAX			10,90,92,708		7,93,60,603
Less : Provision For Taxation					
Current Tax		3,60,00,000		1,91,80,000	
Deferred Tax		21,60,939		80,67,996	
Fringe benefit Tax		5,25,000		6,00,000	
			3,86,85,939		2,78,47,996
PROFIT AFTER TAX			7,04,06,769		5,15,12,607
BALANCE BROUGHT FORWARD			1,34,50,656		50,31,938
PROFIT AVAILABLE FOR APPROPRIATION			8,38,57,424		5,65,44,545
Less :					
Proposed Dividend (Equity Shares)			1,29,78,000		1,03,82,400
Dividend Tax			22,05,611		17,64,489
Transferred to General Reserve			4,00,00,000		3,09,47,000
BALANCE CARRIED TO BALANCE SHEET			2,86,73,813		1,34,50,656
Earning per Share (Basic/Diluted)			13.56		11.14
Notes on Accounts	15				

As per our Report of even date attached

for **Shah Narielwala & Co**
Chartered Accountants

D. R. Shah
Partner

Ahmedabad, 24th June, 2008

for and on behalf of the Board

Rajiv Gandhi *CEO & Managing Director*
Sanjiv Gandhi *Director*
Darayus Lakdawalla *Director*

Ahmedabad, 24th June, 2008

SCHEDULES 1 TO 14 FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2008

Particulars	31.03. 2008		31.03 2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 1 : SHARE CAPITAL				
Authorised Share Capital				
65,00,000 Equity Shares of Rs.10/- each (Prev. Yr. 65,00,000 shares)		6,50,00,000		6,50,00,000
		<u>6,50,00,000</u>		<u>6,50,00,000</u>
Issued, Subscribed and Paid up Capital				
51,91,200 Equity Shares of Rs.10/- each fully Paid-up (Prev. Yr. 51,91,200 Shares)		5,19,12,000		5,19,12,000
TOTAL		<u>5,19,12,000</u>		<u>5,19,12,000</u>
SCHEDULE - 2 : RESERVES & SURPLUS				
a) General Reserve				
Opening Balance	10,00,00,000		5,50,00,000	
Add : Transferred from Capital Redemption Res.	—		1,40,53,000	
Add:Transferred during the year	4,00,00,000		3,09,47,000	
	<u>14,00,00,000</u>		<u>10,00,00,000</u>	
b) Capital Redemption Reserve -				
Opening Balance	—		1,40,53,000	
Add : Transferred from / to General Reserves	—		(1,40,53,000)	—
	<u>—</u>		<u>—</u>	
c) Share Premium	11,41,07,105		11,41,07,105	
d) Profit and Loss account	2,86,73,813		1,34,50,656	
TOTAL	<u>28,27,80,918</u>		<u>22,75,57,760</u>	
SCHEDULE - 3 : SECURED LOANS				
1. BANK OF INDIA				
a. Cash credit	6,33,49,466		6,05,09,444	
b. Term Loan	13,43,14,878		10,00,00,000	
	<u>19,76,64,344</u>		<u>16,05,09,444</u>	
(Above loans are Secured by Hypo. of Stock book Debts and other Current assets further secured by first charge on Company's factory land, building, Plant & Machineries & Other Assets)				
c. Overdraft against Fixed Deposit		—	5,99,90,150	
2. HP Loan :				
ICICI Finance Ltd.	25,36,552		20,76,906	
Kotak Mahindra Bank Ltd.	6,37,016		—	
HDFC Car Loan	5,88,097		10,00,415	
(secured by hypo. of specific Vehicles / Cars)	<u>37,61,665</u>		<u>30,77,321</u>	
TOTAL	<u>20,14,26,009</u>		<u>22,35,76,914</u>	

SCHEDULE - 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on 01.04.2007	Addition during the year	Deduction during the year	Balance as on 31.03.2008	Provided Upto 31.03.2007	Provided during the year	Adjustment during the year	Balance as on 31.03.2008	As on 31.03.2008	As on 31.03.2007
ASSETS										
Land & Site Development	1,660,844	—	—	1,660,844	—	—	—	—	1,660,844	1,660,844
Factory Building	12,094,768	—	—	12,094,768	4,170,629	405,072	—	4,575,701	7,519,067	7,924,139
Plant & Machineries										
— Imported	4,552,524	—	—	4,552,524	1,889,731	204,905	—	2,094,635	2,457,889	2,662,793
— Indigenous	32,929,346	396,550	—	33,325,896	12,573,280	1,585,508	—	14,158,787	19,167,109	20,356,067
Electrical Installation	3,088,718	—	—	3,088,718	1,436,188	147,116	—	1,583,304	1,505,413	1,652,529
Utilities	3,365,753	—	—	3,365,753	1,650,839	160,311	—	1,811,150	1,554,603	1,714,914
Furniture & Fixtures	1,245,262	—	—	1,245,262	533,650	79,041	—	612,691	632,571	711,612
Office Equipments	1,048,165	—	—	1,048,165	335,646	49,924	—	385,570	662,594	712,518
Vehicles	9,770,554	—	986,826	8,783,728	3,334,047	861,372	604,100	3,591,320	5,192,408	6,436,507
Computers	1,564,121	—	—	1,564,121	1,114,928	254,239	—	1,369,167	194,954	449,193
Dead Stock	169,064	—	—	169,064	91,965	—	—	91,965	77,099	77,099
Storage Equipment	433,790	—	2,514	431,276	75,699	20,542	2,514	93,726	337,550	358,091
Scooters	25,083	—	—	25,083	24,258	—	—	24,258	825	825
Dead Stock Canteen	32,598	—	—	32,598	13,040	12,800	—	25,840	6,758	19,558
Total	71,980,590	396,550	989,340	71,387,800	27,243,900	3,780,830	606,614	30,418,116	40,969,684	44,736,690
Previous Year's Figures	69,947,673	2,032,917	—	71,980,590	23,478,511	3,765,389	—	27,243,900	44,736,690	46,469,162

