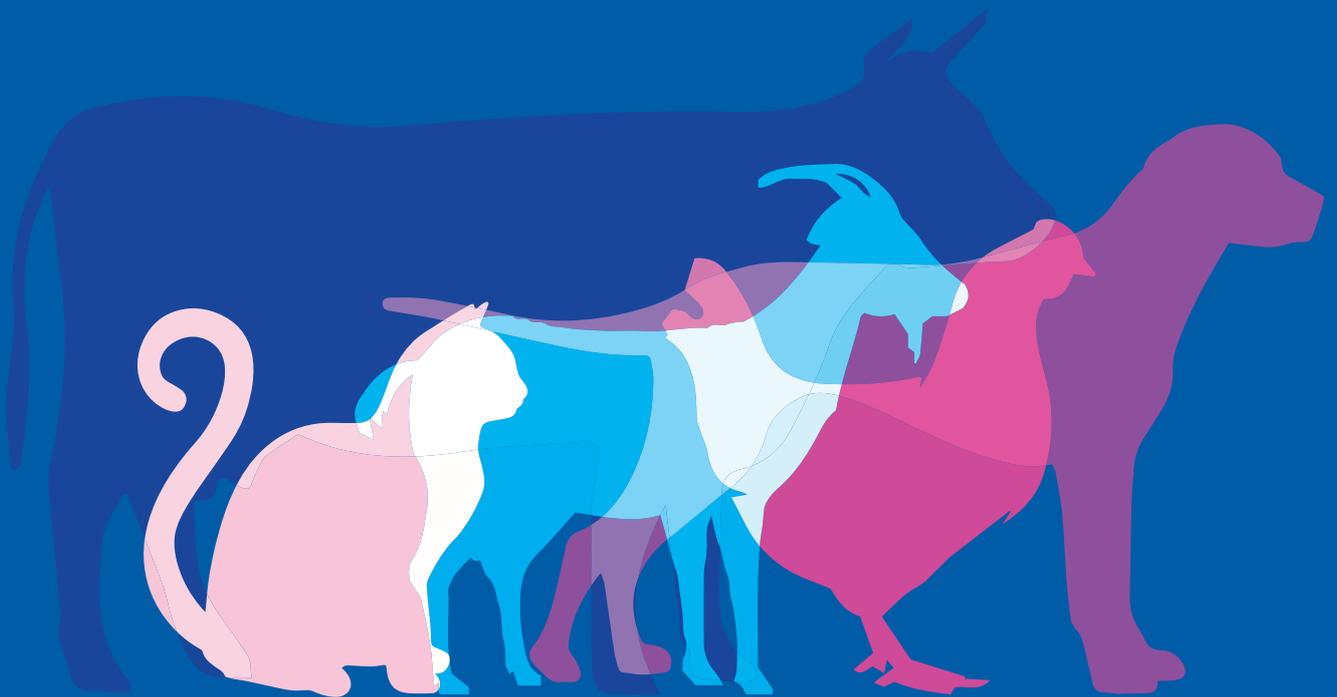
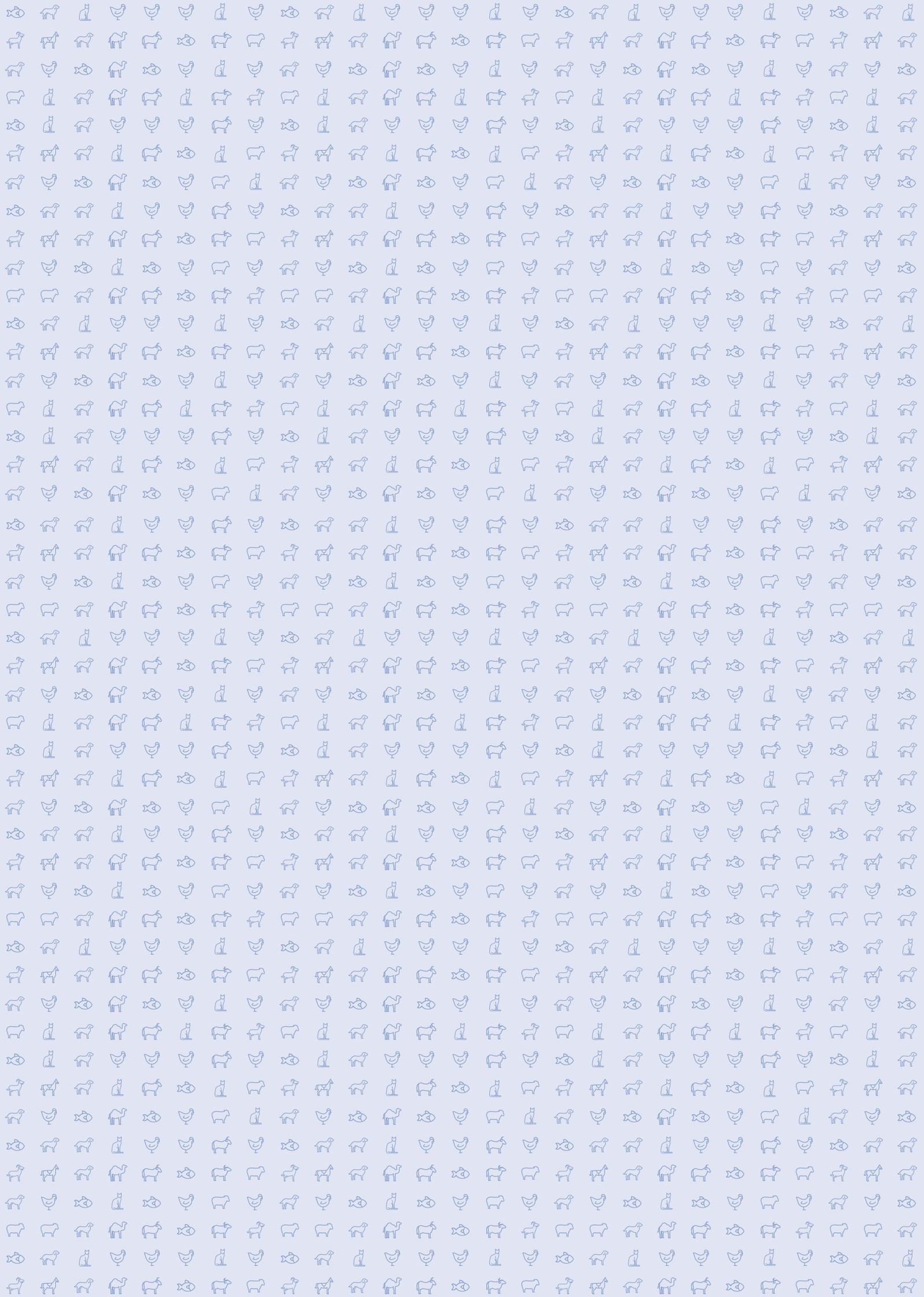


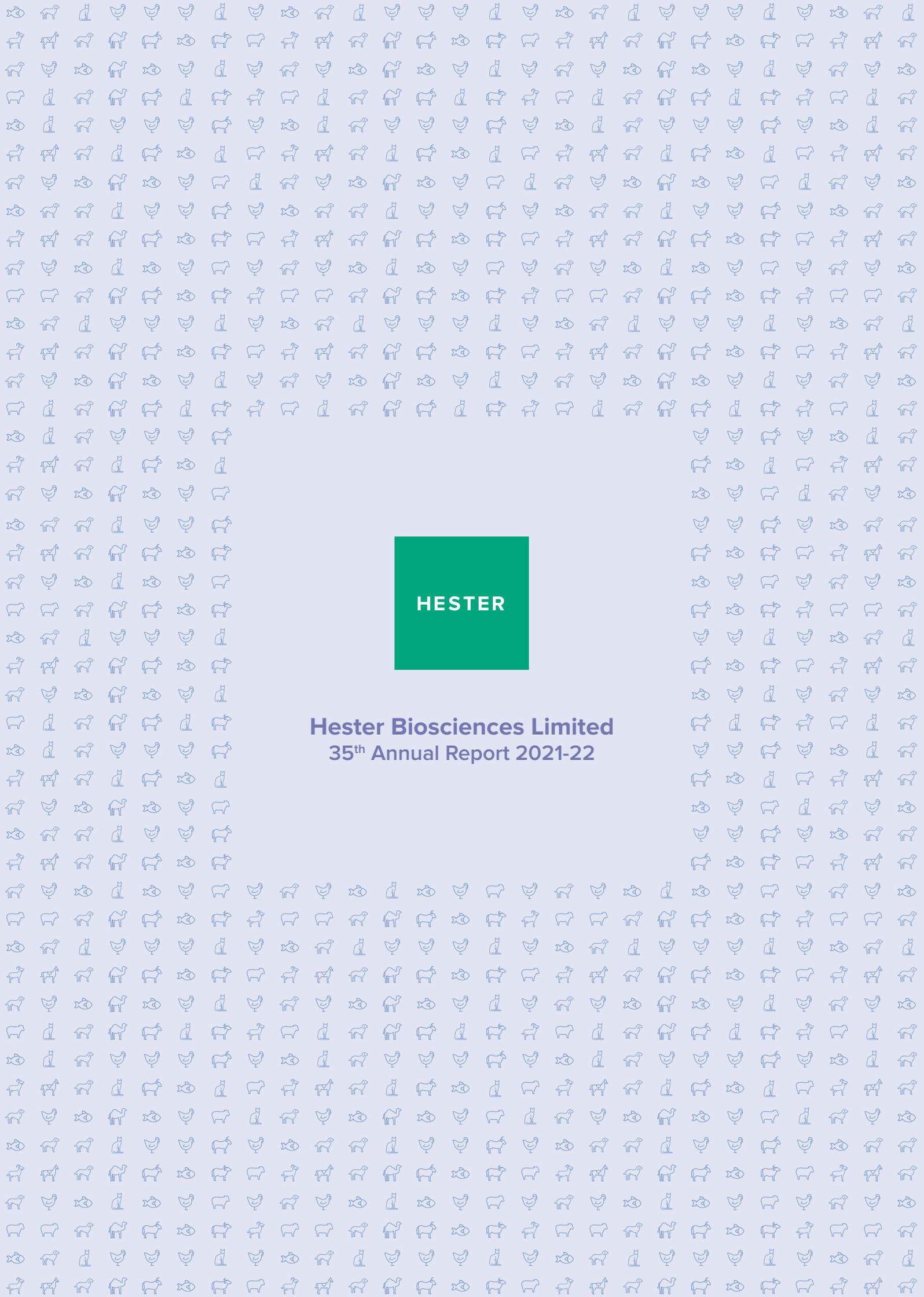
HESTER



# Shaping a Better World with Healthier Animals

Hester Biosciences Limited  
35<sup>th</sup> Annual Report 2021-22





**HESTER**

**Hester Biosciences Limited**  
**35<sup>th</sup> Annual Report 2021-22**

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# FORWARD- LOOKING STATEMENTS

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

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

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# CORPORATE OVERVIEW

# INTRODUCTION.

P10

**At Hester Biosciences, we are committed to the idea that our business is uniquely positioned as a force for good – by ensuring healthier animals and thus better health for human beings.**

**For many years, we have been continuously deepening and expanding our knowledge in animal biologics through in-house experts and external collaborations. We have been growing our capacities, building a local presence in key locations, and reaching out to newer geographies. Today, we have access to more than 35 countries, where we are addressing the diverse vaccine and health product needs of various species right from poultry to large animals, and starting FY22, to pet animals.**

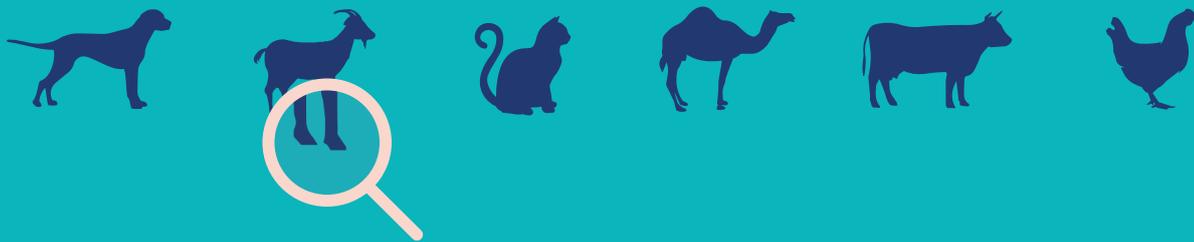
**We strive to develop solutions for diseases to combat challenges in animal healthcare on a large scale. We are positioned to participate in the large-scale disease eradication programmes of governments and organisations globally. These also serve as a driver for growth, innovation, and long-term value creation for the years to come.**



**At Hester, we  
are shaping a  
better world  
with healthier  
animals.**



# FY 2021-22 IN FOCUS.



P14

NET SALES

₹ 2,193.51 million

5% ↑

EBITDA

₹ 652.26 million

11% ↓

PROFIT AFTER TAX

₹ 395.17 million

1% ↓

NET WORTH

₹ 2,684.34 million

13% ↑

ROCE

14%

856 BASIS POINTS ↓

DEBT EQUITY RATIO

0.45

(In times)

0.07 IN FY 2020-21

**EXTENDING OUR  
ANIMAL BIOLOGICS  
COMPETENCIES FOR  
HEALTHIER PETS.**



**P16**

**Pet ownership is rapidly growing in India given the rising incomes and nuclearisation. As per India International Pet Trade Fair (IIPTF), an average of 6 lakh pets are adopted annually in India. Additionally, the segment is evolving into an empathetic and emotive one with individuals increasingly witnessing positive change in their own lives and mental health through care and compassion for pets.**

**At Hester Biosciences, we have committed ourselves to the better health of pet animals. We have successfully leveraged our four decades of comprehensive knowledge of animal biology and cutting-edge R&D capabilities to extend our presence to India's rapidly growing pet care industry. Our venture is aligned with our core beliefs and vision to provide better health for human beings through healthier animals.**

# HESTER PET CARE PORTFOLIO AND APPROACH

We have entered the pet care segment with an initial portfolio ranging from dermatology, grooming, specialty nutrition, anti-infective parasiticides and specialty products. In FY22, we successfully launched three products for anti-infective, specialty nutrition, parasiticides and grooming. Another eight products are in the pipeline and will be launched in FY23.

We eventually plan to extend to pet biologicals and diagnostics, and build a comprehensive portfolio that will target both, veterinarians and pet parents with offerings that cater to the evolving needs of pets.

- 01 Cefshot™ Tazo
- 02 Pawfresh™
- 03 TumOnzym™
- 04 Safeline™
- 05 HestaCef™ CV Dry Syrup
- 06 Synoton™
- 07 HestaLiv™
- 08 PetsGlow™
- 09 HestaCef™ CV Tablets
- 10 VitaCoat™

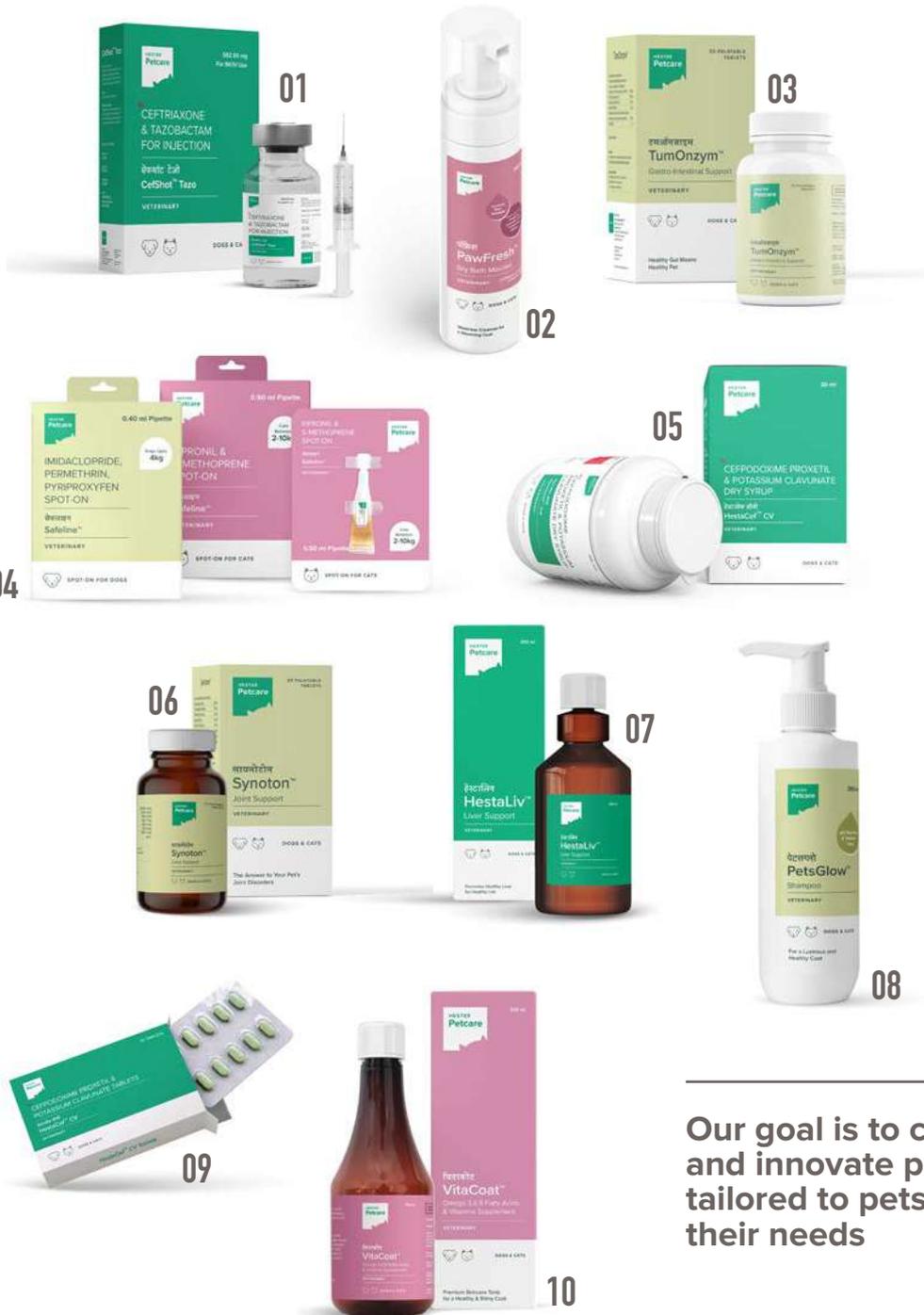
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# ₹7,500 Crore

ESTIMATED MARKET  
SIZE OF PET CARE IN  
INDIA BY 2026

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SOURCE • Digital Journal, May 25, 2022  
<https://www.digitaljournal.com/pr/pet-care-market-in-india-is-expected-to-cross-the-mark-of-inr-7500-crores-by-end-of-the-year-2025-26>



Our goal is to create and innovate products tailored to pets and their needs

**STEPPING UP  
INDIA'S AMBITION  
FOR HEALTHIER  
POULTRY AND  
ANIMALS.**

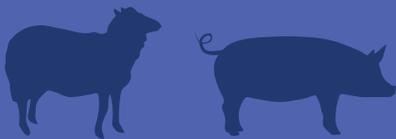


**P20**

**India has a huge population of large animals and poultry, which are a source of income and food security for majority of the farmers in the country. It is therefore essential to address the challenges of disease outbreaks and nutritional gaps to protect animals, given their deep impact on the farmers and the economy. The Government of India (GoI) has come up with ambitious disease eradication and nutritional programmes to secure animal health.**

**At Hester, we are making this possible through investments in widening our competencies and portfolio. We are also expanding our capacities and strengthening last-mile delivery capability to ensure nationwide reach and solve problems and challenges at scale.**

# INNOVATING FOR INDIA'S FIGHT AGAINST DISEASES



## VACCINES FOR CLASSICAL SWINE FEVER AND SHEEP POX

The development of new vaccines for Classical Swine Fever (CSF) and Sheep Pox is ongoing based on the technologies acquired from ICAR-IVRI (Indian Council of Agricultural Research – Indian Veterinary Research Institute), the first indigenously developed vaccine using locally isolated strains. Our intent is to enable large-scale immunisation.



## MODIFIED INACTIVATED CORYZA VACCINE

The Company is expected to launch the modified Inactivated Coryza Vaccine (an advanced version of the conventional Coryza Vaccine from the existing poultry vaccine portfolio) this year.

# UNDERTAKING AMBITIOUS CAPACITY AND NETWORK EXPANSION

HESTER KADI PLANT

## 7.20 Billion Doses

TO BE ADDED TO OUR EXISTING ANIMAL VACCINES MANUFACTURING CAPACITY

We have various capacity expansion projects underway at our Kadi plant for live and inactivated vaccines in poultry and animal healthcare. This includes an additional infrastructure for bulk antigen production for animal vaccines and a state-of-the-art fill-finish line of animal vaccines (both are expected to be completed in FY23).. The expansion will double our existing veterinary vaccine capacity from 6.25 billion doses a year to 13.45 billion doses. We are also further expanding our network to deepen the penetration of health products.

# PROGRESSING TO ERADICATE PPR IN INDIA



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Peste des Petits Ruminants (PPR) is a major disease, affecting sheep and goats, in India and globally. The GoI has embarked on an ambitious PPR control programme which envisages vaccinating the sheep and goat population throughout India with funding from the Central Government. Under this mission, we have successfully won the national tender by the Department of Animal Husbandry and Dairying (DAHD) for supplying 200 million doses of PPR vaccine throughout India for two years.



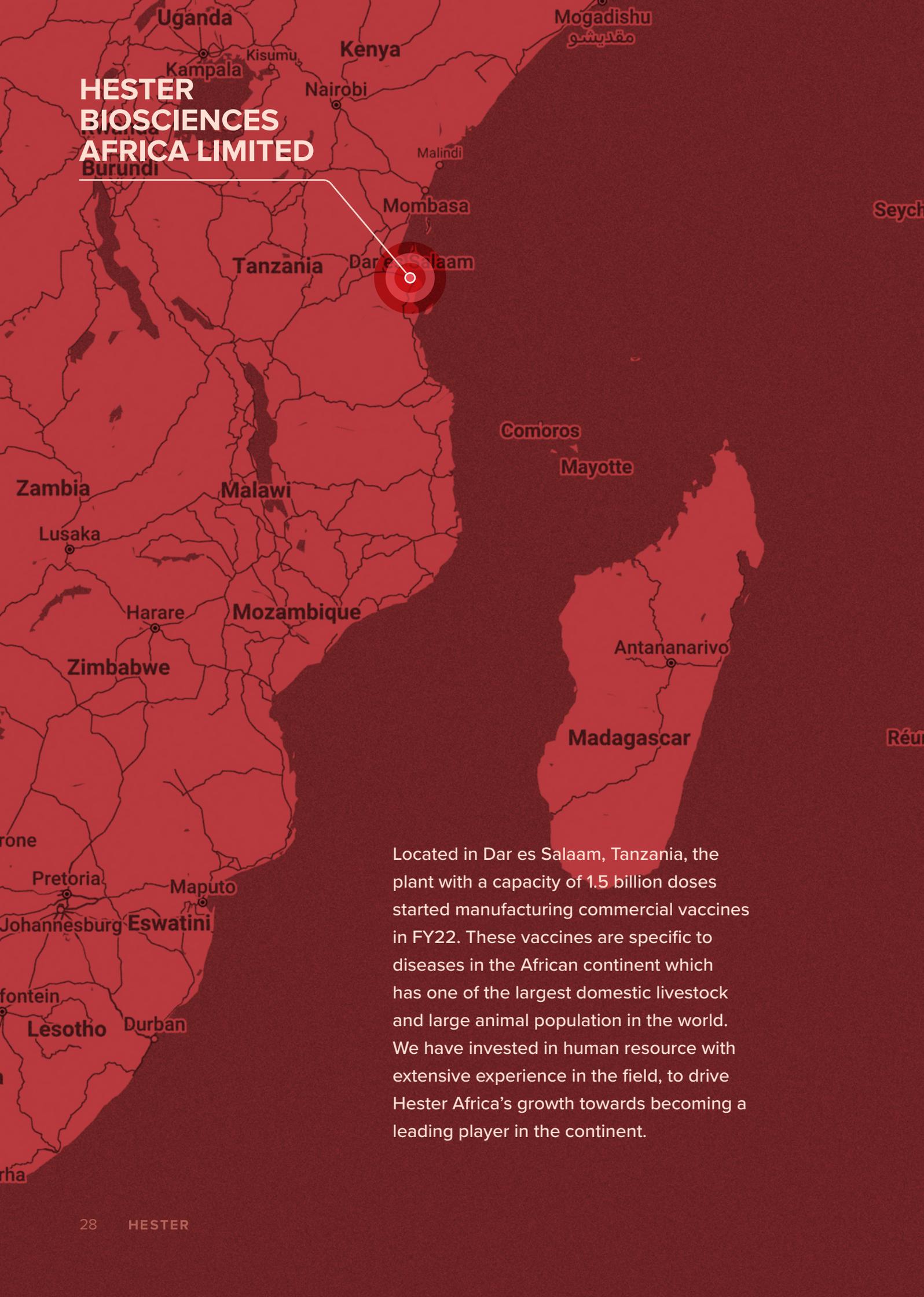
**Hester will  
supply 200  
million doses  
of PPR vaccine  
across India for  
two years.**

# MAKING HEALTHIER ANIMALS A REALITY IN AFRICA.



P26

**In FY22, Hester’s animal vaccines manufacturing plant in Africa went live. It received the necessary licenses and commenced production of Newcastle Disease and Gumboro vaccines for poultry, and PPR and Contagious Bovine Pleuropneumonia (CBPP) vaccines for large animals. The plant is set to receive the selling license for the vaccines and start contributing to our business in FY23.**



# HESTER BIOSCIENCES AFRICA LIMITED

Located in Dar es Salaam, Tanzania, the plant with a capacity of 1.5 billion doses started manufacturing commercial vaccines in FY22. These vaccines are specific to diseases in the African continent which has one of the largest domestic livestock and large animal population in the world. We have invested in human resource with extensive experience in the field, to drive Hester Africa's growth towards becoming a leading player in the continent.

## **THRISHOOL EXIM STAKE ACQUISITION TO STRENGTHEN DISTRIBUTION**

In FY22, we acquired 50% stake in Tanzania-based Thrishool Exim Limited. It is an established and reputable animal health products distribution company and has a significant network across Tanzania and Africa. It distributes diverse products including veterinary feed additives, feed raw materials, nutritional supplements, therapeutics, and equipment sourced from recognised international producers.

We intend to consolidate all existing trading activities in Africa including that from our trading unit in Tanzania to this entity. It will distribute products from proposed collaborations along with an additional range of animal vaccines from Hester Africa, thus synergising our distribution thrust in Africa.

**The Hester Africa manufacturing plant with 1.5 billion doses is set to become a leading player in the African continent and contribute significantly towards its social and economic growth.**

**DIVERSIFYING  
TO HUMAN CARE  
FOR ADDRESSING  
THE NATIONAL  
EMERGENCY.**

**P30**



**COVID-19 became a global emergency taking a toll on the health and lives of people across the world. Several companies in the field of biologics used their expertise to develop vaccines to prevent COVID-19, including Bharat Biotech whose Covaxin vaccine has been found to have high efficacy.**

**At Hester Biosciences, we have entered a tripartite agreement with Bharat Biotech and Gujarat Biotechnology Research Centre (GBRC), Department of Science & Technology, Government of Gujarat to manufacture the drug substance for Covaxin. This agreement reinforces our expertise in biologics and capability to extend to human care.**

# DEVELOPING A MULTIPURPOSE BSL-3 FACILITY



---

We are setting up a facility to manufacture drug substance equivalent to 7 million doses per month. This facility, is designed to be multipurpose, and will have the capability to handle micro-organisms beyond COVID-19. The plant's construction is nearing completion and it is expected to commence operations from FY23. We have also received an approval for a grant of ₹600 million from the Biotechnology Industry Research Assistance Council (BIRAC) under Mission Covid Suraksha.

**The BSL-3 facility  
will have the  
ability to handle  
micro-organisms  
beyond COVID-19**



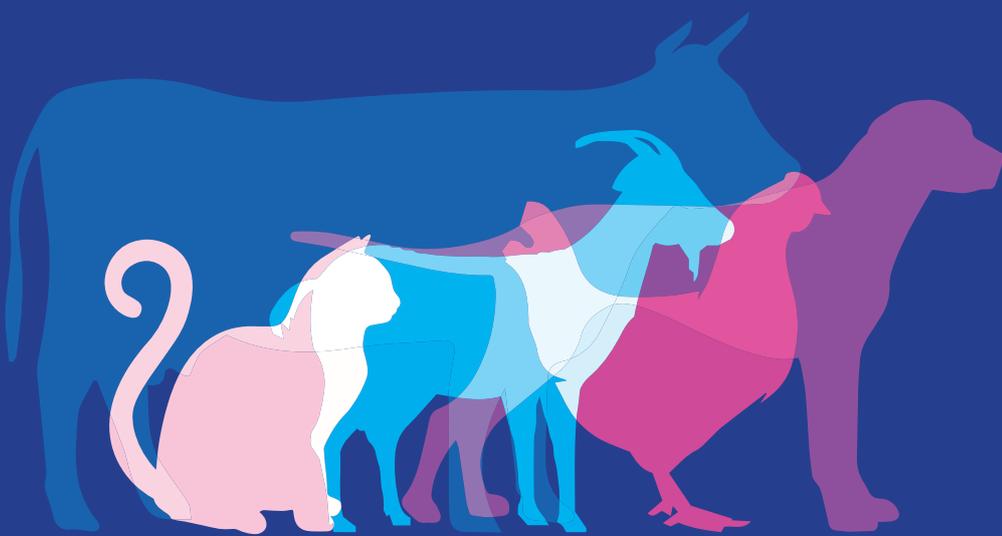
TO MANUFACTURE DRUG  
SUBSTANCE EQUIVALENT OF UP TO

**7 Million  
Doses**

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PER MONTH FOR SUPPLY  
TO BHARAT BIOTECH

# HESTER BIOSCIENCES: A COMPLETE ANIMAL HEALTHCARE COMPANY.



P34

**Hester Biosciences is a global healthcare company working towards improving poultry and animal health. We manufacture a diversity of vaccines and healthcare products. Registered with various countries and international agencies, these have a proven track record of contributing to healthier animals and thus empowering livestock farmers across multiple regions.**

**In our four decades of existence, we have consistently leveraged our animal biologics expertise to extend our presence to cover more species starting from poultry to diverse large animals. In FY22, we have entered the pet care segment and with this, we strive to become a complete animal healthcare player. Alongside, we continue to build competencies in newer diseases and healthcare areas as well as enhance our capacities to meet the global demand for healthier animals.**

# DIVERSIFIED ON A GLOBAL SCALE

1

HEALTH PRODUCTS  
MANUFACTURING  
UNIT

3

VACCINE  
MANUFACTURING  
UNITS

35+

COUNTRIES  
WITH BUSINESS  
PRESENCE

600+

EMPLOYEES  
GLOBALLY

## MANUFACTURING ENTITIES

**HESTER BIOSCIENCES  
LIMITED**  
MEHSANA, GUJARAT, INDIA

R&D facility, manufacturing and  
supply of veterinary vaccines

**65% STAKE**  
**HESTER BIOSCIENCES  
NEPAL PRIVATE LIMITED**  
KATHMANDU, NEPAL

Manufacturing and supply of  
animal vaccines for large animals

**54.81% STAKE**  
**TEXAS LIFESCIENCES  
PRIVATE LIMITED**  
MEHSANA, GUJARAT, INDIA

Manufacturing and supply of  
pharmaceutical formulations, tablets,  
capsules, powder and oral liquid for  
human and veterinary health

**100% STAKE**  
**HESTER BIOSCIENCES  
AFRICA LIMITED**  
DAR ES SALAAM, TANZANIA

Manufacturing and supply of  
veterinary vaccines and animal  
health products



## TRADING ENTITIES

---

**100% STAKE**  
**HESTER BIOSCIENCES**  
**TANZANIA LIMITED**  
DAR ES SALAAM, TANZANIA

Trading of veterinary vaccines and animal health products in Tanzania and other African regions. This entity is a wholly-owned subsidiary of Hester Biosciences Kenya Limited and step-down subsidiary of the Company.

**50% STAKE**  
**THRISHOOL EXIM**  
**LIMITED**  
DAR ES SALAAM, TANZANIA

Supplier and distributor of animal health and nutrition products in Tanzania and other African regions



## **SHAPING A BETTER WORLD WITH DIVERSIFIED OFFERINGS**

We have a solid team of in-house experts and collaborations with global agencies to continually widen our offerings. Over the years, we have built a wide portfolio covering a range of high-efficacy vaccines, quality pharmaceutical medicines, and affordable feed supplements for poultry and animals. These products along with our technical services facilitate protection from disease and help improve their health and performance.

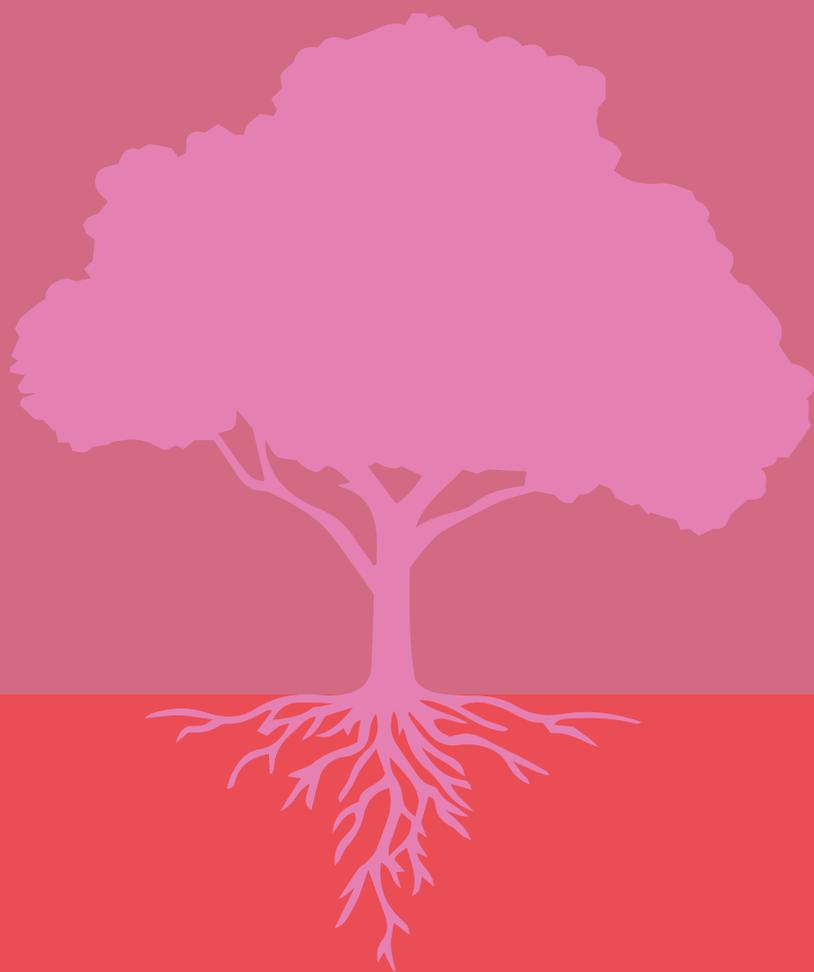
## POULTRY & ANIMAL HEALTHCARE PRODUCTS

	POULTRY HEALTHCARE	ANIMAL HEALTHCARE
<b>Diseases covered</b>	Newcastle Disease, Infectious Bronchitis, Infectious Bursal Disease, Fowl Pox, Egg Drop Syndrome, Reo, Marek's Disease, Infectious Coryza, Fowl Cholera, Egg Drop Syndrome, Mycoplasma gallisepticum, Inclusion body hepatitis, Avian encephalomyelitis, etc.	Goat Pox, Peste des Petits Ruminants (PPR), Brucellosis, Mastitis, Metritis & All type of infections, Reproductive disorders, Theileriosis, Parasitic diseases, etc.
<b>Vaccines</b>	18 Live Vaccines 30 Inactivated Vaccines	3 Live Vaccines
<b>Therapeutics</b>	Anti-infective, Anti-parasite, NSAIDs and Anthelmintic	
<b>Herbal products</b>	Growth promoter, Herbal replacer for choline chloride, Stress reliever and immunity booster, Respiratory stimulant, Liver Tonic, Wound Healing preparation, Fertility Supplement, Uterine Tonic, Digestive tonic and Anti-bloat solution, Ectoparasiticide preparation, Anti-mastitis & Anti-prolapse preparation	
<b>Feed Supplement</b>	Toxin Binder, Trace minerals, Enzyme preparation, and Bypass Fat	
<b>Biosecurity</b>	Disinfectants for farms and equipment, Water Sanitiser	
<b>Nutrition</b>	Mineral Mixture, Fertility Supplement and Growth tonic	

## PET HEALTHCARE PRODUCTS

Joint Disorders  
Gut Health  
Anti-infective  
Parasiticides  
Grooming  
Specialty Nutrition

**BUILT ON  
A SOLID  
FOUNDATION.**



**P40**

**Our business is defined by a high regulatory regime and necessitates deep expertise in animal biologics which we've built through the years. At Hester Biosciences, we have established multiple competencies and capabilities through our long existence and have a successful track record in delivering effective products. These provide us with a significant competitive edge and scalability potential.**

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## **EXPERTISE & INNOVATION CAPABILITIES**

We have over 40 years of expertise in poultry and animal healthcare products development supported by our expert scientists working at our Department of Scientific & Industrial Research (DSIR)-recognised R&D laboratories. We also collaborate with global institutions to gain technical know-how. These have enabled us to sustainably launch new products.

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## **SUPERIOR PRODUCTS AND SERVICES**

We offer a wide range of vaccines – 48 for poultry (single and combination) and 3 for animal – as well as medicines, feed supplements, disinfectants and herbal products for poultry and large animals. All of our products have a proven track record and comply to WHO, GMP, GLP, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards as well as requirements of local governments. We further offer value-added services of poultry seroprofiling, cattle mastitis control, and other technical assistance which help improve the performance of their livestock.

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## **HIGH INTELLECTUAL PROPERTY**

We have highly experienced promoters with over 38 years of knowledge of industry and global markets. We also have a strong management team having rich knowledge in the field.

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## **ECONOMIES OF SCALE**

We operate via our three animal biological manufacturing facilities in – Gujarat (India), Kathmandu (Nepal) and Kibaha (Tanzania) which provide advantage of operational efficiencies and low-cost. These plants add up to a manufacturing capacity of 8.99 billion vaccine doses.

# DIVERSIFIED AND DE-RISKED OPERATIONS

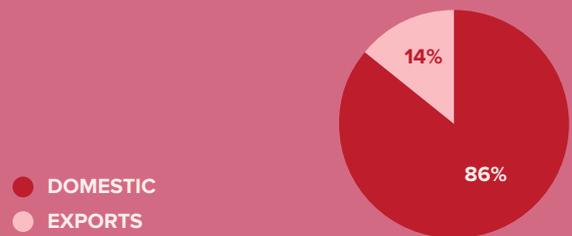
## EXTENSIVE & RESILIENT SUPPLY CHAIN

We have an extensive distribution network in India, Nepal and Africa. This was further strengthened with the stake acquisition of a trading entity with an extensive distribution network in Africa. In India, we have the advantage of last-mile delivery capabilities which is extremely essential to maintain efficacy of products.

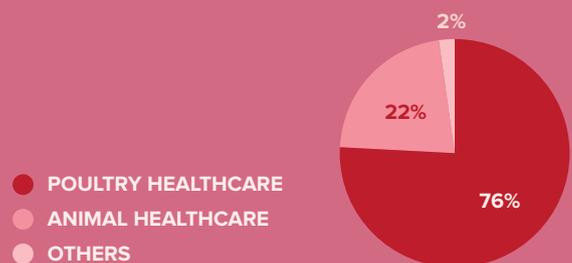
## ESG PRACTICES

Our plants, with globally benchmarked practices, are ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 compliant and score well on safe and environment-friendly performance. We also have high governance standards underpinned by zero tolerance for unethical and fraudulent practices. Our Board comprises of ten directors which include five independent directors; two of our directors are women.

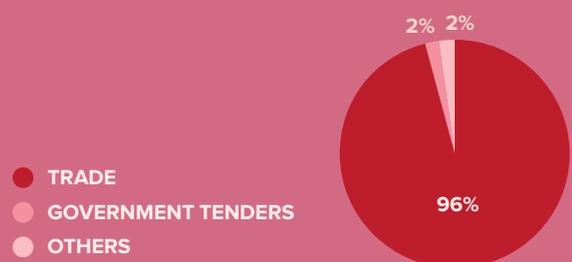
## FY 2021-22 REVENUE



## BY GEOGRAPHY



## BY SEGMENT



## BY CUSTOMER TYPE

# CEO & MD'S MESSAGE.



**Rajiv  
Gandhi**

P44

**Dear Shareholders,**

**As always, I am pleased to present the performance of your Company for FY 2021-22.**

**While we saw a promising year, upon unleashing new avenues and entering into segments for the first time, the year was challenging, especially for the poultry health business. The poultry industry slid into a recessionary condition. The supply chain disruptions due to COVID-19 led to significant increase in the poultry feed prices. It became difficult for poultry farmers to maintain them. As a result, they resorted to reducing poultry stock and spending less on healthcare products. Being a vaccine and health products provider to the poultry industry, this impacted our business.**

**Having said that, during the year, your Company undertook multiple efforts towards building infrastructure and invested towards building various intangibles. This would strengthen our competencies and competitiveness, subsequently place us favourably to deliver tangible results in the years to come.**

**READ ON**



## BUSINESS OVERVIEW OF HESTER INDIA

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Your Company reported net revenue from operations of ₹ 2,193.51 million in FY 2021-22 compared to ₹ 2,084.77 million in the previous year, thereby registering a growth of 5%. The aforesaid revenue from operations comprised of (a) product sales of ₹ 2,155.02 million in FY 2021-22 compared to ₹ 1,909.04 million in the previous year, increasing by 13% and (b) license and services fees of ₹ 38.49 million in FY 2021-22 compared to ₹ 175.73 million in the previous year, seeing a reduction of 78%.