FIXED ASSETS -New Project (Contd...)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on 01.04.2007	Addition during the year	Deduction during the year	Balance as on 31.03.2008	Provided Upto 31.03.2007	Provided during the year	Adjustment during the year	Balance as on 31.03.2008	As on 31.03.2008	As on 31.03.2007
ASSETS										
Land & Site Development	3,428,591	7,787,809	—	11,216,400	—	—	—	—	11,216,400	3,428,591
Factory Building	175,163,446	24,700,492	—	199,863,938	215,321	9,559,328	—	9,774,649	190,089,289	174,948,125
Plant & Machineries										
— Imported	12,313,226	343,224	—	12,656,450	41,909	1,729,051	—	1,770,960	10,885,490	12,271,317
— Indigenous	69,241,846	27,076,321	—	96,318,167	235,339	11,992,172	—	12,227,511	84,090,656	69,006,507
Electrical Installation	25,793,004	4,508,159	—	30,301,163	88,466	3,893,551	—	3,982,017	26,319,146	25,704,538
Utilities	17,484,045	12,391,944	—	29,875,989	60,618	3,876,962	—	3,937,580	25,938,409	17,423,427
Furniture & Fixtures	379,261	12,904,035	—	13,283,296	1,301	1,225,061	—	1,226,362	12,056,934	377,960
Office Equipments	676,000	1,453,910	—	2,129,910	258	179,924	—	180,182	1,949,728	675,742
Computer	—	577,971	—	577,971	—	33,417	—	33,417	544,554	—
Storage Equipment	215,935	1,777,369	—	1,993,304	741	149,944	—	150,685	1,842,619	215,194
Vehicles	—	3,566,817	—	3,566,817	—	425,680	—	425,680	3,141,137	—
Total	304,695,355	97,088,050	—	401,783,404	643,953	33,065,090	—	33,709,043	368,074,361	304,051,401
Previous Year's Figures	—	304,695,354	—	304,695,354	—	643,953	—	643,953	304,051,401	—
Total	376,675,945	97,484,600	989,340	473,171,204	27,887,853	36,845,920	606,614	64,127,159	409,044,045	348,788,091

Particulars	31.03.2008 Rs.	31.03 2007 Rs.
SCHEDULE - 5 : CURRENT ASSETS, LOANS & ADVANCES		
a) INVENTORIES (As taken, valued & certified by the management)		
- Raw materials	14,46,796	18,54,935
- Semi - Finished Goods	4,16,38,868	1,57,31,391
- Packing Materials	20,47,469	15,24,869
- Finished Goods	2,47,71,990	3,07,82,535
- Stock of Consumable	1,48,338	21,162
TOTAL	7,00,53,461	4,99,14,892
b) SUNDRY DEBTORS (Unsecured, Considered Good)		
- Outstanding for more than six months	3,41,37,463	4,43,97,369
- Others	7,17,89,691	5,23,20,608
TOTAL	10,59,27,154	9,67,17,977
c) CASH & BANK BALANCE		
Cash on hand	1,03,119	10,92,163
Balance with Scheduled bank		
- Current Account	44,40,893	61,14,981
- Fixed Deposit	19,89,484	6,17,90,841
TOTAL	65,33,495	6,89,97,985
d) LOANS, ADVANCES & DEPOSITS (Unsecured, Considered Good)		
1 Advances recoverable in cash or kind or for value received	1,30,92,865	1,43,91,114
2 Deposits	39,28,964	55,25,360
3. Advance to Group Company / Relative	38,17,728	38,00,863
4 Loan to others	23,28,397	43,17,361
5 Advance Income Tax	9,06,65,061	5,71,98,514
TOTAL	11,38,33,014	8,52,33,211
GRAND TOTAL (a+b+c+d)	29,63,47,124	30,08,64,065
SCHEDULE - 6 : CURRENT LIABILITIES & PROVISIONS		
a) CURRENT LIABILITIES		
Creditors for Goods	1,48,88,540	2,30,63,151
Creditors for Expenses	52,34,387	45,19,613
Other Liabilities	61,68,291	51,19,943
Creditors for Capital Exp.	89,96,245	2,71,86,480
	3,52,87,462	5,98,89,186
b) PROVISIONS		
Provision for Taxation	9,98,30,000	6,33,05,000
Provision for Taxation (Dividend)	22,05,611	17,64,489
Proposed Dividend (Equity Share)	1,29,78,000	1,03,82,400
TOTAL (A+B)	15,03,01,073	13,53,41,075

Particulars	31.03.2008 Rs.	31.03 2007 Rs.
SCHEDULE - 7 : SALES		
Local Sales	31,84,66,379	21,60,54,669
Export Sales	78,70,131	22,24,416
TOTAL	32,63,36,510	21,82,79,085
SCHEDULE - 8 : OTHER INCOME		
Interest on Bank deposits	14,47,815	24,85,297
Miscellaneous Income	90,117	1,47,161
Exchange Profit & Loss (Net)	12,12,946	9,60,369
TOTAL	27,50,877	35,92,827
SCHEDULE - 9 : CHANGE IN INVENTORY		
Closing Stock		
- Finished Goods	2,47,71,990	3,07,82,535
- Semi - Finished Goods	4,16,38,868	1,57,31,391
	6,64,10,858	4,65,13,926
Opening Stock		
- Finished Goods	3,07,82,535	75,05,897
- Work-in-process	1,57,31,391	1,64,65,941
	4,65,13,926	2,39,71,838
Increase / (Decrease) TOTAL	1,98,96,932	2,25,42,088
SCHEDULE - 10 : RAWMATERIAL CONSUMED		
Opening Stock	18,54,935	20,14,786
Add: Purchases	6,24,09,207	7,07,76,859
	6,42,64,142	7,27,91,645
Less: Closing stock	14,46,796	18,54,935
TOTAL	6,28,17,346	7,09,36,711
SCHEDULE - 11 : MANUFACTURING EXPENSES		
Power & Fuel	1,22,60,392	60,61,370
Consumables & Stores	17,51,988	16,03,295
Packing Expenses	1,08,20,983	64,74,580
Quality control & Testing Exp.	28,19,579	58,90,948
Other production expenses	68,44,664	39,49,324
TOTAL	3,44,97,606	2,39,79,516

Particulars	31.03.2008 Rs.	31.03 2007 Rs.
SCHEDULE - 12 : PERSONNEL COST		
Directors' Remuneration	24,23,888	24,00,000
Contribution to Provident Fund / Gratuity Fund	12,66,388	8,07,058
Salaries & Wages	2,56,12,445	1,55,43,261
Staff Welfare	6,37,583	8,89,762
TOTAL	2,99,40,304	1,96,40,080
SCHEDULE - 13 : OFFICE, ADMINISTRATION & SELLING EXPENSES		
Postage, Telephone & Telegram Expense	18,69,025	14,06,692
Insurance Expenses	13,28,223	10,92,615
Legal, Professional & Consultancy	15,06,877	18,51,039
Auditors Remuneration	2,91,416	2,39,780
Printing & Stationery	10,66,564	9,78,829
Travelling & Conveyance Expenses	27,76,424	28,18,714
Directors' Travelling	13,92,817	15,32,504
Travelling	12,77,762	11,70,904
Rent, Rates & Taxes	18,11,357	7,26,223
Repair & Maintenance	89,536	82,676
Vehicle & Petrol Expenses	16,90,100	15,20,958
Electric Charges	2,86,878	2,03,827
Selling Expenses	15,15,236	6,94,757
Conference & Seminar Exp.	12,59,544	4,61,117
Carriage Outward	74,27,553	44,48,270
Sales Promotion	16,04,781	14,39,022
Commission on Sales	31,51,127	19,29,254
Sales Tax Exp.	1,20,58,775	97,93,040
Bad Debts written off / creditors written back	2,00,862	19,64,136
AGM, Board meeting & Share transfer Exp.	1,05,061	1,30,042
Loss on Sale of Fixed Asset	3,71,940	—
Donations	95,000	1,11,000
Miscellaneous Expenses	18,31,990	14,69,351
TOTAL	4,50,08,847	3,60,64,748
SCHEDULE - 14 : INTEREST & FINANCE CHARGES		
<u>Bank Interest</u>		
- Term Loan Interest	1,65,63,931	2,59,584
- Interest on working Capital	83,05,185	56,83,456
Bank Commission & Charges	12,58,498	7,62,500
HP Finance Charges	4,21,606	2,71,683
TOTAL	2,65,49,220	69,77,223

SCHEDULE – 15 NOTES FORMING PART OF ACCOUNTS AS AT 31-03-2008
1. SIGNIFICANT ACCOUNTING POLICIES:
Accounting Convention:

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956.

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. Any revision to accounting estimates is recognized prospectively in current and future period.

b) REVENUE AND EXPENDITURE RECOGNITION:

Revenue and expenditure are recognized on accrual basis.

c) FIXED ASSETS & DEPRECIATION:

All Fixed Assets are stated at historical cost less depreciation. Depreciation on all assets has been provided at rates and manner prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets acquired and used in old project is being calculated on Straight Line method basis and on assets acquired for new project (commissioned during March'2007) is calculated on Written Down Value Method basis.

d) INVENTORIES:

Inventories are valued at lower of cost or market value.

Cost of work –in-progress and finished goods is ascertained considering direct costs plus a share of manufacturing overheads. Cost of raw materials and packing materials is arrived at, by using FIFO Method.

e) COST OF PROJECT:

Direct /Indirect costs, even though of revenue nature, related to the new project are capitalized and amortized over the cost of fixed assets on the date of commissioning of the new project. Expenses incurred after commencement of production in new project have been charged to revenue.

f) BORROWING COSTS:

Cost of borrowed funds for the project has been capitalized and included in the cost of fixed assets till commencement of production. Other borrowing costs are recognized as expenses in the period in which they are incurred.

g) FOREIGN CURRENCY TRANSACTIONS:

Expenditure/Income in foreign currencies are translated into Indian rupees at the rates prevailing on the date of occurrence of the transaction. At the year end all monetary foreign currency assets and liabilities are related to closing exchange rates. Gains or losses on settlement of foreign currency transactions during the period and from the year end restatement referred to above are recognized in the Revenue account.

h) IMPAIRMENT OF ASSET:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

i) RESEARCH AND DEVELOPMENT:

Revenue expenditure on Research and Development is charged against the Profit 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.

j) PROVISION FOR RETIREMENT BENEFITS:

Gratuity liability has been covered by Group Gratuity policy of Life Insurance Corporation of India under irrevocable trusts, annual premium whereof calculated is charged to Profit and Loss Account. Provision for leave encashment benefits to the employees is made based on the leave balance and the salary of the respective employee as on the balance sheet date. Contribution to provident fund and other statutory funds is charged to the profit & loss account in the year in which it is incurred.

k) TAXATION :
i. Current Tax:

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

ii. Deferred Tax Provision:

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

iii. Fringe Benefit Tax:

Tax on Fringe Benefits is measured as the specified rates on the value of Fringe Benefits in accordance with the provisions of the Section 115WC of the Income Tax Act, 1961. Accounting for Fringe Benefit Tax is done as per the Guidance note issued by ICAI.