Our vaccines division grew by 5%, reporting a net sales of ₹ 1,622.20 million as compared to ₹ 1,538.16 million in FY 2020-21, and our health products division grew by 44%, reporting a net sales of ₹ 532.83 million as compared to ₹ 370.88 million in FY 2020-21.

Our poultry healthcare business took a hit in the year and grew at a rate lower than expected at 11% with a growth in vaccines sales by 7%. Sales in the previous year FY 2020-21 were benefitted by a major disease outbreak in the poultry industry, the scare of which led to a one-time spurt in demand for poultry vaccines. The current year

did not experience any such disease outbreak scare. Further, during the current year, the poultry farm economics also turned adverse due to rise in feed costs and decline in end-product prices. Despite of a large base effect and adverse demand environment, Hester stood well with the marginal growth in FY 2021-22.

The animal healthcare business performed well on the back of our sustained thrust to grow this business, enabling us in the reduction of dependence on the poultry division. Revenues from this segment grew by 22% to ₹ 481.20 million in FY 2021-22 as compared to ₹ 395.06 million in FY 2020-21. The growth was largely driven by new product introductions and geographical expansion.

Revenue from operations for FY 2021-22 included one-time license and services fees of ₹ 38.49 million as against ₹ 175.73 million for FY 2020-21.

I am happy to state that though there was a substantial reduction in the one-time license and service fees, the overall revenue from operations grew by 5% on account of robust growth in product sales attributed from growth in volumes, products and changes in the price.

Profitability for the year was under pressure due to multiple factors. First and foremost, there was a change in product mix with increase in the proportion of health products in the overall product sales. The health products have lower gross margins as compared to vaccines and besides, there was an increase in their raw material prices which could not be passed on because of adverse farm economics in the poultry industry. Second, the collection cycle was disrupted and the payments were delayed due to industry conditions. This impacted the gross margins on product sales, reducing them from 72% in FY 2020-21 to 71% in FY 2021-22. Our Operating EBITDA margins reduced from 35% in FY 2020-21 to 28% in FY 2021-22, due to decline in licensing and service fees and higher spending on the market expansion in the animal healthcare division.

Resultantly, our PAT declined marginally by 1% to ₹ 395.17 million in FY 2021-22 as compared to ₹ 399.01 million in FY 2020-21.

On the operational front, your Company won a national tender for supply of 200 million doses for PPR by the Department of Animal

Husbandry and Dairying (DAHD) for the eradication of the PPR disease nationally in a span of two years. The supply of orders is expected to commence in early FY 2022-23.

The development of new vaccines for Classical Swine Fever (CSF), Lumpy Skin Disease (LSD) and Sheep Pox is going on and we expect to commercially produce them in the coming financial year. Our recently launched herbal products witnessed good traction through the year.



**The animal healthcare business performed well, enabling us in the reduction of dependence on the poultry division.**

## HESTER NEPAL REBOUNDS

---

A significant development for the year has been the turnaround achieved by Hester Nepal. It registered a revenue growth of 193% and reached an all-time high of a top-line of ₹ 139.25 million with a net profit of ₹ 22.86 million in FY22 as against top-line of ₹ 47.48 million with a loss of ₹ 9.73 million in FY 2020-21.

The notable aspect has been that the sales growth was not just restricted to the FAO tenders for the PPR vaccine; but we also got tenders directly from other countries for PPR vaccine.

The demand for the live and inactivated vaccines also picked up domestically within Nepal. This gives us optimism on the domestic opportunities in Nepal. We are now making efforts to capture the domestic market.

We hopefully expect an exciting year ahead upon the commencement of supplies under the FAO tenders for the PPR vaccine.

## HESTER AFRICA WENT LIVE

---

I am happy to inform you that our Africa plant, post some delays, is now finally on track for production. We have commercially launched the Newcastle Disease vaccine and Gumboro vaccine for poultry, PPR vaccine and CBPP vaccine for large animals. The plant will start contributing to our business from FY23.

We remain confident of the opportunities in the African market. We expect our plant to catapult us to a leading position. There are some concerns of slower market development due to the weak macro situation in Africa. However, we are proactively working towards building trust in the private market, as this will be the first time, Tanzanians would be able to buy vaccines manufactured locally.



“

**We remain confident of the opportunities in the African market, and expect our plant to catapult us to a leading position.**

## **REINFORCING DISTRIBUTION IN AFRICA**

---

Hester India acquired 50% stake in Thrishool Exim Limited, Tanzania, a distribution company of vaccines and animal health products in Tanzania. This acquisition will help in strengthening our distribution network in the African continent. Thrishool's product range includes veterinary feed additives, feed raw materials, nutritional supplements, therapeutics and equipment sourced from recognised international producers.

## MAKING ENTRY IN THE PETCARE SEGMENT

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Expansion, innovation and diversification has been an important growth strategy for us. Nearly a decade ago, we were just into poultry and eventually diversified to large animals. And since then, our business has grown multi-fold.

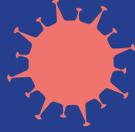
We have now made a strategic diversification by entering the Pet Care segment. The dynamics of this business are different, and unlike our existing businesses, pet care involves more of an emotional quotient. This is evident in pet owners spending more on the healthcare products. The pet ownership is also rising in India led by rising disposable income and the growing realisation on how pets can positively emotionally impact the owners.

This venture is inspired by our vision for healthier animals, and we see immense opportunities in it. The immediate focus is on building a brand by starting with launch of health products for growth promotion, nutrition and grooming. Eventually, we will expand to vaccines which is our core competence. We have already launched three products and another eight are in pipeline. In terms of distributions, we are currently selling to retailers and veterinarians. Going forward, we also plan to directly target pet owners through online platforms.



“

**The dynamics of this business are different, and unlike our existing businesses, pet care involves more of an emotional quotient.**



## COVID-19 INITIATIVE WITNESSES THE LIGHT OF DAY

---

I am pleased to report that our efforts towards addressing national emergency is now becoming a reality. In consortium with Gujarat Biotechnology Research Centre (GBRC), Government of Gujarat, we entered a term sheet agreement with Bharat Biotech to manufacture the Drug Substance for their Covaxin COVID-19 vaccine. A plant with a capacity of manufacturing Drug Substance equivalent of up to 7 million doses per month is nearing completion, and we expect to commence production soon. This plant will be capable of handling other micro-organisms, and thus will ensure relevance beyond COVID-19.

Further, we have received approval for a grant of ₹ 600 million from Biotechnology Industry Research Assistance Council (BIRAC) under Mission Covid Suraksha. This will be received in phases upon completion of specified milestones.

## IN CONCLUSION

I believe that we have now created multiple vectors that should drive multiple years of aggressive growth. The focus from here on will be on excellent execution. To meet the strong demand in the coming years, we have embarked on two CAPEX projects for Bulk Antigen and Fill-Finish line which will double our production capacity. These are expected to operationalise in FY23.

On the Nepal and Africa businesses, I understand the shareholder concerns of delays and expected returns. I would reiterate that these are completely new markets, and a lot of groundwork had to be done in terms of building market, brand, and gaining trust. I am confident these will eventually deliver.

I thank our stakeholders for being with us in our journey. With your trust, support and guidance Hester Biosciences has come a long way. We seek your continued support as we look to make bigger leaps and reach great heights.

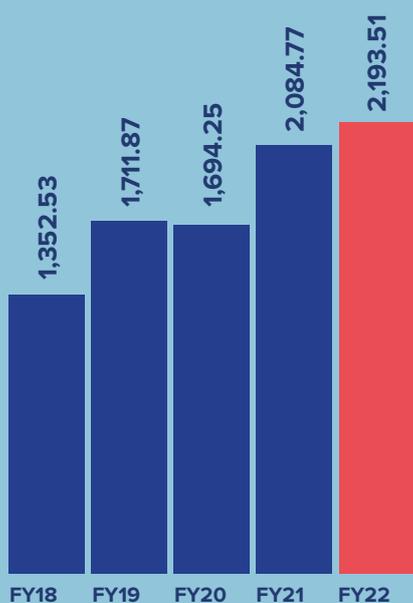
Warm regards,

**Rajiv Gandhi**

CEO & MD

# PERFORMANCE METRICS.

## PROFIT & LOSS METRICS



### TURNOVER

(₹ in Million)

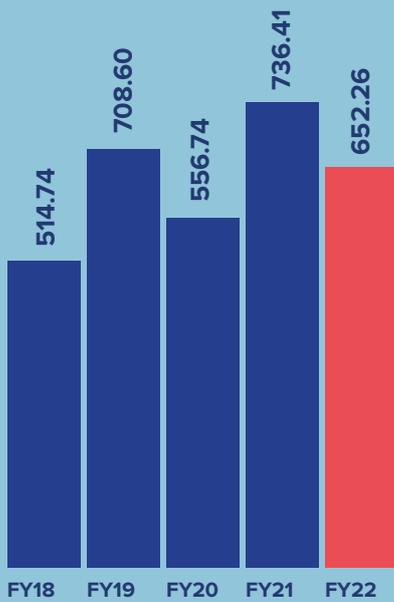
5.22% OVER FY21 ↑

11.80% 5-YEAR CAGR ↑

Sales for FY22 increased by 5.22% primarily driven by new product introduction and regular geographical expansion. Further, in the current year poultry farm economics was adversely impacted due to rise in feed costs which resulted in farmers reducing poultry stock and spending on their healthcare. Also there is major reduction in one time licence and service fees but still the company has managed to book the marginal growth in the current year.



EBITDA Margin (%)



EBITDA (₹ in Million)

### EBITDA & EBITDA MARGIN

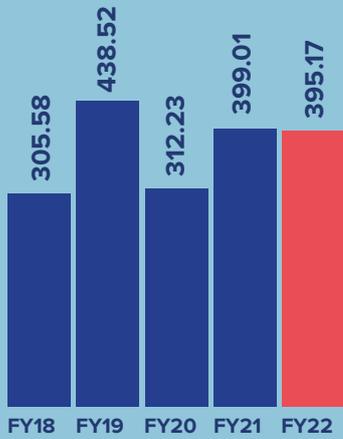
11.43% OVER FY21 ↓

9.31% 5-YEAR CAGR ↑

559 BASIS POINTS OVER FY21 ↓

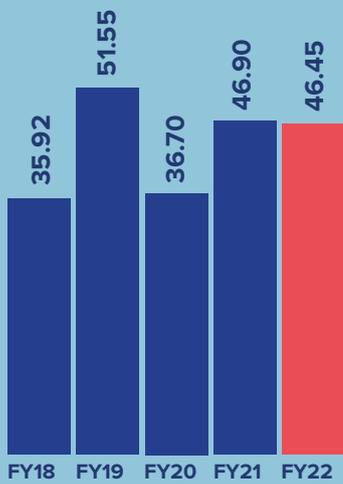
723 BASIS POINTS 5-YEAR CAGR ↓

Operating EBITDA declined 11.43% and EBITDA margin by 559 basis points led by high spends on market expansion in animal health division and increase in proportion of health product sales which have low margins. Further, an increase in input and freight costs for health products, against no price increase impacted the EBITDA. Lower licensing and service fees which directly flows down to bottom line also adversely impacted the EBITDA margins.



**NET PROFIT &  
NET PROFIT MARGIN**  
(₹ in Million)

0.96% OVER FY21 ↓  
9.64% 5-YEAR CAGR ↑  
112 BASIS POINTS OVER FY21 ↓  
608 BASIS POINTS 5-YEAR CAGR ↓



**EPS**  
(₹)

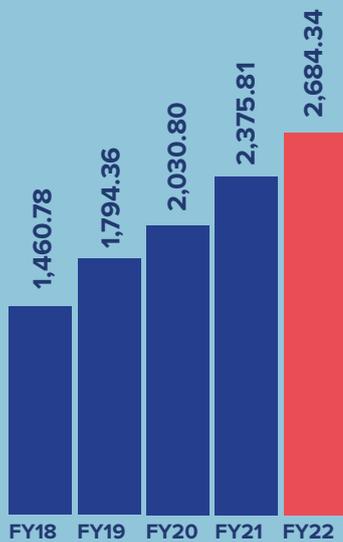
0.96% OVER FY21 ↓  
9.64% 5-YEAR CAGR ↑

# BALANCE SHEET METRICS



**NET BLOCK OF PPE & CWIP**  
(₹ in Million)

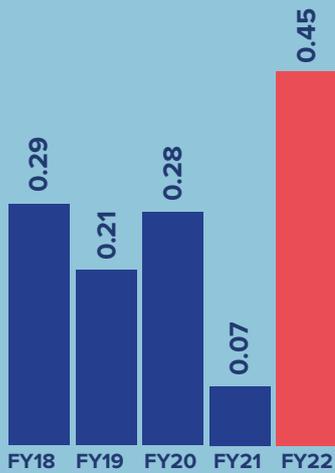
**83.96% OVER FY21** ↑  
**15.14% 5-YEAR CAGR** ↑



**NET WORTH**  
(₹ in Million)

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

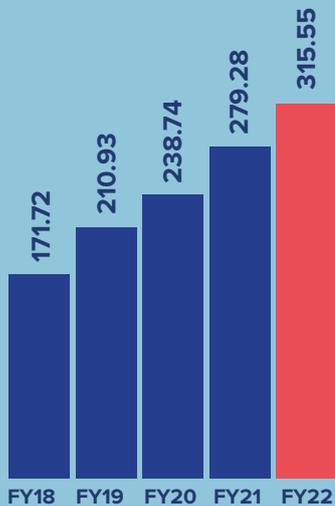
**12.99% OVER FY21** ↑  
**17.07% 5-YEAR CAGR** ↑



Rise in debt equity ratio is largely because of availment of debt for the ongoing capacity expansion projects.

### DEBT/EQUITY RATIO

(In times)

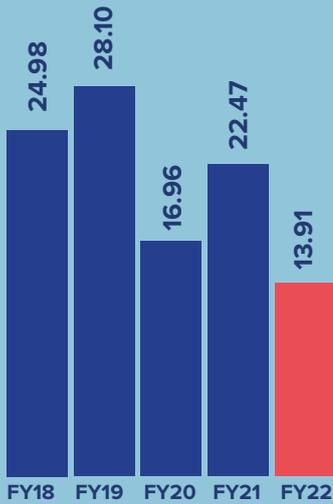


Increase in book value is due to proper investment of profits and earnings in assets of the company.

### BOOK VALUE PER SHARE

(₹)

12.99% OVER FY21 ↑  
17.07% 5-YEAR CAGR ↑

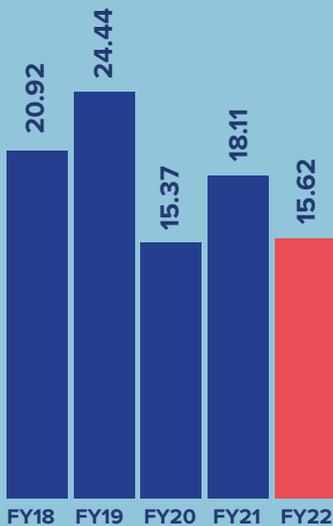


ROCE declined 856 basis points due to increase in debt availed for capacity expansion projects and reduction in EBITDA margins

### RETURN ON CAPITAL EMPLOYED (₹ in Million)

856 BASIS POINTS OVER FY21 ↓

10.12% 5-YEAR CAGR ↓



Return on equity declined in line with the decline in profitability.

### RETURN ON EQUITY (%)

249 BASIS POINTS OVER FY21 ↓

5.68% 5-YEAR CAGR ↓



02



# STATUTORY REPORTS

# CORPORATE INFORMATION.



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## BOARD OF DIRECTORS

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**Dr. Bhupendra Gandhi**  
*Chairman*

**Mr. Rajiv Gandhi**  
*CEO & Managing Director*

**Ms. Priya Gandhi**  
*Executive Director*

**Mr. Sanjiv Gandhi**  
*Director*

**Mr. Ravin Gandhi**  
*Director*

**Ms. Nina Gandhi**  
*Alternate Director*

**Mr. Naman Patel**  
*Independent Director*

**Mr. Amit Shukla**  
*Independent Director*

**Ms. Sandhya Patel**  
*Independent Director*

**Mr. Ashok Bhadalkar**  
*Independent Director*

**Mr. Ameet Desai**  
*Independent Director*

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**CHIEF FINANCIAL OFFICER**

Mr. Nikhil Jhanwar

**COMPANY SECRETARY**

Mr. Vinod Mali

**REGISTERED & CORPORATE OFFICE**

1<sup>st</sup> Floor, Pushpak, Panchvati Circle,  
Motilal Hirabhai Road, Ahmedabad  
Gujarat - 380006

**MANUFACTURING UNIT**

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

**STATUTORY AUDITOR**

Chandulal M Shah & Co.  
Chartered Accountants,  
Ahmedabad

**INTERNAL AUDITOR**

Ernst & Young LLP (EY)  
Ahmedabad

**SECRETARIAL AUDITOR**

CS Tapan Shah  
Practicing Company Secretary  
Ahmedabad

**REGISTRAR & TRANSFER AGENTS**

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

**STOCK EXCHANGES**

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

**BANKER**

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

**ISIN: INE782E01017**

**CIN: L99999GJ1987PLC022333**

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**AUDIT COMMITTEE**

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

**STAKEHOLDER'S GRIEVANCES AND  
RELATIONSHIP COMMITTEE**

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

**NOMINATION AND REMUNERATION  
COMMITTEE**

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

**CORPORATE SOCIAL  
RESPONSIBILITY COMMITTEE**

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

**RISK MANAGEMENT COMMITTEE**

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

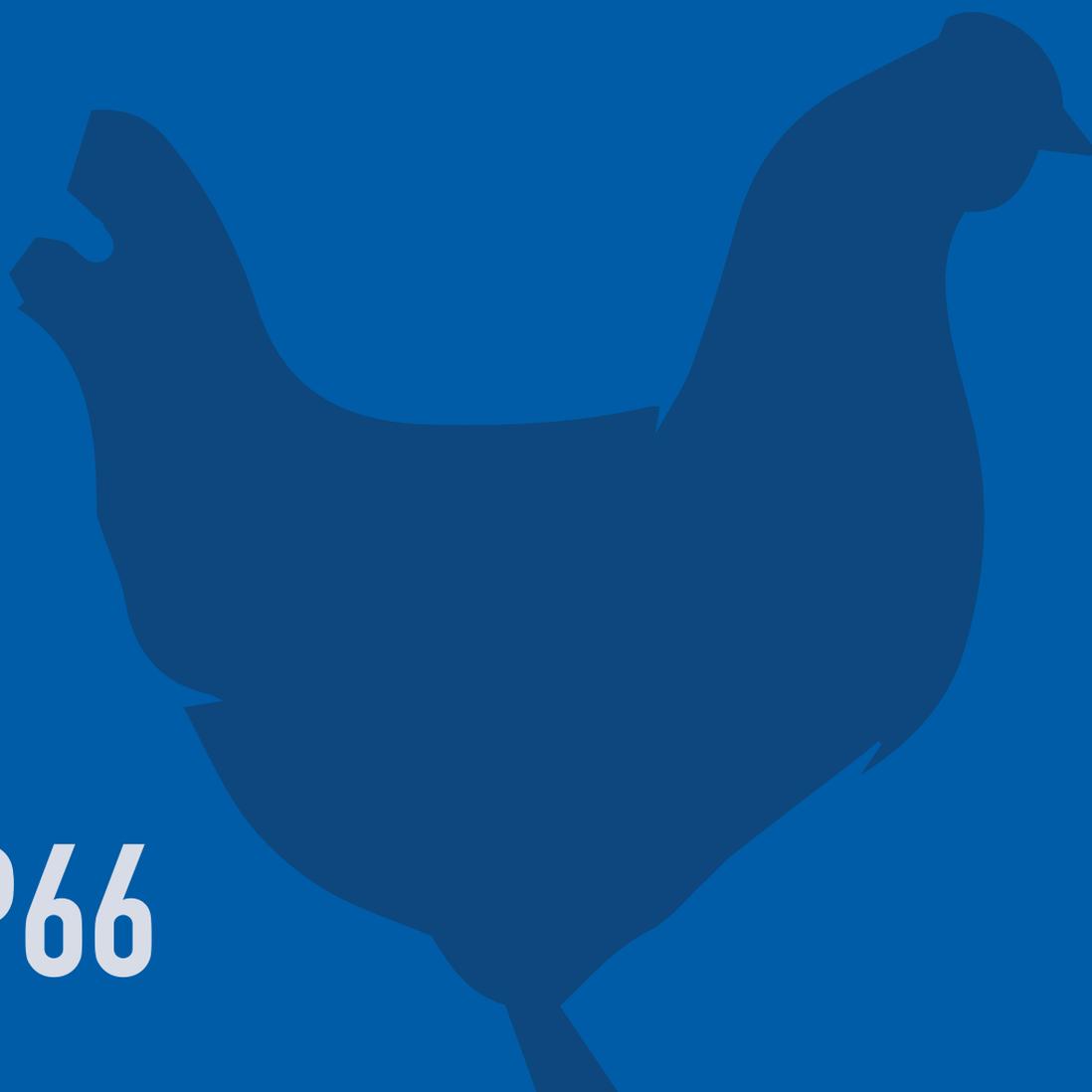
**SHARE TRANSFER COMMITTEE**

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

**MANAGEMENT COMMITTEE**

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

# BOARD'S REPORT.



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**Your Directors are pleased to present the Thirty Fifth Annual Report and the Audited Financial Statements for the financial year ended on 31 March 2022.**

## FINANCIAL RESULTS

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

The standalone and Consolidated financial performance of the Company, for the financial year ended on 31 March 2022 is summarised below:

(Amounts in ₹ million)

Particulars	Standalone		Consolidated	
	For the year ended on 31 March 2022	For the year ended on 31 March 2021	For the year ended on 31 March 2022	For the year ended on 31 March 2021
Revenue from operations	2,193.51	2,084.77	2,350.06	2,143.32
Other income	46.57	16.48	137.41	46.84
<b>Total Revenue</b>	<b>2,240.08</b>	<b>2,101.25</b>	<b>2,487.47</b>	<b>2,190.16</b>
Profit before interest, depreciation and amortisation expenses, tax (PBIDT)	652.26	736.41	737.24	733.42
Less: Finance Cost	24.68	39.47	40.64	66.04
Less: Depreciation and Amortisation Expenses	95.02	96.33	165.81	133.14
<b>Profit before Share of Profit of Joint Venture entity, Exceptional Items and Tax</b>	<b>532.56</b>	<b>600.61</b>	<b>530.79</b>	<b>534.24</b>
Share of Profit in Joint Venture entity	-	-	4.23	-
<b>Profit before exceptional items and tax</b>	<b>532.56</b>	<b>600.61</b>	<b>535.02</b>	<b>534.24</b>
Exceptional Items	-	52.78	-	33.21
<b>Profit after exceptional items and before tax</b>	<b>532.56</b>	<b>547.83</b>	<b>535.02</b>	<b>501.03</b>
Less: Tax Expenses	137.39	148.82	140.18	154.05
<b>Profit for the year (PAT)</b>	<b>395.17</b>	<b>399.01</b>	<b>394.84</b>	<b>346.98</b>
Attributable to:				
Owners	395.17	399.01	393.20	344.30
Non-Controlling Interest	-	-	1.64	2.68
Other Comprehensive Income /(Loss)	(1.57)	2.14	8.21	(15.80)
<b>Total Comprehensive Income</b>	<b>393.60</b>	<b>401.15</b>	<b>403.05</b>	<b>331.18</b>
Attributable to:				
Owners	393.60	401.15	401.41	328.50
Non-Controlling Interest	-	-	1.64	2.68
<b>Earnings Per Share (Basic / Diluted) (Face Value of Share ₹ 10 each)</b>	<b>46.45</b>	<b>46.90</b>	<b>46.41</b>	<b>40.79</b>

## RESULTS OF OPERATIONS

### Sales

During the year under review, the standalone revenue from operations was ₹ 2,193.51 million, as compared to ₹ 2,084.77 million in the previous year. The consolidated revenue from operation was ₹ 2,350.06 million in the financial year ended on 31 March 2022, as compared to ₹ 2,143.32 million in the previous year.

### Profitability

The Company achieved a standalone profit before tax of ₹ 532.56 million, as compared to ₹ 547.83 million in the previous year. The consolidated profit before tax was ₹ 535.02 million in the financial year ended on 31 March 2022, as compared to ₹ 501.03 million in the previous year.

### Earnings per share

The EPS on the standalone financials was ₹ 46.45 for the year ended on 31 March 2022 as against ₹ 46.90 for the year ended 31 March 2021. The EPS on consolidated financials was ₹ 46.41 for the year ended on 31 March 2022 as against ₹ 40.79 for the year ended 31 March 2021.

### Share Capital

The paid-up equity share capital as on 31 March 2022 stood at ₹ 85.07 million.

### Net Worth

The Company's standalone net worth as on 31 March 2022 was at ₹ 2,684.34 million as compared to ₹ 2,375.81 million as on 31 March 2021. The Company's consolidated net worth as on 31 March 2022 was at ₹ 2,673.93 million as compared to ₹ 2,359.58 million as on 31 March 2021.

### DIVIDEND

Your Directors have recommended a dividend of ₹ 10 (100%) per equity share on 8,506,865 Equity Shares of ₹ 10 each fully paid-up for the financial year 2021-22, amounting to ₹ 85.07 million. The dividend, if declared by the members at the ensuing Annual General Meeting ("AGM"), will be paid to those shareholders, whose names registered in the Register of Members on cut-off date. The Dividend Pay-out Ratio for the current year is 21.53% of standalone profits.

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

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated total income from operations is ₹ 2,350.06 million and total comprehensive income attributable to owner's equity after non-controlling interest is ₹ 401.41 million for the financial year 2021-22 as compared to the consolidated total income from operations of ₹ 2,143.32 million and total comprehensive income attributable to owner's equity after non-controlling interest of ₹ 328.50 million for the previous financial year 2020-21. Consolidated financial statements include the financial results of following entities:

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

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

## **SUBSIDIARY AND JOINT VENTURE COMPANIES**

During the year, the Company has participated 50% stake into the Thrishool Exim Limited, a joint venture entity in Tanzania.

As on 31 March 2022, your Company has two wholly-owned subsidiary Company namely, Hester Biosciences Africa Limited and Hester Biosciences Kenya Limited; and two subsidiary Companies namely, Hester Biosciences Nepal Private Limited and Texas Lifesciences Private Limited. One joint venture entity and one step-down subsidiary Company respectively, Thrishool Exim Limited and Hester Biosciences Tanzania Limited (which is wholly-owned subsidiary of Hester Biosciences Kenya Limited). There has been no material change in the nature of business of the subsidiaries.

The business details of the subsidiary companies and joint venture entity are as under:

### **Texas Lifesciences Private Limited (Texas Lifesciences)**

Texas Lifesciences is a subsidiary of Hester Biosciences Limited and holds 54.81% stake. Texas Lifesciences is in the business of manufacturing and supplying pharma formulations, tablets, capsules, powder and oral liquid for human and veterinary markets.

### **Hester Biosciences Nepal Private Limited (HBNPL)**

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

### **Hester Biosciences Africa Limited (HBAL)**

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

### **Hester Biosciences Kenya Limited (HBKL)**

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

### **Hester Biosciences Tanzania Limited (HBTL)**

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

### **Thrishool Exim Limited (TEL)**

TEL is 50% joint venture entity of Hester Biosciences Limited in Tanzania. TEL is a supplier and distributor of animal health and nutrition products of many companies. TEL's product range includes veterinary

feed additives, feed raw materials, nutritional supplements, therapeutics and equipment sourced from recognised international producers. TEL has an established sourcing network with globally positioned partners from Europe, Asia and Southern Africa.

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

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

## **INSURANCE**

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

## **PUBLIC DEPOSITS**

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

## **RELATED PARTY TRANSACTIONS**

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

All Related Party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval for normal business transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature and

accordingly, the required disclosures are made to the Committee on a quarterly basis in terms of the approval of the Committee.

As provided under section 134(3)(h) of the Act and Rules made thereunder disclosure of particulars of material transactions with related parties entered into by the Company in the prescribed format (Form No. AOC-2) is annexed to this report as Annexure-3. The Related Party Transactions took place during the financial year 2021-22 have placed in Notes of Financial Statements of the Company.

The policy on Related Party Transactions as approved by the Board may be accessed through the web link: <https://www.hester.in/corporate-governance>

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

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

## **COST ACCOUNTS AND RECORDS**

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

## **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **Appointment of Directors**

During the year, based on recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting on 28 October 2021 appointed Ms. Priya Gandhi (DIN: 06998979) as an Executive Director for the term of five years and Mr. Ameet Desai (DIN: 00007116) as an Independent Director for the term of five years on Board, subject to approval of Members.

Member of the Company has approved the appointment of Ms. Priya Gandhi as an Executive Director and Mr. Ameet Desai as an Independent Director of the Company through Postal Ballot process and results were declared on 3 December 2021. While appointing Ms. Priya Gandhi as an Executive Director and Mr. Ameet Desai as an Independent Director, the Board took into account their integrity, expertise and experience.

According to MCA Circulars dated 22 October 2019 and 18 December 2020, Mr. Ameet Desai is not required to take the online proficiency test.

### **Retirement by Rotations**

In accordance with the provisions of section 152 (6) of the Companies Act, 2013, Listing Regulations and in

terms of the Articles of Association of the Company, Dr. Bhupendra Gandhi, Non-Executive Director (DIN: 00437907) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

### **Profile of Directors seeking Appointment/Re-appointment**

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

### **Declaration of Independence**

The Company has received necessary declaration under Section 149(6) and 149(7) of the Companies Act, 2013 and regulation 16(1)(b) and 25 of the Listing Regulations from Independent Directors confirming that they are not disqualified for continuing as an Independent Director.

### **Key Managerial Personnel**

The following persons are the Key Managerial Personnel (KMP) as per the provisions of the Companies Act, 2013, as on 31 March 2022:

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

Ms. Priya Gandhi appointed as an Executive Director for the period five years with effect from 28 October 2021, by the members of the Company. Mr. Nikhil Jhanwar, Chief Financial Officer of the Company with effect from 9 June 2021 in place of Mr. Chetas Patel, who has resigned from the post of Chief Financial officer of the Company with effect from 8 June 2021.

### **Board Evaluation**

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

In a separate meeting of Independent Directors, performance of Non-Independent Directors and performance of the Board as a whole was evaluated.

Further, they also evaluated the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-Executive Directors.

The Board of Directors reviewed the performance of individual directors on the basis of criteria fixed by the Board.

#### **Nomination and Remuneration Policy**

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

#### **Pecuniary Relationship**

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

#### **Board of Directors Meetings**

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

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- a) That in preparation of Financial Statements for the year ended 31 March 2022, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the Financial Statements for the year ended 31 March 2022 on going concern basis;
- e) The Directors had laid down the internal financial

controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

### **COMMITTEES OF BOARD OF DIRECTORS**

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

The Company has following Committees of the Board:

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

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

### **CORPORATE SOCIAL RESPONSIBILITY ("CSR")**

Pursuant to section 135 of the Act and the relevant rules, the Board has constituted a Corporate Social Responsibility ("CSR") Committee under the Chairmanship of Mr. Rajiv Gandhi. The details of membership of the Committee and the meetings held are detailed in the Corporate Governance Report, forming part of this Report. The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company and can be accessed through the website of the Company: [www.hester.in](http://www.hester.in). The Disclosures with respect to CSR Activities form part of this Board's Report as Annexure-1.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

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

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

The Company always endeavors to create and provide an environment to its employees and external individuals engaged with the Company that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. During the financial year 2021-22, no complaints were received with regards to sexual harassment at any location of the Company.

## **CORPORATE GOVERNANCE**

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

## **SECRETARIAL STANDARDS**

Secretarial Standards for the Board of Directors Meeting (SS-1), General Meetings (SS-2) and Dividend (SS-3) are applicable to the Company. The Company has complied with the provisions of all applicable Secretarial Standards.

## **BUSINESS RESPONSIBILITY REPORTING**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Your attention is drawn to the perception and business outlook of the management for your company for the current year and for the industry in which it operates including its position and perceived trends in near

future. The Management Discussion and Analysis Report, as required under Regulations 34 of the SEBI (LODR) Regulations, 2015 is attached and forms part of the Annual Report.

## **AUDITORS**

### **Statutory Auditor and Audit Report**

Chandulal M. Shah & Co. (Firm Registration No. 101698W), Chartered Accountants, Ahmedabad, was appointed as the Statutory Auditors of the Company till the conclusion of Thirty Sixth Annual General Meeting. Chandulal M. Shah & Co., Chartered Accountants have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board has duly reviewed the Statutory Auditor's Report of Chandulal M. Shah & Co. for the year ended on 31 March 2022. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

### **Internal Auditor and Audit Report**

Ernst & Young LLP, Ahmedabad, has been the internal auditor of the Company for the FY 2021-22. The Internal Auditor is appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports its findings on the internal audit of the Company to the Audit Committee on a quarterly basis. The scope of internal audit is approved by the Audit Committee and Management from time to time.

The Board has re-appointed Ernst & Young LLP, Ahmedabad for the FY 2022-23 as an Internal Auditor of the Company, after obtaining its willingness and eligibility letter for appointment as Internal Auditor of the Company.

### **Cost Auditor**

Pursuant to provisions of Section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors had, on recommendation of the Audit Committee, re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, as the Cost Auditor of the Company for the financial year 2021-22, on the remuneration terms as approved by the members at the previous Annual General Meeting. The Cost Audit report for the financial year 2020-21 was filed within the due date. The due date for submission of the Cost Audit Report for the year 2021-22 is within 180 days from 31 March 2022.

The Board has re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad for the FY 2022-23 as a Cost Auditor to audit the cost records of the Company

on a remuneration up to ₹ 0.21 million plus applicable Goods and Services Tax and out of pocket expenses on actuals. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Kiran J. Mehta & Co. is included in the Notice convening 35<sup>th</sup> Annual General Meeting of the Company.

#### **Secretarial Auditor and Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had re-appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2021-22. The Secretarial Audit Report for the FY 2021-22 is annexed to this Board's Report as Annexure-4. The Board has duly reviewed the Secretarial Auditor's Report for the year ended on 31 March 2022. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

#### **MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY**

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

#### **BUSINESS RISK MANAGEMENT**

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

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

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

#### **INTERNAL FINANCIAL CONTROL SYSTEMS AND ITS ADEQUACY**

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to section 134 (5) (e) of the Act. For the year ended on 31 March 2022, the Board having opinion that the Company has sound Internal Financial Control commensurate with the size, scale and complexity of its business operations. The Internal Financial Control operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

#### **CREDIT RATINGS**

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

#### **CERTIFICATIONS/ RECOGNITION/ ACCREDITATIONS**

The Company having following Certifications/ Recognition/ Accreditations:

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

#### **REPORTING OF FRAUDS BY AUDITORS**

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

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

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

- i. 2,912 equity shares of 21 (Twenty One) members whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to IEPF.
- ii. ₹ 0.27 million held by 645 members, being the unclaimed dividend, pertaining to the dividend for the Financial Year ended on 31 March 2013 was transferred to IEPF after giving notice to the members to claim their unpaid / unclaimed dividend.

## ANNUAL RETURN

Pursuant to Sub-section 3(a) of Section 134 and Sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the copy of the Annual Return of the Company for the Financial Year ended on 31 March 2022 in Form MGT-7 is uploaded on website of the Company and can be accessed at [www.hester.in](http://www.hester.in).

## PARTICULAR OF EMPLOYEES

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

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of The Companies(Accounts) Rules, 2014, is provided in Annexure-6 and forms part of this report.

## GENERAL DISCLOSURES

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

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

## ACKNOWLEDGEMENT

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

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### For and on behalf of Board of Directors

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

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Date** 20 May 2022  
**Place** Ahmedabad

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# ANNEXURE-1

## THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

- 2** Composition of CSR Committee

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

- 3** Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company [www.hester.in](http://www.hester.in)

- 4** Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable Not Applicable

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

Financial Year	Amount available for set-off from preceding financial years (in ₹ million)	Amount required to be set-off for the financial year, if any (in ₹ million)
2021-22	4.47	4.47

- 6** Average net profit of the company as per section 135(5) ₹ 535.43 million

- 7** a) Two percent of average net profit of the company as per section 135(5) ₹ 10.71 million

- b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Nil

c) Amount required to be set off for the financial year, if any Nil

d) **Total CSR obligation for the financial year (7a+7b-7c).** ₹ 10.71 million

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

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

b) Details of CSR amount spent against ongoing projects for the financial year Not Applicable

c) Details of CSR amount spent against other than ongoing projects for the financial year

Sr.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹ million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Reg. No.
1	Education	Education	No	Gujarat	Dang	5.22	No	Shree Bhartiya Sankruti Samvardhak Trust	CSR00015538
2	Ensuring environmental sustainability	Ensuring environmental sustainability	No	Maharashtra	Baramati	0.50	No	Agricultural Development Trust	CSR00001043
3	Setting up homes and workshop for persons with intellectual disabilities	Setting up homes and workshop for persons with intellectual disabilities	Yes	Gujarat	Ahmedabad	0.55	No	Aastha Charitable Trust for Welfare of the Mentally Challenged	CSR00002020
4	Contribution for Construction of Hospital	Healthcare	No	Bihar	Patna	3.50	No	Satyam Sri	CSR00008611
5	Education & Healthcare	Education & Healthcare	No	Delhi	Delhi	0.70	No	DNDI Drugs For Neglected Diseases Initiative India Foundation	CSR00016648
<b>Total</b>						<b>10.77</b>			

d) Amount spent in Administrative Overheads Nil

e) Amount spent on Impact Assessment, if applicable Not Applicable

f) **Total amount spent for the Financial Year (8b+8c+8d+8e)** ₹ 10.77 Million

g) Excess amount for set off, if any Nil

9	a) Details of Unspent CSR amount for the preceding three financial years	Not Applicable
	b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)	Not Applicable
10	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset-wise details):	Not Applicable
	a) Date of creation or acquisition of the capital asset(s)	
	b) Amount of CSR spent for creation or acquisition of capital asset	
	c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	
	d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	
11	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)	Not Applicable

**For and on behalf of Board of Directors**

<b>Rajiv Gandhi</b>	<b>Priya Gandhi</b>	<b>Date</b>	20 May 2022
Chairman - CSR Committee & CEO & Managing Director DIN: 00438037	Executive Director DIN: 06998979	<b>Place</b>	Ahmedabad

# ANNEXURE-2

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

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

### PART "A" - SUBSIDIARIES

(Amount in ₹ million)

Name of Subsidiaries	Hester Biosciences Nepal Private Limited	Texas Lifesciences Private Limited	Hester Biosciences Africa Limited	Hester Biosciences Kenya Limited	Hester Biosciences Tanzania Limited
The date since when subsidiary was acquired	11 March 2016	6 June 2017	6 June 2017	27 June 2018	27 June 2018
Reporting period	31 March 2022	31 March 2022	31 March 2022	31 March 2022	31 March 2022
Reporting currency and Exchange rate	NPR 1 = 0.625 ₹	₹	TZS 1 = 0.03227 ₹	KSH 1 = 0.65876 ₹	TZS 1 = 0.0326 ₹
Equity Share capital	167.63	49.39	294.02	9.92	40.44
Other Equity	(73.84)	31.57	(81.30)	65.17	(15.64)
Total Assets	396.84	162.26	1,368.48	75.26	43.43
Total Liabilities	303.05	81.30	1,155.76	0.18	18.64
Investments	-	-	-	37.71	-
Turnover	139.25	286.44	-	-	20.15
Profit before Taxation	22.86	19.74	(32.89)	1.14	(2.95)
Provision for Taxation	-	4.96	0.04	-	0.15
Profit after Taxation	22.86	14.79	(32.93)	1.14	(3.09)
% of Shareholding	65%	54.81%	100%	100%	100%*

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

## PART “B”: JOINT VENTURES

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

<b>Name of Joint Venture</b>	<b>Thrishool Exim Limited</b>
<b>Latest Balance Sheet Date</b>	31 March 2022*
<b>Shares of Joint Ventures held by the company on the period ended 31 March 2022</b>	
Number of Shares	1,674
Amount of Investment in Joint Venture	₹ 208.15 million
Extend of Holding %	50%
<b>Description of how there is significant influence</b>	The company having 50% stake in equity shares and management of the joint venture entity.
<b>Reason why the joint venture is not consolidated</b>	Not Applicable
<b>Net Worth attributable to Shareholding as per latest Balance Sheet</b>	₹ 121.66 million
<b>Profit (Loss) for the period ended 31 March 2022</b>	
Considered in Consolidation	₹ 4.23 million
Not Considered in Consolidation	Not Applicable
* The Company has invested into the equity shares of Joint venture entity on 23 February 2022 and above stated figures are based on unaudited financials for the period ended 31 March 2022.	

### For and on behalf of Board of Directors

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

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Date** 20 May 2022  
**Place** Ahmedabad

# ANNEXURE-3

## FORM NO. AOC-2 PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

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

The Company has not entered into any contract/arrangement/ transaction with its related parties, which is not in ordinary course of business or at arm's length during the year ended on 31 March 2022. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

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

The Company has not entered into any material contract/arrangement/ transaction with its related parties, during the year ended on 31 March 2022.

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

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**For and on behalf of Board of Directors**

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

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Date** 20 May 2022  
**Place** Ahmedabad

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# ANNEXURE-4

## SECRETARIAL AUDIT REPORT

For the financial year ended 31 March 2022

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and based on the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit through electronically by way of scan copy or soft copy through mail or otherwise, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2022, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined through electronically by way of scan copy or soft copy through mail or otherwise, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2022 according to the provisions of:

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

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

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

1. Pharmacy Act, 1948
2. Drugs and Cosmetics Act, 1940 & Amendment 2008 and its Rules
3. Biological Diversity Act, 2002 & its Rules
4. Drug Policy, 2002
5. Gujarat Drugs (Control) Act, 1959

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

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

- i. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (up to 12 August 2021) and Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2021(with effect from 13 August 2021);
- ii. SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2016 and 2021;
- iii. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Up to 15 August 2021) and Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021 (with effect from 16 August 2021);
- iv. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & 2018; and
- v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 & 2018;

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

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

**I further report that,** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was change in the composition of the Board of Directors that took place during the period under review Ms. Priya Gandhi was appointed as an Additional Director (Executive – Whole-time) with effect from 28 October 2021 and Mr. Ameetkumar Desai was appointed as an Additional director (Independent) with effect from 28 October 2021. During the year, Mr. Chetas Patel has resigned as Chief Financial Officer of the Company with effect from 8 June 2021 and Mr. Nikhil Jhanwar was appointed as Chief Financial Officer of the Company with effect from 9 June 2021.