2. Figures are rounded off to nearest rupee and previous year's figures have been regrouped wherever necessary.

3. CONTINGENT LIABILITIES & COMMITMENTS:

- Claims against the Company not acknowledgement as debts. Rs. Nil (Previous year Nil)
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances) Rs.51.26 lacs (Previous year Rs. 282.66 lacs).

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

5. The management of the company has during the year carried out technical evaluation for identification of impairment of assets, if any in accordance with the Accounting Standard (AS) 28, issued by the Institute of Chartered Accountants of India. Based on the judgment of the management and as certified by the directors, no provision for impairment of the asset is considered necessary in respect of any of the assets of the company.

6. The amount of loans and advances include Rs. 38,17,728/- (P.Y. Rs. 38,00,863/-) loans to companies, Firms and persons as listed in the register maintained under Section 301 of the Companies act, 1956. Maximum outstanding during the year was Rs.38,17,728/- (P.Y. Rs. 39,69,192/-)

7. Balance of Debtors, Creditors and loans and advances are as per books and subject to confirmation from respective parties.

8. It is not possible to identify SSI undertakings from amongst Sundry Creditors. Hence details of dues to SSI undertakings are not given.

9. Deferred taxation:

The net deferred tax liabilities at the end of the year comprise of tax effect of following timing differences: (in Rs.)

Particulars	2007-08	2006-07
Deferred tax liability		
- Excess of Net block over Written Down value as per provisions of I.T. Act	18,971,169	1,68,10,230
	18,971,169	1,68,10,230

10. Related Party Disclosures :
(i) List of Related Parties :

Related parties with whom transactions have taken place during the year.

(a) Associates / Individual Relatives :

- | | |
|--------------------------------|-----------------------------|
| 1. Hester Diagnostics Pvt.Ltd. | 2. Hester Coatings Pvt.Ltd. |
| 3. Sinsui (India) Pvt.Ltd. | 4. Biolink Healthcare Ltd. |
| 5. Diagnostic India. | 6. Zubin Lakdawala |

(b) Key Management Personnel :

Rajiv Gandhi - CEO & Managing Director

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

Sr. No.	Nature of Transactions	Associates Individual Relatives		Key Management Personnel	
		31.03.2008	31.03.2007	31.03.2008	31.03.2007
1.	Advance Repaid	Nil	Nil	Nil	Nil
2.	Advance Given	16,865	52,76,999	Nil	Nil
3.	Advance Recovered	Nil	21,50,000	Nil	Nil
4.	Outstanding Balance Included in Loans & Advances	38,17,728	38,00,863	Nil	Nil
5.	Loss on Damaged Goods	Nil	Nil	Nil	Nil
6.	Amount W/Off	Nil	Nil	Nil	Nil
7.	Purchase of Materials	Nil	Nil	Nil	Nil
8.	Local Sales	Nil	Nil	Nil	Nil
9.	Director's Remuneration	Nil	Nil	24,00,000	24,00,000
10.	Rent- MD's Residence	1,80,000	1,80,000	Nil	Nil

Note : Disclosure is made of only those related parties with whom transactions have taken place during the year or there is balance at the end of the year.

11. Auditor's remuneration includes: (Amount in Rs.)

Sr. No.	Particulars	31.03.2008	31.03.2007
a.	Audit fees	2,00,000	1,50,000
b.	Tax Audit and Taxation matters	80,000	80,000
c.	Other Services	11,416	9,780

12. Additional Information as required under Para 3, 4C and 4D of part II Schedule VI of the Companies Act, 1956 are as under:

- A. Installed capacity of Poultry Vaccines: (in million doses)

	31.03.2008	31.03.2007
Installed	4800	4180
Actual Production	1583.43	1260.28

Note: Actual Production comprises of 109843 (Prev.Yr. 73602) Bottles of Killed Vaccines and 1104956 (Prev. Yr. 861843) Vials of Live Vaccines.

- B. Quantity (Net of returns) and Sales Value of each class of goods dealt with by the Company.

		31. 03.2008		31.03.2007	
Class of Goods	U.O.M	Quantity	Value (Rs.)	Quantity	Value (Rs.)
(i) Manufacturing					
Killed Vaccines	Bottles	1,04,034	11,01,33,036	69,458	7,05,10,635
Live Vaccines	Vials	11,53,866	21,22,72,502	7,98,412	14,54,26,620
TOTAL		12,57,900	32,24,05,538	8,67,870	21,59,37,255
(ii) Trading					
Kits	Nos.	131	38,46,773	55	15,47,070
Vaccines	Bottle	—	—	392	7,94,760
Selfeed CF	Bag	94	84,200	—	—
TOTAL		225	39,30,973	447	23,41,830

- C. Value and Quantitative break-up in respect of opening and closing stock of each class of goods traded. (Previous year's figures are given in brackets)

Class of Goods	U.O.M	Opening Stock				Closing Stock			
		Quantity		Value (Rs.)		Quantity		Value (Rs.)	
		31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07
(i) Manufacturing									
Killed Vaccines	Bottles	7395	3466	40,45,412	17,18,991	12648	7395	78,82,010	40,45,412
Live Vaccines	Vials	151938	104366	2,48,67,097	52,70,280	85205	151938	1,30,31,242	2,48,67,097
Diluents	Vials	110132	27600	3,22,386	1,09,362	394847	110132	20,30,466	3,22,386
(ii) Trading									
Vaccines	Bottle	—	399	—	3,77,055	—	—	—	—
Kits	Nos.	13	1	2,17,205	30,209	45	13	8,29,451	2,17,205
Selfeed CF	Bag	799	—	13,30,435	—	799	704	9,98,821	13,30,435

Note: 44 Kits are used for own in house consumption. (P.Y :21 Kits)

- D. Value and Quantitative break-up of purchase of goods traded in:

		31. 03.2008		31.03.2007	
Class of Goods	U.O.M	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Kits	Nos	207	42,32,368	88	19,10,754
Vaccines	Bottle	—	—	—	—
Selfeed-CF	Bags	—	—	800	11,35,022
E. (i) Raw Material Consumption:					
Growth Media	Nos	1839480	30,158,391	5213640	2,81,32,575
Other Chemicals		—	75,20,025	—	47,65,252
Concentrate		—	25,138,930	—	3,80,38,883
Total			62,817,346		7,09,36,710

- F. CIF value of Import of Goods/Raw Materials Rs.3,29,94,290/- (Previous Year Rs. 4,32,84,389/-)

- G. Raw Material Consumption:

		31. 03.2008		31.03.2007	
		Percentage	Value (Rs.)	Percentage	Value (Rs.)
a. Imported		49.43	3,10,48,578	61.15	4,32,84,389
b. Indigenous		50.57	3,17,68,768	38.85	2,76,52,321

13. Expenditure in Foreign Currency for (Amount In Rs.)

Particulars	31.3.2008	31.3.2007
Purchase/Materials/Trading goods/ Packing (including payment to creditors)	3,29,94,290	2,24,57,830
Travelling	3,86,440	6,42,702
Exhibition Expenses	94,332	—
Capital Expenditure(Furniture & Machinery)	25,22,366	1,08,36,798
Membership Fee	1,66,080	—
Technical Know-how Fees	8,34,951	—

14. F.O.B. value of exports Rs.69,92,799 /- (Previous Yr. Rs. 20,16,098/-)

15. Earnings per Share:

Calculation of Net Profit available for Equity Shareholders:

	31-03-2008	31-03-2007
A. Net Profit After Tax	70,406,769	51,512,607
Profit available to Equity shareholders	70,406,769	51,512,607
B. Weighted Average No. of Eq. Shares of Rs. 10/- each	51,91,200	46,22,301
C. Basic and diluted Earning per share	13.56	11.14

16. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details

Registration No.

		2	2	3	3	3
--	--	---	---	---	---	---

 State Code

					0	4
--	--	--	--	--	---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	8
---	---	---	---

Date Month Year

II. Capital Raised during the year (Rs. in thousands)

Private Placement

				N	I	L
--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Rs. in thousands)

Total Liabilities

	5	3	8	3	2	5
--	---	---	---	---	---	---

 Total Assets

	5	3	8	3	2	5
--	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		5	1	9	1	2
--	--	---	---	---	---	---

 Reserves & Surplus

	2	8	2	7	8	1
--	---	---	---	---	---	---

Secured Loans

	2	0	1	4	2	6
--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

	4	0	9	0	4	4
--	---	---	---	---	---	---

 Net Current Assets

	1	4	6	0	4	6
--	---	---	---	---	---	---

Deferred tax

		(1	8	9	7	1)
--	--	----	---	---	---	----

IV. Performance of Company (Rs. in thousands)

Total Turnover

	3	2	6	3	3	7
--	---	---	---	---	---	---

 Other Income

			2	7	5	1
--	--	--	---	---	---	---

 Total Expenditure

	2	3	9	8	9	2
--	---	---	---	---	---	---

Profit before Tax

	1	0	9	0	9	3
--	---	---	---	---	---	---

 Profit after tax

		7	0	4	0	7
--	--	---	---	---	---	---

Earning per share in Rs.

		1	3	.	5	6
--	--	---	---	---	---	---

 Dividend Rate

				2	5	%
--	--	--	--	---	---	---

V. Generic Names of Three Principal Products/Services of Company

Product Description : Item Code No. (ITC Code)

(a) Veterinary Vaccines

3	0	0	2	3	9	0	0
---	---	---	---	---	---	---	---

17. Schedule 1 to 15 are attached to and form part of accounts for the year ended on 31st March, 2008.

Signatures to Schedules 1 to 15

As per our Report of even date attached

for and on behalf of the Board

for **Shah Narielwala & Co**
Chartered Accountants

Rajiv Gandhi CEO & Managing Director

Sanjiv Gandhi Director

D. R. Shah
Partner

Darayus Lakdawalla Director

Ahmedabad, 24th June, 2008

Ahmedabad, 24th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	31/03/2008		31/03/2007	
	Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax and extraordinary items		13,56,41,928		8,63,37,826
Adjustments for :				
Loss on sale of asset	3,71,940		—	
Depreciation	3,68,45,920		44,09,342	
Interest and other income	(15,37,932)		(26,32,458)	
		3,56,79,928		17,76,884
Operating Profit/(Loss) before Working Capital Charge		17,13,21,856		8,81,14,710
Adjustment for :				
Trade & Other Receivables	(92,09,177)		(1,19,93,731)	
Inventories	(2,01,38,569)		(2,24,45,077)	
Trade Payables	(2,46,01,724)		4,72,32,448	
Loans & Advances	48,66,744		3,58,70,000	
Bank borrowings for working capital	28,40,023		4,79,58,527	
		(4,62,42,703)		9,66,22,167
Cash Generated from operating Activity		12,50,79,153		18,47,36,877
Interest Paid		(2,65,49,220)		(69,77,223)
Net Cash from operating Activity		9,85,29,933		17,77,59,654
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of Fixed Assets		(9,74,84,600)		(28,27,16,797)
Purchase of Fixed Assets (Capital WIP)		55,45,823		(55,45,823)
Sales of Fixed Assets		10,786		—
Interest and other income		15,37,932		26,32,458
Net Cash Used in Investing Activities		(9,03,90,058)		(28,56,30,162)
C. CASH FLOW FROM FINANCING ACTIVITY				
Proceeds from Long Term Borrowings		3,54,11,540		10,00,00,000
Repayment of Long Term Financing		(6,04,02,468)		(12,80,625)
Increase in Share Capital & Premium		—		10,36,27,105
Payment of Taxes		(3,52,31,036)		(2,16,50,840)
Dividend		(1,03,82,400)		(55,62,000)
Net Cash Flow from Financing Activity		(7,06,04,364)		17,51,33,640
Net Increase in Cash & Cash Equivalents		(6,24,64,490)		6,72,63,132
Cash & Cash Equivalent as at (Op. Balance)		6,89,97,985		17,34,853
Cash & Cash Equivalent as at (Cl. Balance)		65,33,495		6,89,97,985