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

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

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

- i. Company has approved investment by way of acquisition of shares up to USD 3 million in Thrishool Exim Limited, Tanzania.
- ii. Company has appointed Ms. Priya Gandhi as a Whole-time Director of the Company.
- iii. The Company has availed External Commercial Borrowing (ECB) from State Bank of India to the extent of USD 12 million.

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Name of Company Secretary in practice: **Tapan Shah**  
FCS No. : **4476**  
C P No. : **2839**  
UDIN: **F004476D000319230**

**Date** 20 May 2022  
**Place** Ahmedabad

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#### **NOTE**

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

# ANNEXURE-A

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

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

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

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Name of Company Secretary in practice: **Tapan Shah**  
FCS No. : **4476**  
C P No. : **2839**  
UDIN: **F004476D000319230**

**Date** 20 May 2022  
**Place** Ahmedabad

# ANNEXURE-5

## PARTICULARS OF REMUNERATION AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2021-22:

Sr.	Name	Designation	Ratio of remuneration to median remuneration of Employees	% Increase/(Decrease) in remuneration in the financial year
<b>A</b>	<b>EXECUTIVE DIRECTORS</b>			
1	Mr. Rajiv Gandhi	CEO & Managing Director	147.77	(6)
2	Ms. Priya Gandhi *	Executive Director	7.04	N. A.
<b>B</b>	<b>NON-EXECUTIVE DIRECTORS **</b>			
1	Dr. Bhupendra Gandhi	Chairman	0.61	N. A.
2	Mr. Sanjiv Gandhi	Director	0.61	N. A.
3	Mr. Ravin Gandhi	Director	Nil	N. A.
4	Ms. Nina Gandhi	Alternate Director	0.92	N. A.
5	Mr. Naman Patel	Independent Director	2.30	N. A.
6	Mr. Amit Shukla	Independent Director	2.30	N. A.
7	Ms. Sandhya Patel	Independent Director	1.76	N. A.
8	Mr. Ashok Bhadakal	Independent Director	1.69	N. A.
9	Mr. Ameet Desai *	Independent Director	0.31	N. A.
<b>C</b>	<b>KEY MANAGERIAL PERSONNEL</b>			
1	Mr. Nikhil Jhanwar ^^	Chief Financial Officer	N. A.	N. A.
2	Mr. Chetas Patel^	Chief Financial Officer	N. A.	N. A.
3	Mr. Vinod Mali	Company Secretary	N. A.	18

\* Appointed with effect from 28 October 2021

\*\* Sitting Fees

^ Upto 8 June 2021

^^ Appointed with effect from 9 June 2021

- b. The percentage increase in the median remuneration of employees in the financial year 2021-22 was 4%.
- c. There were 584 permanent employees on the rolls of the Company as on 31 March 2022.

- d. The profit after tax for the financial year ended on 31 March 2022 decreased by 1% and the average increase in remuneration of employees was 5%.
- e. The average annual increase in the salaries of the employees, other than managerial personnel was 7%, whereas average decrease in the managerial remuneration was 1% for the financial year. The managerial remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.
- f. The Board of Directors of the Company hereby affirmed that remuneration of all the Key Managerial Personnel of the Company are as per the Remuneration Policy of the Company.
- g. There was no employee except Mr. Rajiv Gandhi, CEO & Managing Director of the Company, employed throughout the financial year with salary above ₹ 1.02 Crore per annum or employed in part of the financial year with an average salary above ₹ 8.50 Lakh per month. Details of Remuneration paid to Mr. Rajiv Gandhi is provided into Board's Report and Corporate Governance Report, which is forming part of this Annual Report.

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**For and on behalf of Board of Directors**

<b>Rajiv Gandhi</b> CEO & Managing Director DIN: 00438037	<b>Priya Gandhi</b> Executive Director DIN: 06998979	<b>Date</b> 20 May 2022 <b>Place</b> Ahmedabad
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# ANNEXURE-6

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

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### A. CONSERVATION OF ENERGY

1. **The steps taken or impact on conservation of energy:**
  - a. **Particulars of major steps taken and capital investments made:**

Smart PO panel installation to save power in chiller - Capital investment of ₹ 2.95 million
  - b. **Impact on conservation of energy:**

The installation and commissioning of Smart PO panel has been completed in the month of September 2021. We were able to achieve five percent savings in electricity consumption through said equipment. Currently, we are trying to maximise the savings to double from the existing number.
  
2. **The steps taken by the Company for utilising alternate sources of energy:**

The Company has installed solar rooftop on one building of factory premises and generation of energy is being used for the operations of the Company.

### B. TECHNOLOGY ABSORPTION

- i. **The effort made towards technology absorption;**

Installation and usage of SMART PO panel for the analysis of incoming power and to improve the transient spike in power, harmonics, increase power factor, reduce IR loss and phase balancing to reduce KWH on equipment side.
  
- ii. **The benefit derived like product improvement, cost reduction, product development or import substitution;**

The newly installed system is under observation and we have achieved a initial savings of five percent. We will try to double the savings with continuous monitoring.
  
- iii. **Imported technology (imported during the last three years reckoned from the beginning of the financial year);**

We have not acquired any technology from international sources during the year.
  
- iv. **Expenditure incurred on Research and Development:**

The Company has incurred expenditure of ₹ 12.43 million under the head Research and Development.

### C. FOREIGN EXCHANGE EARNINGS AND OUT GO

During the year, the foreign exchange earned in terms of actual inflows was ₹ 230.06 million, whereas the foreign exchange in terms of actual outflows was ₹ 137.19 million.

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#### For and on behalf of Board of Directors

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

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Date** 20 May 2022  
**Place** Ahmedabad



# **BUSINESS RESPONSIBILITY REPORT.**

**P90**





## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr.	Particulars	Details			
1	Corporate Identity Number (CIN)	L99999GJ1987PLC022333			
2	Name of the Company	HESTER BIOSCIENCES LIMITED			
3	Registered address	1 <sup>st</sup> Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380006			
4	Website	www.hester.in			
5	Email Id	mail@hester.in			
6	Financial Year reported	2021-22			
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Group	Class	Sub Class	Description
		210	2100	21001	Manufacture of pharmaceuticals, medicinal chemical and botanical products
8	Key products/Services	The Company manufactures and markets a wide range of veterinary products.			
9	Total number of locations where business activity is undertaken by the Company	The Company's businesses and operations are spread across different geographies. The Company's Manufacturing and research and development activities are operated from Plant situated at Kadi, Mehsana, Gujarat in India, details whereof provided in this annual report. The Company's registered office and five branch offices details are provided in this annual report. Details of business performance in Indian markets as well as international markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Annual Report.			
10	Markets served by the Company - Local/State/National/International	The Company has a significant presence nationally and globally in the veterinary healthcare sector.			

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	:	₹ 85.07 million
2	Total Income from Operations	:	₹ 2,193.51 million
3	Total profit after taxes	:	₹ 395.17 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	₹ 10.77 million 2.71%
5	List of activities in which expenditure in Sr. No. 4 above has been incurred:		
	a) Healthcare		
	b) Education		
	c) Ensuring environmental sustainability		
	d) Setting up homes and workshop for persons with intellectual disabilities		

## SECTION C: OTHER DETAILS

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

## SECTION D: BR INFORMATION

### 1 Details of Director/Directors responsible for BR

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

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

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

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

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

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

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

**P5:** Businesses should respect and promote human rights

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

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

**P8:** Businesses should support inclusive growth and equitable development

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

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

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

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

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

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

#### 4 Governance related to BR:

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

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

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

The Company publishes BR Report as a part of Annual Report. The Company publishes BR report annually. Report is posted on the Company's website and can be accessed at: <https://www.hester.in/corporate-governance>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1

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

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

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

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

### PRINCIPLE 2

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

Our manufacturing plant has been inspected by the leading regulatory agencies of India, Tanzania, Egypt, Uganda, Ethiopia etc. Our manufacturing facilities are in compliance with the WHO GMP and cGMP standards defined in various standard operating procedures and protocols. Hence, utmost care is taken to ensure that products conform to stringent quality standards and stability of products is submitted during the periodic audits. All these manufacturing plants have received environment audit certifications from ISO and OHSAS.

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

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

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

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

### PRINCIPLE 3

#### **Businesses should promote the well-being of all employees**

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

The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on 31 March 2022 are provided in the below table:

Category of Employees	Number of Employees
Permanent Employees	584
Contractual employees	344
Permanent Woman employees	34
Permanent employees with disabilities	Nil

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

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

#### **PRINCIPLE 4**

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

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

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

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

#### **PRINCIPLE 5**

**Businesses should respect and promote human rights**

The company is committed to promote human rights and adheres to the same in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company strives to provide a non-discriminatory and harassment-

free workplace for all its employees and contract staff. The Factories Act, 1948 and Gujarat Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2019, provides the overarching framework for the Company's policy on human rights for the employees working at different locations. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The Company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. There were no stakeholder complaints in the reporting period pertaining to human rights.

#### **PRINCIPLE 6**

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

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

The Company continues to invest substantial resources towards sustaining and continuously improving standards of environment, occupational health and safety. Competent EHS cell has been instituted at each facility to cater to the day-to-day EHS related activities. To gratify the EHS value as a whole with systematic approach, company's facility is accredited for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. Towards green initiatives, the Company is, rain water recharge, using energy efficient techniques, developing green belt, etc. The Company conducts various programmes on environment, health and safety to raise awareness among all employees.

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

by the regulators. The Company complies with pollution and environmental laws.

#### **PRINCIPLE 7**

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

The Company is a member of following Chambers and Associations:

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

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

#### **PRINCIPLE 8**

**Businesses should support inclusive growth and equitable development**

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

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

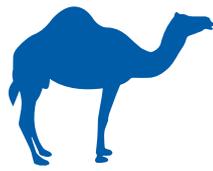
#### **PRINCIPLE 9**

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

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

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

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



# **MANAGEMENT DISCUSSION AND ANALYSIS.**

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# ECONOMY OVERVIEW

## GLOBAL ECONOMY

As the global economy was gradually recovering from the COVID-19 pandemic, with several regions relaxing restrictions, it faced yet another challenge. Since late February 2022, the continued war between Russia and Ukraine has created a humanitarian crisis. The cyclical ups and downs of the COVID-19 pandemic are going to be one of the important indicators of future global economic growth. The global economy grew by 6.1% in 2021, supported by consumer spending, investments, and international trade. The end of 2021 was marked by growing inflation, supply chain difficulties, and the gradual withdrawal of fiscal assistance. The emergence of the extremely contagious Omicron strain of COVID-19 worsened the situation. Vaccination initiatives were swift and efficient in majority of the rich economies but took longer in some developing nations.

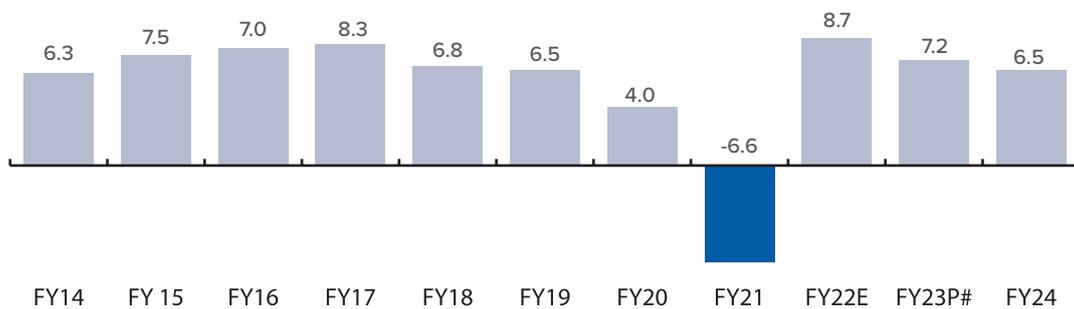
<b>WORLD ECONOMIC OUTPUT (%)</b>	<b>2021</b>	<b>2022P</b>	<b>2023P</b>
<b>World Output</b>	<b>6.1</b>	<b>3.6</b>	<b>3.6</b>
<b>Advanced Economies</b>	<b>5.2</b>	<b>3.3</b>	<b>2.4</b>
United States	5.7	3.7	2.3
Euro Area	5.3	2.8	2.3
Japan	1.6	2.4	2.3
United Kingdom	7.4	3.7	1.2
Canada	4.6	3.9	2.8
Other Advanced Economies	5.0	3.1	3.0
<b>Emerging Market and Developing Economies</b>	<b>6.8</b>	<b>3.8</b>	<b>4.4</b>
<b>Emerging and Developed Asia</b>	<b>7.3</b>	<b>5.4</b>	<b>5.6</b>
China	8.1	4.4	5.1
India	8.9	8.2	6.9
<b>ASEAN-5</b> (Indonesia, Malaysia, Philippines, Thailand, Vietnam)	<b>3.4</b>	<b>5.3</b>	<b>5.9</b>

Source: IMF World Economy Outlook April 2022

Due to geopolitical tensions, pandemic-related difficulties, income disparities, persistent supply chain issues, and rising inflation and debt levels, the rate of global economic recovery is anticipated to decline in 2022. India, China, and other Southeast Asian nations are expected to continue to drive global economic growth. In 2022 and 2023, the Russia-Ukraine war and lockdowns resulting from China's high viral infection rates are projected to reduce global economic growth to 3.6%. Numerous governments tightened their monetary policies in response to rising inflationary pressures. Risks to the global economic outlook have increased substantially, making policy trade-offs more difficult. Globally and in India, the trajectory of COVID-19 and vaccine advancements, and inflation remain the primary drivers of economic activity.

## INDIAN ECONOMY

India is predicted to become one of the top three economic powers in the near future because of its robust democracy and strategic relations. Despite well-designed fiscal and monetary policies, the COVID-19 outbreak led to a contraction of India's GDP by 6.6% in FY 2020-21. About 191.65 crore vaccinations were administered in the country as of 18 May 2022. On the back of swift vaccination programme rollouts and government assistance, India suppressed the third wave of COVID-19 while simultaneously pursuing economic recovery. Positive economic growth is indicated by subsequent increases in a variety of metrics, including the mobility index, direct tax receipts, and electricity demand. The National Statistics Office forecasts India's GDP growth to reach approximately 8.7% in FY 2021-22, placing India among the fastest-growing global economies. India also remained a significant contributor to the 2021 global economic rebound.



Source: National Statistics Office 2<sup>nd</sup> Advance Estimates dated 31 May 2022,  
#RBI SPF report as of 8 June 2022

Consumer confidence has grown, manufacturing business conditions have improved, financial markets have stabilised, demand has increased, and market circumstances have improved, all of which have contributed to India's consistent economic growth. Due to a continuous emphasis on infrastructure, investment, manufacturing improvement, better logistical capabilities, assistance for MSMEs, green economy goals, expanding digitalisation, and banking expansion, the FY 2022-23 budget adequately met expectations of an accelerated economic path. In March 2022, the annual inflation rate in India jumped to 6.95%, the highest level since October 2020. Consequently, the RBI lifted the policy repo rate by 50 basis points to 4.90%. The RBI estimates that conflict-related inflation will decrease India's GDP growth to 7.5% in FY 2022-23 and by 6.5% in FY 2023-24. The prognosis for private sector investment remains positive, and the financial system is in a strong position to support the economic recovery.

# INDUSTRY OVERVIEW

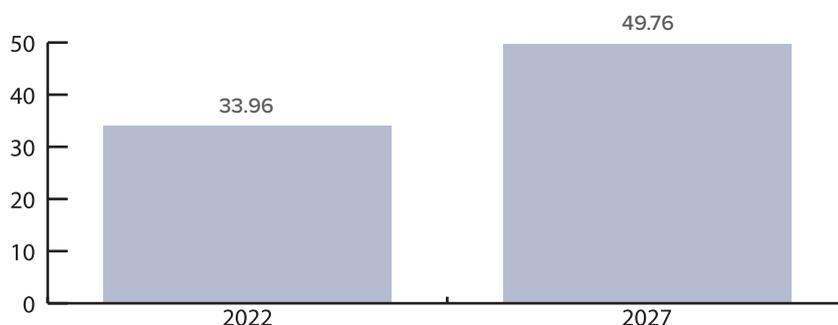
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## GLOBAL VETERINARY HEALTHCARE INDUSTRY

With the increasing number of human infections originating in animals, veterinarian services are vital for protecting animals, public health, and food safety. Non-clinical veterinarian services include boarding, grooming, animal training, daycare, and other non-clinical services. Veterinary services also include the provision of preventative care (to prevent the spread of disease), the management of the supply of medications, vaccines, and a variety of other products, and overseeing breeding centers, among others. In addition, the veterinary services include pet grooming services, pet transportation services, surgery services, and other emergency-related treatment services. This, together with the growing acceptance of companion animals worldwide, is a crucial factor driving the veterinary healthcare market expansion. Due to the COVID-19 outbreak, governments are loosening telemedicine and veterinarian-client-patient relationship (VCPR) rules and making telemedicine available to pet parents. It's used for postoperative checks, dermatological concerns, behavioural issues, and scheduled follow-up visits for pets with chronic conditions, allowing veterinarians to prescribe a therapy without directly examining pets. Recent advancements in pet services, such as online pet pharmacy and subscription food and product delivery, are driving industry growth. Vaccines, antimicrobials, and diagnostic tools are examples of breakthroughs in animal health biotechnologies that are favourably impacting the industry. Also, significant growth in the cattle sector is expected to boost the market in the coming years.

Global acceptance of improved veterinary care is projected to increase as the number of government activities to ensure food security increases. The rising demand for veterinary care, which is driving market expansion, is mostly the result of an increase in pet adoption and humanisation around the world. The global veterinary market size was expected to be over USD 33.96 billion in 2022 and is anticipated to expand at a CAGR (Compound Annual Growth Rate) of over 7.94% from 2022 to 2027 to reach USD 49.76 billion. The increasing frequency of zoonotic illnesses and expanding penetration of e-commerce platforms encouraging online pharmacies are expected to propel the market's expansion. Numerous developed nations serve as the global epicenter for the rapid expansion of online pharmacies, which provide numerous advantages such as ease and lower pricing for ordered prescriptions. Investing in Research and Development (R&D) to come up with improved product offerings, and acceptance of sophisticated technologies by major players, to revolutionise the animal healthcare industry will result in market growth.

## GLOBAL VETERINARY MARKET SIZE (IN USD BILLION)



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Source: Market data forecast.com for the veterinary healthcare industry

North America is one of the world’s most developed regions. It now dominates the veterinary healthcare market, and this trend is anticipated to continue from 2022 to 2027. The growing number of collaborations and mergers and acquisitions between organisations is also anticipated to help the market’s expansion. Demand for improved and enhanced veterinary treatment for livestock and companion animals also contributes to market growth. Major players in the business are concentrating on extending their product portfolio and global reach by investing in advanced R&D or acquiring other companies. Consequently, the increased availability of veterinary services, particularly from private industry leaders around the world, will drive market growth during the projection period.

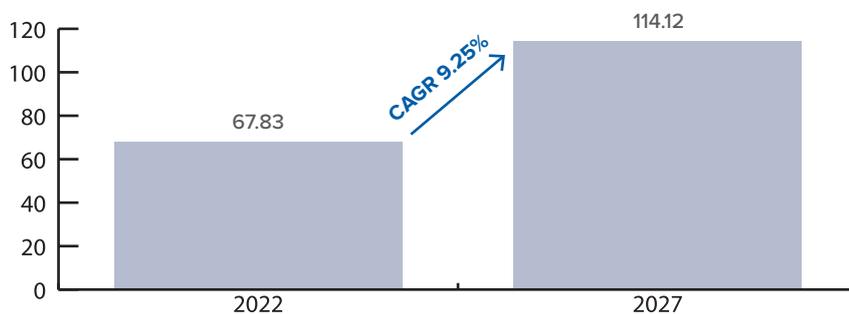
Source: Market data forecast.com for the veterinary healthcare industry

## INDIAN VETERINARY HEALTHCARE INDUSTRY

Animal health refers to the monitoring of livestock and domesticated animals on a regular basis. It entails the creation of veterinary medications, insecticides, feed additives, medicines, and biologics. It aids in maintaining a steady food supply and preventing the spread of several zoonotic diseases, such as feline leukaemia, animal flu, Lyme disease, and tick infestation, which are caused by viruses, germs, and other parasites. Veterinary services help reduce interspecies transmission. As a result, veterinary services in India have been significantly gaining traction over the past decade.

The Indian Federation of Animal Health Companies (INFAH), an organisation established under Section 25 of the Companies Act, engages in substantial efforts to raise awareness about disease control and appropriate treatments. This, together with the widespread use of feed additives that improve animal health and enhance the quality of milk, meat, and eggs, have proven favourable for the market. In addition, technological advances such as the incorporation of the Internet of Things (IoT) into animal health monitoring solutions are propelling the market in India. The growth is further aided by the growing popularity of pets and the expanding use of mobile sensors and wearables to monitor animal behaviour and health.

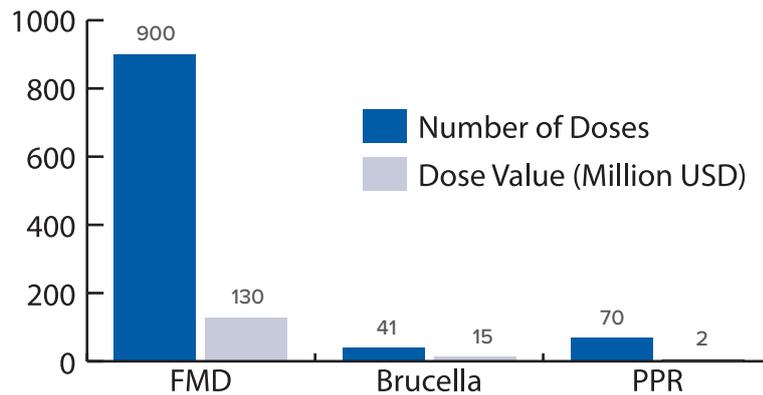
## INDIAN ANIMAL HEALTH MARKET (IN ₹ BILLION)



Source: Imarc animal health market report

From 2014-15 to 2020-21, the livestock sector has grown at a CAGR of 7.93% according to DAHD (Department of Animal Husbandry & Dairying). India has more than 300 million cows and buffaloes and a little over 500 million livestock animals comprising dairy cows, buffaloes, sheep, goats, and pigs. The Indian animal health market was worth ₹67.83 billion in 2021. IMARC Group forecasts that the market would reach ₹114.12 billion by 2027, expanding at a CAGR of 9.52% between 2022 and 2027.

## NUMBER OF VACCINE DOSES AND DOSE VALUE (IN USD MILLION) GIVEN IN FY 2020-21 IN INDIA



Source: Animalhealthindia.com (livestock vaccines)

A highly ambitious Foot and Mouth Disease (FMD) control programme aims to vaccinate all cattle, buffaloes, sheep, goats, and pigs every six months throughout the nation in order to establish FMD-free zones. It is proposed that these vaccinated animals be identified using unique animal identification ear tags. The programme also involves twice-yearly deworming of the targeted cattle population as one of its objectives. About 900 million doses have been offered or contracted in FY 2020-21 - a potential yearly value of USD 130 million. All female cows and buffaloes are the focus of the Brucella Control Program. The programme envisions lifetime immunisation coverage of 100% for female cattle and buffalo calves (4-8 months old). In FY 2020-21, about 41 million doses of Brucella abortus S-19 strain have been offered or contracted for, representing an estimated USD 15 million per year.

Approximately 230 susceptible sheep and goats are vaccinated at least once in their lifetimes as part of the PPR Control Program, which targets solely the existing sheep and goat populations. In FY 2020-21, about 70 million doses of the PPR Sungri-96 strain have been tendered or contracted for, representing an estimated USD 2 million.

In the past two decades, India's poultry production has quadrupled, making it one of the countries with the greatest rate of expansion. Over seventy percent of poultry production, especially in the broiler category, is generated by organised commercial farms; the change from backyard poultry to large-scale commercialisation has occurred gradually over the years. Farmers in India have transitioned from raising country birds to hybrids, which provide better operating conditions and more sustainable income.

According to IMARC Group, the Indian poultry market reached a value of ₹1,708 Billion in 2021 and the industry is expected to reach ₹3,170 Billion by 2027, exhibiting a CAGR of 10.5% during 2022-2027. The rising consumer health awareness, coupled with the increasing inclination towards protein-rich food products, is primarily driving the poultry market in India. Moreover, increasing exposure to global cuisines, changing consumer food habits, and growing adoption of non-vegetarian or egg-eating diets are also propelling the demand for broiler meat and eggs. The growth is further aided by improving consumer living standards and elevating preferences for healthy lifestyles. Apart from this, the launch of numerous initiatives undertaken by the Indian government for encouraging poultry farming

in the country is also bolstering the market growth. Several government bodies, such as the DAHD, are introducing capital fund schemes to support poultry business and educating farmers to improve their yield quality.

Source: Animalhealthindia.com, IMARC, OpenMedia (icra.in)

## INDIAN PET CARE INDUSTRY

India is one of the world's fastest-growing markets, and the pet care industry's perspective has evolved from pet ownership to responsible pet parenting, which has affected the duties of caregivers and the quality of life for pets. The retail value of the Indian pet care industry has increased from USD 347.23 million in 2019 to USD 498.44 million in 2021. The industry is anticipated to develop at a CAGR of over 19% by 2025. The following are some of the latest developments in pet care:

## RECENT TRENDS IN THE PET CARE INDUSTRY

Pet adoption is gaining in popularity

Personalised animal care facilities

Enhancements in the pet food industry

Pet insurance policy

Pet Health Care Progress

Pets have become a vital part of many households, giving emotional support, joy, and a sense of well-being. The rise in demand for pet food, pet medication, cleaning products, and pet care enterprises will be driven by pet owner's desire to improve their pets' quality of life. Pet owner's comprehension has dramatically enhanced. Since pet parents in urban areas, tier-2, and tier-3 cities are aware of proper pet care practices and demand the same from veterinarians, continuing education is necessary. Thus veterinarian education forums are vital. These forums are vital for knowledge transmission since groundbreaking, highly specialised research is being conducted globally. Due to shared knowledge, veterinarians are bringing local practices up to international standards. Multiple multispecialty clinics are opening in large cities. These clinics are equipped with the latest diagnosis and treatment technology.

Source: IBEF Pet Care Industry report

## MAJOR INDUSTRY GROWTH DRIVERS

- **Rising insurance policies for pet healthcare**  
Penetration of new policies into pet owners is significantly influencing the demand of this market. In the developed market, the penetration rate of pet insurance policies is very high. For example, in the United States, the need for pet insurance is growing at a higher rate. In the UK, the pet care insurance penetration rate was 20%. The introduction of various pet insurance policies is solely increasing visits to veterinary healthcare centers or clinics.
- **Increasing awareness of zoonotic diseases**  
India has the highest incidence of zoonotic diseases among developing nations, resulting in widespread illness and death. The increasing prevalence of zoonotic diseases and the substantial expansion of the veterinary pharmaceutical sector are the primary factors driving the Indian animal health market. Increasing usage of feed additives, which aid in strengthening animal health and the quality of goods like milk, eggs, and meat, is an additional factor driving market expansion.
- **Favorable regulatory environment**  
Numerous government agencies have taken the initiative to provide superior veterinary healthcare. These agencies also monitor the release of various vaccines to prevent infectious diseases such as Foot and Mouth Disease (FMD) in animals. Implementation of regulations against unlawful animal killing and animal mistreatment will encourage individuals to adopt animals. The Indian government is conducting substantial research and development in the field of animal health to raise awareness for disease control and provide efficient therapies. Increase in government funding for the development of novel vaccinations is accelerating the expansion of the veterinary healthcare business.
- **Favourable demographics**  
Changes in lifestyles, greater urbanisation, nuclear families, single status, few or no children, and employment stressors are producing a huge demand for emotional support, which drives the trend toward animal healthcare.

The animal health domain is changing toward the development of intelligent remote health monitoring equipment. Internet of Things (IoT) technology is increasing across all industries, including animal health. Private and public partnerships could make this technology more affordable and animal-friendly.

Source: marketdataforecast.com

## GOVERNMENT INITIATIVES

India is experiencing a considerable increase in the prevalence of zoonotic illnesses. This, along with the expanding veterinary pharmaceutical business, is one of the primary factors driving market expansion. Moreover, because the dairy business is dependent on animals, the Indian government is investing more in animal healthcare. In addition, both the government and numerous Non-Governmental Organisations (NGOs) conduct Research and Development (R&D) in the field of animal health. Following were the initiatives taken during FY 2021-22 by the government.

- Government of India has allocated ₹6,470.31 crores to the Ministry of Fisheries, Animal Husbandry, and Dairying (AH&D) in the Union Budget for 2022-23, up by 44% in the Union Budget for 2021-22.
- The government has recently revised and realigned various components of its schemes for the next five years beginning in FY 2021-22, with an outlay of ₹9,800 crores for leveraging a total investment of ₹54,618 crores for the next five years. This aims to further boost growth in the livestock sector and make animal husbandry more profitable for the 10 crore farmers involved in the sector.
- Mobile veterinary clinics will be established in the country over the next five years as part of the Livestock Health and Disease Control scheme.
- In FY 2021-22, nationwide, 28 crore animals have been vaccinated against Foot and Mouth Disease and brucellosis using high-quality vaccinations as per the DAHD annual report for FY 2021-22
- The National Animal Disease Control Programme (NACDP), which was established in September 2019 to eradicate FMD and brucellosis in cattle, intends to control livestock diseases by 2025 and eradicate them by 2030. As of 18 May 2022, 202.97 million FMD vaccinations and 7.3 million brucellosis vaccinations were performed on 212.62 million registered animals.
- Under the National Artificial Insemination Programme (NAIP) for breed improvement 24.3 million artificial inseminations were undertaken in FY 2021-22, out of 7.95 million were conducted on buffaloes.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1794798>  
NADCP - INAPH (nddb.coop),  
Artificial Inseminations - INAPH (nddb.coop)  
DAHD FY 2021-22 annual report

# COMPANY OVERVIEW

## COMPANY BACKGROUND

Hester Biosciences Limited (henceforth referred to as 'the Company' or 'Hester') is one of the leading and pioneering animal healthcare companies in India. Since its incorporation in 1987, the Company has been engaged in the production and distribution of vaccines and health products. Hester is headquartered in Ahmedabad, Gujarat. Hester is currently the second-largest maker of poultry vaccines in India, having acquired strong brand equity over the years.

The Company principally engages in two business verticals, namely Poultry Healthcare and Animal Healthcare. The Company's products are registered with several countries, and internal agencies, and have gained widespread recognition in both India and international markets. Hester has built a presence in several regions of Africa and in numerous nations, including Vietnam, Indonesia, Nepal, and Bangladesh. The products and services offered by Hester include over 51 vaccines and 70+ health products. The Company aspires to play a larger role in bolstering the livestock industry in India and contributing to the nation's development through innovation and the creation of new capabilities. Constant investments are made in geographical market expansion and personnel to expand its business and enhance the existing production capacity.

## ROBUST PRODUCT OFFERINGS

Hester has a proven track record of over three decades in the production of poultry vaccines. The Company's product category is divided into two segments: Poultry Healthcare and Animal Healthcare. The Company offers over 48 poultry vaccination products, including live vaccines, inactivated vaccines, and various other health products. In addition to ELISA (Enzyme-Linked Immunosorbent Assay) & PCR (Polymerase Chain Reaction) diagnostic kits, the Company develops and sells NDV (Newcastle Disease Virus) and IBV (Infectious Bronchitis Virus) ELISA kits for poultry sero-monitoring and PCR molecular diagnostic kits for a number of diseases. These kits aid in the accurate diagnosis of illnesses or virus strains in broilers, resulting in the implementation of corrective measures.

Hester began producing and marketing large animal vaccines in March 2015 and presently produces three types of large animal vaccines.

- PPR (Peste Des Petits Ruminants) vaccine against the sheep and goat plague
- Goat pox vaccine- Hester is the first Company in India to manufacture a vaccine against the disease
- Brucella abortus (S19) calf vaccine

In addition, the Company offers a vast selection of pharmaceuticals, feed supplements, and disinfectants for poultry and large animals.

## BUSINESS STRENGTHS

- **Strong Distribution Network**  
In addition to making vaccines available at competitive prices, the Company's distribution network in India guarantees a delivery system that maintains a cold chain to the end user. The distinctiveness of the distribution approach won Hester a partnership with GALVmed, for establishing the largest backyard poultry vaccination programme in the world.
- **State of the Art Manufacturing Facilities**  
Hester has three cutting-edge production facilities for vaccines, health products, and diagnostics. Hester's first manufacturing site is located in Kadi, Mehsana district, Gujarat. It is the largest animal biological manufacturing facility in Asia, built in accordance with international benchmarks for quality and compliance. The second manufacturing unit of the Company is based in Kathmandu, Nepal. Hester's established manufacturing capacity in India is 6.25 billion doses, while its capacity in Nepal is 1.24 billion doses. During the year ended 31 March 2022, the Company completed the construction of its third vaccine manufacturing plant in Tanzania, Africa, and the current manufacturing capacity is 1.5 billion doses.
- **Extensive Research & Development reach**  
Hester is an ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, Good Manufacturing Practices (GMP), and Good Laboratory Practices (GLP) certified Company. The Company has achieved GMP certification for its plants in India, Nepal and Africa. The Company's research and development competencies are its greatest strength.
- **Leading Player in Africa**  
Hester Africa's manufacturing facility has begun producing vaccinations against PPR and CBPP (Contagious Bovine Pleuropneumonia Vaccine).

This initiative will enable Hester to become a prominent player in Africa and greatly contribute to the social and economic prosperity of Tanzania and the African continent. The Company has already started manufacturing and marketing the PPR Vaccine - Nigerian Strain; second is the Newcastle Disease Vaccine for the poultry and the third is the CBPP.

- **A One Health Mindset**

Human and animal health is well-known to be linked and tied to the health of the ecosystems they inhabit. Hester is prepared to address the requirements of the worldwide community to improve animal health, as well as human health, and make livelihoods more resilient.

The purpose of this notion is to comprehend threats to human and animal health (including both domestic and wild animals) and the environment. About 60% of existing human infectious diseases are zoonotic, and at least 75% of developing human infectious diseases have an animal origin, according to the World Animal Health Organisation (WOAH). Controlling zoonotic infections at their animal source protects people most effectively and economically. Hester is well-poised to effectively contribute to this global effort.

- **Enhancing Global Footprints**

Through its companies, Hester is growing its distribution network in select African nations. This network will distribute vaccines and health products from the Company's plants in India, Nepal, and Tanzania, thereby driving international commercial expansion in the next few years. In Nepal, the Company possesses seventeen vaccination licences and anticipates acquiring eight more in the near future. These vaccines will be offered for sale domestically. Africa would be the Company's primary emphasis region. In Africa, the Company is developing a specialised animal vaccine manufacturing facility, which will be supported by India's poultry vaccines. The Tanzania unit in Africa, which focuses on seizing the enormous market potential in Africa, has been completed. It is familiar with a full-scale depot, refrigerated storage, and transportation facility. The Company is in the midst of creating a sales and distribution network there, with the domestic market and East African countries in mind. In addition, the Company has entered into a technological collaboration with Novapharma of Egypt, which is anticipated to unlock tremendous possibilities. Given the huge demand for poultry vaccination and the lack of competition in Egypt, the Company would be able to achieve a large market share. Additionally, Hester Nepal also won

the tender from World Animal Health Organisation (WOAH), to create a vaccine bank for the PPR vaccine. Hester also acquired a 50% stake in Thrishool Exim Limited (TEL), a distribution company in Tanzania. TEL is a supplier and distributor of animal health and nutrition products of many companies. TEL's product range includes veterinary feed additives, feed raw materials, nutritional supplements, therapeutics and equipment sourced from recognised international producers. It has an established sourcing network with globally positioned partners from Europe, Asia and Southern Africa.

## KEY BUSINESS STRATEGIES AND DEVELOPMENTS

- **Gaining from diverse and inclusive product offerings**

The Company has risen to the forefront of the animal healthcare industry, particularly in relation to cattle, poultry, and other large animals. In recent years, the Company has diversified its portfolio from a mostly domestic poultry vaccine to a whole chain of veterinary vaccines, pharmaceuticals, and healthcare divisions. Hester will continue to enhance its product mix by introducing new products and services. Hester has chosen to focus on herbal remedies in accordance with the global trend to reduce the use of antibiotics.

For both the Poultry and Animal divisions, majority of the Company's upcoming new products will be natural or herbal in nature. In April 2021, the Company formally incorporated a new line of herbal products for livestock and poultry to promote the general health of animals and complement its existing product line.

- **Expanding sales and distribution network**

To lessen reliance on a single product, division, or region, the Company has strategically grown sales of health products. Although these products will have a lower gross margin, they will benefit the top and bottom lines in the long run.

Additionally, the Company is examining global manufacturing and distribution expansion prospects for animal health products and biologicals. To increase the reach of the Company's products into new geographies, the marketing and sales team has and will continue to expand its field staff.

- **Expanding technologies partnerships & alliances**

In the first step, the Indian government intends to immunise 40 million female calves against

Brucella through vaccination. The Company has already entered into an agreement with ICAR-IVRI to produce the Brucella Abortus S19 Delta Par vaccine. This formed a step forward in the Company's efforts to create a Brucella vaccine with better safety, immunogenicity, and lifelong immunity with a single vaccination in calfhood. Brucella is a disease of global economic relevance. With this vaccine, it is anticipated that the Company would reach new heights by becoming a global conduit for immunising cattle against brucella. The Company is in the process of launching the improved inactivated Coryza Vaccine (an upgraded version of the existing poultry vaccine portfolio's conventional Coryza Vaccine).

Hester signed two agreements with ICAR-IVRI (Indian Council of Agricultural Research – Indian Veterinary Research Institute) in April 2021 for the acquisition of technologies for the production and commercialisation of Classical Swine Fever Vaccine and Sheep Pox Vaccine in order to produce low-cost, high-quality vaccines in India.

Hester also got the government tender contract for the supply for the PPR vaccines for the next 2 years. Total quantity would be approximately 20 crores doses of PPR vaccines in 2 year's time, resulting in 20 -25 crores of incremental revenue.

These are the first vaccines created in India as part of Atmanirbhar Bharat, the government's initiative to make India self-sufficient. The vaccines aim to reduce economic losses in pig and sheep farming in India, whose populations are predicted to be 9.06 million and 74.26 million respectively.

- **Increasing production capacity**  
Hester intends to expand its production capacities considering the numerous global opportunities and rising demand for vaccines, such as those for Brucella and LSD. Under the capacity enhancement projects, the Company is now working on two projects, the first of which is increasing the capacity for bulk antigens and the second of which is increasing the capacity for the finished vaccines.
- **Expansion into the rural and residential PPR market**  
Under the brand name Live Thermovac PPR Vaccine, Hester Biosciences Nepal has successfully developed and introduced its Live Thermotolerant PPR (Peste Des Petits) Vaccine - Nigerian 75/1 Strain. The Company has begun its commercial production and marketing, which will be offered in packets containing 25, 50,

or 100 doses. As most small ruminant keepers reside in rural areas, the thermo-tolerant property of this vaccine will permit the safe delivery of a stable vaccine in distant regions of the world where maintaining the cold chain is difficult. The thermo-tolerant PPR vaccine will be added to the Company's offerings for a specific rural and backyard market, primarily comprised of smallholder livestock caretakers around the world. As an active player in FAO - floated tenders for global PPR vaccination, Hester is playing a key role in PPR Disease control which will also help the Company commercially in achieving higher revenue growth. Being a successful bidder of WOA (erstwhile OIE), the PPR vaccine bank tender will not only aid in the Company's commercial goals of achieving higher revenues, but also make it a frontrunner in the global fight against the deadly PPR disease.

- **Creating a vaccination for COVID-19**  
Hester has an excellent understanding of and the capability to enter the human vaccine market due to its experience in animal vaccine production and the efforts to develop recombinant vaccines. The Company has launched the development of a COVID-19 illness vaccine. The Company, in conjunction with the Gujarat Biotechnology Research Centre (GBRC), Government of Gujarat (GoG), has entered into a licencing arrangement with Bharat Biotech for the production of the Drug Substance for Covaxin. The Company is currently constructing a BSL-3 facility for the production of Covaxin's drug substance. The construction is expected to be completed in FY 2022-23. The project is on schedule to manufacture up to seven million doses of drug substance equivalent per month for Bharat Biotech.
- **Foraying into the Pet Care Industry**  
Hester Biosciences Limited has expanded into the pet care industry in April 2022. The pet care industry has quickly transformed into a sympathetic and passionate industry. Hester has extensive knowledge of animal biology, cutting-edge R&D skills, and four decades of animal healthcare experience. This expansion fits their aim to improve human health through healthy animals.  
  
Hester's pet care portfolio includes dermatological, grooming, anti-infective, and specialty items. The idea is to make pet-specific products. Hester aims to add pet biologicals and diagnostics. The portfolio targets veterinarians and pet parents with services that meet pets' increasing requirements.

## FINANCIAL OVERVIEW

The Company's sales increased by 5% to ₹2,193.51 million in FY 2021-22, as compared to ₹2,084.77 million in FY 2020-21.

The Poultry segment produced revenues of ₹1,673.82 million in FY 2021-22, up 11% from ₹1,513.97 million in the prior fiscal year. The section provided 76% of the Company's total revenues in FY 2021-22, up from 73% in FY 2020-21.

Animal segment sales increased by 22% to ₹481.20 million in FY 2020-21, compared to ₹395.07 million in the prior fiscal year. The division produced 22% of the Company's total revenues in FY 2021-22 as compared to 19% in FY 2020-21.

Other Operating Income decreased to ₹38.49 million in FY 2021-22 from ₹175.73 million in FY 2020-21.

The Company's domestic sales increased by 12%, from ₹1,693.17 million in FY 2020-21 to ₹1,886.17 million in FY 2021-22. The Company generated export sales of ₹268.85 million in FY 2021-22, an increase of 22% compared to ₹215.88 million in FY 2020-21. The Company's EBIDTA decreased by 559 basis points, from 35% of sales in FY 2020-21 to 30% of sales in FY 2021-22. The Company's Net Profit decreased by 112 basis points, from 19% of sales in FY 2020-21 to 18% of sales in FY 2021-22.