As per our Report of even date attached

for **Shah Narielwala & Co**
Chartered Accountants

D. R. Shah
Partner

Ahmedabad, 24th June, 2008

for and on behalf of the Board

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Darayus Lakdawalla

Director

Ahmedabad, 24th June, 2008

NOTICE

NOTICE is hereby given that **21st** General Meeting of the Members of Hester Biosciences Limited, will be held on **Thursday, the 28th August, 2008 at 11.00 a.m.** at Registered office of the Company at Village : Merda – Adraj, Taluka : Kadi, District : Mehsana, Gujarat 382 721 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at **31st March 2008** and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. Abhinava Shukla, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Vimal Ambani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

Date : 22.07.2008 for **Hester Biosciences Limited**
Registered Office:
 Village : Merda Adraj
 Taluka : Kadi
 District : Mehsana
 Gujarat - 382 721

Rajiv Gandhi

CEO & Managing Director

Note

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000/-.
- The Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 23rd August, 2008 to 28th August, 2008 (both days inclusive).
- The payment of 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 28th August, 2008 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) Ltd.(CDSL) at the end of business hours on 22nd August, 2008.

- Members are requested to note the following :

- The Company has appointed M/s. Pinnacle Shares Registry Pvt. Ltd. as R&T agent for both Demat & Physical share transfer work, hence any documents for share transfer, transmission, transposition, change of bank account details, nomination and other communication regarding shareholding in the company should be addressed to R&T agent, as per following address.

M/s. Pinnacle Shares Registry Pvt. Ltd.
 Unit : Hester Biosciences Limited
 Near Asoka Mills, Naroda Road, Ahmedabad 380 025
 Gujarat
 Ph. 079 – 2220 4226 / 2220 0582
 Fax : 079 – 2220 2963
 e-mail: investor.service@psrpl.com

- To quote folio no. / DP ID & CL. ID for any communication for their shareholding.
- To bring the copy of Annual Report at the meeting.

- At the ensuing Annual General Meeting, Mr. Abhinava Shukla & Mr. Vimal Ambani, retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to them to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement of Corporate Governance published elsewhere in this Annual Report.
- Members wishing to claim their unclaimed dividend for the FY. 2004-05, 2005-06 & 2006-07, are requested to correspond with the Secretarial Department or the Registrar of the Company.
- **The Company has made transport arrangement for attending the Annual General Meeting for the shareholders from the Corporate Office of the Company. The Shareholders who intend to avail the facility may write to the company quoting their folio number / DP ID & CL ID and such requisition should reach the company before 25th August, 2008.**
- The Company's shares are listed at Mumbai Stock Exchanges. The Company has paid listing fees to Mumbai Stock Exchange for financial year 2008-2009.

TEN YEAR FINANCIAL STATISTICS

(Rs.In Lacs)

YEAR ENDED ON 31ST MARCH	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Manufacturing Sales	138.09	229.94	305.29	377.05	428.41	731.83	1579.42	1965.45	2160.11	3224.06
Trading Sales	19.32	1.31	6.22	7.54	12.87	36.30	44.49	48.25	22.68	39.31
Net Income from Sales	157.41	231.25	311.51	384.59	441.28	768.13	1623.91	2013.70	2182.79	3263.37
Other Income	1.56	2.65	0.84	2.57	5.08	0.36	3.97	3.02	26.32	27.51
Total Income	158.97	233.90	312.35	387.16	446.36	768.49	1627.88	2016.72	2209.11	3290.88
Total Expenses	134.21	174.12	219.53	293.17	326.71	520.28	936.94	1120.46	1301.64	1565.99
(a) (Increase)/decrease in Stock in trade	(22.65)	(7.35)	(48.77)	(3.57)	(8.50)	38.16	(92.93)	(70.22)	(225.42)	(198.97)
(b) Trading Purchase	15.29	0.00	5.57	7.50	17.91	17.14	52.03	26.11	30.46	42.32
(c) Consumption of Raw material	28.87	44.70	90.13	82.12	82.20	132.24	432.96	452.56	709.37	628.17
(d) Manufacturing Expenses	24.15	29.43	39.44	46.66	57.30	84.71	182.75	268.78	222.10	344.98
(e) Staff Cost	26.10	40.81	58.65	58.29	75.73	90.38	138.63	151.64	196.40	299.40
(f) Selling, General & Admn. Expenses	62.45	66.53	74.51	102.17	102.07	157.65	223.50	291.59	368.73	450.09
Interest	46.51	41.91	52.04	15.31	27.37	26.33	24.39	25.73	69.77	265.49
Depreciation	21.65	21.84	22.95	24.89	25.35	26.95	31.98	35.38	44.09	368.46
Amortisation of Preliminary Exp.	11.18	11.18	11.18	11.18	—	—	—	—	—	—
Profit before Extra ordinary Item	(54.58)	(15.15)	6.65	42.61	66.93	194.93	634.57	835.15	793.61	1090.94
Extra Ordinary item	0.00	0.00	0.29	(74.39)	0.12	0.87	0.00	148.73	0.00	0.00
Profit Before Tax	(54.58)	(15.15)	6.36	117.00	66.81	194.06	634.57	686.42	793.61	1090.94
Provision for taxation	0.00	0.00	0.00	28.90	21.18	87.24	240.31	241.96	278.48	386.86
Net Profit	(54.58)	(15.15)	6.36	88.10	45.63	106.82	394.26	444.46	515.13	704.08
Balance Sheet as at	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Paid-up equity share capital	352.72	352.72	352.72	352.72	352.72	352.72	352.72	370.80	519.12	519.12
Preference Share Capital	0.00	140.53	140.53	140.53	140.53	140.53	140.53	0.00	0.00	0.00
Loan Funds	333.48	265.39	311.57	260.18	233.68	170.16	161.14	169.09	2235.77	2014.26
General Reserve	5.35	5.35	5.35	65.32	65.32	85.32	360.86	993.97	2275.58	2827.81
Sources of Funds	691.55	763.99	810.17	818.75	792.25	748.73	1015.25	1533.86	5030.47	5361.19
Profit & Loss	207.1	222.26	215.89	127.79	82.16	(4.66)	0.00	0.00	0.00	0.00
Deferred Revenue Exp/ Preliminary exp.	43.87	32.7	21.54	10.36	7.76	5.16	0.00	0.00	0.00	0.00
Net Fixed Assets	434.83	415.7	428.95	412.60	398.97	406.05	455.86	464.69	3487.88	4090.44
Work - in - Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	240.11	55.46	0.00
Net Current Assets	5.75	93.33	143.79	233.33	282.6	392.46	649.08	916.48	1655.23	1460.46
Deferred Tax	0.00	0.00	0.00	34.67	20.76	(50.28)	(89.69)	(87.42)	(168.10)	(189.71)
Application of Funds	691.55	763.99	810.17	818.75	792.25	748.73	1015.25	1533.86	5030.47	5361.19
Equity Dividend							12%	15%	20%	25%



Hester Biosciences Limited

Hester Biosciences Limited

Registered Office : Village : Merda Adraj, Taluka : Kadi, District : Mehsana, Gujarat - 382721.

ATTENDANCE SLIP

Members or their proxies are requested to present this for admission, duly signed in accordance with their specimen signatures registered with the Company. The admission will, however, be subject to verification of signatures and such other checks, as may be necessary.

NAME & ADDRESS OF THE SHAREHOLDER	Ledger Folio No. / DPID-CLID	No. of Shares held

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of the Company held on Thursday, the 28th August, 2008 at 11.00 a.m.

SIGNATURE OF THE SHAREHOLDER OR PROXY

Hester Biosciences Limited

Registered Office : Village : Merda Adraj, Taluka : Kadi, District : Mehsana, Gujarat - 382721.

PROXY FORM

L. F. No.

I, We _____
of _____ being a member/members of **Hester Biosciences Limited**
hereby appoint _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held at 11.00 a.m. on Thursday, the 28th August, 2008.

As witness my/our hand(s) this _____ day of _____ 2008.