For FY 2021-22, the Company has recommended a dividend of ₹10 per share i.e. 100%. This is in accordance with the Company's dividend policy of distributing at least 18% of net income as dividends.

## SIGNIFICANT FINANCIAL RATIOS

Sr.	Ratio	Current Period	Previous Period	% Variance	Reason for variance
(a)	Current ratio	2.22	4.03	-45%	Increase in current liabilities due to increase in short term borrowings which are resulting into lower current ratio.
(b)	Debt-equity ratio	0.45	0.07	579%	There is an increase of ₹1,060 Million in total debt as compare to previous period on account of capital expenditure.
(c)	Debt service coverage ratio	3.40	9.65	-68%	Reduction in coverage ratio due to higher principal repayment in current period as compared to previous period.
(d)	Trade payables turnover ratio	10.60	7.20	48%	Higher turnover ratio on account of reduction in trade payables as compared to previous period.
(e)	Return on capital employed (%)	13.91%	22.47%	-38%	There is an increase in capital employed by ₹1,363 million as compare to previous period.
(f)	Return on Net Worth (%)	15%	17%	-13%	Lower Return on Net Worth ratio due to moderation in profitability.

# BUSINESS OUTLOOK

Hester had been working on vaccines such as Classical Swine Fever and Sheep Pox and is hoping to launch them in the near future. Hester intends to introduce several new disinfectants to the market. Additionally, the Department of Animal Husbandry and Dairying (DAHD) has given the firm the PPR national contract for the nationwide eradication of the PPR disease. The supply tendered would amount to 200 million doses over two years. Under the terms of this agreement, the business will distribute the PPR vaccination nationwide for two years to be implemented during FY 2021-22 and thereby resulting in significant growth in FY 2022-23. Moreover, the fill-finish line for animal vaccinations will be operational in the near term. The capacity expansion projects are accomplished effectively by the Company in a timely manner as per plans. In order to grow and expand the Animal Healthcare division further, the Company is in the process of enlarging its existing product portfolio; a variety of therapeutic products. The Company has ventured into the pet industry and started commercializing its pet products, which is expected to gain further momentum in the near future.

## KEY RISKS AND MITIGATION STRATEGIES

**Economic Risk:** The Company's products aid in the production of the least expensive types of animal protein, such as milk, eggs, and meat. Any economic slowdown will have an impact on the demand for these items, which might negatively influence the Company's animal healthcare product sales.

**Mitigation Strategy:** The Company regularly monitors the business and economic environment, adapts new technology, and seeks to increase market penetration to counteract such an incident as part of its mitigation strategy.

- **Peer Risk:** Given the industry's high registration standards, both the manufacturing processes and geographical expansion are extremely complex. New market entrants with superior technology or a shift in marketing strategies on the part of the Company's rivals could pose formidable competition for the business.
- **Mitigation Strategy:** Hester has demonstrated competency in research and unmatched technical experience in the sector, which he employs in his mitigation strategy. In addition to being one of the leading animal healthcare organisations in Asia, the Company has built a strong reputation among its clientele. By extending its regional reach and diversifying its product offering, the Company

simply strives to stay ahead of the learning curve.

- **Challenges in product development:** One of the Company's significant product advantages is the availability of a thermostable vaccination for Newcastle disease, for which a cold chain distribution system is unnecessary. This enables the Company to market its products in remote areas. In the event of development delays, the Company would be unable to deliver this product in locations without cold storage distribution infrastructure.
- **Mitigation Strategy:** The Company's Live Thermotolerant PPR has been successfully developed and released. Hester has been producing and distributing its thermotolerant PPR vaccine since December 2020. The vaccine is being sold in bundles including 25, 50, and 100 doses. Hester is in the vanguard of the global campaign for the eradication of PPR because of the discovery of this thermotolerant PPR vaccine.
- **Foreign exchange risks:** Since the Company's operations are exposed to a large number of regions, it transacts in a variety of currencies. Any unfavourable fluctuations in the exchange rate would negatively impact the Company's finances and operating results.
- **Mitigation Strategy:** In FY 2021-22, the Company generated over 14% of its revenue from exports and imported a portion of its raw materials. Hester continuously evaluates the exchange rate risk resulting from foreign currency transactions. By taking a tight hedging approach, the Company mitigates foreign exchange risks. The Company hedges its exposure to foreign currency risk via a number of derivative financial products, such as foreign exchange forward contracts.
- **Regulatory risks:** The Company operates in a highly regulated and competitive global environment. Enhanced regulatory supervision and undesirable regulatory developments in major areas could have a negative influence on the Company's operations. In addition, any infringement or failure to comply with standards may result in the revocation or suspension of licenses, imposition of fines, and criminal penalties.
- **Mitigation Strategy:** Over the past few decades, the Company has created a strong relationship with local government and authorities, from

whom it continues to enjoy unwavering support. The Company always strives to reduce political or regulatory risks by utilising adequate legal consultations and maintaining proper documentation.

## **HUMAN RESOURCES POLICY**

The Company's performance culture is strongly related with employee productivity and performance engagement. They operate the levers that move forward-thinking organisations to greater heights of performance excellence and employee engagement. Through structured empowerment, the Company prioritises providing an adequate platform and opportunity for an individual's development and growth within a professional work culture that supports collaboration and high-performance teams. The HR team has established a plan to optimise employee acquisition, training, retention, promotion, recognition, and compensation.

Women's leadership is strongly encouraged at Hester. Hester's Executive Director and heads of all three plants in India, Nepal and Tanzania are women. The human vaccines division has recruited young women and men with the aim to infuse young talent into the organisation. A few of our young employees are gold medalists in the field of microbiology.

At the recruitment stage, the Company uses effective selection tools to determine whether an applicant possesses the appropriate skill set for a successful job – man fit. Hester responds proactively to the business's effective learning needs and opportunities with the goal of mitigating skill gaps through targeted interventions and assisting employees in meeting the requirements of their roles.

The Company believes in a meritocracy in which individuals are recognised for their achievements through a variety of rewards systems. Periodically, performance is evaluated against predefined standards using an industry-leading performance management process. Employees with superior performance are recognised for effective engagement and retention. Hester is in the midst of building an organised talent development procedure. They are fostered by a well-considered growth & development process, which is defined as part of the Talent Management Philosophy that centres on employee performance, behaviours, differentiation, accountability, transparency, and career growth and development, for execution and institutionalisation in the coming years. The Company strives to increase

employee engagement and performance and build talent pools for the future.

A structured and digitalised performance management system was created, with a focus on performance-based remuneration tied to both Company and individual performance, with equal weightage to both. Structured Compliance Management, Learning & Development with the objective of enhancing people's competency via continuous learning, and structured cadre development for succession planning have been additional areas of concentration. Safety, welfare, and development of employees remain the Company's top priorities. As of 31 March 2022, the Company employed 560 individuals.

## **INTERNAL CONTROLS**

Hester has implemented a robust system of internal control to preserve all of its assets and maintain operational excellence. In addition, the process scrupulously documents every transaction detail and assures regulatory compliance. The Company also employs a team of internal auditors to monitor the effectiveness of internal controls in order to provide the Audit Committee and the Board of Directors with independent and reasonable assurance regarding the organisation's risk management, internal control, and governance processes. The framework is proportional to the business's type, size, scope, and complexity of activities.

The organisation's systems of internal financial controls ensure that all transactions are properly authorised, recorded, and reported. Regular internal audits and inspections guarantee that responsibilities are carried out successfully. It is the responsibility of the audit committee to implement and maintain effective internal financial controls to ensure the orderly and efficient conduct of its Company. Periodically, the Audit Committee reviews significant concerns and material weaknesses reported by the Internal and Statutory Auditors. Periodically, timely and adequate efforts are made to ensure that the risk is effectively minimised with the necessary corrective procedures.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company's corporate social responsibility focuses on education, skill development, health, the environment, and sustainability in order to give

back to the communities in which it operates. As required by the Companies Act of 2013, it commits to spending at least two percent of its average net income over the previous three years on CSR projects each year. In each of its business categories, the Company seeks to provide solutions that anticipate environmental changes and address the changing demands of investors, businesses, private individuals, and institutions. The Company plays a crucial role in urban transformation and places corporate social responsibility at the forefront of its activities. In accordance with Schedule VII of the Companies Act, 2013, the CSR Committee creates and recommends to the Board a CSR Policy for the Company. It also proposes the amount of money to be spent on the CSR operations of the Company and oversees their implementation.

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## CAUTIONARY STATEMENT

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

# **REPORT ON CORPORATE GOVERNANCE.**

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

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

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

## GOVERNANCE STRUCTURE

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

## BOARD OF DIRECTORS

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

### A) COMPOSITION OF THE BOARD

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meet with the requirements of the Code of Corporate Governance and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. As on 31 March 2022, the Board is headed by Dr. Bhupendra Gandhi, Non-Executive Chairman and who is also related to the Promoters. Pursuant to Regulation 17A of Listing Regulations, the Company has obtained the approval of members through special resolution for attaining

age of 75 Years and more. As on 31 March 2022, your Company's Board comprises of ten Directors (excluding one Alternate Director) which includes two Executive Director and eight Non-Executive Directors, including five Independent Directors, who have considerable experience and expertise in their respective fields. The composition of the Board is in conformity with the Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal, industry and information technology. Thus the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise and enables the Board to discharge its responsibilities for effective leadership to the business.

Independent Directors are non-executive directors as defined under regulation 16(1)(b) of the Listing Regulations read with section 149(6) of the Act along with rules made thereunder. The maximum tenure of the independent Directors is in compliance with the Companies Act, 2013. In terms of Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impact or impair their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management of the Company.

None of the Directors on the Company's Board is a Member of more than 10 (ten) Committees, and Chairman of more than 5 (five) Committees (Committees being, Audit Committee and Stakeholder's Grievances and Relationship Committee) across all the companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on 31 March 2022.

The composition of the Board of Directors and the number of Directorships and Committee positions held by them as on 31 March 2022 are as under:

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

## NOTES

1. Directorship in Public Companies (listed and unlisted) excluding directorship in Hester Biosciences Limited.
2. Other Board committee means Membership / Chairmanship of two Committees viz. Audit Committee and Stakeholder's Grievances and Relationship Committee as per Regulation 26 of the SEBI Listing Regulations.
3. Appointed with effect from 28 October 2021.
4. As on 31 March 2022, none of the Directors of the Company were related to each other except;
  - a. Dr. Bhupendra Gandhi, Chariman & Non-Executive Director being uncle of Mr. Rajiv Gandhi, CEO & Managing Director;
  - b. Mr. Sanjiv Gandhi, Non-Executive Director being brother of Mr. Rajiv Gandhi, CEO & Managing Director;
  - c. Mr. Ravin Gandhi, Non-Executive Director being cousin brother of Mr. Rajiv Gandhi, CEO & Managing Director;
  - d. Ms. Priya Gandhi, Executive Director being Daughter of Mr. Rajiv Gandhi, CEO & Managing Director.
  - e. Ms. Nina Gandhi, Alternate Director of Mr. Ravin Gandhi being wife of Mr. Rajiv Gandhi, CEO & Managing Director.

The Board has identified the core skills / expertise / competencies in the context of the business and the sector in which the Company is operating in an effective manner: Managerial, Marketing & Distribution, Finance & Audit, Environment Sustainability, Compliance & Governance, Business Strategy & Planning, Merger & Acquisition, Technology & Innovation. The Directors appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

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

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

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

During the year, upon recommendation of Nomination and Remuneration Committee, Ms. Priya Gandhi (DIN: 06998979) and Mr. Ameet Desai (DIN: 00007116), were appointed as an additional directors on Board. Subsequently, the members of the Company appointed Ms. Priya Gandhi an Executive Director and Mr. Ameet Desai as an Independent Director of the Company for the period of five years with effect from the date of appointment through Postal Ballot process completed and results declared on 3 December 2022.

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

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

## **B) BOARD MEETINGS**

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

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

Detailed presentations are made at the Board / Committee meetings covering Finance, major business segments and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices before taking on record the quarterly / half yearly / annual financial results of the Company. The required information as enumerated in Part A of Schedule II

to SEBI Listing Regulations is made available to the Board of Directors for discussions and consideration at every Board Meeting. The Board periodically reviews compliance reports of all laws applicable to the Company as required under Regulation 17(3) of the SEBI Listing Regulations. The important decisions taken at the Board / Committee meetings are communicated to departments concerned promptly. Action taken report on the decisions taken at the meeting(s) is placed at the immediately succeeding meeting of the Board / Committee for noting by the Board / Committee.

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

In compliance with regulation 17 of the Listing Regulations and as required under the Act, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, six board meetings were held on 29 May 2021, 8 June 2021, 12 August 2021, 28 October 2021, 13 November 2021 and 31 January 2022.

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

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting of the Company for the year ended 31 March 2022 are as under:

Name of the Director	Number of Board meetings held during tenure	No. of Board meetings attended	Whether attended last AGM (Yes/No)	Number of equity Shares held
Dr. Bhupendra Gandhi*	6	4	Yes	399,100
Mr. Rajiv Gandhi	6	6	Yes	890,397
Mr. Sanjiv Gandhi	6	4	Yes	697,820
Mr. Ravin Gandhi	6	-	-	403,320
Ms. Nina Gandhi	6	6	Yes	696,340
Ms. Priya Gandhi**	2	2	N.A.	-
Mr. Naman Patel	6	6	Yes	1,500
Mr. Amit Shukla	6	6	Yes	5,250
Ms. Sandhya Patel	6	5	Yes	-
Mr. Ashok Bhadakal	6	5	Yes	-
Mr. Ameet Desai**	2	2	N.A.	-

\*\* Appointed with effect from 28 October 2021

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

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

### C) DISCLOSURE REGARDING APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

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

### D) CONFIRMATION AS REGARDS INDEPENDENCE OF INDEPENDENT DIRECTORS

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

### E) DIRECTORS FAMILIARISATION PROGRAMME

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

All new Independent Directors are taken through a detailed induction and familiarisation program when they join the Board of your Company. The induction program is an exhaustive one that covers the history and culture of Hester Biosciences, background of the Company and its growth, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions. Familiarisation programme is posted on the website of the Company and any member can visit the Company's website by clicking the link: <https://www.heter.in/corporate-governance>

### F) EVALUATION OF BOARD OF DIRECTORS

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

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

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

### G) CODE OF CONDUCT

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

## COMMITTEES OF THE BOARD

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

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

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-

opting the members of the Committees. The meetings of the each Board Committees are convened by the respective Committee Chairman / Chairperson.

### A) AUDIT COMMITTEE

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

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

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

During the year under review, the Audit Committee meetings were held six times on 29 May 2021, 8 June 2021, 12 August 2021, 28 October 2021, 13 November 2021 and 31 January 2022. The time gap between any two meetings was less than 120 days. During the year under review, the Audit Committee has reviewed unaudited/ audited financial results for the quarter, half yearly and annually, approval of accounts of the Company, reviewed and approve the changes in KMPs, appointment of statutory auditor, internal auditor and secretarial auditor, and approved the fund raising proposal of the Company.

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

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Naman Patel (Chairman)	Non-Executive/ Independent	6	6
Mr. Amit Shukla	Non-Executive/ Independent	6	6
Ms. Sandhya Patel	Non-Executive/ Independent	6	5
Mr. Ashok Bhadakal	Non-Executive/ Independent	6	5

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

The Chairman of the Audit Committee has attended the 34<sup>th</sup> Annual General Meeting held on 17 August 2021.

#### **Invitees at the Audit Committee Meetings**

The representatives from Statutory Auditor and Internal Auditors are regularly invited and has attended all the Audit Committee meetings held during the year. The CEO & Managing Director, Executive Director and Chief Financial Officer were invited to attend and participate in these meetings. Mr. Vinod Mali, Company Secretary and Compliance Officer, acts as a Secretary to the Committee.

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

#### **Terms of Reference**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters requiring inclusion in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors about any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
21. Management discussion and analysis of financial condition and results of operations;
22. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
23. Transactions done with promoter or promoter group holding 20% or more of Equity or Preference share capital will require prior approval of audit committee.
24. Review the utilisation of loans and/or advances

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

25. Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/ promoter group which holds 10% or more shareholding in the listed entity.
26. Management letters / letters of internal control weaknesses issued by the statutory auditors;
27. Internal audit reports relating to internal control weaknesses; and
28. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
29. Statement of deviations:
  - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b. Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

## B) NOMINATION AND REMUNERATION COMMITTEE

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

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

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

Nomination and Remuneration Committee comprises of three members Mr. Naman Patel as the Chairman of the Committee and Mr. Amit Shukla and Mr. Ashok Bhadalkal as the Members. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 19 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. During the year under review, the Nomination and Remuneration Committee met Two times held on 8 June 2021 and 28 October 2021.

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

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Naman Patel (Chairman)	Non-Executive/ Independent	2	2
Mr. Amit Shukla	Non-Executive/ Independent	2	2
Mr. Ashok Bhadalkal	Non-Executive/ Independent	2	2

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

### Terms of Reference

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

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

### Remuneration Policy and details of remuneration paid/payable to the Directors for the year ended 31 March 2022:

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

**i. Objectives:**

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

**ii. Remuneration to Non-Executive Directors:**

Non-Executive Directors are paid ₹ 50,000/- as sitting fees for attending meeting of Board of Directors and Audit Committee and ₹ 25,000/- for attending meeting of Stakeholder's Grievances and Relationship Committee, Nomination and Remuneration Committee & actual reimbursement of expenses incurred for attending each meeting of the Board and Committees. Details of the sitting fees paid to the Non-Executive Directors for the year 2021-22 areas under:

(Amount in ₹ million)

Name of the Non-Executive Directors	Board Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meeting	Stakeholder's Grievances and Relationship Committee Meetings	Total
Dr. Bhupendra Gandhi	0.20	-	-	-	0.20
Mr. Sanjiv Gandhi	0.20	-	-	-	0.20
Ms. Nina Gandhi	0.30	-	-	-	0.30
Mr. Naman Patel	0.30	0.30	0.05	0.10	0.75
Mr. Amit Shukla	0.30	0.30	0.05	0.10	0.75
Ms. Sandhya Patel	0.25	0.25	-	0.08	0.58
Mr. Ashok Bhadakal	0.25	0.25	0.05	-	0.55
Mr. Ameet Desai	0.10	-	-	-	0.10
<b>Total</b>	<b>1.90</b>	<b>1.10</b>	<b>0.15</b>	<b>0.28</b>	<b>3.43</b>

**iii. Remuneration to Executive Director:**

Mr. Rajiv Gandhi is the CEO & Managing Director of the Company. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors decides and approves the remuneration payable to Mr. Rajiv Gandhi, as approved by shareholders as per the resolution passed through postal ballot and result declared on 24 January 2020. Further Ms. Priya Gandhi appointed as an Executive Director of the Company with effect from 28 October 2021 and approval of members received through Postal Ballot Process on 3 December 2021.

The details of remuneration paid to executive directors during the financial year 2021-22 are as under:

(Amount in ₹ million)

Sr.	Name of Director	Gross Salary	Commission	Total
1	Mr. Rajiv Gandhi	20.48	28.00	48.48
2	Ms. Priya Gandhi*	3.98	-	3.98

\* Ms. Priya Gandhi appointed as an Executive Director with effect from 28 October 2021.

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

#### iv. Remuneration to Senior Management

##### Employees:

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

#### v. Stock Option:

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

### C) STAKEHOLDER'S GRIEVANCES AND RELATIONSHIP COMMITTEE

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

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

Stakeholder's Grievances and Relationship Committee comprises of three members Mr. Amit Shukla as the Chairman of the Committee and Mr. Naman Patel and Ms. Sandhya Patel as the Members. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. During the year under review, Stakeholder's Grievances & Relationship Committee met Four times on 8 June 2021, 12 August 2021, 28 October 2021 and 31 January 2022.

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

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Amit Shukla (Chairman)	Non-Executive/Independent	4	4
Mr. Naman Patel	Non-Executive/Independent	4	4
Ms. Sandhya Patel	Non-Executive/Independent	4	3

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

#### Investor Grievance Redressal

Number of complaints received and resolved during the year under review and their breakup are as under:

Sr.	Nature of Complaints	Complaints Received	Complaints Resolved
1	Non-receipt of dividend warrant	1	1
2	Non-receipt of Annual Reports	-	-
3	Non-receipt of shares after transfer/ Bonus	3	3
4	Non-receipt / credit of shares	-	-
<b>Total</b>		<b>4</b>	<b>4</b>

All Complaints have been resolved to the satisfaction of the shareholders.

#### Terms of Reference

The role of the Stakeholder's Grievances and Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share

- Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
  5. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable

#### D) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

CSR Committee comprises of three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members. The Company has constituted as CSR Committee as required under Section 135 of the Companies Act, 2013, read with rules made thereunder. During the year under review, CSR committee meeting was held on 4 February 2022.

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

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Rajiv Gandhi (Chairman)	Executive/Non-Independent	1	1
Mr. Sanjiv Gandhi	Non-Executive/Non-Independent	1	1
Ms. Amit Shukla	Non-Executive/Independent	1	1

##### Terms of Reference

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

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

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

#### E) RISK MANAGEMENT COMMITTEE

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

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

The Risk Management Committee comprises of four members Mr. Rajiv Gandhi as the Chairman of the Committee and Ms. Sandhya Patel, Ms. Priya Gandhi and Ms. Kajal Patel as the Members. The Company Secretary acts as the Secretary to the committee.

During the year under review, Risk Management committee meetings met on 4 February 2022 and 21 March 2022.

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

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Rajiv Gandhi (Chairman)	Executive/Non-Independent	2	2
Ms. Priya Gandhi	Executive/Non-Independent	2	2
Ms. Sandhya Patel	Non-Executive/Independent	2	1
Ms. Kajal Patel	Employee (Deputy Director - Plant Operations)	2	2

##### Terms of Reference

1. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control identified risks.
  - c. Business Continuity plan
2. To ensure that appropriate methodology,

processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

#### **F) MANAGEMENT COMMITTEE**

The Management Committee comprises of three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members. Management Committee reviews and review the operational transaction and business of operations of the Company. The Management Committee makes decision within the authority delegated by the Board of Directors. All decisions/ recommendations of the Committee are placed before the Board of Directors for information and/or their approval. The Company Secretary acts as the Secretary to the committee.

During the year under review, Management Committee met two times on 25 August 2021 and 19 November 2021. All the members of committee have attended all the Meetings.

#### **G) SHARE TRANSFER COMMITTEE**

The Share Transfer Committee comprises of three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members. The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring transfers, transmission, dematerialisation, rematerialisation, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee. All decisions/ recommendations of the Committee are placed before the Board of Directors for information and/or their approval. The Company Secretary acts as the Secretary to the committee. During the year under review, Share Transfer Committee met 16 times.

#### **INDEPENDENT DIRECTOR'S MEETING**

During the year under review, a separate meeting of Independent Directors was held on 29 March 2022,

inter alia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,
2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors, and
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

#### **BUSINESS RESPONSIBILITY REPORT**

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

#### **SUBSIDIARY COMPANIES**

As on 31 March 2022, the Company has four subsidiary companies namely, Hester Biosciences Nepal Private Limited, Texas Lifesciences Private Limited, Hester Biosciences Africa Limited and Hester Biosciences Kenya Limited and one step-down subsidiary namely, Hester Biosciences Tanzania Limited, which is subsidiary of Hester Biosciences Kenya Limited.

None of the subsidiaries of the Company comes under the purview of the unlisted material subsidiary as per criteria given under "Explanation to Regulation 24(1) of the SEBI Listing Regulations". The Company is not required to nominate an Independent Director on the Board of any Subsidiary Company. The Audit Committee of the Company reviews the Financial Statements and Investments made by unlisted subsidiary companies and the minutes of the unlisted subsidiary companies are being placed periodically at the Board Meeting of the Company.

For more effective governance, the Company monitors performance of subsidiary companies, inter alia, by following means:

- a. Financial statements, in particular investments made by unlisted subsidiary companies, are

reviewed quarterly by the Company's Audit Committee.

- b. Minutes of unlisted subsidiary companies are placed before the Board of the Company regularly.
- c. A statement, wherever applicable, of all significant transactions and arrangements entered into by the Company's subsidiaries is presented to the Board of the Company at its meetings.

The Company has a policy for "Determining Material Subsidiaries" which is uploaded on the website of the Company at <https://www.hester.in/corporate-governance>

### WHISTLE BLOWER POLICY

The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and Directors to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy is uploaded on the website of the Company at <https://www.hester.in/corporate-governance>. During the year under review, there were no case/concerns raised or received from the whistle blower.

### DIVIDEND DISTRIBUTION POLICY

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

### OTHER DISCLOSURES

1. All the transactions entered into with related parties as defined under Companies Act, 2013 and Regulations 23 of SEBI (LODR) Regulations, 2015, during the financial year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Prior

approval of the Audit Committee is obtained for all Related Party Transactions. There were no materially significant Related Party Transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The details of Related Party Transactions are disclosed in the financial section of this Annual Report. The Board has approved a policy for related party transactions which is uploaded on the website of the Company at <https://www.hester.in/corporate-governance>.

2. In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in The Indian Accounting Standards.
3. The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.
4. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on 31 March 2022 in compliance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The certificate is part of this report.
5. As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.
6. The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel in Compliance with Part-D under Schedule V of SEBI (LODR) Regulations, 2015. The Code of Conduct is available on the website of the Company: [www.hester.in](http://www.hester.in). All Board Members

#### To the Shareholders of Hester Biosciences Limited

##### Subject: Compliance with Code of Conduct

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

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

**Date** 20 May 2022  
**Place** Ahmedabad

and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended on 31 March 2022 under review. The declaration of CEO & Managing Director is given below:

7. The Company complies with all applicable secretarial standards.
8. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub - regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has obtained a certificate affirming the compliances from Practising Company Secretary, CS Tapan Shah and the same is attached to this Report.
9. In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.
10. As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder, the Company has constituted Internal Complaints Committee which is responsible for redressal of complaints related to sexual harassment. During the year under review, there were no complaints pertaining to sexual harassment.
11. As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking appointment / re-appointment at the forthcoming AGM are provided as an annexure to the notice convening the 35<sup>th</sup> Annual General Meeting.
12. Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report as required under Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015.
13. During the year, CARE Ratings Limited has reaffirmed the credit rating of "CARE A- /Stable" for long-term bank facilities and "CARE A2" for short term bank facilities of the Company.

14. During the FY 2021-22 under review, total fees for all services paid by the Company to the statutory auditors i. e. M/s. Chandulal M. Shah & Co., Chartered Accountant, Ahmedabad and statutory auditors of the Company is not appointed as an auditor for any subsidiary company:

Payment to Statutory Auditors	Amount (₹ in Million)
Audit Fees	1.20
Other Services	0.78
Reimbursement of Expenses	#
(Figures below ₹ 50,000 are denominated with #)	

15. The Company has obtained a certificate from Mr. Tapan Shah, Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The certificate is attached herewith as an Annexure.
16. During the year under review, the Company has transferred 2,912 equity shares held by 21 equity shareholders to Demat account of IEPF authority for which the Company had complied with the necessary requirements. The Company have transferred total 78,134 equity shares to demat account of IEPF Authority.
17. During the year under review, the Company has transferred 2,550 equity shares to Unclaimed Suspense Account held in physical forms and shares were unclaimed by the shareholders, despite multiple reminders.
18. The Company is exposed to risk from market fluctuations of foreign exchange on imports, foreign currency loans, project imports etc. The Company manages such short term and long term foreign exchange risk within the framework laid down by the Board. The company's risk management activities are subject to the management direction and control under the framework of Risk Management Policy as approved the Board of Directors of the Company. The objective of the Policy is to mitigate the currency risk of foreign currency payables / receivables thereby protecting operating margin of business and achieving greater predictability to earnings.

## MEANS OF COMMUNICATION

1. The Company has 15,292 the shareholders as on 31 March 2022. The main channel of communication to shareholders through Annual Report, which includes inter-alia, the Board's Report, Management Discussion and Analysis, Report on Corporate Governance and Audited Financial Statements.
  2. The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Chairman makes presentation on the performance, operating and financial results of the Company. The Chairman and other Key Managerial Personnel also respond to the specific queries of the shareholders.
  3. The quarterly, half yearly and annual financial results are sent to Stock Exchanges and published in "Financial Express", in English and Gujarati Editions. Simultaneously, they are also put on the Company's website and can be accessed at: [www.hester.in](http://www.hester.in).
  4. The official news releases and official media releases are sent to stock exchanges and are put on the Company's website ([www.hester.in](http://www.hester.in)). Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half yearly and annual financial results. These presentations and schedule of analyst or institutional investors meet or call are also put on the Company's website and the transcripts of the call can be accessed at [www.hester.in](http://www.hester.in) as well as sent to the Stock Exchanges. No unpublished price sensitive information is discussed in meeting / presentation with institutional investors and financial analysts.
  5. The Company's website ([www.hester.in](http://www.hester.in)) contains a separate dedicated section 'Investor Relations' where information are available.
  6. The Annual Report containing, inter alia, Audited Financial Statements, Audited Consolidated Financial Statements, Board's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The Company's Annual Report is also available on the Company's website and can be accessed at [www.hester.in](http://www.hester.in).
  7. The Company disseminates the requisite corporate announcements including the SEBI Listing Regulation compliances through NSE Electronic Application Processing System (NEAPS) / BSE Corporate Compliance & Listing Centre. The NEAPS/ BSE's Listing Centre is a web-based application and periodical fillings like shareholding pattern, corporate governance report, financial results, material / price sensitive information, etc. are filed electronically on such designated platforms.
  8. The investor complaints received through SEBI Complaints Redress System (SCORES) are processed in a centralised web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
  9. The Company has designated the following email-id exclusively for investor servicing: [cs@hester.in](mailto:cs@hester.in), for queries on share transfer, transmission, bonus shares, dividend etc.
-

# GENERAL MEETINGS

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

Financial Year	Meeting	Date	Venue	Time
2018-19	32 <sup>nd</sup> AGM	31 July 2019	Ahmedabad Textile Mill's Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009	11.00 a.m.
2019-20	33 <sup>rd</sup> AGM	4 September 2020	Through Video Conferencing (VC) /Other Audio Visual Modes (OVAM)	
2020-21	34 <sup>th</sup> AGM	17 August 2021		10.00 a.m.

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

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

Sr.	Nature of Special Resolutions passed	Relevant provisions of the Companies Act	AGM details
1	To give Milestone Bonus to Mr. Rajiv Gandhi, CEO & Managing Director for the FY 2018-19	Section 197 and 203 of Companies Act, 2013	32 <sup>nd</sup> AGM held on 31 July 2019
2	Re-appointment of Mr. Naman Patel (DIN: 05143261) as an Independent Director	Sections 149, 152 and other applicable Sections of Companies Act, 2013	33 <sup>rd</sup> AGM held on 4 September 2020
3	Re-appointment of Mr. Amit Shukla (DIN: 00709322) as an Independent Director		

The special resolutions indicated above were passed with requisite majority.

## 3. Approval of Members through Postal Ballot

During the year, members of the Company have approved the resolutions, stated in the below table by requisite majority, by means of Postal Ballot through Electronics Voting (e-voting). The Postal Ballot Notice dated 28 October 2021 was sent in electronic form to all members on their email addresses were registered with the Company/ respective Depository Participants.

The Company had published a notice in the newspaper on Tuesday, 2 November 2021 in Financial Express (English and Gujarati Editions) in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard - 2. The remote e-voting period commenced from Wednesday, 3 November 2021 at 9:00 a.m. (IST) and ended on Thursday, 2 December 2021 at 5:00 p.m. (IST) (both days inclusive). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/ beneficial owner (in case of electronic shareholding) as on Friday, 29 October 2021.

The Board of Directors had appointed Mr. Tapan Shah, a Practicing Company Secretary, as a Scrutiniser to ensure that the Postal Ballot process is conducted in a fair and transparent manner and had engaged the services of Central Depository Services (India) Limited (CDSL) as an agency for the purpose of providing e-voting facility. Mr. Tapan Shah, Scrutiniser, had submitted his report on the Postal Ballot to the CEO & Managing Director and the resolutions were passed on Friday, 3 December 2021.

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

Special Resolutions passed through Postal Ballot	Votes in favour of the resolution (%)	Votes against the resolution (%)
Appointment of Ms. Priya Gandhi (DIN: 06998979) as a Whole-time Director of the Company	99.98	0.02
Appointment of Mr. Ameet Desai (DIN: 00007116) as an Independent Director of the Company	100.00	-

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

# GENERAL SHAREHOLDER'S INFORMATION

## 1. Company Registration details

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

## 2. Registered Office of the Company

1<sup>st</sup> Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380006, India

## 3. 35<sup>th</sup> Annual General Meeting

Day, Date and Time: Tuesday, 23 August 2022 at 11:00 A.M. (IST)

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

Book Closure Date: Saturday, 13 August 2022 to Tuesday, 23 August 2022

## 4. Tentative Financial Calendar

First quarter financial results	On or before 14 August 2022
Half yearly financial results	On or before 14 November 2022
Third quarter financial results	On or before 14 February 2023
Audited financial results for the year 2022-23	On or before 30 May 2023

## 5. Listing of Equity Shares on Stock Exchanges

The Company's shares are listed and traded on the BSE Limited (BSE) at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 and The National Stock Exchange of India Limited (NSE) at Exchange Plaza, C-1 Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051. Annual listing fee for the financial year 2022-23 has been paid by the Company to BSE and NSE

## 6. Payment of Depositories Fee

Annual Custody/ Issuer fee for the financial year 2022-23 has been paid by the Company to Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL).

## 7. a) Details of Shares:

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

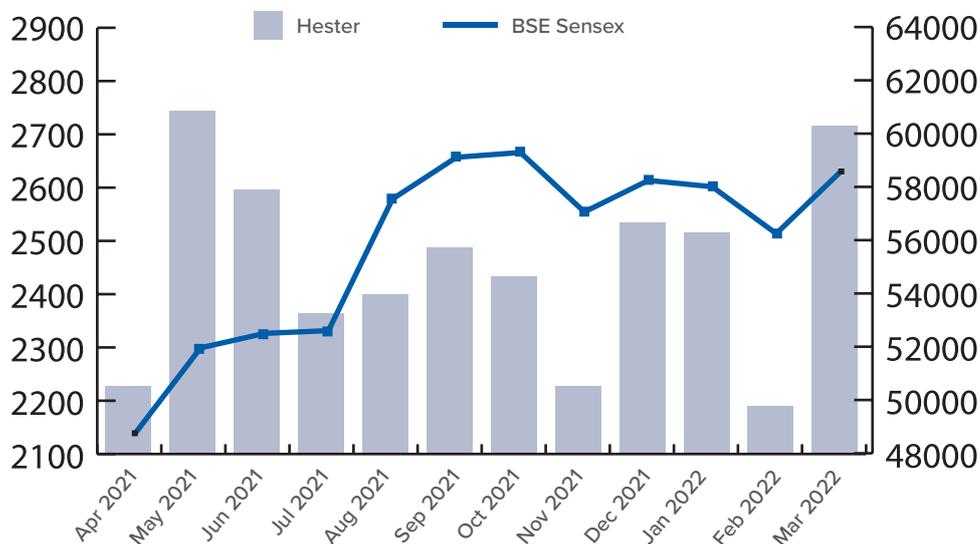
## b) Stock Code, Closing Price, Market Capitalisation and Rank based on Market Capitalisation:

Name of the Stock Exchanges	Stock Code	Closing Price as on 31 March 2022 (₹)	Market Capitalisation as on 31 March 2022 (₹ in million)	Rank based on Market Capitalisation as on 31 March 2022
BSE Limited	524669	2,715.30	23,098.69	694
The National Stock Exchange of India Limited	HESTERBIO	2,713.45	23,082.95	666

## 8. Stock Price Data

Month (FY 2021-22)	BSE Sensex	BSE Limited			National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
April	48,782.36	2,401.45	1,887.00	61,787	2,399.90	1,886.00	564,951
May	51,937.44	3,180.00	2,113.65	193,848	3,134.00	2,112.70	2,106,586
June	52,482.71	2,876.85	2,475.20	59,863	2,880.00	2,475.00	566,254
July	52,586.84	2,658.00	2,312.65	39,790	2,659.95	2,312.60	207,580
August	57,552.39	2,540.00	2,135.25	72,081	2,547.00	2,131.25	921,665
September	59,126.36	2,670.00	2,350.00	46,855	2,620.00	2,340.55	298,498
October	59,306.93	2,730.45	2,415.05	38,049	2,735.95	2,415.00	367,230
November	57,064.87	2,549.95	2,205.20	20,674	2,537.55	2,203.55	201,906
December	58,253.82	2,646.75	2,220.00	19,835	2,650.00	2,220.00	296,498
January	58,014.17	2,600.00	2,249.10	13,441	2,590.00	2,242.35	170,793
February	56,247.28	2,540.15	2,165.25	11,127	2,529.00	2,169.15	191,174
March	58,568.51	2,810.00	2,549.95	21,004	2,823.05	2,585.25	225,662

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



## 10. Dematerialisation of Shares and liquidity

The Company's shares are compulsorily traded in dematerialised form. Equity shares of the Company representing 97.95% of the Company's share capital are dematerialised as on 31 March 2022.

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

## 11. Distribution of Shareholding as on 31 March 2022

<b>a) On the basis of shares held (Folio-wise details):</b>				
<b>Number of Equity Shares Held (Range)</b>	<b>Number of Shareholders</b>	<b>Percentage of Total Shareholders</b>	<b>Number of Shares held</b>	<b>Percentage to Total Shares Held</b>
1 to 500	14,606	95.51	662,432	7.79
501 to 1000	300	1.96	220,487	2.59
1001 to 2000	163	1.07	235,303	2.76
2001 to 3000	56	0.37	136,654	1.61
3001 to 4000	21	0.14	73,810	0.87
4001 to 5000	18	0.12	81,865	0.96
5001 to 10000	51	0.33	356,284	4.19
Above 10001	77	0.50	6,740,030	79.23
<b>Total</b>	<b>15,292</b>	<b>100.00</b>	<b>85,06,865</b>	<b>100.00</b>

<b>b) On the basis of category (Details Pan-wise consolidated):</b>				
<b>Sr.</b>	<b>Description</b>	<b>Number of Members</b>	<b>Number of Shares</b>	<b>Percentage</b>
1	Promoters and Promoter's Group	14	4,570,944	53.73
2	Resident Individual	14,083	2,716,251	31.93
3	Hindu Undivided Family	324	174,322	2.05
4	Non-Resident Individual	381	513,856	6.04
5	Investors Education and Protection Fund (IEPF)	1	78,134	0.92
6	Mutual Fund, Financial Institutions / Banks, Insurance Companies	2	3,065	0.04
7	Foreign Portfolio Investor	19	78,025	0.92
8	Domestic Companies and LLPs	145	328,111	3.85
9	Unclaimed Shares	1	2,550	0.03
10	Clearing Members and others	47	41,607	0.49
<b>Total</b>		<b>15,017</b>	<b>8,506,865</b>	<b>100.00</b>

## 12. Share Transfer Procedure

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

The Company has obtained yearly certificate from the Company Secretary in practice for compliance of share transfer formalities as per the requirement of Regulation 40(9) of the

SEBI (LODR) Regulations, 2015. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, a certificate have also been obtained from a Practicing Company Secretary for timely dematerialisation of the shares of the Company and for conducting Audit on a quarterly basis for reconciliation of the share capital of the Company under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018. The Company files copy of these certificates with the stock exchange, as required.

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

### **13. Nomination Facility**

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

### **14. Change in shareholder's details**

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

### **15. Locations of the Company's Manufacturing Plant**

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

### **16. Registrar and Share Transfer Agent**

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

**Link Intime India Private Limited**

Unit: Hester Biosciences Limited

506-508, Amarnath Business Centre-1 (ABC-1),

Besides Gala Business Centre, Near St. Xavier's College Corner,

Off C G Road, Ellisebridge, Ahmedabad 380006

Phone: +91 79 26465179 /86 / 87

E-mail: ahmedabad@linkintime.co.in

### **17. Address for Correspondence**

Shareholder's correspondence should be addressed to the Company's Registrar and Share Transfer Agent at the address mentioned above.

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

**Mr. Vinod Mali**

Company Secretary & Compliance Officer

Phone: +91 7926445107

E-mail ID: cs@hester.in

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

**18. Outstanding GDRs/ ADRs/Warrants, its conversion date and likely impact on equity**

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

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

- a. Dr. Bhupendra Gandhi is acting as the Chairman of the Company and Mr. Rajiv Gandhi acting as CEO & Managing Director of the Company.
  - b. The Company has a Non-Executive Chairman and is entitled to maintain its office at the Company's expense.
  - c. Quarterly/Half-yearly/ Annual financial results are being sent to shareholders, whose emails registered with the Company. However, financial results are published in the leading newspapers and are also available on the Company's website: [www.hester.in](http://www.hester.in)
  - d. The Company's financial statements for the Financial Year 2021-22 do not contain any audit qualification. The auditor's report on financial statements of the Company are with unmodified opinion.
  - e. The internal auditors report to the Audit Committee and they make quarterly presentations on their reports.
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# CERTIFICATE OF CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

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To,  
Board of Directors  
**Hester Biosciences Limited**  
Ahmedabad

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

1. We have reviewed the Balance Sheet and Profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31 March 2022 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - a. there are no significant changes in internal controls over financial reporting during the year;
  - b. there are no significant changes in accounting policies during the year; and
  - c. there are no instances of significant fraud of which we have become aware.

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**Rajiv Gandhi**  
CEO & Managing Director

**Nikhil Jhanwar**  
Chief Financial Officer

**Date** 20 May 2022  
**Place** Ahmedabad

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# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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Registration No.: L99999GJ1987PLC022333

Nominal Capital: ₹ 112,000,000

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

I have examined the compliance of conditions of corporate governance by **HESTER BIOSCIENCES LIMITED**, for the year ended on 31 March 2022 as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, pursuant to the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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Name of Company Secretary in practice: **Tapan Shah**  
FCS No. : **4476**  
C P No. : **2839**  
UDIN: **F004476D000319175**

**Date** 20 May 2022  
**Place** Ahmedabad

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,  
The Members of  
**HESTER BIOSCIENCES LIMITED**  
1<sup>st</sup> Floor, Pushpak,  
Panchvati Circle, Motilal Hirabhai Road,  
Ahmedabad 380006

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr.	Name of Director	DIN	Date of appointment in Company*
1	Dr. Bhupendra Vithaldas Gandhi	00437907	21 April 2005
2	Rajiv Dinesh Gandhi	00438037	29 April 1987
3	Sanjiv Dinesh Gandhi	00024548	29 April 1987
4	Ravin Kanti Gandhi	00438361	22 April 1999
5	Nina Rajiv Gandhi#	00024657	7 May 2016
6	Priya Rajiv Gandhi	06998979	28 October 2021
7	Naman Madhav Patel	05143261	18 October 2014
8	Amit Priyatam Shukla	00709322	22 July 2015
9	Sandhya Maulik Patel	02215022	1 April 2020
10	Ashok Bhimrao Bhadakal	00981201	1 April 2020
11	Ameetkumar Hiranyakumar Desai	00007116	28 October 2021

\* Date of appointment is as per the MCA portal

# Appointed as an Alternate Director for Mr. Ravin Gandhi

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

Name of Company Secretary in practice: **Tapan Shah**  
FCS No. : **4476**  
C P No. : **2839**  
UDIN: **F004476D000319153**

**Date** 20 May 2022  
**Place** Ahmedabad



# **FINANCIAL STATEMENTS**

# STANDALONE FINANCIAL STATEMENTS.



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# INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Hester Biosciences Limited**

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying standalone financial statements of **Hester Biosciences Limited** (the 'Company') which comprise the Balance Sheet as at 31 March 2022, and the statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit, total comprehensive income, the changes in equity and its cash flows for the year then ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Sr. No.	Key Audit Matters	Auditor's Response
1	<p><b>Valuation of Inventories</b></p> <p>The Company has inventory of carrying value ₹ 707.34 million which is around 32% of its total revenue including Raw Materials, packing material, work in progress, finished goods and traded goods.</p> <p>We have considered the valuation of inventories as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors in determination of inventory value. The inventory valuation of the company involves complex procedures estimating the costs incurred, overheads applied and provisioning for slow moving, expired and obsolete inventory and ascertainment of net realisable value.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> <li>• We understood and tested the design and operating effectiveness of controls as established by the management in determination of valuation of inventory.</li> <li>• Assessing the appropriateness of Company's accounting policy for valuation of inventories and compliance of the policy with the requirements of the prevailing accounting standards.</li> <li>• We considered various factors including the estimation of costs, overheads incurred, actual selling price prevailing around and subsequent to the year-end.</li> <li>• Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value.</li> <li>• We have considered the process of periodical physical verification of inventory carried out by the management.</li> <li>• We have evaluated the design and operating effectiveness of controls as established by the management in determination of slow moving, expired and obsolete inventory.</li> <li>• Considered the completeness and accuracy of the disclosures.</li> </ul>

#### **Information other than the Standalone Financial Statements & Auditor's Report thereon**

The Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion & Analysis but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the Other Information and we will not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibility of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively or ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free

from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31 March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanation given to us by the

management, the remuneration paid/provided during the Current Year by the Company to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on the financial position of its standalone financial statements (Refer Note 36 to the standalone financial statements).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv.
    - a. The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - b. The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date

of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a.) and (b.) above, contain any material misstatement.

- V. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

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**For, Chandulal M. Shah & Co.**

Chartered Accountants  
FRN 101698W

**Arpit D. Shah**

Partner

M. No. 135188

UDIN: 22135188AJHTEU5053

**Date** 20 May 2022

**Place** Ahmedabad

# ANNEXURE A

## TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 on 'Report on Other Legal & Regulatory Requirements' of our report of even date to the standalone financial statements of the Company for the year ended 31 March 2022:

- i.
- a) A. The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- b) The Property, Plant and Equipment were physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The title deeds of all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) as disclosed in the financial statements are held in the name of the Company.
- d) The Company has not revalued its property, plant and Equipment and its intangible assets during the year.
- e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii.
- a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No

material discrepancies were noticed on such verification.

- b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements filed by the Company with such banks are in agreement with the reviewed/audited books of accounts of the Company of the respective quarters and no material discrepancies have been observed.

iii.

- a) According to the information explanation provided to us, the Company has made investments, provided loans or provided advances in the nature of loans, or given guarantee, or provided security to any other entity.

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

(Amount in ₹ Millions)

Particulars	Guarantees	Loans
<b>Aggregate amount granted/provided during the year</b>		
Subsidiaries	-	-
Others	-	1.53
<b>Balance Outstanding as at balance sheet date</b>		
Subsidiaries	1,062.97	-
Others	-	1.18

- b) In relation to investments made, guarantees provided, according to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions of the loans and advances provided are not prejudicial to the interest of the Company.

- c) In case of the loans and advances in the nature of loan, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of the principal. However, borrower has not been regular in the payment of interest to the Company. The details of the same are follows:

(Amount in ₹ Millions)

Name of the entity	Amount	Due Date	Extent of delay	Remarks, if any
Tamboli Trading LLP	Interest - 5.23	3 March 2022	28 Days (Not paid till 31 March 2022)	N.A.

- d) There are no amounts overdue for more than ninety days in respect of the loan granted to Company/ Firm/ LLP/ Other Parties.
- e) According to the information explanation provided to us, the loans or advance in the nature of loan granted has fallen due during the year. The same has been renewed or extended and/or fresh loans are granted to settle the overdue of existing loans given to existing parties. The details of the same are as follows:

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

- vi. The Central Government has prescribed maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 in respect of manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
- a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods & Service Tax, Duty of Customs, Cess, and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above statutory dues were in arrears as at 31 March 2022, for a period of more than six months from the date on when they become payable.
- b) According to the information and explanations given to us, there are no material dues of Income Tax, Goods & Service Tax and Customs Duty which have not been deposited with the appropriate authorities on account of any dispute, except as follows:
- f) According to the information explanation provided to us, the Company has not any granted loans and / or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public

Name of the Statue	Nature of Dues	Amount (₹ in Million)	Years to Which matter pertains	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.10	A.Y. 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.38	A.Y. 2018-19	DCIT, Ahmedabad
Income Tax Act, 1961	Income Tax	0.08	A.Y. 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.10	A.Y. 2018-19	Commissioner of Income Tax (Appeals)

- viii. According to the information and explanations given to us, there are no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.
- ix.
- a) In our opinion, based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loans or borrowings from financial institutions, Government, and debenture holders.
  - b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
  - d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
  - e) According to the information explanation given to us and on an overall examination of the standalone financial statement of the company, we report that the Company has not taken funds from any entity or person on account of or to meet the obligations of its subsidiaries and joint ventures.
  - f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held of its subsidiaries and joint ventures.
- x.
- a) According to the information and explanations given to us and procedures performed by us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause x(a) of the Order is not applicable.
  - b) According to the information and explanations given to us and procedures performed by us, the Company has not made any preferential allotment or private placement of shares or fully or convertible debentures (fully, partly or optionally convertible) during the year under review and hence reporting under clause x(b) of the Order is not applicable.
- xi.
- a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company.
  - b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.
- a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  - b) We have considered the internal audit reports for the year under audit issued to the Company during the year and till date.
- xv. In our opinion, the Company has not entered into any non-cash transactions with directors

or persons connected with its directors during the year. Hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi.

- a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the reporting under clause 3 (xvi)(a) of the Order is not applicable to the Company.
- b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.
- c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
- d) The Company does not have CIC as a part of its group. Hence, the provisions stated in paragraph clause 3 (xvi)(d) of the Order are not applicable to the Company.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.

xviii. There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.

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**For, Chandulal M. Shah & Co.**

Chartered Accountants  
FRN 101698W

**Arpit D. Shah**

Partner

M. No. 135188

UDIN: 22135188AJHTEU5053

**Date** 20 May 2022

**Place** Ahmedabad

# ANNEXURE B

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

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We have audited the internal financial controls with reference to standalone financial statements of Hester Biosciences Limited (“the Company”) as of 31 March 2022, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

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

### **Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s Judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to standalone financial statements.

### **Meaning of Internal Financial Controls with reference to standalone financial statements**

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

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company, and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies of procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to standalone financial statements and such internal financial controls were operating effectively as on 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reports issued by the Institute of Chartered Accountants of India.

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**For, Chandulal M. Shah & Co.**

Chartered Accountants  
FRN 101698W

**Arpit D. Shah**

Partner  
M. No. 135188  
UDIN: 22135188AJHTEU5053

**Date** 20 May 2022  
**Place** Ahmedabad

# BALANCE SHEET

AS AT 31 MARCH 2022

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

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property Plant & Equipment	3	839.50	863.07
(b) Capital Work-in-Progress	3	802.24	32.88
(c) Other Intangible Assets	4	3.59	3.30
(d) Intangible Assets under Development	4	16.85	4.31
(e) Biological Assets other than the Bearer Plants	5	-	0.56
(f) Financial Assets			
(i) Investments	6	646.89	438.85
(ii) Loans	7	-	7.40
(iii) Other Financial Assets	8	60.41	41.14
(g) Other Non-current Assets	9	210.22	32.58
<b>Total Non-current Assets</b>		<b>2,579.70</b>	<b>1,424.09</b>
<b>Current assets</b>			
(a) Inventories	10	707.34	570.12
(b) Financial Assets			
(i) Trade Receivables	11	569.16	455.50
(ii) Cash and Cash Equivalents	12	15.28	12.44
(iii) Bank Balances other than (ii) above	13	4.53	-
(iv) Loans	7	58.76	56.99
(v) Other Financial Assets	8	146.64	127.17
(c) Other Current Assets	14	163.01	173.84
<b>Total Current Assets</b>		<b>1,664.72</b>	<b>1,396.06</b>
<b>Total Assets</b>		<b>4,244.42</b>	<b>2,820.15</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Share capital	15	85.07	85.07
(b) Other equity	16	2,599.27	2,290.74
<b>Total Equity</b>		<b>2,684.34</b>	<b>2,375.81</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	732.49	26.76
(ii) Other Financial Liabilities	18	5.53	3.03
(b) Non Current Provision	23	10.77	-
(c) Deferred Tax Liabilities (Net)	34	62.92	68.06
<b>Total Non-current Liabilities</b>		<b>811.71</b>	<b>97.85</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	486.64	132.25
(ii) Trade Payables	20		
- Total outstanding dues of micro enterprises and small enterprises		19.88	2.98
- Total outstanding dues of creditors other than micro enterprises and small enterprises		90.39	137.27
(iii) Other Financial Liabilities	21	125.88	9.07
(b) Other Current Liabilities	22	13.81	26.83
(c) Provisions	23	2.39	8.67
(d) Current Tax Liabilities	24	9.38	29.42
<b>Total Current Liabilities</b>		<b>748.37</b>	<b>346.49</b>
<b>Total Liabilities</b>		<b>1,560.08</b>	<b>444.34</b>
<b>Total Equity and Liabilities</b>		<b>4,244.42</b>	<b>2,820.15</b>

The accompanying notes are an integral part of the Standalone Financial Statements.

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
Partner  
Membership No.: 135188

**For and on behalf of Board of Directors**

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

**Nikhil Jhanwar**  
Chief Financial Officer

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Vinod Mali**  
Company Secretary

**Date** 20 May 2022  
**Place** Ahmedabad

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

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

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Income</b>			
Revenue from operations	25	2,193.51	2,084.77
Other income	26	46.57	16.48
<b>Total Income</b>		<b>2,240.08</b>	<b>2,101.25</b>
<b>Expenses</b>			
Cost of raw material and components consumed	27	349.31	241.75
Purchase of stock-in-trade	28	392.97	252.09
Changes in inventories of finished goods, traded goods and work-in-progress	29	(125.26)	40.14
Employee benefits expense	30	391.19	334.51
Finance cost	31	24.68	39.47
Depreciation and amortisation expense		95.02	96.33
Other expenses	32	579.61	496.35
<b>Total Expenses</b>		<b>1,707.52</b>	<b>1,500.64</b>
<b>Profit before exceptional items and tax</b>		<b>532.56</b>	<b>600.61</b>
Exceptional Items	33	-	(52.78)
<b>Profit before tax</b>		<b>532.56</b>	<b>547.83</b>
<b>Tax expense:</b>	34		
Current tax		142.53	163.65
Deferred tax		(5.14)	(14.83)
<b>Total tax expense</b>		<b>137.39</b>	<b>148.82</b>
<b>Profit after tax</b>		<b>395.17</b>	<b>399.01</b>
<b>Other Comprehensive Income</b>			
Items that will not to be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plans		(2.10)	2.86
Income Tax Effect		0.53	(0.72)
<b>Net other comprehensive gain / (loss) that will not be reclassified to profit or loss</b>		<b>(1.57)</b>	<b>2.14</b>
<b>Total Comprehensive Income</b>		<b>393.60</b>	<b>401.15</b>
<b>Earnings Per Equity Share (EPS)</b>			
Basic and Diluted (Face Value ₹ 10 Per Share)	38	46.45	46.90

The accompanying notes are an integral part of the Standalone Financial Statements.

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
 Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
 Partner  
 Membership No.: 135188

**For and on behalf of Board of Directors**

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

**Nikhil Jhanwar**  
 Chief Financial Officer

**Priya Gandhi**  
 Executive Director  
 DIN: 06998979

**Vinod Mali**  
 Company Secretary

**Date** 20 May 2022  
**Place** Ahmedabad

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash Flow from operating activities</b>		
Profit Before Tax	532.56	547.83
<b>Adjustments for:</b>		
Depreciation and amortisation Expense	95.02	96.33
Exceptional Items	-	52.78
Provision for doubtful debt	2.28	2.87
Bad debts written off	19.86	6.90
(Profit) / Loss on sale of property, plant & equipment	(0.69)	2.69
Profit on buy-back of shares by subsidiary	(2.26)	-
Interest expense	13.94	37.15
Unrealised foreign exchange loss / (gain)	7.85	-
Interest income	(19.02)	(2.62)
<b>Operating profit before working capital changes</b>	<b>649.54</b>	<b>743.93</b>
<b>Adjustments for:</b>		
Trade receivables	(138.36)	(17.65)
Inventories	(137.21)	34.20
Other assets	10.83	(50.77)
Trade payables	(29.98)	4.17
Other current liabilities	(13.02)	2.94
Short-term provisions	4.49	4.25
Loans	(1.77)	(56.03)
Other financial liability	2.69	0.44
Other financial assets	(23.79)	(119.56)
<b>Cash Generated from Operations</b>	<b>323.42</b>	<b>545.92</b>
Income tax paid (net)	(164.37)	(134.89)
<b>Net cash generated from operating activities (A)</b>	<b>159.05</b>	<b>411.03</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on Property, Plant and Equipment, including capital advances and capital work-in-progress and on intangible assets	(906.69)	(42.50)
Proceeds from Sale of Property, Plant and Equipment	1.79	0.42
Payment towards investment in subsidiaries	-	(8.25)
Payment towards investment in joint venture entity	(208.15)	-
Proceeds from buy-back of shares by subsidiary	9.79	-
Interest received	2.63	2.35
Bank / margin money deposits withdrawn / (Investment) (Net)	(5.20)	10.74
<b>Net cash used in investing activities (B)</b>	<b>(1,105.83)</b>	<b>(37.24)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	861.42	-
Repayment of long term borrowings	(128.95)	(19.04)
Proceeds/(Repayment) of Short-term Borrowings (net)	315.78	(300.91)
Interest Paid	(13.56)	(37.15)
Dividend Paid	(85.07)	(56.15)

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

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

Net cash generated from / (used in) financing activities (C)	949.62	(413.25)
Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	2.84	(39.46)
Cash and cash equivalents at the beginning of the year	12.44	51.90
Cash and cash equivalents at the end of the year	15.28	12.44
Cash and cash equivalents as per above comprise of the following:		
Cash on Hand	2.48	1.21
Balance with Banks - On Current Accounts	12.80	11.22
	15.28	12.44

## Non cash items :

i) Inter Corporate Deposits given of ₹ 7.20 million (Previous year: ₹ 23.9 million) were converted into investment in equity share capital of a subsidiary.

## Notes:

a) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Indian Accounting Standard) Rules, 2015 (as amended).

b) Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are given below:

Particulars	As at 1 April 2020	Cash flows	Foreign Exchange Loss	As at 31 March 2021
Long term borrowings	160.95	(19.04)	-	141.91
Short term borrowings	318.01	(300.91)	-	17.10
Total	478.96	(319.95)	-	159.01

Particulars	As at 1 April 2021	Cash flows	Foreign Exchange Loss	As at 31 March 2022
Long term borrowings	141.91	732.47	11.87	886.25
Short term borrowings	17.10	315.78	-	332.88
Total	159.01	1,048.25	11.87	1,219.13

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
Partner  
Membership No.: 135188

## For and on behalf of Board of Directors

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

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Date** 20 May 2022  
**Place** Ahmedabad

**Nikhil Jhanwar**  
Chief Financial Officer

**Vinod Mali**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

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

<b>A EQUITY SHARE CAPITAL</b>					
	Number of shares	Amount			
Equity shares of ₹10 each issued, subscribed and fully paid					
As at 1 April 2020	8,506,865	85.07			
Issue of Equity Share Capital	-	-			
As at 31 March 2021	8,506,865	85.07			
Issue of Equity Share Capital	-	-			
<b>As at 31 March 2022</b>	<b>8,506,865</b>	<b>85.07</b>			

<b>B OTHER EQUITY</b>					
Particular	Reserves and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
<b>Balance as at 1 April 2020</b>	<b>9.42</b>	<b>175.07</b>	<b>392.26</b>	<b>1,368.99</b>	<b>1,945.74</b>
Profit for the year				399.01	399.01
Other Comprehensive Income for the year					
Re-measurement gain on defined benefit plan (net of tax)				2.14	2.14
Total Comprehensive Income for the year				401.15	401.15
Dividend paid				(56.15)	(56.15)
<b>As at 31 March 2021</b>	<b>9.42</b>	<b>175.07</b>	<b>392.26</b>	<b>1,713.99</b>	<b>2,290.74</b>
Profit for the year				395.17	395.17
Other Comprehensive Income for the year					
Re-measurement loss on defined benefit plan (net of tax)				(1.57)	(1.57)
Total Comprehensive Income for the year				393.60	393.60
Dividend paid				(85.07)	(85.07)
<b>Balance as at 31 March 2022</b>	<b>9.42</b>	<b>175.07</b>	<b>392.26</b>	<b>2,022.52</b>	<b>2,599.27</b>

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
 Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
 Partner  
 Membership No.: 135188

**For and on behalf of Board of Directors**

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

**Nikhil Jhanwar**  
 Chief Financial Officer

**Priya Gandhi**  
 Executive Director  
 DIN: 06998979

**Vinod Mali**  
 Company Secretary

**Date** 20 May 2022  
**Place** Ahmedabad

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 1 CORPORATE INFORMATION

Hester Biosciences Limited is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The registered office of the company is located at Pushpak, 1<sup>st</sup> Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat.  
The Company is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry and Large animal health products having its manufacturing set up at Merda Adraj village, Mehsana District, Gujarat.  
The financial statements were approved for issue in accordance with a resolution of the directors on 20 May 2022.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements of the Company.

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

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

The financial statements are presented in ₹ and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a USE OF ESTIMATES:

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

##### b Operating Cycle and Current/Non-current classification:

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

-It is held primarily for the purpose of trading.

-It is due to be settled within twelve months after the reporting period, or

-There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has ascertained twelve months as its operating cycle.

### c REVENUE RECOGNITION:

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

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

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables:

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e only the passage of time is required before payment of consideration is due). Refer to accounting policies of financial assets in financial instruments-initial recognition and subsequent measurement.

Contract Liabilities (Advance from customers):

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is Contract liabilities (advance from customers) are recognised as revenue when the Company performs under the contract.

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

Export incentives are recognised when the right to receive them as per the terms of the entitlement is established in respect of exports made.

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

### d PROPERTY PLANT & EQUIPMENTS :

Property, Plant and Equipments are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### e INTANGIBLE ASSETS :

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Capital assets under development are stated at cost in the Balance Sheet as "Intangible Asset under Development".

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Particulars	Estimated Useful Life
Software	Over a Period of 6 Years
Product Registration fees	Over a Period of 5-10 Years

### f DEPRECIATION / AMORTISATION :

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

Particulars	Estimated Useful Life
Furniture & Fixtures	Over a Period of 9 Years
Plant & Machineries, Equipments, Electrical Installation & Utilities	Over a Period of 5 to 9 Years

### g IMPAIRMENT OF NON - FINANCIAL ASSET - Property, Plant and Equipment and Intangible Assets:

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

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### **h INVESTMENTS:**

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

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

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

### **i INVENTORIES:**

Inventories include raw materials, bought out components, work-in-progress and manufactured finished goods. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

#### **Finished products:**

Finished products produced by the Company are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads.

#### **Traded goods:**

Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is determined using First in First out (FIFO) method.

#### **Work in Progress:**

Work in Progress is valued at cost of direct materials, labour and other Manufacturing overheads up to estimated stage of process.

#### **Raw materials and stores & spares:**

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

### **j BORROWING COSTS:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### **k FOREIGN CURRENCY TRANSACTIONS:**

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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Monetary items representing assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates prevailing on balance sheet date. Exchange differences arising as a result of the above are recognised as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

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

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

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### **I RESEARCH AND DEVELOPMENT:**

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

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### **m PROVISION FOR RETIREMENT BENEFITS:**

#### **(i) Short-Term Employee Benefits:**

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

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#### **(ii) Post-employment benefit plans:**

##### **a) Defined Contribution Plan:**

Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner. The Company does not have any obligation other than contribution under scheme.

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##### **b) Defined Benefit Plan:**

The Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognised in full in the period in which they occur.

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

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## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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### n EARNINGS PER SHARE:

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Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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### o CASH AND CASH EQUIVALENTS:

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Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the standalone statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

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### p OTHER BANK BALANCES:

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Other Bank Balances in the balance sheet comprise short-term deposits with an original maturity of more than three months and having maturity less than twelve months.

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### q FINANCIAL INSTRUMENTS:

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#### (i) Financial Asset:

##### (a) Classification:

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

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##### (b) Initial recognition and measurement:

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

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##### (c) Subsequent measurement:

For the purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets instruments at amortised cost (debt instruments)
  - Financial assets at fair value through other comprehensive income (FVTOCI).
  - Financial assets at fair value through profit or loss (FVTPL) (Derivatives and Equity Instruments)
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##### (d) Financial assets at amortised cost:

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

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- 1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
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## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

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### **(e) Financial assets at fair value through OCI (FVTOCI):**

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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### **(f) Financial assets at fair value through profit or loss:**

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

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### **(g) Derecognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's standalone balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(i) the Company has transferred substantially all the risks and rewards of the asset, or

(ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the statement of profit and loss.

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(h) Impairment of financial assets:

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

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

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(ii) trade receivables:

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

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

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**(ii) Financial Liabilities:**

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**(a) Classification:**

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

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**(b) Initial recognition and measurement:**

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

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

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

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**(c) Subsequent measurement:**

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For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
  - Financial liabilities at amortised cost (loans and borrowings).
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**(d) Financial liabilities at fair value through profit or loss:**

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Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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### (e) Financial liabilities at amortised cost (loans and borrowings):

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After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

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

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### (f) Derecognition:

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

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## r TAXATION:

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### i. Current Tax:

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Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Standalone Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset or to settle the liability on a net basis.

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### ii. Deferred Tax:

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Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Standalone Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities. Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

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## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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### s Leases

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#### The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

#### The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms.

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### t GRANTS:

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Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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### u Provisions and Contingent Liabilities:

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A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

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## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

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**v Biological Assets:**

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

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**w Segment Reporting:**

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The Company's Chief Operating Decision Maker (CODM) examines the Company's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Company, which primarily relate to poultry healthcare and animal healthcare.

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### 2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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**a Defined benefit plans (gratuity benefits)**

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The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

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**b Useful life of Property, Plant and Equipment and Intangible assets**

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Property, Plant and Equipment and Intangible Assets are depreciated/amortised over their estimated useful life, after taking into account estimated residual value.

Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The useful life and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes.

The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

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## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 3. PROPERTY, PLANT AND EQUIPMENT:

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Computer	Total
<b>Gross Block</b>							
As at 1 April 2020	18.30	635.81	858.05	59.52	60.71	19.60	1,650.98
Additions	-	7.26	18.60	1.84	1.72	1.74	31.16
Disposals	-	38.64	10.15	-	-	-	48.79
<b>As at 31 March 2021</b>	<b>18.30</b>	<b>604.43</b>	<b>866.50</b>	<b>61.36</b>	<b>62.43</b>	<b>21.34</b>	<b>1,634.35</b>
Additions	-	10.93	42.78	3.15	11.85	2.29	71.00
Disposals	-	-	3.55	-	2.91	-	6.46
<b>As at 31 March 2022</b>	<b>18.30</b>	<b>615.36</b>	<b>905.73</b>	<b>64.51</b>	<b>71.37</b>	<b>23.63</b>	<b>1,698.90</b>
<b>Depreciation/Amortisation and Impairment</b>							
As at 1 April 2020	-	152.04	451.03	38.39	33.94	15.77	690.17
Charge for the Year	-	20.07	63.77	4.41	5.16	2.02	95.43
Deductions	-	7.99	7.33	-	-	-	15.32
<b>As at 31 March 2021</b>	<b>-</b>	<b>164.12</b>	<b>507.47</b>	<b>42.80</b>	<b>39.10</b>	<b>17.79</b>	<b>771.28</b>
Charge for the Year	-	19.20	63.11	4.20	5.59	1.94	94.04
Deductions	-	-	3.28	-	2.64	-	5.92
<b>As at 31 March 2022</b>	<b>-</b>	<b>183.32</b>	<b>567.30</b>	<b>47.00</b>	<b>42.05</b>	<b>19.73</b>	<b>859.40</b>
<b>Net Block</b>							
As at 31 March 2021	18.30	440.31	359.03	18.56	23.33	3.55	863.07
<b>As at 31 March 2022</b>	<b>18.30</b>	<b>432.04</b>	<b>338.43</b>	<b>17.51</b>	<b>29.32</b>	<b>3.90</b>	<b>839.50</b>

#### Notes:

For charges created on aforesaid assets, refer note 17.

#### Capital work-in-progress

Particulars	Amount
<b>As at 31 March 2022</b>	<b>802.24</b>
As at 31 March 2021	32.88

The carrying value of capital work in Progress as on 31 March 2022 includes interest of ₹ 10.93 million (Previous year: Nil) incurred which has been capitalised in CWIP as borrowing Cost.

#### Capital work-in-progress Ageing :

##### Details of CWIP as at 31 March 2022

CWIP	Amount in CWIP for a period ended 31 March 2022				Total
	less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in Progress	798.68	3.41	0.15	-	802.24
Project temporarily Suspended	-	-	-	-	-

##### Details of CWIP as at 31 March 2021

CWIP	Amount in CWIP for a period ended 31 March 2021				Total
	less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in Progress	-	28.11	4.27	0.50	32.88
Project temporarily Suspended	-	-	-	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022  
(All amounts are in ₹ Million, unless otherwise stated)

### 4. INTANGIBLE ASSETS:

Particulars	Software	Product registration fees	Total
<b>Gross Block</b>			
As at 1 April 2020	7.19	4.02	11.21
Additions	0.28	-	0.28
Disposals	-	-	-
<b>As at 31 March 2021</b>	<b>7.47</b>	<b>4.02</b>	<b>11.49</b>
Additions	1.02	0.25	1.27
Disposals	-	-	-
<b>As at 31 March 2022</b>	<b>8.49</b>	<b>4.27</b>	<b>12.76</b>
<b>Depreciation/Amortisation and Impairment</b>			
As at 1 April 2020	5.39	1.90	7.29
Charge for the Year	0.50	0.40	0.90
Deductions	-	-	-
<b>As at 31 March 2021</b>	<b>5.89</b>	<b>2.30</b>	<b>8.19</b>
Charge for the Year	0.55	0.43	0.98
Deductions	-	-	-
<b>As at 31 March 2022</b>	<b>6.44</b>	<b>2.73</b>	<b>9.17</b>
<b>Net Block</b>			
As at 31 March 2021	1.58	1.72	3.30
<b>As at 31 March 2022</b>	<b>2.05</b>	<b>1.54</b>	<b>3.59</b>

#### Notes:

For charges created on aforesaid assets, refer note 17.

#### Intangible assets under Development

Particulars	Amount
<b>As at 31 March 2022</b>	<b>16.85</b>
As at 31 March 2021	4.31

#### Intangible asset under Development Ageing:

Particulars	Amount in Intangible under Development for a period ended 31 March				Total
	less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>					
Project in Progress	15.04	-	-	1.81	16.85
Project temporarily Suspended	-	-	-	-	-
<b>As at 31 March 2021</b>					
Project in Progress	2.50	-	-	1.81	4.31
Project temporarily Suspended	-	-	-	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>5 BIOLOGICAL ASSETS OTHER THAN THE BEARER PLANTS:</b>			As at	As at
Particulars		31 March 2022	31 March 2021	
<b>Live Stock</b>				
At the Beginning of the Year		0.56		2.90
Add: Purchased during the Year		-		0.50
Less: Sold/Disposed during the Year		0.56		2.84
<b>At the end of the year</b>		<b>-</b>		<b>0.56</b>
<b>Non-Financial Measures or Estimates of Physical Quantities of Biological Assets</b>				
Particulars	Unit	As at	As at	
		31 March 2022	31 March 2021	
Live Stock	Nos	-		16,340
<b>At the end of the year</b>		<b>-</b>		<b>16,340</b>
<b>6 NON CURRENT INVESTMENTS:</b>				
Particulars		As at	As at	
		31 March 2022	31 March 2021	
<b>Investment in subsidiaries:</b>				
<b>Unquoted Investments in equity instruments - at cost (All fully paid)</b>				
Hester Biosciences Nepal Private Limited 1,743,390 (31 March 2021:1,625,000) Equity shares of NPR 100 each		117.33		109.91
Hester Biosciences Africa Limited 9,112,079 (31 March 2021: 9,112,079) Equity shares of TSHS 1,000 each		283.97		283.97
Texas Lifesciences Private Limited 2,706,625 (31 March 2021 :3,459,702) Equity shares of ₹ 10 each		27.07		34.60
Hester Biosciences Kenya Limited 150,600 (31 March 2021: 150,600) Equity shares of KSHS 100 each		10.37		10.37
<b>Investment in Joint Venture entity:</b>				
<b>Unquoted Investments in equity instruments - at cost (Fully paid)</b>				
Thrishool Exim Limited 1,674 (31 March 2021:Nil) Equity shares of TSHS 10,000 each		208.15		-
<b>Total</b>		<b>646.89</b>		<b>438.85</b>
<b>Aggregate value of Unquoted Investment</b>		<b>646.89</b>		<b>438.85</b>
<b>7 LOANS:</b>				
Particulars	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>- Unsecured, Considered Good</b>				
Loans & Advances to related parties (Refer Note 39)	-	7.40	-	-
Loan to Employees	-	-	3.76	1.99
Loan to Others	-	-	55.00	55.00
<b>- Unsecured, Considered Doubtful</b>				
Loans & Advances to related parties (Refer Note 39)	-	19.57	-	-
Less : Provision for Doubtful Advances	-	(19.57)	-	-
<b>Total</b>	<b>-</b>	<b>7.40</b>	<b>58.76</b>	<b>56.99</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

Name of the Company and Relationship	Outstanding amount		Maximum amount outstanding during the year	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Hester Biosciences Nepal Private Limited (Subsidiary)	-	7.40	7.40	54.92
<b>Total</b>	<b>-</b>	<b>7.40</b>	<b>7.40</b>	<b>54.92</b>

### 8 OTHER FINANCIAL ASSETS:

(Unsecured, Considered Good)

Particulars	Non Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Bank Deposits with maturity of more than 12 months	28.62	27.96	-	-
Security Deposit	31.79	13.18	123.00	123.00
Gratuity Fund	-	-	6.01	2.93
Interest Accrued	-	-	17.63	1.24
<b>Total</b>	<b>60.41</b>	<b>41.14</b>	<b>146.64</b>	<b>127.17</b>

### 9 OTHER NON CURRENT ASSETS:

(Unsecured, Considered Good)

Particulars	As at	As at
	31 March 2022	31 March 2021
Capital Advances	203.54	28.23
Advance Tax (Net of Provision for tax)	6.68	4.35
<b>Total</b>	<b>210.22</b>	<b>32.58</b>

### 10 INVENTORIES:

(At lower of cost and net realisable value)

Particulars	As at	As at
	31 March 2022	31 March 2021
Raw Materials	53.93	29.10
Work-in-Progress	147.83	287.40
Finished Goods	327.74	120.99
Traded Goods	146.02	87.94
Stores & Spares	13.70	13.56
Packing Materials	18.12	31.13
<b>Total</b>	<b>707.34</b>	<b>570.12</b>

#### Note:

During the year ended 31 March 2022, ₹ 5.15 million (Previous year: Nil) was recognised as an expense for finished good inventories carried at net realisable value.

### 11 TRADE RECEIVABLES:

Particulars	As at	As at
	31 March 2022	31 March 2021
Secured, considered good	-	-
Unsecured, considered good	569.16	455.50
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	5.15	2.87
<b>Total</b>	<b>574.31</b>	<b>458.37</b>
Less :		
Impairment allowance (allowance for bad and doubtful debts)	(5.15)	(2.87)
<b>Total</b>	<b>569.16</b>	<b>455.50</b>

**Note :** For dues from the related parties, refer notes 39

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Trade Receivable Ageing as on 31 March 2022							
Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	217.58	187.85	114.09	17.47	14.85	5.32	557.16
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	-	-	-	2.28	2.28
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	-	12.00	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	-	2.47	0.40	2.87
	217.58	187.85	114.09	17.47	17.33	20.01	574.31
Less: Impairment allowance (allowance for bad and doubtful debts)							(5.15)
<b>Total</b>	<b>217.58</b>	<b>187.85</b>	<b>114.09</b>	<b>17.47</b>	<b>17.33</b>	<b>20.01</b>	<b>569.16</b>

Trade Receivable Ageing as on 31 March 2021							
Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	208.20	142.30	37.99	23.45	15.18	16.38	443.50
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	12.00	-	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	2.47	0.40	-	2.87
	208.20	142.30	37.99	25.92	27.58	16.38	458.37
Less: Impairment allowance (allowance for bad and doubtful debts)							(2.87)
<b>Total</b>	<b>208.20</b>	<b>142.30</b>	<b>37.99</b>	<b>25.92</b>	<b>27.58</b>	<b>16.38</b>	<b>455.50</b>

Following is the movement of provision for impairment allowance of doubtful debt:

Particulars	31 March 2022	31 March 2021
Opening provision	2.87	-
Add: provision during the year	2.28	2.87
Less: provision utilised during the year	-	-
<b>Closing balance</b>	<b>5.15</b>	<b>2.87</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>12 CASH AND CASH EQUIVALENTS:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Balance with Banks			
-In Current Accounts	8.03	6.61	
-Unpaid dividend accounts	4.77	4.62	
Cash on Hand	2.48	1.21	
<b>Total</b>	<b>15.28</b>	<b>12.44</b>	

<b>13 OTHER BANK BALANCES:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Bank Deposits with original maturity of more than three months but less than twelve months	4.53	-	
<b>Total</b>	<b>4.53</b>	<b>-</b>	

<b>14 OTHER CURRENT ASSETS:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Unsecured, Considered Good			
Advances to Suppliers	84.19	44.01	
Prepaid Expenses	4.68	8.68	
Export Incentives Receivables	-	1.15	
Balance with Government Authorities	74.14	71.00	
Others	-	49.00	
<b>Total</b>	<b>163.01</b>	<b>173.84</b>	

<b>15 SHARE CAPITAL:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
<b>AUTHORISED CAPITAL</b>			
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112.00	112.00	
	<b>112.00</b>	<b>112.00</b>	
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>			
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85.07	85.07	
<b>Total</b>	<b>85.07</b>	<b>85.07</b>	

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

Particulars	As at	As at
	31 March 2022	31 March 2021
Equity Shares at the beginning of the year	8,506,865	8,506,865
Changes during the Year	-	-
<b>Outstanding at the end of the year</b>	<b>8,506,865</b>	<b>8,506,865</b>

### 15.02 Rights, preferences and restriction attached to shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting except Interim Dividend declared during the year and Company pays the same in Indian Rupees. In the event of liquidation of the Company, the equity Shareholders are eligible to receive the remaining asset of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held.

The board has further recommended final dividend of ₹ 10 per equity share (100%) for year 2021-22, subject to the approval of the shareholders.

### 15.03 Disclosure of Shareholding of Promoters

Disclosure of Shareholding of Promoters as at 31 March 2022 is as follow:

Promoter Name	Shares held by Promoters				% Change during the Year
	As at 31 March 2022		As at 31 March 2021		
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47	-
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20	-
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
Ravin Gandhi	403,320	4.74	403,320	4.74	-
Bela Gandhi	400,635	4.71	400,635	4.71	-
Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
Bhupendra Vithaldas Gandhi HUF	301,600	3.54	301,600	3.54	-
Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
Anup Chandravadan Kapadia	228,354	2.68	228,354	2.68	-
Shaila Bhupendra Gandhi	189,700	2.23	189,700	2.23	-
Hester Coatings LLP	64,000	0.75	64,000	0.75	-
Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
<b>Total</b>	<b>4,570,944</b>	<b>53.73</b>	<b>4,570,944</b>	<b>53.73</b>	

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Disclosure of Shareholding of Promoters as at 31 March 2021 is as follow:

Promoter Name	Shares held by Promoters				% Change during the Year
	As at 31 March 2021		As at 31 March 2020		
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Rajiv Dinesh Gandhi	890,397	10.47	885,397	10.41	0.06
Sanjiv Dinesh Gandhi	697,820	8.20	692,820	8.14	0.06
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
Ravin Gandhi	403,320	4.74	403,320	4.74	-
Bela Gandhi	400,635	4.71	400,635	4.71	-
Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
Bhupendra Vithaldas Gandhi HUF	301,600	3.54	311,600	3.66	(0.12)
Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
Anup Chandravadan Kapadia	228,354	2.68	27,000	0.31	2.37
Madhuri Kapadia	-	-	201,354	2.37	(2.37)
Shaila Bhupendra Gandhi	189,700	2.23	189,700	2.23	-
Hester Coatings LLP	64,000	0.75	64,000	0.75	-
Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
<b>Total</b>	<b>4,570,944</b>	<b>53.73</b>	<b>4,570,944</b>	<b>53.73</b>	

### 15.04 The details of shareholders holding more than 5% equity shares in the Company

Name of the share holders	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% held	No. of Shares	% held
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

16 OTHER EQUITY:		
Particulars	As at 31 March 2022	As at 31 March 2021
<b>Capital Reserve</b>		
As per last Balance sheet	9.42	9.42
<b>Securities Premium</b>		
As per last Balance sheet	175.07	175.07
<b>General Reserve</b>		
As per last Balance sheet	392.26	392.26
<b>Retained Earnings</b>		
As per Last Balance Sheet	1,713.99	1,368.99
Add: Profit for the year	395.17	399.01
Add: Other Comprehensive Income (Remeasurement gain / (loss) of defined benefit plans, net of tax)	(1.57)	2.14
Less: Dividend paid	85.07	56.15
	2,022.52	1,713.99
<b>Total</b>	<b>2,599.27</b>	<b>2,290.74</b>
<b>Notes :</b>		
1	<b>Capital reserve:</b> This is mainly used to record the reserves created on receipt of state/central subsidies and amounts forfeited towards the forfeiture of Equity warrants issued. This reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.	
2	<b>Securities premium:</b> This represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.	
3	<b>General Reserve:</b> Under the erstwhile Companies Act 1956, general reserves was created through an annual transfer of net income at specified percentage in accordance with applicable regulation. Consequent to the introduction of Companies Act, 2013, the requirement of mandatorily transfer a specified percentage of the net profit to general reserves has been withdrawn. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.	
4	<b>Retained earnings:</b> This represents the amount that can be distributed by the Company as dividends considering the requirements of the Companies Act, 2013.	
<b>Distribution made and proposed</b>		
	As at 31 March 2022	As at 31 March 2021
<b>Cash dividend on equity shares declared and paid</b>		
Final Dividend for the year ended 31 March 2021 ₹ 10 per share (for the year ended 31 March 2020 ₹ 6.60 per share )	85.07	56.15
	<b>85.07</b>	<b>56.15</b>
<b>Proposed dividend on equity shares</b>		
Final Dividend for the year ended 31 March 2022 ₹ 10 per share (for the year ended 31 March 2021 ₹ 10 per share)	85.07	85.07
	<b>85.07</b>	<b>85.07</b>

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

17	<b>BORROWING (Long Term):</b>		
	<b>Particulars</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
	<b>Secured Borrowings</b>		
	Term Loans from Banks	200.04	137.98
	External Commercial Borrowings	683.34	-
	Hire Purchase Loans from Banks	2.87	3.93
		<b>886.25</b>	<b>141.91</b>
	<b>Less: Current Maturities of Long Term Borrowings (Refer Note 19)</b>		
	Term Loans from Banks	(65.82)	(114.08)
	External Commercial Borrowings	(86.77)	-
	Hire Purchase Loans from Banks	(1.17)	(1.07)
		<b>(153.76)</b>	<b>(115.15)</b>
	<b>Total</b>	<b>732.49</b>	<b>26.76</b>
	<b>Notes:</b>		
	<b>1. The security details for the borrowing balances:</b>		
	Term Loans from Banks aggregating to ₹ 200.04 million (Previous year: ₹ 137.98 million) and External Commercial Borrowings from Banks aggregating to ₹ 683.34 million (Previous year: Nil) are secured by first charge on all immovable, movable assets and freehold land of the Company along with the personal guarantee of the directors.		
	Hire Purchase Loans from Banks aggregating to ₹ 2.87 million (Previous year: ₹ 3.93 million) are secured by hypothecation of specific vehicle/car on paripassu basis.		
	<b>2. Repayment schedule for the borrowing balances:</b>		
	The secured term loans from banks aggregating to ₹ 200.04 million (Previous year: ₹ 137.98 million) are repayable over a period of 5 years in monthly /quarterly / yearly instalments for various loans upto FY 2027-28.		
	External Commercial Borrowing from banks aggregating to ₹ 683.34 million (Previous year: Nil) are repayable over a period of 5 years in quarterly instalments from FY 2022-23 to FY 2027-28.		
	The hire purchase loan from banks aggregating to ₹ 2.87 million (Previous year: ₹ 3.93 million) are repayable over a period of 5 years in monthly instalments started from FY 2019-20 to FY 2024-25.		
	Interest rates on Term loan is varying, which is linked to MCLR of bank, from time to time.		
	Interest rates on Hire purchase loan is fixed at 9.26% p.a.		
	Interest rates on External Commercial Borrowing is varying, which is linked to 3 Months USD Libor.		
18	<b>OTHER NON CURRENT FINANCIAL LIABILITIES:</b>		
	<b>Particulars</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
	Deposits	5.53	3.03
	<b>Total</b>	<b>5.53</b>	<b>3.03</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>19 SHORT TERM BORROWINGS:</b>			
Particulars	As at		As at
	31 March 2022		31 March 2021
<b>Loan Repayable on Demand</b>			
- Cash Credit from Bank	332.88		17.01
- Credit Card	-		0.09
<b>Current Maturities of Long Term Borrowings (Refer Note 17)</b>			
- Term Loans	65.82		114.08
- Hire Purchase Loans	1.17		1.07
- External Commercial Borrowings	86.77		-
<b>Total</b>	<b>486.64</b>		<b>132.25</b>

19.01 Cash Credit accounts are secured by first and exclusive hypothecation charge on all the current assets of the Company. It is also collaterally secured by Equitable Mortgage of Corporate office at Ahmedabad and hypothecation of unencumbered plant and machinery, stocks and trade receivable of the Company and personal guarantee of the directors.