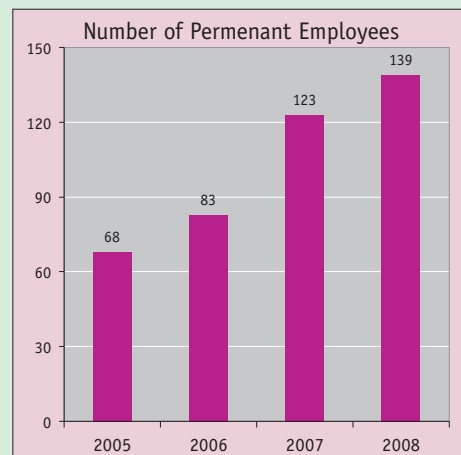
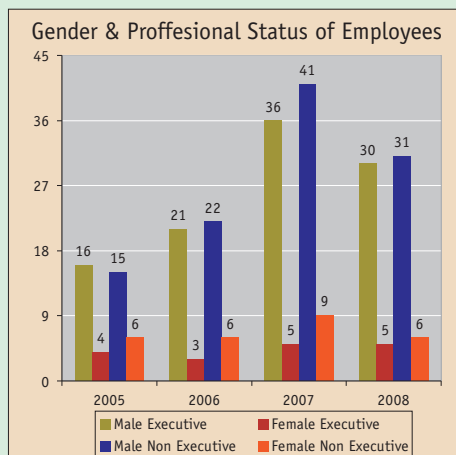
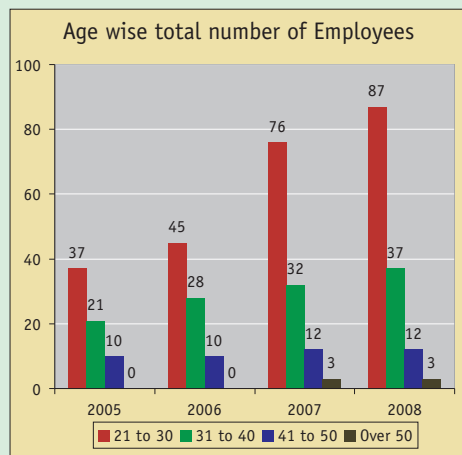
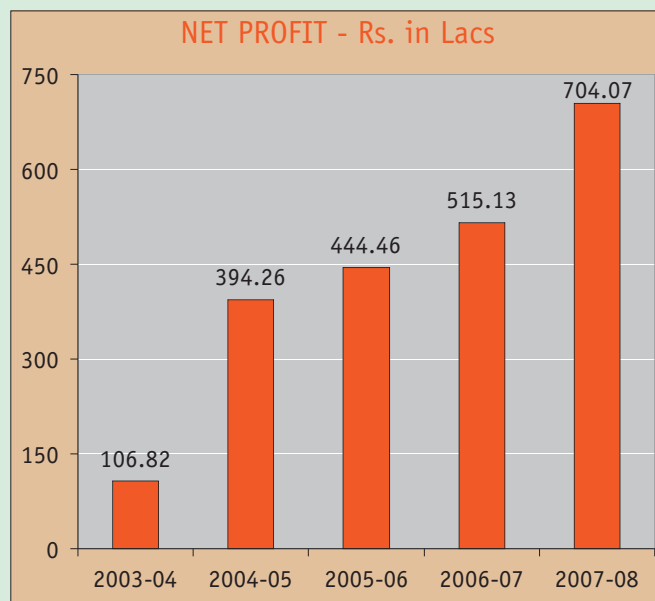
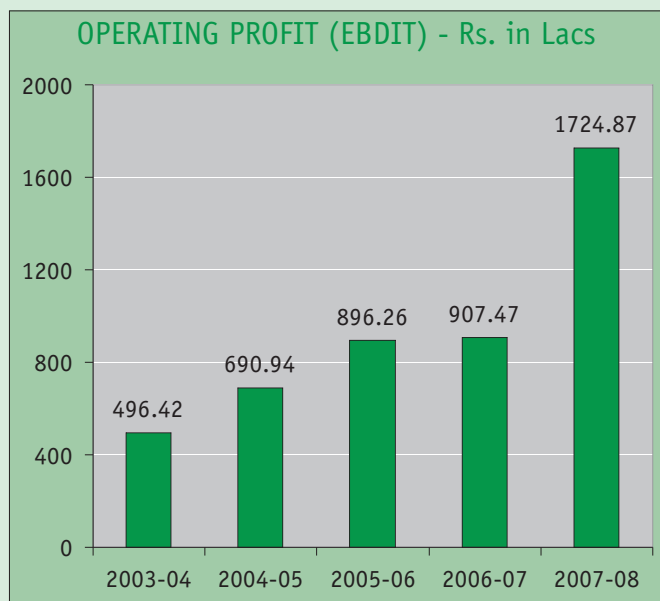
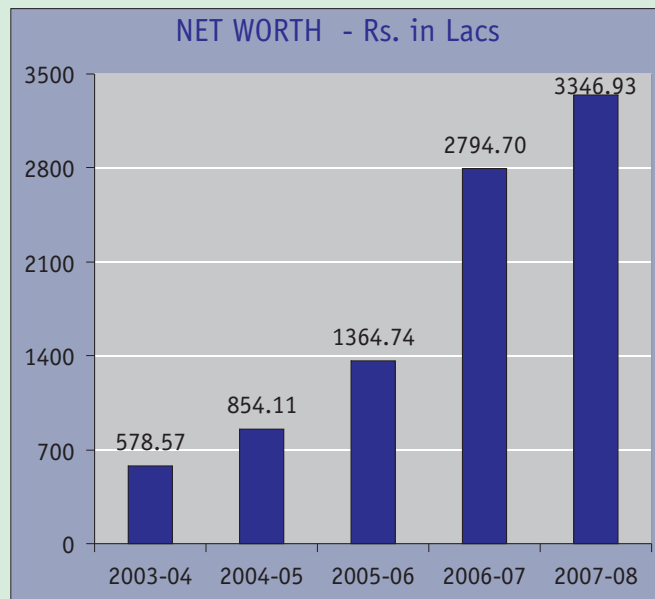
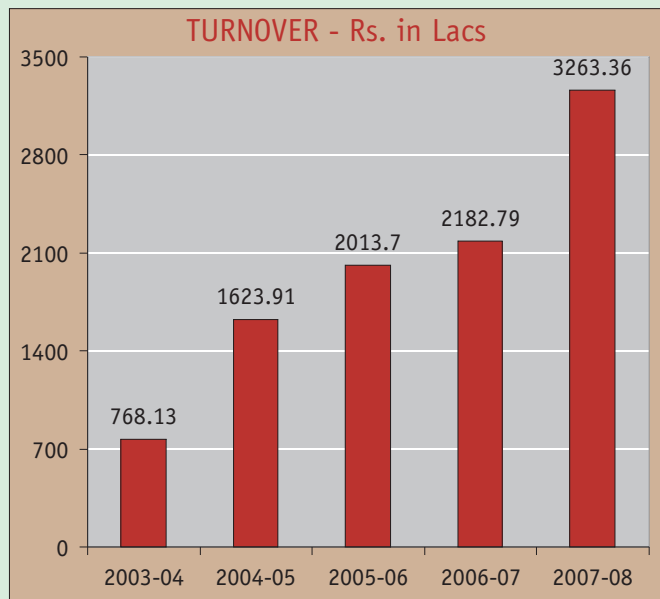
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Signature(s) of the Shareholder(s)

NOTE : The proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting.

The Company has made transport arrangement for attending the Annual General Meeting for the shareholders from the Corporate office of the Company. The shareholders who intend to avail the facility may write to the company quoting their folio number/DP ID & CL ID and such requisition should reach the company before 26th August, 2008.

KEY BUSINESS INDICATORS





Hester Biosciences Limited

16/10 Devendra Society, Naranpura, Ahmedabad 380013, India
Ph 079 2768 0476
Fax 079 2768 2250

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mail@hesterbiosciences.co.in