19.02 Interest Rate on cash credit facilities is varying, which is linked to base rate of Bank, from time to time.

<b>20 TRADE PAYABLES:</b>			
Particulars	As at		As at
	31 March 2022		31 March 2021
Total outstanding dues of micro enterprises and small enterprises	19.88		2.98
Total outstanding dues of creditors other than micro enterprises and small enterprises	90.39		137.27
<b>Total</b>	<b>110.27</b>		<b>140.25</b>

**Note:**

For dues to related parties, refer note 39

**Dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006:**

Particulars	As at		As at	
	31 March 2022		31 March 2021	
Principal amount due remaining unpaid to to Micro and Small Enterprises as at end of the year;	19.88	-	2.98	-
Interest accrued and remaining unpaid to to Micro and Small Enterprises as at end of the year;	-	-	-	-
Interest due and payable to Micro and Small Enterprises for the year;	-	-	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day;	-	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to Micro and Small Enterprises.	-	-	-	-

**Note:** The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Trade Payable Ageing as on 31 March 2022							
Outstanding for the following period from due date of payment							
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total
MSME- Undisputed dues	-	14.22	5.66	-	-	-	19.88
Others-Undisputed dues	53.40	17.84	15.16	1.78	1.50	0.71	90.39
MSME- Disputed dues	-	-	-	-	-	-	-
Others-Undisputed dues	-	-	-	-	-	-	-
<b>Total</b>	<b>53.40</b>	<b>32.06</b>	<b>20.82</b>	<b>1.78</b>	<b>1.50</b>	<b>0.71</b>	<b>110.27</b>

Trade Payable Ageing as on 31 March 2021							
Outstanding for the following period from due date of payment							
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total
MSME- Undisputed dues	-	2.98	-	-	-	-	2.98
Others-Undisputed dues	23.33	66.91	42.40	3.85	0.43	0.35	137.27
MSME- Disputed dues	-	-	-	-	-	-	-
Others-Undisputed dues	-	-	-	-	-	-	-
<b>Total</b>	<b>23.33</b>	<b>69.89</b>	<b>42.40</b>	<b>3.85</b>	<b>0.43</b>	<b>0.35</b>	<b>140.25</b>

### 21 OTHER CURRENT FINANCIAL LIABILITIES:

Particulars	As at 31 March 2022	As at 31 March 2021
Unclaimed Dividends	4.77	4.62
Interest accrued	2.44	-
Creditors for Capital expenses	118.23	4.04
Others	0.44	0.41
<b>Total</b>	<b>125.88</b>	<b>9.07</b>

### 22 OTHER CURRENT LIABILITIES:

Particulars	As at 31 March 2022	As at 31 March 2021
Advance from Customers	6.49	4.44
Payables to Statutory Authorities	7.32	22.39
<b>Total</b>	<b>13.81</b>	<b>26.83</b>

### 23 PROVISIONS

Particulars	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Provision for Leave encashment	10.77	-	2.39	8.67
<b>Total</b>	<b>10.77</b>	<b>-</b>	<b>2.39</b>	<b>8.67</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>24 CURRENT TAX LIABILITIES:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Provision for Current Tax (Net of advance tax)	9.38	29.42	
<b>Total</b>	<b>9.38</b>	<b>29.42</b>	
<b>25 REVENUE FROM OPERATIONS:</b>			
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
(A) Sale of Goods	2,155.02	1,909.04	
(B) Other Operating Revenue			
- Professional Fees	2.00	9.33	
- Revenue from license fees and services	36.49	166.41	
<b>Total</b>	<b>2,193.51</b>	<b>2,084.77</b>	
<b>Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:</b>			
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
Revenue as per contracted price	2,193.51	2,088.74	
Adjustments:			
Less: Discount on prompt payment	-	3.97	
<b>Revenue from contract with customers</b>	<b>2,193.51</b>	<b>2,084.77</b>	
<b>26 OTHER INCOME:</b>			
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
Interest income			
- Bank deposits	1.36	1.36	
- Others	17.66	1.26	
Commission income	10.58	10.32	
Foreign exchange fluctuation (Net)	9.20	-	
Profit on sale of Property, Plant and Equipment (net)	1.25	0.15	
Capital gain on buy - back of shares by subsidiary	2.26	-	
Other miscellaneous income	4.26	3.39	
<b>Total</b>	<b>46.57</b>	<b>16.48</b>	
<b>27 COST OF RAW MATERIAL AND COMPONENTS CONSUMED:</b>			
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
Inventory at the beginning of the year	60.23	57.60	
Add: Purchases during the year	361.13	244.38	
Less: Inventory at the end of the year	72.05	60.23	
<b>Total</b>	<b>349.31</b>	<b>241.75</b>	
<b>28 PURCHASE OF STOCK-IN-TRADE:</b>			
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
Purchase of Stock-in-trade	392.97	252.09	
<b>Total</b>	<b>392.97</b>	<b>252.09</b>	

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>29</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS:</b>		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
<b>Inventories at the End of the Year</b>			
- Finished Goods	327.74	120.99	
- Traded Goods	146.02	87.94	
- Work-in-Progress	147.83	287.40	
	<b>621.59</b>		<b>496.33</b>
<b>Inventories at the Beginning of the Year</b>			
- Finished Goods	120.99	81.82	
- Traded Goods	87.94	60.78	
- Work-in-Progress	287.40	393.87	
	<b>496.33</b>		<b>536.47</b>
<b>Total</b>	<b>(125.26)</b>		<b>40.14</b>
<b>30</b>	<b>EMPLOYEE BENEFITS EXPENSE:</b>		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
Salaries & Wages	374.05	316.15	
Gratuity expense (Refer Note 40)	3.24	5.70	
Contributions to Provident Fund & Other Funds (Refer Note 40)	13.13	11.51	
Staff Welfare Expenses	0.77	1.15	
<b>Total</b>	<b>391.19</b>		<b>334.51</b>
<b>31</b>	<b>FINANCE COST:</b>		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
Interest Expenses	13.94	37.15	
Bank Charges	5.43	2.32	
Foreign exchange loss on borrowings	5.31	-	
<b>Total</b>	<b>24.68</b>		<b>39.47</b>
<b>32</b>	<b>OTHER EXPENSES:</b>		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021	
Power and Fuel	87.36	69.32	
Consumption of Stores and Spares	31.11	25.84	
Repairs & Maintenance			
- Plant and Machinery	15.38	15.24	
- Building	4.41	-	
- Others	6.11	5.42	
Testing and inspection charges	11.88	8.08	
Factory Expense	57.44	58.70	
Freight Expense	109.84	86.68	
Foreign Exchange Fluctuation (net)	-	4.03	
Sales promotion expense	48.91	34.47	
Commission on Sales	12.85	15.60	
Legal and Professional fees	34.53	42.42	
Traveling & conveyance expense	85.27	55.45	
Insurance Expense	6.51	6.65	
Rent	7.50	7.78	
Rates and Taxes	2.52	10.48	
Payment to Auditor			
- As Auditor	1.20	1.20	

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

- For Taxation Matters		0.45	-
- For Other Services		0.33	0.10
- For Reimbursement of Expense		*	-
CSR Expenses (Refer Note 37)		10.77	9.62
Bad Debts written off		19.86	6.90
Provision for Doubtful Debts		2.28	2.87
Doubtful advances w/off	19.57		
Less: Provision reversed	(19.57)	-	-
Charity and donations		-	0.68
Directors sitting fees		3.43	2.90
Miscellaneous Expenses		19.67	25.92
<b>Total</b>		<b>579.61</b>	<b>496.35</b>
(Figures below ₹ 50,000 are denominated with *)			
Note: The amount of rent includes short term lease rental payment of ₹ 7.50 Million (Previous Year: ₹ 7.78 Million)			

### 33 EXCEPTIONAL ITEMS:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Loss on disposal of Patan farm	-	33.21
Impairment of interest accrued on loan to subsidiary	-	19.57
<b>Total</b>	<b>-</b>	<b>52.78</b>

### 34 TAX RECONCILIATION:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current income tax	142.53	163.65
<b>Deferred tax</b>		
Deferred tax expense	(5.14)	(14.83)
<b>Income tax expenses reported in the Statement of Profit and Loss</b>	<b>137.39</b>	<b>148.82</b>
<b>OCI Section</b>		
<b>Other comprehensive income (OCI)</b>		
<b>Tax related to items recognised in OCI during the year</b>		
Tax effect on Remeasurement gain/(loss) of defined benefit plans	0.53	(0.72)
<b>Tax credit/(charged) to OCI</b>	<b>0.53</b>	<b>(0.72)</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>a. Reconciliation of tax expense and the accounting profit</b>				
<b>Particulars</b>			<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
Profit before tax as per Statement of Profit and loss			532.56	547.83
Enacted Income Tax Rate applicable to Company			25.17%	25.17%
<b>Expected Income Tax Expenses</b>			<b>134.05</b>	<b>137.89</b>
<b>Tax effects of :</b>				
Non-deductible expenses			2.78	7.61
Others			0.55	3.32
<b>Total Tax</b>			<b>137.38</b>	<b>148.82</b>
<b>At the effective income tax rate of 31 March</b>			<b>25.80%</b>	<b>27.17%</b>
<b>b. Movement in deferred tax liabilities (net) for the year ended 31 March 2022</b>				
<b>Particulars</b>	<b>Opening Balance as at 1 April 2021</b>	<b>Recognised in profit and loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing Balance as at 31 March 2022</b>
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Accelerated depreciation for tax purposes	70.46	(4.44)	-	66.02
Gratuity Advance	0.74	0.77	-	1.51
	<b>71.20</b>	<b>(3.67)</b>	<b>-</b>	<b>67.53</b>
<b>Tax effect of items constituting deferred tax assets:</b>				
Expense allowed in the year of payment	1.28	2.04	-	3.32
Other adjustment	1.86	(0.57)	-	1.29
	<b>3.14</b>	<b>1.47</b>	<b>-</b>	<b>4.61</b>
<b>Net deferred tax liabilities</b>	<b>68.06</b>	<b>(5.14)</b>	<b>-</b>	<b>62.92</b>
<b>Movement in deferred tax liabilities (net) for the year ended 31 March 2021</b>				
<b>Particulars</b>	<b>Opening Balance as at 1 April 2020</b>	<b>Recognised in profit and loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing Balance as at 31 March 2021</b>
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Accelerated depreciation for tax purposes	83.39	(12.93)	-	70.46
Gratuity Advance / (Liability)	(0.76)	1.50	-	0.74
	<b>82.63</b>	<b>(11.43)</b>	<b>-</b>	<b>71.20</b>
<b>Tax effect of items constituting deferred tax assets:</b>				
Expense allowed in the year of payment	(0.26)	1.54	-	1.28
Other adjustment	-	1.86	-	1.86
	<b>(0.26)</b>	<b>3.40</b>	<b>-</b>	<b>3.14</b>
<b>Net deferred tax liabilities</b>	<b>82.89</b>	<b>(14.83)</b>	<b>-</b>	<b>68.06</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>35 COMMITMENTS:</b>		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	385.79	18.86
<b>Export Commitments</b>	1,314.73	-

<b>36 CONTINGENT LIABILITIES NOT PROVIDED FOR:</b>		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Claims against the company not acknowledged as debts:		
Income Tax *	1.48	1.48
Corporate Guarantee given against credit facilities availed by Subsidiary**	1,062.97	1,029.00

\* includes demand from Income Tax Authorities based on assessment/appeal orders and the Company is in appeal with higher authorities, and the Company has been advised that the decision will be in favour of the Company, and hence no provision has been made in the Financial Statements. The matters are pending before respective appellate authorities and not yet settled.

\*\* In respect of Corporate Guarantee of USD 14 Million issued in favour of Bill & Melinda Gates Foundation, U.S.A on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly Owned Subsidiary Company) for setting up of an animal vaccine manufacturing plant.

<b>37 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE:</b>		
Pursuant to Section 135 of the Companies Act, 2013, a Company, meeting the applicability of threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities identified by the Company and monitored by CSR Committee.		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Amount required to be spent by the company during the year	10.71	9.62
(b) Amount of expenditure incurred	10.77	14.09
(c) Shortfall at the end of the year	-	-
(d) total of previous year shortfall	-	-
(e) reason for shortfall	-	-
(f) nature of CSR activity	1. Education 2. Healthcare 3. Environment sustainability 4. Setting up Homes and workshop for Person with Intellectual disabilities	1. Education 2. Healthcare
(g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard.	-	-

Note:

The amount of expenditure incurred during the year includes carried forward balance of ₹ 4.47 Million (Previous Year: Nil)

<b>38 EARNINGS PER SHARE:</b>		
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net Profit for the year	395.17	399.01
Weighted Average Number of Equity Shares	8,506,865	8,506,865
Basic and diluted Earnings per share (In ₹)	46.45	46.90
Nominal Value of Equity Share (In ₹)	10.00	10.00

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 39 RELATED PARTY DISCLOSURE:

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

#### (i) List of Related Parties

##### (a) Subsidiary Companies

- 1) Hester Biosciences Nepal Private Limited
- 2) Texas Lifesciences Private Limited
- 3) Hester Biosciences Africa Limited
- 4) Hester Biosciences Kenya Limited

##### (b) Step-down Subsidiary Company:

- 1) Hester Biosciences Tanzania Limited  
(Wholly-owned Subsidiary of Hester Biosciences Kenya Limited)

##### (c) Joint Venture entity:

- 1) Thrishool Exim Limited (With effect from 23 February 2022)

##### (d) Key Management Personnel:

- 1) Mr. Rajiv Gandhi - CEO & Managing Director
- 2) Ms. Priya Gandhi - Executive Director (With effect from 28 October 2021)
- 3) Mr. Chetas Patel - Chief Financial Officer (Up to 8 June 2021)
- 4) Mr. Nikhil Jhanwar - Chief Financial Officer (With effect from 9 June 2021)
- 5) Mr. Vinod Mali - Company Secretary & Compliance Officer

##### (e) Independent Directors

- 1) Mr. Naman Patel
- 2) Mr. Amit Shukla
- 3) Ms. Sandhya Patel
- 4) Mr. Ashok Bhadakal
- 5) Mr. Ameet Desai (With effect from 28 October 2021)

##### (f) Relatives of key management personnel

- 1) Dr. Bhupendra Gandhi (Non-Executive chairman)
- 2) Mr. Sanjiv Gandhi (Non-Executive Director)
- 3) Mr. Ravin Gandhi (Non-Executive Director)
- 4) Ms. Nina Gandhi (Non-Executive Alternate Director of Mr. Ravin Gandhi)

##### (g) Enterprises owned or significantly influenced by key management personnel or their relatives :

- 1) Hester Coatings LLP
- 2) Biolink Healthcare Limited
- 3) Hester Diagnostics Private Limited
- 4) Gujarat Polyplast Private Limited
- 5) Blue Ray Aviation Private Limited
- 6) Hester Aviation Services Private Limited
- 7) Gujarat Airconnect Private Limited
- 8) AeroTrans Services Private Limited
- 9) SourcePro Infotech Private Limited

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

(ii) Transactions during the year with Related Parties :	Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Subsidiary Companies/ Joint Venture Entity		Enterprises Having Significant Influence (EHSI)		Total	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
		(a)	Purchase of Goods	-	-	272.85	171.44	26.96	29.25
(b)	Sales of Goods	-	-	22.08	44.96	-	-	22.08	44.96
(c)	Guarantee Commission Income	-	-	10.48	10.32	-	-	10.48	10.32
(d)	Commission Expense	-	-	-	-	1.54	2.98	1.54	2.98
(e)	Professional Services Rendered	-	-	-	-	2.00	9.33	2.00	9.33
(f)	Professional Services Availed	-	-	-	-	1.50	-	1.50	-
(g)	Services Availed	-	-	-	-	6.51	0.98	6.51	0.98
(h)	Reimbursement of Expenses	-	-	7.06	11.72	-	-	7.06	11.72
(i)	Sitting Fees	3.43	2.90	-	-	-	-	3.43	2.90
(j)	Remuneration Paid	59.13	54.81	-	-	-	-	59.13	54.81
(k)	Rent Paid	1.80	1.80	-	-	0.60	0.60	2.40	2.40
(l)	Investment in Subsidiary Companies (Refer note below statement of cash flow)	-	-	7.42	32.15	-	-	7.42	32.15
(m)	Buy back of shares by Subsidiary Company	-	-	7.53	-	-	-	7.53	-
(iii) Outstanding balances at the year-end:									
(iii) Outstanding balances at the year-end:	Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Subsidiary Companies/ Joint Venture		Enterprises Having Significant Influence		Total	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
		(a)	Receivables	-	-	65.85	63.30	13.16	11.00
(b)	Payables	-	-	31.21	22.65	2.16	3.65	33.37	26.39
(c)	Loans & Advances	-	-	22.96	24.08	37.92	0.77	60.87	24.85
(d)	Remuneration Payable	28.00	29.33	-	-	-	-	28.00	29.33
<b>Notes:</b>									
1	The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave encashment, as it is determined on an actuarial basis for the company as a whole.								
2	Bank Facilities (Working capital limit, Term loans and External Commercial Borrowings) are secured by guarantee of Mr. Rajiv Gandhi, Mr. Sanjiv Gandhi and Dr. Bhupendra Gandhi, Directors of the Company.								
3	Corporate Guarantee of USD 14 Million issued in favour of Bill & Melinda Gates Foundation, U.S.A. on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly-owned Subsidiary Company) for setting up of an animal vaccine manufacturing plant.								

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

40	<b>EMPLOYEE BENEFITS EXPENSES:</b>		
<b>a</b>	<b>Defined Contribution Plans:</b>		
	The Company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner, the Company required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit.		
	The Company recognised ₹ 13.13 million (2020-21: ₹ 11.51 million) for provident and other fund contribution in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.		
<b>b</b>	<b>Defined Benefit Plan:</b>		
	The Company made annual contribution to the employee's Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.		
	The present value of define benefit obligation and the related current service cost were measured using the projected unit credit method as per actuarial valuation carried out at balance sheet date.		
	The following table sets out the funded status of the gratuity plan and the amount recognised by the Company's financial statement as at 31 March 2022.		
	<b>Balance Sheet</b>		
<b>(i)</b>	<b>Change in the Present Value of Defined Benefit Obligation</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Defined Benefit Obligation at Beginning of the Year	34.30	34.05
	Current Service Costs	3.43	3.96
	Past Service Costs	-	1.95
	Interest Cost on Defined Benefit Obligation	2.17	2.32
	Actuarial (Gain) / Loss on Defined Benefit Obligation	2.01	(3.27)
	Benefits paid during the Year	(1.65)	(4.71)
	<b>Defined Benefit Obligation at End of the Year</b>	<b>40.26</b>	<b>34.30</b>
<b>(ii)</b>	<b>Change in Plan Asset</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Fair Value of Plan Assets at the Beginning of the Year	37.23	37.07
	Expected Return on Plan Assets	2.36	2.53
	Contribution made during the Year	8.42	2.75
	Benefits paid during the Year	(1.65)	(4.71)
	Actuarial Loss on Plan Assets	(0.09)	(0.41)
	<b>Fair Value of Plan Assets at the End of the Year</b>	<b>46.27</b>	<b>37.23</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>(iii) Disclosure in Balance Sheet</b>			
<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>	
Defined Benefit Obligation at the End of the Year	(40.26)	(34.30)	
Fair Value of Plan Assets at the end of the Year	46.27	37.23	
Funded Status [(Deficit)/Surplus]	6.01	2.93	
<b>Net (Liability)/Asset Recognised in the Balance Sheet</b>	<b>6.01</b>	<b>2.93</b>	
<b>(iv) Reconciliation - Balance Sheet</b>			
<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>	
Net (Asset)/Liability at the beginning of the Year	(2.93)	(3.02)	
Expenses Recognised in Statement of Profit or Loss	3.24	5.70	
Expenses Recognised in Other Comprehensive Income	2.10	(2.86)	
Employers contribution paid	(8.42)	(2.75)	
<b>Net Liability/(Asset) at the end of the year</b>	<b>(6.01)</b>	<b>(2.93)</b>	
<b>Statement of Profit and Loss</b>			
<b>(v) Expenses recognised during the Year</b>			
<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>	
<b>In Income Statement</b>			
Current Service Costs	3.43	3.96	
Past Service Costs	-	1.95	
Interest Cost	(0.19)	(0.21)	
<b>Expenses Recognised in Statement of Profit or Loss</b>	<b>3.24</b>	<b>5.70</b>	
<b>In Other Comprehensive Income</b>			
Actuarial (Gain) / Loss	2.01	(3.27)	
Return on Plan Assets	0.09	0.41	
<b>Expenses/(Income) Recognised in Other Comprehensive Income</b>	<b>2.10</b>	<b>(2.86)</b>	
<b>(vi) Assumptions used</b>			
<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>	
Discount rate	6.96%	6.33%	
Rate of return on plan asset	6.96%	6.33%	
Salary escalation	6.00%	6.00%	
Attrition rate	For service 4 years and below 20% p.a. For service 5 years and above 6% p.a.	For service 4 years and below 20% p.a. For service 5 years and above 6% p.a.	

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

(vii)	Sensitivity Analysis	Year ended 31 March 2022	
		Increase	Decrease
	<b>Particulars</b>		
	Change in discounting rate (delta effect of +/- 1%)	(2.78)	3.21
	Change in rate of salary increase (delta effect of +/- 1%)	3.03	(2.72)
	Change in rate of employee turnover(delta effect of +/- 1%)	0.21	(0.25)
	<b>Particulars</b>	<b>Year ended 31 March 2021</b>	
		<b>Increase</b>	<b>Decrease</b>
	Change in discounting rate (delta effect of +/- 1%)	(2.69)	3.13
	Change in rate of salary increase (delta effect of +/- 1%)	2.97	(2.61)
	Change in rate of employee turnover(delta effect of +/- 1%)	0.07	(0.09)
(viii)	<b>The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Insurance funds	46.27	37.24
	% of total plan assets	100%	100%
(ix)	<b>The following payments are expected contributions to the defined benefit plan in future years:</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Within the next 12 months (next annual reporting period)	5.75	2.16
	Between 2 and 5 years	13.01	11.56
	Between 6 and 10 years	15.59	13.33
	Beyond 10 years	43.28	39.82
	<b>Total expected payments</b>	<b>77.63</b>	<b>66.87</b>
(x)	<b>The weighted average duration of the projected benefit obligation at the end of the reporting period is 9 years (31 March 2021: 10 years).</b>		

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 41 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT

#### (a) Category-wise Classification of Financial Instruments:

Particulars	Refer Note	As at 31 March 2022		
		Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>				
Investments in subsidiary companies and Joint Venture Entity	6	-	646.89	646.89
Trade receivables	11	-	569.16	569.16
Cash and cash equivalents	12	-	15.28	15.28
Other balances with banks	8 & 13	-	33.15	33.15
Loans	7	-	58.76	58.76
Other financial assets	8	-	178.43	178.43
<b>Total</b>		-	<b>1,501.67</b>	<b>1,501.67</b>
<b>Financial liabilities</b>				
Borrowings	17 & 19	-	1,219.13	1,219.13
Trade payables	20	-	110.27	110.27
Other financial liabilities	18 & 21	-	131.41	131.41
<b>Total</b>		-	<b>1,460.81</b>	<b>1,460.81</b>
<b>As at 31 March 2021</b>				
Particulars	Refer Note	As at 31 March 2021		
		Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>				
Investments in subsidiary companies	6	-	438.85	438.85
Trade receivables	11	-	455.50	455.50
Cash and cash equivalents	12	-	12.44	12.44
Other balances with banks	8	-	27.96	27.96
Loans	7	-	64.39	64.39
Other financial assets	8	-	140.35	140.35
<b>Total</b>		-	<b>1,139.50</b>	<b>1,139.50</b>
<b>Financial liabilities</b>				
Borrowings	17 & 19	-	159.01	159.01
Trade payables	20	-	140.25	140.25
Other financial liabilities	18 & 21	-	12.10	12.10
<b>Total</b>		-	<b>311.36</b>	<b>311.36</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### (b) Category-wise Classification of Financial Instruments:

The financial instruments are categorised in to three levels, based on the inputs used to arrive at fair value measurement as described below:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Inputs based on unobservable market data.

There are no financial assets and liabilities which are measured at Fair value through Profit and Loss or Fair value through OCI and all the financial assets and liabilities are carried at amortised cost. Therefore, disclosure with respect to fair value measurement hierarchy of financial instrument is not required.

### (ii) Financial risk management

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

#### (a) Market risk:

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates and interest rates.

#### (i) Foreign currency exchange rate risk:

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

The major foreign currency exposure for the company is denominated in USD. Additionally, transactions entered into in other currencies are not significant in relation to the total volume of the foreign currency exposures.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

Particulars	Liabilities		Assets	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
USD	685.78	1.76	126.15	95.21
Euro	-	6.42	3.18	1.87

The above table represents total exposure of the company towards foreign exchange denominated assets and liabilities.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

For the years ended 31 March 2022 and 31 March 2021, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the Company's net profit by approximately ₹ 5.57 million and ₹ 0.88 million respectively.

Particulars	Impact on Profit & Loss		Impact on Equity	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
a) USD Sensitivity				
Rupee/USD - Increase by 1%	(5.60)	0.93	(5.60)	0.93
Rupee/USD - Decrease by 1%	5.60	(0.93)	5.60	(0.93)
b) EURO Sensitivity				
Rupee/Euro - Increase by 1%	0.03	(0.05)	0.03	(0.05)
Rupee/Euro - Decrease by 1%	(0.03)	0.05	(0.03)	0.05

### (ii) Interest Rate Risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The company is exposed to fluctuations in interest rates in respect of rupee loans carrying a floating rate of interest and USD External Commercial Borrowing carrying a floating Libor Interest rate.

Variable-rate instruments	As at 31 March 2022	As at 31 March 2021
Term Loans from Banks	200.04	137.98
External commercial borrowings	683.34	-
Cash Credit from Bank	332.88	17.01
<b>Total</b>	<b>1,216.26</b>	<b>154.99</b>

### Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not have any designate derivatives (interest rate swaps). The exposure of Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	Impact on Profit & Loss	
	As at 31 March 2022	As at 31 March 2021
a) Long Term Borrowings Sensitivity		
100 bp Increase	8.83	1.38
100 bp decrease	(8.83)	(1.38)
a) Short Term Borrowings Sensitivity		
100 bp Increase	3.33	0.17
100 bp decrease	(3.33)	(0.17)

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### (b) Credit risk :

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers.

All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

### (c) Liquidity Risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

#### Maturity Profile of financial liabilities as at 31 March 2022

Particular	Within 1 Year	1-2 Years	2-5 Years	> 5 Years	Total
Borrowings	486.64	180.73	480.82	70.93	1,219.13
Trade Payable	110.27	-	-	-	110.27
Other Financial Liabilities	125.88	5.53	-	-	131.41
<b>Total</b>	<b>722.79</b>	<b>186.26</b>	<b>480.82</b>	<b>70.93</b>	<b>1,460.81</b>

#### Maturity Profiles of financial liabilities as at 31 March 2021

Particular	Within 1 Year	1-2 Years	2-5 Years	5-10 Years	Total
Borrowings	132.25	18.00	8.76	-	159.01
Trade Payable	140.25	-	-	-	140.25
Other Financial Liabilities	9.07	3.03	-	-	12.10
<b>Total</b>	<b>281.57</b>	<b>21.03</b>	<b>8.76</b>	<b>-</b>	<b>311.36</b>

### (iii) Capital management

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximise shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

As at 31 March 2022 the company meets its capital requirement through equity and borrowings from banks. The company monitors its capital and debt on basis of debt to equity ratio

#### The debt-equity ratio for the reporting period is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Total borrowings	1,219.13	159.01
Total Equity	2,684.34	2,375.81
<b>Debt-Equity ratio</b>	<b>0.45</b>	<b>0.07</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 42 DISCLOSURE OF SIGNIFICANT INTEREST IN SUBSIDIARIES AS PER PARAGRAPH 17 OF IND AS 27:

Sr No.	Name of Entity	Principal activities	Country of Incorporation	Ownership %	
				As at 31 March 2022	As at 31 March 2021
1	Hester Biosciences Nepal Private Limited	Manufacturing of goods	Nepal	65%	65%
2	Texas Lifesciences Private Limited	Manufacturing of goods	India	54.81%	54.85%
3	Hester Biosciences Africa Limited	Manufacturing of goods	Tanzania	100%	100%
4	Hester Biosciences Kenya Limited	Trading of goods	Kenya	100%	100%
5	Thrishool Exim Limited	Trading of goods	Tanzania	50%	-

Note:

Method of accounting investment in subsidiary is at cost.

Method of accounting investment in Joint venture entity is at cost. Company has acquired 1,674 (31 March 2021:Nil) Equity shares of TSHS 10,000 each in Thrishool Exim Limited with investment value of ₹ 208.15 Million.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 43 SEGMENT INFORMATION:

#### (i) Identification of Segments:

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Management Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 Operating Segments), in deciding how to allocate resources and in assessing performance. The company is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry and Large animal health products.

The company has two principal operating and reporting segments viz. Poultry healthcare and animal health care.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company.

#### (ii) Information about product and services:

Particulars	Year Ended 31 March 2022			Year Ended 31 March 2021		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
Sales and Other Operating Income	1,712.31	481.20	2,193.51	1,558.58	526.19	2,084.77
Identifiable Segment Expenses	(1,174.43)	(498.01)	(1,672.44)	(1,170.19)	(324.30)	(1,494.49)
<b>Segment Results</b>	<b>537.88</b>	<b>(16.81)</b>	<b>521.07</b>	<b>388.39</b>	<b>201.89</b>	<b>590.28</b>
Less : Unallocable Finance Cost			24.68			39.47
Less : Other Unallocable Expense/(Income)			(36.17)			2.98
<b>Net Profit Before Tax</b>			<b>532.56</b>			<b>547.83</b>
Less : Tax Expense			137.39			148.82
<b>Net Profit after Tax</b>			<b>395.17</b>			<b>399.01</b>

Particulars	Year Ended 31 March 2022			Year Ended 31 March 2021		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
<b>Other Information</b>						
Segment Assets	2,362.17	310.29	2,672.46	1,822.52	325.89	2,148.41
Unallocated Assets			1,571.96			671.74
<b>Total Segment Assets</b>			<b>4,244.42</b>			<b>2,820.15</b>
Segment Liabilities	151.37	46.12	197.49	143.64	39.59	183.23
Unallocated Liabilities			1,362.59			260.11
<b>Total Segment Liabilities</b>			<b>1,560.08</b>			<b>443.34</b>
Non cash items	24.25	5.74	29.99	65.18	0.05	65.23
Capital Expenditure	168.48	1.73	170.21	35.14	7.37	42.50

#### (iii) Secondary Reportable Segment (Geographical by Customers):

Particulars	In India	Outside India	Total
<b>Segment Revenue</b>			
<b>Year ended 31 March 2022</b>	<b>1,888.17</b>	<b>305.34</b>	<b>2,193.51</b>
Year ended 31 March 2021	1,702.49	382.28	2,084.77
<b>Segment Assets</b>			
<b>As at 31 March 2022</b>	<b>4,085.18</b>	<b>159.24</b>	<b>4,244.42</b>
As at 31 March 2021	2,690.61	129.54	2,820.15

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

44 RATIO ANALYSIS AND ITS ELEMENTS:						
Sr. No.	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance Reason for variance
(a)	Current ratio	Current assets	Current liabilities	2.2	4.0	-45% Increase in current liabilities due to increase in short term borrowings which is resulting into lower current ratio.
(b)	Debt-equity ratio	Total debt	Shareholder's equity	0.45	0.07	579% There is an increase of ₹ 1,060 Million in total debt as compare to previous period on account of capital expenditure.
(c)	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Interest expense + Non-cash operating expenses	Debt service=Interest & Lease Payments + Principal Repayments	3.4	10.6	-68% Reduction in coverage ratio due to higher principal repayment in current period as compared to previous period.
(d)	Return on equity ratio (%)	Net profit after tax	Average shareholder's equity	16%	18%	-14%
(e)	Inventory turnover ratio	Sales	Average inventory	3.4	3.6	-3%
(f)	Trade receivables turnover ratio	Net credit sales = Gross credit sales - sales return	Average trade receivable	4.3	4.6	-7%
(g)	Trade payables turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average trade payable	10.60	7.20	48% Higher turnover ratio on account of reduction in trade payables as compared to previous period.
(h)	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital=Current assets - Current liabilities	2.4	2.0	21%
(i)	Net profit ratio (%)	Net profit after tax	Net sales = Total sales - sales return	18%	19%	-6%
(j)	Return on capital employed (%)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	13.91%	22.47%	-38% There is an increase in capital employed by 1,363 Million as compare to previous period.
(k)	Return on Investment (%)	Income from investment	Investment	NA	NA	NA

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**45 OTHER STATUTORY INFORMATION**

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- a) The Company do not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- b) Title deeds of all the immovable properties comprising of land/ buildings as disclosed in standalone financial statements, are held in the name of the Company.
- c) The Company do not have any transactions with companies struck off.
- d) The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- e) The Company has utilised the borrowings from banks and financial institutions for the specific purpose for which it was taken.
- f) The Company was not declared wilful defaulter by any bank or financial Institution or other lender.
- g) The Company has not advanced or loaned or invested funds (either borrowed funds or security premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- i) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
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**46 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

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The Company evaluates events and transactions that occur subsequent to the Balance Sheet date prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 20 May 2022 there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

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In terms of our report attached  
**For Chandulal M. Shah & Co.**  
Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
Partner  
Membership No.: 135188

**For and on behalf of Board of Directors**

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

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Date** 20 May 2022  
**Place** Ahmedabad

**Nikhil Jhanwar**  
Chief Financial Officer

**Vinod Mali**  
Company Secretary



# **CONSOLIDATED FINANCIAL STATEMENTS.**

**P204**



# INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Hester Biosciences Limited**

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying Consolidated Financial statements of **Hester Biosciences Limited** (hereinafter referred to as “the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), its joint venture, which comprise the consolidated Balance Sheet as at 31 March 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of subsidiaries and on the other financial information of the subsidiaries and joint venture, the aforesaid Consolidated Financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2022, their consolidated profit including other comprehensive income, their consolidated statement of changes in equity and the consolidated cash flows for the year ended on that date.

### Basis for Opinion

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

believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (1) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matter

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

Sr. No.	Key Audit Matters	Auditor's Response
1	<p><b>Valuation of Inventories</b></p> <p>The Group has inventory of carrying value ₹ 753.82 million which is around 32% of its total revenue including Raw Materials, Packing material, work in progress, finished goods and traded goods.</p> <p>We have considered the valuation of inventories as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors in determination of inventory value. The inventory valuation of the company involves complex procedures estimating the costs incurred, overheads applied and provisioning for slow moving, expired and obsolete inventory and ascertainment of net realisable value.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none"> <li>• We have understood and tested the design and operating effectiveness of controls as established by the management in determination of valuation of inventory.</li> <li>• Assessing the appropriateness of Company's accounting policy for valuation of inventories and compliance of the policy with the requirements of the prevailing accounting standards.</li> <li>• We have considered various factors including the estimation of costs, overheads incurred, actual selling price prevailing around and subsequent to the year-end.</li> <li>• Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value.</li> <li>• We have considered the process of periodical physical verification of Inventory carried out by the management.</li> <li>• We have evaluated the design and operating effectiveness of controls as established by the management in determination of slow moving, expired and obsolete inventory.</li> <li>• Considered the completeness and accuracy of the disclosures.</li> </ul>

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion & Analysis but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated Financial statements does not cover the Other Information other than the financial statements and auditor's report thereon and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibilities for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated changes in equity and Consolidated cash flows of the Group including its Joint venture in accordance with the Ind AS and accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing financial reporting process of the Group and of its joint venture.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial statements, including the disclosures, and whether the Consolidated Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we

identify during our audit.

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

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

### Other Matters

1. We did not audit the financial statements and other financial information of 5 subsidiaries considered in the consolidated financial results, whose financial statements reflect total assets of ₹ 2,010.04 million as at 31 March 2022, and total revenue of ₹ 557.63 million and total net profit after tax of ₹ 2.85 million, total comprehensive income/ (loss) of ₹ 5.16 million and net cash inflows of ₹ 31.98 million for the year ended 31 March 2022. These financial statements and other financial information have been audited by other auditors, whose report have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far relates to the amounts and disclosures included in respect of subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
2. We did not audit the financial statements and other financial information of 1 joint venture in the consolidated financial results, which includes the group's share reflect Net profit after tax of ₹ 4.23 million for the year ended 31 March 2022. The unaudited financial statements and other financial information as certified by the management of this entity has been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far relates to the amounts and disclosures included in respect of this joint venture, is solely based on the such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these

3. financial statements are not material to the Group.
3. Certain of these subsidiaries and joint venture entity are located outside India whose financial results have been prepared in accordance with accounting principles generally accepted in their respective countries ('local GAAP'). The Holding Company's management has converted the financial results of such subsidiaries and joint venture entity from local GAAP to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based on the conversion adjustments prepared by the management of the Holding company and audited by us.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Holding company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of

the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial statements;
- d) In our opinion, the aforesaid Consolidated Financial statements comply with the Accounting Standards specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India, is disqualified as on 31 March 2022, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and according to the information and explanation given to us, the remuneration paid/provided during the Current Year by the Holding Company and its subsidiary company incorporated in India, where applicable, to their directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid/provided to any director by the Holding Company and its subsidiary company incorporated in India is not in excess of the limit laid down under Section 197 of the Act.

- h) With respect to the other matters to be

included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the "Other Matter" paragraph:

- i. The Consolidated Financial statements disclose the impact of pending litigations in its consolidated financial position of the Group, in its Consolidated Financial statements – Refer Note 39 to the Consolidated Financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2022;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2022.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary company incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary company incorporated in India or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary company incorporated in India from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date

of this audit report, that the Holding Company or its subsidiary company incorporated in India shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us in this regard, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

- v. The dividend declared or paid during the year by the Holding Company and its subsidiary company incorporated in India is in compliance with Section 123 of the Act.

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**For, Chandulal M. Shah & Co.**

Chartered Accountants

FRN 101698W

**Arpit D. Shah**

Partner

M. No. 135188

UDIN: 22135188AJHTEU5053

**Date** 20 May 2022

**Place** Ahmedabad

# ANNEXURE A

## TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HESTER BIOSCIENCES LIMITED

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### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Financial statements of the company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiaries, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls with reference to Consolidated Financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial

statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### **Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

A company's internal financial control with reference to Consolidated Financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Consolidated Financial statements includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorisations of management and directors of the company; and

- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and subsidiary company incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to Consolidated Financial statements and such internal financial controls with reference to Consolidated Financial statements were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the such companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matter**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to consolidated financial statements, in so far as it relates to separate financial statement of one subsidiary company which is incorporated in India, is based on the corresponding report of the auditor of such subsidiary company incorporated in India.

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#### **For, Chandulal M. Shah & Co.**

Chartered Accountants  
FRN 101698W

#### **Arpit D. Shah**

Partner  
M. No. 135188  
UDIN: 22135188AJHTEU5053

**Date** 20 May 2022  
**Place** Ahmedabad

# CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2022

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

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property Plant & Equipment	3	2,368.13	1,322.87
(b) Capital Work-in-Progress	3	802.24	1,087.37
(c) Other Intangible Assets	4	3.59	4.21
(e) Intangible Assets under Development	4	16.85	4.31
(d) Biological Assets other than the Bearer Plants	5	-	0.56
(e) Financial Assets			
(i) Investments	6	212.38	-
(ii) Other Financial Assets	8	60.56	41.14
(f) Other Non-current Assets	9	210.23	34.98
<b>Total Non-current Assets</b>		<b>3,673.98</b>	<b>2,495.44</b>
<b>Current assets</b>			
(a) Inventories	10	753.82	622.22
(b) Financial Assets			
(i) Trade Receivables	11	552.80	492.12
(ii) Cash and Cash Equivalents	12	247.50	212.69
(iii) Bank Balances other than (ii) above	13	4.53	-
(iv) Loans	7	60.80	56.99
(v) Other Financial Assets	8	150.10	127.31
(c) Other Current Assets	14	178.08	103.72
<b>Total Current Assets</b>		<b>1,947.63</b>	<b>1,615.05</b>
<b>Total Assets</b>		<b>5,621.61</b>	<b>4,110.49</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Share capital	15	85.07	85.07
(b) Other equity	16	2,514.78	2,198.01
Equity Attributable to Owners		2,599.85	2,283.08
Non Controlling Interest		74.09	76.50
<b>Total Equity</b>		<b>2,673.93</b>	<b>2,359.58</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	1,645.44	828.42
(ii) Lease Liabilities	18	52.70	51.84
(iii) Other Financial Liabilities	19	5.66	3.03
(b) Non Current Provisions	20	12.72	-
(c) Deferred Tax Liabilities (Net)	37	65.10	72.76
(d) Other non-current liabilities	23	197.08	181.20
<b>Total Non-current Liabilities</b>		<b>1,978.70</b>	<b>1,137.25</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	580.27	216.73
(ii) Lease Liabilities	22	3.27	3.17
(iii) Trade Payables	23	180.19	280.86
(iv) Other Financial Liabilities	24	141.54	11.76
(b) Other Current Liabilities	25	51.51	26.36
(c) Provisions	26	2.82	43.95
(d) Current Tax Liabilities	27	9.38	30.83
<b>Total Current Liabilities</b>		<b>968.98</b>	<b>613.66</b>
<b>Total Liabilities</b>		<b>2,947.68</b>	<b>1,750.91</b>
<b>Total Equity and Liabilities</b>		<b>5,621.61</b>	<b>4,110.49</b>

The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
 Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
 Partner  
 Membership No.: 135188

**For and on behalf of Board of Directors**

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

**Nikhil Jhanwar**  
 Chief Financial Officer

**Priya Gandhi**  
 Executive Director  
 DIN: 06998979

**Vinod Mali**  
 Company Secretary

**Date** 20 May 2022  
**Place** Ahmedabad

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2022

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

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Income</b>			
Revenue from operations	28	2,350.06	2,143.32
Other income	29	137.41	46.84
<b>Total Income</b>		<b>2,487.47</b>	<b>2,190.16</b>
<b>Expenses</b>			
Cost of raw material and components consumed	30	606.53	386.59
Purchase of stock-in-trade	31	126.18	79.67
Changes in inventories of finished goods, traded goods and work-in-progress	32	(105.56)	35.97
Employee benefits expense	33	453.32	389.23
Finance Cost	34	40.64	66.04
Depreciation and amortisation expense		165.81	133.14
Other expenses	35	669.76	565.28
<b>Total Expenses</b>		<b>1,956.68</b>	<b>1,655.92</b>
<b>Profit before share of Profit of Joint Venture Entity, exceptional items and tax</b>		<b>530.79</b>	<b>534.24</b>
Share of Profit in Joint Venture		4.23	-
<b>Profit before exceptional items and tax</b>		<b>535.02</b>	<b>534.24</b>
Exceptional Items	36	-	(33.21)
<b>Profit before tax</b>		<b>535.02</b>	<b>501.03</b>
<b>Tax Expense :</b>	<b>37</b>		
Current tax		147.84	169.47
Deferred tax / (credit)		(7.66)	(15.42)
<b>Total Tax Expense</b>		<b>140.18</b>	<b>154.05</b>
<b>Profit after tax</b>		<b>394.84</b>	<b>346.98</b>
<b>Other Comprehensive Income</b>			
Items that will not to be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plans		(2.10)	2.86
Income Tax Effect		0.53	(0.72)
Items that will be reclassified to Profit or Loss			
Foreign Currency Translation Reserve		9.78	(17.94)
Income Tax Impact		-	-
<b>Net other comprehensive gain / (loss)</b>		<b>8.21</b>	<b>(15.80)</b>
<b>Total Comprehensive Income for the year</b>		<b>403.05</b>	<b>331.18</b>
<b>Profit for the period attributable to:</b>			
(i) Owners of the Company		393.20	344.30
(ii) Non Controlling Interest		1.64	2.68
<b>Other Comprehensive Income for the year attributable to:</b>			
(i) Owners of the Company		8.21	(15.80)
(ii) Non Controlling Interest		-	-
<b>Total Comprehensive Income for the year attributable to:</b>			
(i) Owners of the Company		401.41	328.50
(ii) Non Controlling Interest		1.64	2.68
<b>Earnings Per Equity Share (EPS)</b>			
Basic and Diluted (Face Value ₹10 Per Share)	40	46.41	40.79

The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
Partner  
Membership No.: 135188

**For and on behalf of Board of Directors**

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

**Nikhil Jhanwar**  
Chief Financial Officer

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Vinod Mali**  
Company Secretary

**Date** 20 May 2022  
**Place** Ahmedabad

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax	535.02	501.03
<b>Adjustments For:</b>		
Depreciation and amortisation expense	165.81	133.14
Share of profit in joint venture entity	(4.23)	-
Exceptional items	-	33.21
Provision for doubtful debt	4.71	2.87
Bad debts written off	19.86	6.90
(Profit) / Loss on sale of property, plant & equipment	(0.69)	23.22
Amortisation of deferred grant	(89.05)	(23.23)
Interest expense	25.76	40.25
Unrealised foreign exchange loss / (gain)	7.85	-
Interest income	(19.03)	(12.94)
<b>Operating profit before working capital changes</b>	<b>646.01</b>	<b>704.44</b>
<b>Adjustments For:</b>		
Trade receivables	(87.79)	82.47
Inventories	(131.60)	17.46
Other assets	(74.36)	25.09
Other non current assets	2.39	16.90
Trade payables	(100.67)	80.63
Other liabilities	25.15	(85.65)
Provisions	6.87	(4.10)
Loans	(3.81)	(56.03)
Other financial liability	4.37	63.98
Other financial assets	(27.39)	(125.28)
<b>Cash Generated From Operations</b>	<b>259.17</b>	<b>719.89</b>
Income tax paid (net)	(171.09)	(139.36)
<b>Net cash generated from operating activities (A)</b>	<b>88.08</b>	<b>580.53</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on Property, Plant and Equipment, including capital advances and capital work-in-progress and on intangible assets	(957.10)	(407.42)
Proceeds from Sale of Property, Plant and Equipment	1.79	0.42
Payment towards investment in joint venture entity	(208.15)	-
Interest received	2.64	12.67
Bank / margin money deposits withdrawn / (Investment) (Net)	(5.06)	10.60
<b>Net cash generated from investing activities (B)</b>	<b>(1,165.88)</b>	<b>(383.72)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	1,033.47	182.11
Repayment of long term borrowings	(180.44)	(118.44)
Proceeds/(Repayment) of Short-term Borrowings (net)	315.66	(292.64)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

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

Proceeds from Issue of Share Capital in subsidiary entities from Non-controlling interest shareholders	3.98	19.64
Payment to Non-controlling interest shareholders for buy-back of shares in subsidiary	(8.03)	-
Interest Paid	(25.38)	(40.25)
Proceeds from Grants	61.91	123.54
Dividend Paid	(85.07)	(56.15)
<b>Net cash generated /(used in)from financing activities (C)</b>	<b>1,116.10</b>	<b>(182.19)</b>
Exchange rate fluctuation arising on consolidation (D)	(3.49)	(37.24)
<b>Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)+(D)</b>	<b>34.81</b>	<b>(22.62)</b>
Cash and cash equivalents at the beginning of the year	212.69	235.31
<b>Cash and cash equivalents at the end of the year</b>	<b>247.50</b>	<b>212.69</b>
<b>Cash and cash equivalents as per above comprise of the following :</b>		
Cash on Hand	4.62	11.81
Balance with Banks - On Current Accounts	242.88	200.88
	<b>247.50</b>	<b>212.69</b>

## Notes:

a) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Indian Accounting Standard) Rules, 2015 (as amended)

b) Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are given below:

Particulars	As at 1 April 2020	Cash flows	Foreign Exchange Loss	As at 31 March 2021
Long term borrowings	881.38	63.68	-	1,012.36
Short term borrowings	325.42	(292.63)	-	32.79
<b>Total</b>	<b>1,206.80</b>	<b>(228.95)</b>	<b>-</b>	<b>1,045.15</b>

Particulars	As at 1 April 2021	Cash flows	Foreign Exchange Loss	As at 31 March 2022
Long term borrowings	1,012.36	853.03	11.87	1,877.26
Short term borrowings	32.79	315.66	-	348.45
<b>Total</b>	<b>1,045.15</b>	<b>1,168.69</b>	<b>11.87</b>	<b>2,225.71</b>

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
Partner  
Membership No.: 135188

## For and on behalf of Board of Directors

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

**Nikhil Jhanwar**  
Chief Financial Officer

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Vinod Mali**  
Company Secretary

**Date** 20 May 2022  
**Place** Ahmedabad

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

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

<b>A EQUITY SHARE CAPITAL</b>							
Equity shares of ₹10 each issued, subscribed and fully paid	Number of shares	Amount					
As at 1 April 2020	8,506,865	85.07					
Issue of Equity Share Capital	-	-					
As at 31 March 2021	8,506,865	85.07					
Issue of Equity Share Capital	-	-					
<b>As at 31 March 2022</b>	<b>8,506,865</b>	<b>85.07</b>					

<b>B OTHER EQUITY</b>							
Particulars	Reserves and Surplus					Total	NCI
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve		
<b>Balance as at 1 April 2020</b>	<b>82.56</b>	<b>175.07</b>	<b>392.26</b>	<b>1,250.84</b>	<b>24.93</b>	<b>1,925.65</b>	<b>54.21</b>
Profit for the Year				344.30		344.30	2.68
Other Comprehensive Income for the year							
Re-measurement gain on defined benefit plan (net of tax)				2.14		2.14	
Exchange differences on translating the financial statements					(17.94)	(17.94)	
Total Comprehensive Income for the year				346.44	(17.94)	328.50	2.68
Dividends Paid				(56.15)		(56.15)	
Funds infused in subsidiary							19.62
<b>Balance as at 31 March 2021</b>	<b>82.56</b>	<b>175.07</b>	<b>392.26</b>	<b>1,541.13</b>	<b>6.98</b>	<b>2,198.01</b>	<b>76.50</b>
Profit for the Year				393.20	-	393.20	1.64
Other Comprehensive Income for the year							
Re-measurement gain on defined benefit plan (net of tax)				(1.57)		(1.57)	
Exchange differences on translating the financial statements					9.78	9.78	-
Total Comprehensive Income for the year				391.63	9.78	401.41	1.64
Dividends Paid				(85.07)		(85.07)	
Buy-back of shares by subsidiary				0.43		0.43	(8.03)
Funds infused in subsidiary							3.98
<b>Balance as at 31 March 2022</b>	<b>82.56</b>	<b>175.07</b>	<b>392.26</b>	<b>1,848.12</b>	<b>16.77</b>	<b>2,514.78</b>	<b>74.09</b>

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
Partner  
Membership No.: 135188

**For and on behalf of Board of Directors**

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

**Nikhil Jhanwar**  
Chief Financial Officer

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Vinod Mali**  
Company Secretary

**Date** 20 May 2022  
**Place** Ahmedabad

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 1 CORPORATE INFORMATION

Hester Biosciences Limited (hereinafter referred to as in “The Company”) is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The registered office of the company is located at Pushpak, 1<sup>st</sup> Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat.

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

The consolidated financial statements were authorised for issue in accordance with a resolution passed in Board Meeting held on 20 May 2022.

### 2 BASIS OF PREPARATION:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) including the Companies (Indian Accounting Standards) Amendment Rules, 2019 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements of the Group.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value and derivative financial instruments:

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

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest million (₹ 000,000), except where otherwise indicated.

### 2.1 SIGNIFICANT ACCOUNTING POLICIES

#### a PRINCIPLES OF CONSOLIDATION :

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries and Joint Venture Entity. In the preparation of consolidated financial statements, investment in subsidiary has been accounted for in accordance with Ind AS 110 on ‘Consolidated Financial Statements’ and investment in Joint Venture has been accounted in accordance with Ind AS 28 on Investments in Associates and Joint Ventures. Consolidated financial statements have been prepared on the following basis:

- i) Subsidiary is fully consolidated from the date of incorporation, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases (including through voting rights). Subsidiary has been consolidated on a line- by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra- group transactions. The unrealised profits resulting from intra-group transactions that are included in the carrying amount of assets are eliminated in full.
- ii) Investment in Joint Venture Entity has been accounted as per the Equity method as prescribed under Ind AS 28 . Investment in joint venture entity is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group’s share of the profit or loss of the joint venture entity after the date of acquisition.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

iii) Financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, consistent with the Company's stand-alone financial statements for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Any deviation in accounting policies is disclosed separately.

iv) On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of transactions. The exchange differences arising on translation for consolidation are recognised through foreign currency translation reserves.

v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

vi) The subsidiary/Joint Venture considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation
Texas Lifesciences Private Limited	India
Hester Bioscience Nepal Private Limited	Nepal
Hester Bioscience Africa Limited	Africa
Hester Bioscience Kenya Limited	Kenya
Hester Bioscience Tanzania Limited (Step-down subsidiary)	Tanzania
Thrishool Exim Limited	Tanzania

### **b Operating Cycle and Current/Non-current classification:**

All the assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The group classifies all other liabilities as non-current.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### c FOREIGN CURRENCIES:

The Group's consolidated financial statements are presented in, which is also the Group's functional currency. The Group determines the functional currency and items included in the consolidated financial statements are measured using that functional currency.

#### Transactions and balances:

Transactions in foreign currencies are initially recorded in the Group's functional currency at the exchange rates prevailing on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are restated in the functional currency at the exchange rates prevailing on the reporting date of financial statements.

Exchange differences arising on settlement of such transactions and on translation of monetary items are recognised in the Consolidated Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

### d REVENUE RECOGNITION:

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

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

#### Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade Receivables:

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e only the passage of time is required before payment of consideration is due). Refer to accounting policies of financial assets in note (r) of financial instruments-initial recognition and subsequent measurement.

#### Contract Liabilities (Advance from customers):

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is Contract liabilities (advance from customers) are recognised as revenue when the Group performs under the contract.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Export incentives are recognised when the right to receive them as per the terms of the entitlement is established in respect of exports made.

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

### e PROPERTY PLANT & EQUIPMENTS :

Property, Plant and Equipments are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

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

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### f INTANGIBLE ASSETS :

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Capital assets under development are stated at cost in the Balance Sheet as "Intangible Asset under Development".

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

Particulars	Estimated Useful Life
Software	Over a Period of 6 Years
Product Registration fees	Over a Period of 10 Years

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### g DEPRECIATION / AMORTISATION :

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

Depreciation on Fixed Assets by certain subsidiaries are provided on Written Down Value (WDV) method based on useful life of the assets as per their respective country legislation and rules.

Particulars	Estimated Useful Life
Furniture & Fixtures	Over a Period of 9 Years
Plant & Machineries, Equipments, Electrical Installation & Utilities	Over a Period of 5 to 9 Years

### h IMPAIRMENT OF NON - FINANCIAL ASSET - Property, Plant and Equipment and Intangible Assets:

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

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

### i INVESTMENTS:

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

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

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

### j INVENTORIES:

Inventories include raw materials, bought out components, work-in-progress and manufactured finished goods. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

#### Finished products:

Finished products produced by the group are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads.

#### Traded goods:

Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is determined using First in First out (FIFO) method.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

### Work in Progress:

Work in Progress is valued at cost of direct materials, labour and other Manufacturing overheads up to estimated stage of process.

### Raw materials and stores & spares:

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

### k BORROWING COSTS:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### l LEASES:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Group as a lessee:

#### i Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Assets	Estimated Useful Life
Right-of-use of office premises and leasehold land	Over the balance period of lease agreement

#### ii Lease Liability

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

### **The Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms.

### **m RESEARCH AND DEVELOPMENT:**

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

### **n PROVISION FOR RETIREMENT BENEFITS:**

#### **(i) Short-Term Employee Benefits:**

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

#### **(ii) Post- employment benefit plans:**

##### **a) Defined Contribution Plan:**

Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner. The Group does not have any obligation other than contribution under scheme.

##### **b) Defined Benefit Plan:**

The Holding Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognised in full in the period in which they occur.

The Indian subsidiary operates defined benefit plans for its employees for Gratuity. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognised in full in the period in which they occur. The Indian subsidiary company has not invested in any fund for meeting liability.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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**o EARNINGS PER SHARE:**

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Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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**p CASH AND CASH EQUIVALENTS:**

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Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the standalone statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

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**q OTHER BANK BALANCES:**

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Other Bank Balances in the balance sheet comprise short-term deposits with an original maturity of more than three months and having maturity less than twelve months.

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**r FINANCIAL INSTRUMENTS:**

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**(i) Financial Asset:**

**(a) Classification:**

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

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**(b) Initial recognition and measurement:**

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

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**(c) Subsequent measurement:**

For the purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets instruments at amortised cost (debt instruments)
  - Financial assets at fair value through other comprehensive income (FVTOCI).
  - Financial assets at fair value through profit or loss (FVTPL) (Derivatives and Equity Instruments)
- 

**(d) Financial assets at amortised cost:**

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

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- 1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

### **(e) Financial assets at fair value through OCI (FVTOCI):**

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

### **(f) Financial assets at fair value through profit or loss:**

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

### **(g) Derecognition:**

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

The rights to receive cash flows from the asset have expired, or

The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(i) the group has transferred substantially all the risks and rewards of the asset, or

(ii) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the statement of profit and loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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### (h) Impairment of financial assets:

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

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

(ii) trade receivables:

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

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

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### (ii) Financial Liabilities:

#### (a) Classification:

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

#### (b) Initial recognition and measurement:

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

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

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

#### (c) Subsequent Measurement:

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortised cost (loans and borrowings).

#### (d) Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

#### (e) Financial liabilities at amortised cost (loans and borrowings):

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

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

#### (f) Derecognition:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### s TAXATION:

#### i. Current Tax:

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset or to settle the liability on a net basis.

#### ii. Deferred Tax:

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Standalone Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities. Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

### t GRANTS:

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### u Provisions and Contingent Liabilities:

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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**v Biological Assets:**

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

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**w Segment Reporting:**

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The group's Chief Operating Decision Maker (CODM) examines the group's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the group, which primarily relate to poultry health care and animal health care.

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**2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

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The preparation of the group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acgrouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

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**a Defined benefit plans (gratuity benefits)**

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The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 42.

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**b Useful life of Property, Plant and Equipment and Intangible assets**

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Property, Plant and Equipment and Intangible Assets are depreciated/amortised over their estimated useful life, after taking into account estimated residual value.

Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The useful life and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes.

The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Right to use Assets	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Computer	Total
<b>Gross Block</b>								
As at 1 April 2020	72.76	49.99	872.36	1,099.82	64.10	67.37	19.84	2,246.24
Additions	29.86	7.26	7.27	19.16	2.26	1.72	2.85	70.38
Disposals	-	-	38.64	10.19	-	-	-	48.83
Translation Reserve	-	0.46	-	-	-	-	-	0.46
<b>As at 31 March 2021</b>	<b>102.62</b>	<b>57.71</b>	<b>840.99</b>	<b>1,108.79</b>	<b>66.36</b>	<b>69.09</b>	<b>22.69</b>	<b>2,268.25</b>
Additions	-	-	554.50	628.96	11.63	11.85	4.94	1,211.88
Disposals	-	8.60	-	3.55	-	2.91	-	15.06
Translation Reserve	-	-	0.94	1.26	0.20	0.27	1.09	3.76
<b>As at 31 March 2022</b>	<b>102.62</b>	<b>49.11</b>	<b>1,396.43</b>	<b>1,735.46</b>	<b>78.19</b>	<b>78.30</b>	<b>28.72</b>	<b>3,468.83</b>
<b>Depreciation/Amortisation and Impairment</b>								
As at 1 April 2020	-	-	186.96	546.63	40.62	37.53	15.95	827.69
Charge for the Year	-	3.53	29.54	85.05	5.03	6.60	2.49	132.24
Deductions	-	-	7.99	7.33	-	-	-	15.32
Translation Reserve	-	0.72	-	0.04	-	0.01	-	0.77
<b>As at 31 March 2021</b>	<b>-</b>	<b>4.25</b>	<b>208.51</b>	<b>624.39</b>	<b>45.65</b>	<b>44.14</b>	<b>18.44</b>	<b>945.38</b>
Charge for the Year	-	2.78	37.55	109.84	5.41	6.18	3.08	164.84
Deductions	-	4.29	-	3.28	-	2.64	-	10.21
Translation Reserve	-	0.02	0.50	0.07	0.03	(0.07)	0.14	0.69
<b>As at 31 March 2022</b>	<b>-</b>	<b>2.76</b>	<b>246.56</b>	<b>731.02</b>	<b>51.09</b>	<b>47.61</b>	<b>21.66</b>	<b>1,100.70</b>
<b>Net Block</b>								
As at 31 March 2021	102.62	53.46	632.48	484.40	20.71	24.96	4.25	1,322.87
<b>As at 31 March 2022</b>	<b>102.62</b>	<b>46.35</b>	<b>1,149.87</b>	<b>1,004.44</b>	<b>27.10</b>	<b>30.69</b>	<b>7.06</b>	<b>2,368.13</b>

#### Notes:

For charges created on aforesaid assets, refer note 17.

#### Capital work-in-progress

Particulars	Amount
<b>As at 31 March 2022</b>	<b>802.24</b>
As at 31 March 2021	1,087.37

#### Note:

1. Capital work in progress mainly includes cost of building and plant and machinery for manufacturing plants in India and Tanzania aggregating to ₹ 802.24 million (Previous Year: ₹ 1,087.37 million)

2. The carrying value of capital work in Progress as on 31 March, 2022 includes interest of ₹ 10.93 million (Previous year: ₹ 5.76 million) incurred which has been capitalised in CWIP as borrowing Cost.

#### Capital work-in-progress Ageing:

Particulars	Amount in CWIP for a period ended 31 March				Total
	less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>					
Project in Progress	798.68	3.41	0.15	-	802.24
Project temporarily Suspended	-	-	-	-	-
<b>As at 31 March 2021</b>					
Project in Progress	305.92	719.95	61.00	-	1,087.37
Project temporarily Suspended	-	-	-	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 4. OTHER INTANGIBLE ASSETS:

Particulars	Software	Product registration fees	Total
<b>Gross Block</b>			
As at 1 April 2020	7.19	4.02	11.21
Additions	1.19	-	1.19
Disposals	-	-	-
<b>As at 31 March 2021</b>	<b>8.38</b>	<b>4.02</b>	<b>12.40</b>
Additions	1.02	0.25	1.27
Disposals / Adjustments	-	0.90	0.90
<b>As at 31 March 2022</b>	<b>9.40</b>	<b>3.37</b>	<b>12.78</b>
<b>Depreciation/Amortisation and Impairment</b>			
As at 1 April 2020	5.39	1.90	7.28
Charge for the Year	0.50	0.40	0.90
Deductions	-	-	-
<b>As at 31 March 2021</b>	<b>5.89</b>	<b>2.30</b>	<b>8.19</b>
Charge for the Year	0.55	0.43	0.98
Deductions	-	-	-
<b>As at 31 March 2022</b>	<b>6.44</b>	<b>2.73</b>	<b>9.17</b>
<b>Net Block</b>			
As at 31 March 2021	2.49	1.72	4.21
<b>As at 31 March 2022</b>	<b>2.96</b>	<b>0.64</b>	<b>3.59</b>

#### Notes:

For charges created on aforesaid assets, refer note 17.

#### Intangible assets under development

Particulars	Amount
<b>As at 31 March 2022</b>	<b>16.85</b>
As at 31 March 2021	4.31

#### Intangible asset under Development Ageing:

Particulars	Amount in CWIP for a period ended 31 March				Total
	less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2022</b>					
Project in Progress	15.04	-	-	1.81	16.85
Project temporarily Suspended	-	-	-	-	-
<b>As at 31 March 2021</b>					
Project in Progress	2.50	-	-	1.81	4.31
Project temporarily Suspended	-	-	-	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>5 BIOLOGICAL ASSETS OTHER THAN THE BEARER PLANTS:</b>		
Particulars	As at 31 March 2022	As at 31 March 2021
<b>Live Stock</b>		
At the Beginning of the Year	0.56	2.90
Add: Purchased during the Year		0.50
Less: Sold/Disposed during the Year	0.56	2.84
<b>At the end of the year</b>	<b>-</b>	<b>0.56</b>

<b>Non-Financial Measures or Estimates of Physical Quantities of Biological Assets</b>		
Particulars	As at 31 March 2022	As at 31 March 2021
Live Stock	-	16,340
<b>At the end of the year</b>	<b>-</b>	<b>16,340</b>

<b>6 NON CURRENT INVESTMENTS:</b>		
Particulars	As at 31 March 2022	As at 31 March 2021
<b>Investment in joint venture entity:</b>		
<b>Unquoted Investments in equity instruments - at cost (All fully paid)</b>		
Thrishool Exim Limited 1,674 (31 March 2021:Nil) Equity shares of TSHS 10,000 each	208.15	-
Share of Profit in Joint Venture for the year	4.23	-
<b>Total</b>	<b>212.38</b>	<b>-</b>

**Note:**

- The above joint venture is accounted for using the equity method in Consolidated Financial Statements.
- Below is the summarised financial information of joint venture:

<b>Summarised balance sheet as at 31 March 2022:</b>	
Particulars	As at 31 March 2022
Current assets	279.26
Non-current assets	5.56
Current liabilities	21.31
Non-current liabilities	20.18
Net Assets	243.33
Proportion of Group's Ownership	50%
Group's share in carrying amount	50%
<b>Carrying Amount of the group's investment</b>	<b>212.38</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>Summarised statement of profit and loss of Thrishool Exim Limited:</b>	
<b>Particulars</b>	<b>As at 31 March 2022</b>
Revenue from contracts with customers	206.15
Cost of raw material and components consumed	164.49
Depreciation & amortisation	0.34
Finance cost	0.14
Employee benefit expense	2.90
Other expense	26.18
Profit before tax	12.10
Income tax expense	3.63
Profit for the period	8.47
<b>Total comprehensive income for the period</b>	<b>8.47</b>

<b>Summary of movement of investment in joint venture:</b>	
<b>Particulars</b>	<b>As at 31 March 2022</b>
Investment made during the year	208.15
Add:share of Profit	4.23
<b>Closing carrying value as at 31 March 2022</b>	<b>212.38</b>

### 7 LOANS :

(Unsecured, Considered Good unless otherwise stated)

<b>Particulars</b>	<b>Current</b>	
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Loan to Employees	5.80	1.99
Loan to Others	55.00	55.00
<b>Total</b>	<b>60.80</b>	<b>56.99</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>8 OTHER FINANCIAL ASSETS :</b>				
(Unsecured, Considered Good)				
Particulars	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Bank Deposits with maturity of more than 12 months	28.62	27.96	-	-
Security Deposit	31.94	13.18	123.00	123.14
Gratuity Fund	-	-	6.01	2.93
Interest Accrued	-	-	17.63	1.24
Others	-	-	3.46	-
<b>Total</b>	<b>60.56</b>	<b>41.14</b>	<b>150.10</b>	<b>127.31</b>

<b>9 OTHER NON CURRENT ASSETS:</b>			
(Unsecured, Considered Good)			
Particulars	As at 31		As at 31
	March 2022		March 2021
Capital Advances	203.55		28.24
Other Advances	-		2.39
Advance Tax (Net of Provision for tax)	6.68		4.35
<b>Total</b>	<b>210.23</b>		<b>34.98</b>

<b>10 INVENTORIES:</b>			
(At lower of cost and net realisable value)			
Particulars	As at 31		As at 31
	March 2022		March 2021
Raw Materials	79.67		49.46
Work-in-Progress	147.83		287.40
Finished Goods	415.97		171.97
Traded goods	66.14		54.94
Stores & Spares	14.74		13.56
Packing Materials	29.47		44.88
<b>Total</b>	<b>753.82</b>		<b>622.22</b>

**Note:**  
During the year ended 31 March 2022, ₹ 5.15 million (31 March 2021: Nil) was recognised as an expense for finished good inventories carried at net realisable value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>11 TRADE RECEIVABLES</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Secured, considered good	-	-	
Unsecured, considered good	552.80	492.12	
Trade receivables which have significant increase in credit risk	-	-	
Trade receivables - credit impaired	6.30	2.87	
<b>Total</b>	<b>559.10</b>	<b>494.99</b>	
Less :			
Impairment allowance (allowance for bad and doubtful debts)	(6.30)	(2.87)	
<b>Total</b>	<b>552.80</b>	<b>492.12</b>	
Note: For dues from the related parties, refer note 41			

### Trade Receivable Ageing for year ended 31 March 2022

Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	223.71	203.13	104.97	10.75	(0.38)	(0.23)	541.95
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	-	-	-	2.28	2.28
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	-	12.00	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	-	2.47	0.40	2.87
	223.71	203.13	104.97	10.75	2.09	14.45	559.10
Less: Impairment allowance (allowance for bad and doubtful debts)							(6.30)
<b>Total</b>	<b>223.71</b>	<b>203.13</b>	<b>104.97</b>	<b>10.75</b>	<b>2.09</b>	<b>14.45</b>	<b>552.80</b>

### Trade Receivable Ageing for year ended 31 March 2021

Particulars	Not Due	< 6 Months	6 Month - 1 Year	1-2 Year	2-3 Year	>3 Year	Total
(i) Undisputed Trade receivables (considered good)	208.01	150.85	93.86	6.24	5.06	16.10	480.12
(ii) Undisputed Trade Receivables (considered doubtful)	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables (considered good)	-	-	-	-	12.00	-	12.00
(iv) Disputed Trade Receivables (considered doubtful)	-	-	-	2.47	0.40	-	2.87
	208.01	150.85	93.86	8.71	17.46	16.10	494.99
Less: Impairment allowance (allowance for bad and doubtful debts)							(2.87)
<b>Total</b>	<b>208.01</b>	<b>150.85</b>	<b>93.86</b>	<b>8.71</b>	<b>17.46</b>	<b>16.10</b>	<b>492.12</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Following is the movement of provision for impairment allowance of doubtful debt:

Particulars	31 March 2022	31 March 2021
Opening provision	2.87	-
Add: provision during the year	3.43	2.87
Less: provision utilised during the year	-	-
<b>Closing balance</b>	<b>6.30</b>	<b>2.87</b>

### 12 CASH AND CASH EQUIVALENTS:

Particulars	As at 31 March 2022	As at 31 March 2021
Balance with Banks		
-In Current Accounts	238.10	196.26
-Unpaid dividend accounts	4.77	4.62
Cash on Hand	4.63	11.81
<b>Total</b>	<b>247.50</b>	<b>212.69</b>

### 13 OTHER BANK BALANCES:

Particulars	As at 31 March 2022	As at 31 March 2021
Bank Deposits with original maturity of more than three months but less than twelve months	4.53	-
<b>Total</b>	<b>4.53</b>	<b>-</b>

### 14 OTHER CURRENT ASSETS:

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, Considered Good		
Advances to Suppliers	69.56	7.85
Prepaid Expenses	23.90	9.88
Export Incentives Receivables	-	1.15
Balance with Government Authorities	83.67	74.46
Others	0.95	10.38
	<b>178.08</b>	<b>103.72</b>
Unsecured, Considered Doubtful		
Advances to Suppliers	1.29	-
Less: Provision for doubtful advances	(1.29)	-
	-	-
<b>Total</b>	<b>178.08</b>	<b>103.72</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>15 SHARE CAPITAL:</b>		
Particulars	As at 31 March 2022	As at 31 March 2021
<b>AUTHORISED CAPITAL</b>		
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112.00	112.00
	<b>112.00</b>	<b>112.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85.07	85.07
<b>Total</b>	<b>85.07</b>	<b>85.07</b>

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

Particulars	As at 31 March 2022	As at 31 March 2021
Equity Shares at the beginning of the year	8,506,865	8,506,865
Changes during the Year	-	-
<b>Outstanding at the end of the year</b>	<b>8,506,865</b>	<b>8,506,865</b>

### 15.02 Rights, preferences and restriction attached to shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting except Interim Dividend declared during the year and Company pays the same in Indian Rupees. In the event of liquidation of the Company, the equity Shareholders are eligible to receive the remaining asset of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held.

The board has further recommended final dividend of ₹ 10 per equity share (100%) for year 2021-22, subject to the approval of the shareholders.

### 15.03 Disclosure of Shareholding of Promoters

Disclosure of Shareholding of Promoters as at 31 March 2022 is as follow:

Promoter Name	Shares held by Promoters				% Change during the Year
	As at 31 March 2022		As at 31 March 2021		
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47	-
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20	-
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
Ravin Gandhi	403,320	4.74	403,320	4.74	-
Bela Gandhi	400,635	4.71	400,635	4.71	-
Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
Bhupendra Vithaldas Gandhi HUF	301,600	3.54	301,600	3.54	-
Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
Anup Chandravadan Kapadia	228,354	2.68	228,354	2.68	-
Shaila Bhupendra Gandhi	189,700	2.23	189,700	2.23	-
Hester Coatings LLP	64,000	0.75	64,000	0.75	-
Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
<b>Total</b>	<b>4,570,944</b>	<b>53.73</b>	<b>4,570,944</b>	<b>53.73</b>	<b>-</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Disclosure of Shareholding of Promoters as at 31 March 2021 is as follow:

Promoter Name	Shares held by Promoters				% Change during the Year
	As at 31 March 2021		As at 31 March 2020		
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Rajiv Dinesh Gandhi	890,397	10.47	885,397	10.41	0.06
Sanjiv Dinesh Gandhi	697,820	8.20	692,820	8.14	0.06
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19	-
Ravin Gandhi	403,320	4.74	403,320	4.74	-
Bela Gandhi	400,635	4.71	400,635	4.71	-
Bhupendra Vithaldas Gandhi	399,100	4.69	399,100	4.69	-
Bhupendra Vithaldas Gandhi HUF	301,600	3.54	311,600	3.66	(0.12)
Biolink Healthcare Limited	248,838	2.93	248,838	2.93	-
Anup Chandravadan Kapadia	228,354	2.68	27,000	0.31	2.37
Madhuri Kapadia	-	-	201,354	2.37	(2.37)
Shaila Bhupendra Gandhi	189,700	2.23	189,700	2.23	-
Hester Coatings LLP	64,000	0.75	64,000	0.75	-
Hester Diagnostics Private Limited	24,000	0.28	24,000	0.28	-
Hetal Sanjiv Gandhi	19,590	0.23	19,590	0.23	-
Yash Rajiv Gandhi	7,250	0.09	7,250	0.09	-
<b>Total</b>	<b>4,570,944</b>	<b>53.73</b>	<b>4,570,944</b>	<b>53.73</b>	<b>-</b>

#### 15.04 The details of shareholders holding more than 5% equity shares in the Company:

Name of the share holders	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% held	No. of Shares	% held
Rajiv Dinesh Gandhi	890,397	10.47	890,397	10.47
Sanjiv Dinesh Gandhi	697,820	8.20	697,820	8.20
Nina Rajiv Gandhi	696,340	8.19	696,340	8.19

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>16 OTHER EQUITY:</b>			
<b>Particulars</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>	
<b>Capital Reserve</b>			
As per last Balance sheet	82.56	82.56	
<b>Securities Premium</b>			
As per last Balance sheet	175.07	175.07	
<b>General Reserve</b>			
As per last Balance sheet	392.26	392.26	
<b>Retained Earnings</b>			
As per Last Balance Sheet	1,541.13	1,250.84	
Add: Profit for the year	393.20	344.30	
Add: Other Comprehensive Income (Remeasurement gain/ (loss) of defined benefit plans, net of tax)	(1.57)	2.14	
Less: Dividend paid	85.07	56.15	
Add: Gain on Buy-back of shares by subsidiary	0.43	-	
	<b>1,848.12</b>	<b>1,541.13</b>	
<b>Foreign Currency Translation Reserve</b>			
As per Last Balance Sheet	6.99	24.93	
Add: Movement during the year	9.78	(17.94)	
	16.77	6.99	
<b>Total</b>	<b>2,514.78</b>	<b>2,198.01</b>	
<b>Notes :</b>			
1	<b>Capital reserve:</b> This is mainly used to record the reserves created on receipt of state/central subsidies, grant of the subsidiary company for the capital investment and amounts forfeited towards the forfeiture of Equity warrants issued. This reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
2	<b>Securities premium:</b> This represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
3	<b>General Reserve:</b> Under the erstwhile Companies Act 1956, general reserves was created through an annual transfer of net income at specified percentage in accordance with applicable regulation. Consequent to the introduction of Companies Act 2013, the requirement of mandatorily transfer a specified percentage of the net profit to general reserves has been withdrawn. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.		
4	<b>Retained earnings:</b> This represents the amount that can be distributed by the Company as dividends considering the requirements of the Companies Act, 2013.		
<b>Distribution made and proposed</b>			
<b>Cash dividend on equity shares declared and paid</b>			
Final Dividend for the year ended 31 March 2021 ₹ 10.00 per share (for the year ended 31 March 2020 ₹ 6.60 per share)	85.07	56.15	
Dividend distribution tax	-	-	
	<b>85.07</b>	<b>56.15</b>	
<b>Proposed dividend on equity shares</b>			
Final Dividend for the year ended 31 March 2022 ₹ 10.00 per share (for the year ended 31 March 2021 ₹ 10.00 per share)	85.07	85.07	
	<b>85.07</b>	<b>85.07</b>	

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

17	<b>BORROWING (Long Term):</b>		
	Particulars	As at 31 March 2022	As at 31 March 2021
	<b>Secured Borrowings</b>		
	Term Loans from Banks	281.36	272.85
	Term Loans from Others	909.69	735.05
	External Commercial Borrowings	683.34	-
	Hire Purchase Loans from Banks	2.87	4.46
		<b>1,877.26</b>	<b>1,012.36</b>
	<b>Less: Current Maturities of Long Term Borrowings (Refer Note 21)</b>		
	Term Loans from Banks	(143.88)	(182.87)
	External Commercial Borrowings	(86.77)	-
	Hire Purchase Loans from Banks	(1.17)	(1.07)
		<b>(231.82)</b>	<b>(183.94)</b>
	<b>Total</b>	<b>1,645.44</b>	<b>828.42</b>

### Notes:

#### 1. The security details for the borrowing balances :

Term Loans from Banks aggregating to ₹ 200.04 million (Previous year ₹ 137.98 million) and External Commercial Borrowings from Banks aggregating to ₹ 683.34 million (Previous year ₹ Nil) are secured by first charge on all immovable, movable assets and freehold land of the company along with the personal guarantee of the directors.

Term Loans from Banks aggregating to ₹ 81.32 million (Previous year ₹ 134.87 million) are secured by hypothecation on entire fixed assets, plant and machinery of the subsidiary .

Term Loans from BMGF amounting to ₹ 909.69 million (Previous year ₹ 735.05 million) are secured by corporate guarantee issued by Hester Biosciences Limited, India for issue of loan to Hester Biosciences Africa Limited.

Hire Purchase Loans from Banks aggregating to ₹ 2.87 million (Previous year ₹ 4.46 million) are secured by hypothecation of specific vehicle/car on pari-passu basis.

#### 2. Repayment schedule for the borrowing balances:

The secured term loans of the company from banks aggregating to ₹ 200.04 million (Previous year ₹ 137.98 million) are repayable over a period of 6 years in monthly /quarterly / yearly instalments for various loans upto FY 2027-28.

The secured Loans of the subsidiary from banks aggregating to ₹ 81.32 million (Previous year ₹ 134.87 million) are repayable over a period of 6 year in Quarterly instalments from FY 2017-18 to 2023-24.

External Commercial Borrowing from banks aggregating to ₹ 683.34 million (Previous year Nil) are repayable over a period of 5 years in quarterly instalments from FY 2022-23 to FY 2027-28.

The secured term loans from BMGF aggregating to ₹ 909.69 million (Previous year ₹ 735.05 million) are repayable over a period of 5 years in quarterly instalments from FY 2025-26 to FY 2029-30.

The hire purchase loan from banks aggregating to ₹ 2.87 million (Previous year: ₹ 3.93 million) are repayable over a period of 5 years in monthly instalments started from FY 2019-20 to FY 2024-25.

#### 3. Interest rates on borrowings:

Interest rates on Term loan of the company is varying, which is linked to MCLR of bank, from time to time.

Interest rates on Term loan of the subsidiary is varying, which is linked to Base rate of Commercial Bank of Nepal, from time to time.

Interest rates on Hire purchase loan is fixed at 9.26% p.a.

Interest rates on term loan from BMGF is 3% p.a.

Interest rates on External Commercial Borrowing is varying, which is linked to 3 Months USD Libor.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>18 LEASE LIABILITIES (NON-CURRENT)</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Lease liability	52.70	51.84	
	<b>52.70</b>	<b>51.84</b>	
<b>Note:</b>			
The amount recognised in the consolidated statement of profit and loss in respect of right of use assets and lease obligation are as under:			
Particulars	As at 31 March 2022	As at 31 March 2021	
Amortisation of Right to use asset	2.78	3.53	
Interest expense on lease liabilities	3.36	3.10	
Expenses relating to short term leases	13.07	13.14	
Particulars	As at 31 March 2022	As at 31 March 2021	
Balance at the beginning of the year	55.01	56.10	
Foreign currency translation reserve	1.01	(0.92)	
Interest expense on lease liabilities	3.36	3.10	
Cash outflow	(3.41)	(3.27)	
<b>Balance at the end of the year</b>	<b>55.97</b>	<b>55.01</b>	
<b>19 OTHER NON CURRENT FINANCIAL LIABILITIES</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Deposits	5.66	3.03	
<b>Total</b>	<b>5.66</b>	<b>3.03</b>	
<b>20 OTHER NON CURRENT PROVISIONS</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Provision for Leave Encashment	10.77	-	
Provision for Gratuity	1.95	-	
<b>Total</b>	<b>12.72</b>	<b>-</b>	
<b>21 SHORT TERM BORROWINGS</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
<b>Loan Repayable on Demand</b>			
- Cash Credit from Bank	348.45	32.70	
- Credit Card	-	0.09	
<b>Current Maturities of Long Term Borrowings (Refer Note 17)</b>			
- Term Loans	143.88	182.87	
- Hire Purchase Loans	1.17	1.07	
- External Commercial Borrowings	86.77	-	
<b>Total</b>	<b>580.27</b>	<b>216.73</b>	
21.01	Cash Credit account is secured by first and exclusive hypothecation charge on all the current assets of the company. It is also collaterally secured by Equitable Mortgage of Corporate office at Ahmedabad and hypothecation of unencumbered plant and machinery, stocks and trade receivable of the Company and personal guarantee of the directors.		
21.02	Cash Credit account of the subsidiary is secured by hypothecation charge on stocks ,plant and machinery and trade receivables of the subsidiary and personal guarantee of the directors .		
21.03	Interest Rates on Cash credit facilities are varying, which are linked to base rate of Bank, from time to time.		
<b>22 LEASE LIABILITIES (CURRENT):</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Lease Liabilities	3.27	3.17	
<b>Total</b>	<b>3.27</b>	<b>3.17</b>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>23 TRADE PAYABLES:</b>								
Particulars		As at 31 March 2022	As at 31 March 2021					
Trade Payables		180.19	280.86					
<b>Total</b>		<b>180.19</b>	<b>280.86</b>					
<b>Trade Payable Ageing as on 31 March 2022</b>								
Outstanding for the following period from due date of payment:								
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total	
Undisputed dues	53.40	57.76	47.58	1.64	0.55	19.25	180.18	
Disputed dues	-	-	-	-	-	-	-	
<b>Total</b>	<b>53.40</b>	<b>57.76</b>	<b>47.58</b>	<b>1.64</b>	<b>0.55</b>	<b>19.25</b>	<b>180.18</b>	
<b>Trade Payable Ageing as on 31 March 2021</b>								
Outstanding for the following period from due date of payment:								
Particulars	Unbilled	Not Due	< 1 Year	1-2 Year	2-3 Year	>3 Year	Total	
Undisputed dues	23.33	103.21	114.01	5.67	0.43	34.21	280.86	
Disputed dues	-	-	-	-	-	-	-	
<b>Total</b>	<b>23.33</b>	<b>103.21</b>	<b>114.01</b>	<b>5.67</b>	<b>0.43</b>	<b>34.21</b>	<b>280.86</b>	
<b>24 OTHER CURRENT FINANCIAL LIABILITIES</b>								
Particulars		As at 31 March 2022	As at 31 March 2021					
Unclaimed Dividends		4.77	4.62					
Interest accrued		2.44	-					
Creditors for Capital expenses		131.18	4.60					
Others		3.15	2.53					
<b>Total</b>		<b>141.54</b>	<b>11.76</b>					
<b>25 OTHER LIABILITIES:</b>								
Particulars	Non Current		Current					
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021				
Deferred Capital Grant	197.08	181.20	-	-				
Advance from Customers	-	-	6.49	4.44				
Payables to Statutory Authorities	-	-	11.01	21.92				
Other Liabilities	-	-	34.01	-				
<b>Total</b>	<b>197.08</b>	<b>181.20</b>	<b>51.51</b>	<b>26.36</b>				
<b>26 PROVISIONS (CURRENT):</b>								
Particulars		As at 31 March 2022	As at 31 March 2021					
Provision for Leave encashment		2.82	8.67					
Deferred income		-	35.28					
<b>Total</b>		<b>2.82</b>	<b>43.95</b>					
<b>27 CURRENT TAX LIABILITIES</b>								
Particulars		As at 31 March 2022	As at 31 March 2021					
Provision for Current Tax (Net of advance tax)		9.38	30.83					
<b>Total</b>		<b>9.38</b>	<b>30.83</b>					

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>28 REVENUE FROM OPERATIONS:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
(A) Sale of Goods	2,311.10	1,967.57	
(B) Other Operating Revenue			
- Professional Fees	2.00	9.33	
- Revenue from license fees and services	36.96	166.42	
<b>Total</b>	<b>2,350.06</b>	<b>2,143.32</b>	
<b>Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Revenue as per contracted price	2,350.06	2,147.29	
Adjustments:			
Discount on prompt payment	-	3.97	
<b>Revenue from contract with customers</b>	<b>2,350.06</b>	<b>2,143.32</b>	
<b>29 OTHER INCOME:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Interest Income			
- Bank deposits	1.37	1.36	
- Others	17.66	11.58	
Foreign exchange fluctuation (Net)	0.72	-	
Profit on sale of property, plant and equipment (net)	1.25	0.15	
Rent income	0.07	0.11	
Grant income	110.85	23.23	
Commission income	0.10	-	
Other Miscellaneous income	5.39	10.41	
<b>Total</b>	<b>137.41</b>	<b>46.84</b>	
<b>30 COST OF RAW MATERIAL AND COMPONENTS CONSUMED:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Inventory at the Beginning of the year	94.34	79.13	
Add: Purchased during the year	632.38	401.80	
FCTR	(11.05)	-	
Less: Inventory at the End of the year	109.14	94.34	
<b>Total</b>	<b>606.53</b>	<b>386.59</b>	
<b>31 PURCHASE OF TRADED GOODS:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Purchase of traded goods	126.18	79.67	
<b>Total</b>	<b>126.18</b>	<b>79.67</b>	
<b>32 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS:</b>			
Particulars	Year ended 31 March 2022		Year ended 31 March 2021
<b>Inventories at the End of the Year</b>			
- Finished Goods	415.97	171.97	
- Traded Goods	66.14	54.94	
- Work-in-Progress	147.83	287.40	
	<b>627.02</b>	<b>514.32</b>	
Foreign currency translation reserve	(7.15)	-	
<b>Inventories at the Beginning of the Year</b>			
- Finished Goods	171.97	95.64	
- Traded Goods	54.94	60.78	
- Work-in-Progress	287.40	393.87	
	<b>514.31</b>	<b>550.29</b>	
<b>Total</b>	<b>(105.56)</b>	<b>35.97</b>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>33 EMPLOYEE BENEFIT EXPENSE:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Salaries & Wages	426.69	367.61	
Gratuity expense (Refer Note 42)	5.58	5.70	
Contributions to Provident Fund & Other Funds (Refer Note 42)	18.01	13.40	
Staff Welfare Expenses	3.04	2.52	
<b>Total</b>	<b>453.32</b>	<b>389.23</b>	
<b>34 FINANCE COST:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Interest Expenses	25.76	60.62	
Bank Charges	9.57	5.42	
Foreign exchange loss on borrowing	5.31	-	
<b>Total</b>	<b>40.64</b>	<b>66.04</b>	
<b>35 OTHER EXPENSES:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Power and Fuel	102.84	75.68	
Consumption of Stores and Spares	33.96	25.84	
Repairs & Maintenance			
- Plant and Machinery	18.25	17.69	
- Building	5.16	-	
- Others	6.20	7.18	
Testing and inspection charges	14.84	10.71	
Factory Expense	61.40	61.71	
Freight Expense	109.86	93.78	
Foreign Exchange Fluctuation (net)	-	4.03	
Sales promotion expense	49.63	37.96	
Commission on Sales	13.62	15.60	
Legal and Professional fees	42.31	51.49	
Traveling & conveyance expense	94.72	58.95	
Insurance Expense	31.84	8.08	
Rent	13.07	13.14	
Provision for doubtful debts	3.42	2.87	
Provision for doubtful advances	1.29	-	
Rates and Taxes	3.30	11.13	
CSR Expenses	10.77	9.62	
Bad Debts written off	19.86	6.90	
Charity and donations	2.69	0.75	
Directors sitting fees	3.43	2.90	
Miscellaneous Expenses	27.30	49.27	
<b>Total</b>	<b>669.76</b>	<b>565.28</b>	
<b>36 Exceptional Items</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
Loss on disposal of Patan farm	-	33.21	
<b>Total</b>	<b>-</b>	<b>33.21</b>	
<b>37 TAX RECONCILIATION:</b>			
Particulars	As at 31 March 2022	As at 31 March 2021	
<b>Statement of Profit and Loss</b>			
<b>Current tax</b>			
Current income tax	147.84	169.47	
<b>Deferred tax</b>			
Deferred tax expense / (credit)	(7.66)	(15.42)	
<b>Income tax expenses reported in the Statement of Profit and Loss</b>	<b>140.18</b>	<b>154.05</b>	
<b>OCI Section</b>			
<b>Other comprehensive income (OCI)</b>			
<b>Tax related to items recognised in OCI during the year</b>			
Tax effect on Remeasurement gain/(loss) of defined benefit plans	0.53	(0.72)	
<b>Tax credit/(charged) to OCI</b>	<b>0.53</b>	<b>(0.72)</b>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>a Reconciliation of tax expense and the accounting profit</b>				
<b>Particulars</b>			<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Profit before tax as per Statement of Profit and loss			535.02	501.03
Enacted Income Tax Rate applicable to Company			25.17%	25.17%
Expected Income Tax Expenses			<b>134.67</b>	<b>126.11</b>
<b>Tax effects of :</b>				
Non- deductible expenses			2.94	7.61
Effects of differential tax rate under various jurisdiction			3.14	17.01
Others			(0.57)	3.32
<b>Total Tax</b>			<b>140.18</b>	<b>154.05</b>
<b>At the effective income tax rate of 31 March</b>			<b>26.20%</b>	<b>30.75%</b>
<b>b Movement in deferred tax liabilities (net) for the year ended 31 March 2022</b>				
<b>Particulars</b>	<b>Opening Balance as at 1 April 2021</b>	<b>Recognised in profit and loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing Balance as at 31 March 2022</b>
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Accelerated depreciation for tax purposes	75.51	(4.38)		71.13
Gratuity Advance / (Liability)	0.74	0.77		1.51
	<b>76.25</b>	<b>(3.61)</b>	-	<b>72.64</b>
<b>Tax effect of items constituting deferred tax assets:</b>				
Expense allowed in the year of payment	1.63	2.27		3.90
Other adjustment	1.86	1.78		3.64
	<b>3.49</b>	<b>4.05</b>	-	<b>7.54</b>
<b>Net deferred tax liabilities</b>	<b>72.76</b>	<b>(7.66)</b>	-	<b>65.10</b>
<b>Movement in deferred tax liabilities (net) for the year ended 31 March 2021</b>				
<b>Particulars</b>	<b>Opening Balance as at 1 April 2020</b>	<b>Recognised in profit and loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing Balance as at 31 March 2021</b>
<b>Tax effect of items constituting deferred tax liabilities:</b>				
Accelerated depreciation for tax purposes	88.67	(13.16)		75.51
Gratuity Advance / (Liability)	(0.76)	1.50		0.74
	<b>87.91</b>	<b>(11.66)</b>	-	<b>76.25</b>
<b>Tax effect of items constituting deferred tax assets:</b>				
Expense allowed in the year of payment	(0.26)	1.89		1.63
Other adjustment	-	1.86		1.86
	<b>(0.26)</b>	<b>3.75</b>	-	<b>3.50</b>
<b>Net deferred tax liabilities</b>	<b>88.17</b>	<b>(15.42)</b>	-	<b>72.76</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>38</b>	<b>COMMITMENTS:</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	<b>Capital Commitments</b>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	385.79	19.03
	<b>Export Commitments</b>	1,314.73	-
<b>39</b>	<b>CONTINGENT LIABILITIES NOT PROVIDED FOR:</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Claims against the company not acknowledged as debts:		
	Income Tax *	1.48	1.48
	* includes demand from Income Tax Authorities based on assessment/appeal orders and the Company is in appeal with higher authorities, and the Company has been advised that the decision will be in favour of the Company, and hence no provision has been made in the Financial Statements. The matters are pending before respective appellate authorities and not yet settled.		
<b>40</b>	<b>EARNINGS PER SHARE:</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Net Profit for the year	394.84	346.98
	Weighted Average Number of Equity Shares	8,506,865	8,506,865
	Basic and diluted Earnings per share (In ₹)	46.41	40.79
	Nominal Value of Equity Share (In ₹)	10.00	10.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 41 RELATED PARTY DISCLOSURE:

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

#### (i) List of Related Parties

##### (a) Key Management Personnel:

- 1) Mr. Rajiv Gandhi - CEO & Managing Director
- 2) Ms Priya Gandhi -Executive Director (With effect from 28 October 2021)
- 3) Mr. Chetas Patel- Chief Financial Officer (Up to 8 June 2021)
- 4) Mr. Nikhil Jhanwar - Chief Financial Officer (With effect from 9 June 2021)
- 5) Mr. Vinod Mali - Company Secretary & Compliance Officer

##### (b) Independent Directors

- 1) Mr. Naman Patel
- 2) Mr. Amit Shukla
- 3) Ms. Sandhya Patel
- 4) Mr. Ashok Bhadalkal
- 5) Mr. Ameet Desai (With effect from 28 October 2021)

##### (c) Relatives of key management personnel

- 1) Dr. Bhupendra Gandhi (Non-Executive chairman)
- 2) Mr. Sanjiv Gandhi (Non-Executive Director)
- 3) Mr. Ravin Gandhi (Non Executive Director)
- 4) Ms. Nina Gandhi (Non - Executive Alternate Director of Mr. Ravin Gandhi)

##### (d) Enterprises owned or significantly influenced by key management personnel or their relatives :

- 1) Hester Coatings LLP
- 2) Biolink Healthcare Limited
- 3) Hester Diagnostics Private Limited
- 4) Gujarat Polyplast Private Limited
- 5) Blue Ray Aviation Private Limited
- 6) Hester Aviation Services Private Limited
- 7) Gujarat Airconnect Private Limited
- 8) Aerotrans Services Private Limited
- 9) SourcePro Infotech Private Limited

##### (e) Joint venture entity :

- 1) Thrishool Exim Limited (With effect from 23 February 2022)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### (ii) Transactions during the year with Related Parties :

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Enterprises Having Significant Influence		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
(a) Purchase of Goods	-	-	35.88	33.54	35.88	33.54
(b) Sales of Goods	-	-	7.62	-	7.62	-
(c) Commission Expense	-	-	1.54	2.98	1.54	2.98
(d) Professional Services Rendered	-	-	2.00	9.33	2.00	9.33
(e) Professional Services Availed	-	-	1.50	-	1.50	-
(f) Travel Service Expense	-	-	6.51	0.98	6.51	0.98
(g) Sitting Fees	3.43	2.90	-	-	3.43	2.90
(h) Remuneration Paid	59.13	54.81	-	-	59.13	54.81
(i) Rent Paid	1.80	1.80	0.60	0.60	2.40	2.40

### (iii) Outstanding balances at the year-end

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Enterprises Having Significant Influence		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
(a) Trade Receivables	-	-	34.16	11.00	34.16	11.00
(b) Trade Payables	-	-	3.72	4.78	3.72	4.78
(c) Loans & Advances	-	-	37.92	0.77	37.92	0.77
(d) Remuneration Payable	28.00	29.33	-	-	28.00	29.33

#### Notes:

- The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave encashment, as it is determined on an actuarial basis for the group as a whole.
- Bank Facilities (Working capital limit, Term loans and External Commercial Borrowings) are secured by guarantee of Mr. Rajiv Gandhi, Mr. Sanjiv Gandhi and Dr. Bhupendra Gandhi, Directors of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

42	EMPLOYEE BENEFITS EXPENSES:		
<b>a</b>	<b>Defined Contribution Plans:</b>		
	<p>The Company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner, the Company required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit.</p> <p>The Company recognised ₹ 18.01 million (2020-21: ₹ 13.40 million) for provident fund and other funds in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.</p>		
<b>b</b>	<b>Defined Benefit Plan:</b>		
	<p>The Company made annual contribution to the employee's Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.</p> <p>The present value of define benefit obligation and the related current service cost were measured using the projected unit credit method as per actuarial valuation carried out at balance sheet date.</p> <p>The following table sets out the funded status of the gratuity plan and the amount recognised by the Group's financial statement as at 31 March 2022.</p>		
	<b>Balance Sheet</b>		
<b>(i)</b>	<b>Change in the Present Value of Defined Benefit Obligation</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Defined Benefit Obligation at Beginning of the Year	34.30	34.05
	Current Service Costs	5.77	3.96
	Past Service Costs	-	1.95
	Interest Cost on Defined Benefit Obligation	2.17	2.32
	Actuarial (Gain) / Loss on Defined Benefit Obligation	2.01	(3.27)
	Benefits paid during the Year	(1.65)	(4.71)
	<b>Defined Benefit Obligation at End of the Year</b>	<b>42.60</b>	<b>34.30</b>
<b>(ii)</b>	<b>Change in Plan Asset</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Fair Value of Plan Assets at the Beginning of the Year	37.23	37.07
	Expected Return on Plan Assets	2.36	2.53
	Contribution made during the Year	8.42	2.75
	Benefits paid during the Year	(1.65)	(4.71)
	Actuarial Loss on Plan Assets	(0.09)	(0.41)
	<b>Fair Value of Plan Assets at the End of the Year</b>	<b>46.27</b>	<b>37.24</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>(iii)</b>	<b>Disclosure in Balance Sheet</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Defined Benefit Obligation at the End of the Year	(40.26)	(34.30)
	Fair Value of Plan Assets at the end of the Year	46.27	37.24
	Unfunded Status [(Deficit)/Surplus]	(2.34)	-
	Funded Status [(Deficit)/Surplus]	6.01	2.93
	<b>Net (Liability)/Asset Recognised in the Balance Sheet of the Company</b>	<b>6.01</b>	<b>2.93</b>
	<b>Net (Liability)/Asset Recognised in the Balance Sheet of the Subsidiary</b>	<b>(2.34)</b>	<b>-</b>
<b>(iv)</b>	<b>Reconciliation - Balance Sheet</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Net (Asset)/Liability at the Beginning of the Year	(2.93)	(3.02)
	Expenses Recognised in Statement of Profit or Loss	5.58	5.70
	Expenses Recognised in Other Comprehensive Income	2.10	(2.86)
	Employers Contribution Paid	(8.42)	(2.75)
	<b>Net Liability/(Asset) at the End of the Year</b>	<b>(3.67)</b>	<b>(2.93)</b>
	<b>Statement of Profit and Loss</b>		
<b>(v)</b>	<b>Expenses recognised during the Year</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	<b>In Income Statement</b>		
	Current Service Costs	5.77	3.96
	Past Service Costs	-	1.95
	Interest Cost	(0.19)	(0.21)
	<b>Expenses Recognised in Statement of Profit or Loss</b>	<b>5.58</b>	<b>5.70</b>
	<b>In Other Comprehensive Income</b>		
	Actuarial (Gain) / Loss	2.01	(3.27)
	Return on Plan Assets	0.09	0.41
	<b>(Income)/Expenses Recognised in Other Comprehensive Income</b>	<b>2.10</b>	<b>(2.86)</b>
<b>(vi)</b>	<b>Assumptions used-Holding company</b>		
	<b>Particulars</b>	<b>Year ended 31 March 2022</b>	<b>Year ended 31 March 2021</b>
	Discount rate	6.96%	6.33%
	Rate of return on plan asset	6.96%	6.33%
	Salary escalation	6.00%	6.00%
	Attrition rate	For service 4 years and below 20% p.a. For service 5 years and above 6% p.a.	For service 4 years and below 20% p.a. For service 5 years and above 6% p.a.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

<b>(vii) Assumptions used-Subsidiary company</b>			
Particulars	Year ended		
	31 March 2022	31 March 2021	
Discount rate	6.09%	NA	
Salary escalation	10.00%	NA	
Attrition rate	20.00%	NA	

<b>(viii) Sensitivity Analysis - Impact on defined benefit obligation</b>			
Particulars	Year ended 31 March 2022		
	Increase	Decrease	
Change in discounting rate (delta effect of +/- 1%)	(2.87)	3.29	
Change in rate of salary increase (delta effect of +/- 1%)	3.12	(2.80)	
Change in rate of employee turnover(delta effect of +/- 1%)	0.19	(0.23)	

Particulars	Year ended 31 March 2021	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(2.69)	3.13
Change in rate of salary increase (delta effect of +/- 1%)	2.97	(2.61)
Change in rate of employee turnover(delta effect of +/- 1%)	0.07	(0.09)

<b>(ix) The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:</b>			
Particulars	Year ended		
	31 March 2022	31 March 2021	
Insurance funds	46.27	37.24	
% of total plan assets	100%	100%	

<b>(x) The following payments are expected contributions to the defined benefit plan in future years:</b>			
Particulars	Year ended		
	31 March 2022	31 March 2021	
Within the next 12 months (next annual reporting period)	6.14	2.16	
Between 2 and 5 years	14.39	11.56	
Between 6 and 10 years	16.36	13.33	
Beyond 10 years	43.77	39.82	
<b>Total expected payments</b>	<b>80.66</b>	<b>66.87</b>	

<b>(xi) The weighted average duration of the projected benefit obligation at the end of the reporting period is 9 years (31 March 2021: 10 years).</b>			
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 43 FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT:

#### (a) Category-wise Classification of Financial Instruments:

Particulars	Refer Note	As at 31 March 2022		
		Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>				
Investments	6	-	212.38	212.38
Trade receivables	11	-	552.80	552.80
Cash and cash equivalents	12	-	247.50	247.50
Other balances with banks	8 & 13	-	33.15	33.15
Loans	7	-	60.80	60.80
Other financial assets	8	-	182.04	182.04
<b>Total</b>		-	<b>1,288.67</b>	<b>1,288.67</b>
<b>Financial liabilities</b>				
Borrowings	17 & 21	-	2,225.71	2,225.71
Trade payables	23	-	180.19	180.19
Other financial liabilities	24	-	147.20	147.20
Lease Liabilities	18 & 22	-	55.97	55.97
<b>Total</b>		-	<b>2,609.07</b>	<b>2,609.07</b>

Particulars	Refer Note	As at 31 March 2021		
		Fair Value through profit or loss	Amortised cost	Carrying Value
<b>Financial assets</b>				
Trade receivables	11	-	492.12	492.12
Cash and cash equivalents	12	-	212.69	212.69
Other balances with banks	8 & 13	-	28.09	28.09
Loans	7	-	179.99	179.99
Other financial assets	8	-	17.35	17.35
<b>Total</b>		-	<b>930.24</b>	<b>930.24</b>
<b>Financial liabilities</b>				
Borrowings	17 & 21	-	1,045.15	1,045.15
Trade payables	23	-	280.86	280.86
Other financial liabilities	24	-	14.79	14.79
Lease Liabilities	18 & 22	-	55.01	55.01
<b>Total</b>		-	<b>1,395.81</b>	<b>1,395.81</b>

#### (b) Category-wise Classification of Financial Instruments:

The financial instruments are categorised in to three levels, based on the inputs used to arrive at fair value measurement as described below:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Inputs based on unobservable market data

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

There are no financial assets and liabilities which are measured at Fair value through profit and loss or Fair value through OCI, And all financial assets and liabilities are carried at amortised cost. Therefore, disclosure with respect to fair value measurement hierarchy of financial instruments is not required.

### (ii) Financial risk management

The Group's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

#### (a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Group's profits or the value of its holding of financial instruments. The Group is exposed to market risks on account of foreign exchange rates and interest rates.

#### (i) Foreign currency exchange rate Risk :

The Group's foreign currency risk arises from its foreign operations, foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Group.

The major foreign currency exposure for the company is denominated in USD. Additionally, transactions entered into in other currencies are not significant in relation to the total volume of the foreign currency exposures.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

Particulars	Liabilities		Assets	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
USD	686.33	1.76	127.98	55.12
Euro	-	6.42	3.18	1.87

The above table represents total exposure of the company towards foreign exchange denominated assets and liabilities.

For the years ended 31 March 2022 and 31 March 2021, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and value in the respective currencies for the above mentioned financial assets/liabilities would affect the Company's net profit by approximately ₹ 5.78 million and ₹ 0.48 million respectively.

Particulars	Impact on Profit & Loss		Impact on Equity	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
a) USD Sensitivity				
Rupee/USD - Increase by 1%	(5.58)	0.53	(5.58)	0.53
Rupee/USD - Decrease by 1%	5.58	(0.53)	5.58	(0.53)
b) EURO Sensitivity				
Rupee/Euro - Increase by 1%	0.03	(0.05)	0.03	(0.05)
Rupee/Euro - Decrease by 1%	(0.03)	0.05	(0.03)	0.05

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### (ii) Interest Rate Risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The company is exposed to fluctuations in interest rates in respect of rupee loans carrying a floating rate of interest.

Variable-rate instruments	As at 31 March 2022	As at 31 March 2021
Term Loans from Banks and others	281.36	272.85
External Commercial Borrowings	683.34	-
Cash Credit from Bank	348.45	32.70
<b>Total</b>	<b>1,313.15</b>	<b>305.55</b>

### Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

The group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the group does not have any designate derivatives (interest rate swaps). The exposure of Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	Impact on Profit & Loss	
	As at 31 March 2022	As at 31 March 2021
a) Long Term - Borrowings Sensitivity		
Increase by 1%	(9.65)	(2.73)
Decrease by 1%	9.65	2.73
a) Short Term Borrowings Sensitivity		
Increase by 1%	(3.48)	(0.33)
Decrease by 1%	3.48	0.33

### (b) Credit risk :

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers.

All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

### (c) Liquidity Risk:

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

#### Maturity Profiles of financial liabilities as at 31 March 2022

Particular	Within 1 Year	1-2 Years	2-10 Years	Above 10 Years	Total
Borrowings	580.27	183.99	1,461.45	-	2,225.71
Trade Payable	180.19	-	-	-	180.19
Othe Financial Liabilities	141.54	5.66	-	-	147.20
Lease Liabilities	3.27	0.30	5.20	47.21	55.97
<b>Total</b>	<b>905.27</b>	<b>189.95</b>	<b>1,466.65</b>	<b>47.21</b>	<b>2,609.07</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Maturity Profiles of financial liabilities as at 31 March 2021					
Particular	Within 1 Year	1-2 Years	2-10 Years	Above 10 Years	Total
Borrowings	216.73	97.39	731.03	1,045.15	2,090.29
Trade Payable	280.86	-	-	280.86	561.72
Other Financial Liabilities	11.76	3.03	-	-	14.79
Lease Liabilities	3.17	0.16	4.37	47.32	55.01
<b>Total</b>	<b>512.52</b>	<b>100.57</b>	<b>735.40</b>	<b>1,373.33</b>	<b>2,721.81</b>

### (iii) Capital management

The capital structure of the Group consists of equity, debt, cash and cash equivalents. The Group's objective for capital management is to maintain the capital structure which will support the Group's strategy to maximise shareholder's value, safeguarding the business continuity and help in supporting the growth of the Group.

As at 31 March 2021 the Group meets its capital requirement through equity and borrowings from banks. The Group monitors its capital and debt on basis of debt to equity ratio

The debt-equity ratio for the reporting period is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Total borrowings	2,281.68	1,100.16
Total Equity	2,673.93	2,359.58
<b>Debt-Equity ratio</b>	<b>0.85</b>	<b>0.47</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 44 SEGMENT INFORMATION:

#### (i) Identification of Segments:

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Management committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 Operating Segments), in deciding how to allocate resources and in assessing performance. The Group is principally engaged in manufacturing of Poultry vaccines and Large Animal Vaccines and trading of Poultry and Large animal health products. The CEO & Managing Director (CMD) and Senior management of the Group constitutes the CODM of the Group.

The Group has two principal operating and reporting segments viz. poultry healthcare and animal healthcare.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting.

#### (ii) Information about product and services:

Particulars	Year Ended 31 March 2022			Year Ended 31 March 2021		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
<b>Segment Revenue</b>						
Sales and Operating Earnings (Net)	1,718.31	631.75	2,350.06	1,564.51	578.81	2,143.32
<b>Total Segment Revenue</b>	<b>1,718.31</b>	<b>631.75</b>	<b>2,350.06</b>	<b>1,564.51</b>	<b>578.81</b>	<b>2,143.32</b>
Identifiable Segment Expenses	(1,170.93)	(622.69)	(1,793.62)	(1,175.40)	(397.89)	(1,573.29)
<b>Segment Operating Income</b>	<b>547.38</b>	<b>9.06</b>	<b>556.44</b>	<b>389.11</b>	<b>180.92</b>	<b>570.03</b>
Less : Unallocable Finance Cost			40.64			66.04
Add : Share of Profit in Joint Venture Entity			4.23			
Less : Other Unallocable Expense/(Income)			(14.99)			2.96
<b>Net Profit Before Tax</b>			<b>535.02</b>			<b>501.03</b>
Less : Tax Expense			140.18			154.05
<b>Net Profit after Tax</b>			<b>394.84</b>			<b>346.98</b>

Particulars	Year Ended 31 March 2022			Year Ended 31 March 2021		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
<b>Other Information</b>						
Segment Assets	2,360.77	2,123.38	4,484.15	1,891.35	1,993.65	3,885.00
Unallocated Assets			1,137.46			225.49
<b>Total Segment Assets</b>			<b>5,621.61</b>			<b>4,110.49</b>
Segment Liabilities	219.44	343.50	562.94	220.23	309.87	530.10
Unallocated Liabilities			2,384.74			1,220.81
<b>Total Segment Liabilities</b>			<b>2,947.68</b>			<b>1,750.91</b>
Non cash items	(66.61)	5.74	(60.86)	66.15	0.05	66.20
Capital Expenditure	223.82	1.73	225.55	400.05	7.37	407.42

#### (iii) Secondary Reportable Segment (Geographical by Customers):

Particulars	In India	Outside India	Total
<b>Segment Revenue</b>			
Year ended 31 March 2022	1,901.76	448.29	2,350.06
Year ended 31 March 2021	1,711.06	432.26	2,143.32
<b>Segment Assets</b>			
As at 31 March 2022	3,993.83	1,627.78	5,621.61
As at 31 March 2021	2,819.74	1,290.75	4,110.49

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

45	ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY:	Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income						
			As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated total comprehensive income	Amount	As % of Total Comprehensive Income				
		<b>Holding Company</b>													
		Hester Biosciences Limited	93%	2,476.19	100.08%	395.17	-19.12%	(1.57)	97.65%	393.60					
		<b>Subsidiary Company (Indian)</b>													
		Texas Lifesciences Private Limited	1.66%	44.37	2.05%	8.10	-	-	2.01%	8.10					
		<b>Subsidiary Company (Foreign)</b>													
		Hester Biosciences Nepal Private Limited	2.28%	60.96	3.76%	14.86	-	-	3.69%	14.86					
		Hester Biosciences Africa Limited	7.96%	212.72	-8.34%	(32.93)	90.55%	7.43	-6.33%	(25.50)					
		Hester Biosciences Kenya Limited	2.33%	62.20	-0.47%	(1.87)	18.30%	1.50	-0.09%	(0.37)					
		<b>Joint Venture Entity</b>													
		Thrishool Exim Limited	7.94%	212.38	1.07%	4.23	-	-	1.05%	4.23					
		<b>Non Controlling interest in Subsidiary Companies</b>													
		Non Controlling interest in Subsidiary Companies	2.77%	74.09	0.41%	1.64	-	-	0.41%	1.64					
		<b>Inter company transaction</b>													
		Inter company transaction	-17.54%	(468.98)	1.43%	5.64	10.27%	0.84	1.61%	6.48					
		<b>Total</b>	100%	2,673.93	100%	394.84	100%	8.21	100%	403.05					

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

46	OTHER STATUTORY INFORMATION
a)	The Group has utilised the borrowings from banks and financial institutions for the specific purpose for which it was taken.
b)	The Group has not entered into any scheme of arrangement which has an accounting impact on current or pervious year.
c)	The Group has not advanced or loaned or invested funds (either borrowed funds or security premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
d)	The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

47	EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:
	The Group evaluates events and transactions that occur subsequent to the Balance Sheet date prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 20 May 2022 there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

In terms of our report attached  
**For Chandulal M. Shah & Co.**  
Firm Registration No.: 101698W  
**Chartered Accountants**

**Arpit D. Shah**  
Partner  
Membership No.: 135188

### For and on behalf of Board of Directors

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

**Priya Gandhi**  
Executive Director  
DIN: 06998979

**Date** 20 May 2022  
**Place** Ahmedabad

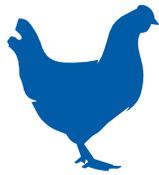
**Nikhil Jhanwar**  
Chief Financial Officer

**Vinod Mali**  
Company Secretary

# TEN-YEAR FINANCIAL STATISTICS

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

YEAR ENDED ON 31 MARCH	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sales of Goods	482.63	651.04	690.48	889.06	982.36	1,234.87	1,319.14	1,703.53	1,540.23	1,909.04	2,155.02
Other Operating Income	-	-	-	11.31	26.56	20.91	33.39	8.34	154.02	175.74	38.49
<b>REVENUE FROM OPERATIONS</b>	<b>482.63</b>	<b>651.04</b>	<b>690.48</b>	<b>900.37</b>	<b>1,008.92</b>	<b>1,255.78</b>	<b>1,352.53</b>	<b>1,711.87</b>	<b>1,694.25</b>	<b>2,084.77</b>	<b>2,193.51</b>
Other Income	2.44	2.34	7.73	3.57	8.72	7.26	18.77	30.97	29.26	16.48	46.57
<b>TOTAL INCOME</b>	<b>485.07</b>	<b>653.38</b>	<b>698.21</b>	<b>903.94</b>	<b>1,017.64</b>	<b>1,263.04</b>	<b>1,371.30</b>	<b>1,742.84</b>	<b>1,723.51</b>	<b>2,101.25</b>	<b>2,240.08</b>
<b>TOTAL EXPENSES</b>	<b>363.05</b>	<b>503.11</b>	<b>555.30</b>	<b>743.03</b>	<b>769.15</b>	<b>932.17</b>	<b>934.23</b>	<b>1,145.33</b>	<b>1,311.23</b>	<b>1,500.64</b>	<b>1,707.52</b>
(a) (Increase)/decrease in inventories	(51.45)	(24.64)	(30.32)	59.58	(29.75)	33.21	(62.35)	(72.45)	(155.74)	40.14	(125.26)
(b) Purchase of Stock-in-trade	6.72	31.76	39.28	37.23	67.59	88.05	78.42	137.26	171.89	252.09	392.97
(c) Cost of raw material and components consumed	119.21	147.15	104.56	150.01	157.68	177.67	217.04	227.32	211.31	241.75	349.31
(d) Employee benefits expenses	68.68	90.62	98.37	123.17	154.40	183.23	222.88	267.41	371.56	334.51	391.19
(e) Other Expenses	150.39	182.09	225.29	273.62	325.05	362.84	400.57	474.69	568.02	496.35	579.61
(f) Finance Cost	28.27	32.18	64.34	44.49	36.86	32.08	23.16	35.43	50.34	39.47	24.68
(g) Depreciation and amortisation expense	41.23	43.95	53.78	54.94	57.32	55.09	54.51	75.66	93.85	96.33	95.02
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>	<b>122.02</b>	<b>150.27</b>	<b>142.91</b>	<b>160.91</b>	<b>248.49</b>	<b>330.87</b>	<b>437.07</b>	<b>597.51</b>	<b>412.28</b>	<b>600.61</b>	<b>532.56</b>
Exceptional Items	-	-	-	27.21	-	-	-	-	-	(52.78)	-
<b>PROFIT BEFORE TAX</b>	<b>122.02</b>	<b>150.27</b>	<b>142.91</b>	<b>188.11</b>	<b>248.49</b>	<b>330.87</b>	<b>437.07</b>	<b>597.51</b>	<b>412.28</b>	<b>547.83</b>	<b>532.56</b>
Tax Expenses	44.11	53.37	42.03	48.16	56.26	81.47	131.49	158.99	100.05	148.82	137.39
<b>PROFIT AFTER TAX</b>	<b>77.91</b>	<b>96.90</b>	<b>100.88</b>	<b>139.95</b>	<b>192.23</b>	<b>249.40</b>	<b>305.58</b>	<b>438.52</b>	<b>312.23</b>	<b>399.01</b>	<b>395.17</b>
<b>BALANCE SHEET AS AT 31 MARCH</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>SOURCES OF FUNDS :</b>											
Share Capital	56.71	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07
Other Equity	543.78	593.68	674.65	757.39	918.13	1,135.85	1,375.71	1,709.30	1,945.73	2,290.74	2,599.27
Loan Funds	140.20	214.81	324.49	387.17	386.56	394.27	426.17	382.92	478.96	162.04	1,224.66
<b>TOTAL</b>	<b>740.69</b>	<b>893.56</b>	<b>1,084.21</b>	<b>1,229.63</b>	<b>1,389.76</b>	<b>1,615.19</b>	<b>1,886.95</b>	<b>2,177.28</b>	<b>2,509.77</b>	<b>2,537.85</b>	<b>3,909.00</b>
<b>APPLICATION OF FUNDS :</b>											
Property, Plant & Equipments and Intangible assets	365.32	346.99	506.77	565.30	615.68	608.50	667.40	1,008.09	967.64	866.93	843.09
Capital Work-in-Progress	63.04	240.53	131.50	142.74	104.70	212.94	304.73	4.17	8.74	3719	819.09
Investments	25.00	27.85	36.33	88.80	86.70	86.02	144.78	282.19	406.71	438.85	646.89
Net Current Assets	311.81	304.18	458.87	486.12	663.01	743.19	843.27	983.72	1,209.57	1,262.94	1,662.85
Deferred Tax Assets / (Liabilities)	(24.48)	(25.99)	(49.26)	(53.33)	(80.33)	(35.46)	(73.23)	(100.89)	(82.89)	(68.06)	(62.92)
<b>TOTAL</b>	<b>740.69</b>	<b>893.56</b>	<b>1,084.21</b>	<b>1,229.63</b>	<b>1,389.76</b>	<b>1,615.19</b>	<b>1,886.95</b>	<b>2,177.28</b>	<b>2,509.77</b>	<b>2,537.85</b>	<b>3,909.00</b>
Equity Dividend	10%	20%	20%	31%	41%	53%	100%	110%	66%	100%	100%



# ABBREVIATIONS

1	<b>Act</b>	Companies Act, 2013
2	<b>AGM</b>	Annual General Meeting
3	<b>ADRs</b>	American Depository Receipts
4	<b>AS</b>	Accounting Standards
4	<b>Board</b>	Board of Directors
5	<b>bps</b>	Basis points
6	<b>BSE</b>	The BSE Limited
7	<b>bn</b>	Billion
8	<b>Capital W.I.P.</b>	Capital Work in Progress
9	<b>CARE</b>	Credit Analysis and Research Limited
10	<b>CAGR</b>	Compound Annual Growth Rate
11	<b>CGWA</b>	Central Water Ground Authority
12	<b>C.I.F.</b>	Cost Insurance and Freight
13	<b>CDSL</b>	Central Depository Services Limited
14	<b>CEO</b>	Chief Executive Officer
15	<b>CFO</b>	Chief Finance Officer
16	<b>CIN</b>	Corporate Identity Number
17	<b>CLID</b>	Client Identity
18	<b>CS</b>	Company Secretary
19	<b>CSR</b>	Corporate Social Responsibility
20	<b>DIN</b>	Director Identification Number
21	<b>DPID</b>	Depositoy Participant Identity
22	<b>DSIR</b>	Department for Scientific & Industrial Research
23	<b>EBIDTA</b>	Earnings Before Interest, Depreciation, Taxes, and Amortisation
24	<b>ECB</b>	External Commercial Borrowings
25	<b>EPCG</b>	Export Promotion Capital Goods
26	<b>EPS</b>	Earning Per Share
27	<b>ESOS</b>	Employees Stock Option Scheme
28	<b>ETP</b>	Effluent Treatment Plant
29	<b>FAO</b>	Food and Agriculture Organisation
30	<b>FD</b>	Fixed Deposit
31	<b>FOB</b>	Free On Board
32	<b>F.Y.</b>	Financial Year
33	<b>GAAP</b>	Generally Accepted Accounting Principles
34	<b>GALVmed</b>	Global Alliance for Livestock Veterinary Medicines
35	<b>GDRs</b>	Global Depository Receipts
36	<b>GMP</b>	Good Manufacturing Practices
37	<b>GLN</b>	Global Location Number
38	<b>GLP</b>	Good Laboratory Practices
39	<b>HBL</b>	Hester Biosciences Limited
41	<b>HBAL</b>	Hester Biosciences Africa Limited
42	<b>HBNPL</b>	Hester Biosciences Nepal Private Limited
43	<b>HUF</b>	Hindu Undivided Family
44	<b>IBR</b>	Indian Boiler Regulations

45	<b>ICAI</b>	Institute of Chartered Accountants of India
46	<b>ILRI</b>	International Livestock Research Institute
47	<b>IEPF</b>	Investor Education and Protection Fund
48	<b>IPO</b>	Initial Public Offer
49	<b>ISIN</b>	International Securities Identification Number
50	<b>ISO</b>	International Organisation for Standardisation
51	<b>KMP</b>	Key Managerial Personnel
52	<b>LLP</b>	Limited Liability Partnership
53	<b>Listing Regulations</b>	SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015
54	<b>LODR</b>	Listing Obligations and Disclosures Requirements
55	<b>MAT</b>	Minimum Alternate Tax
56	<b>MBL</b>	Maine Biological Laboratories
57	<b>MCA</b>	Ministry of Corporate Affairs
58	<b>mn</b>	Million
59	<b>NCI</b>	Non-controlling Interest
60	<b>NEAPS</b>	NSE Electronic Application Processing System
61	<b>NGO</b>	Non-Governmental Organisation
62	<b>NIC</b>	National Industrial Classification
63	<b>NSDL</b>	National Securities Depository Limited
64	<b>NSE</b>	The National Stock Exchange of India Limited
65	<b>OHSAS</b>	Occupational Health and Safety Assessment Series
66	<b>OIE</b>	World Organisation for Animal Health
67	<b>PAT</b>	Profit After Tax
68	<b>PBT</b>	Profit Before Tax
69	<b>PBIT</b>	Profit Before Interest and Tax
70	<b>P/E</b>	Price-Earnings
71	<b>PPR</b>	Peste des Petits Ruminants
72	<b>PAN</b>	Permanent Account Number
73	<b>P.Y.</b>	Previous Year
74	<b>QIP</b>	Qualified Institutional Placement
75	<b>R &amp; D</b>	Research & Development
76	<b>ROC</b>	Registrar of Companies
77	<b>SCRA</b>	The Securities Contracts (Regulation) Act, 1956
78	<b>SCORES</b>	SEBI Complaints Redressal System
79	<b>SEBI</b>	Securities Exchange Board of India
80	<b>SLM</b>	Straight Line Method
81	<b>SS</b>	Secretarial Standards
82	<b>TEL</b>	Threshool Exim Limited
83	<b>the Company</b>	Hester Biosciences Limited
84	<b>WDV</b>	Written Down Value
85	<b>WHO</b>	World Health Organisation





**Hester Biosciences Limited**  
**35<sup>th</sup> Annual Report 2021-22**

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**Corporate & Registered Office**  
Pushpak 1<sup>st</sup> Floor  
Motilal Hirabhai Road  
Panchvati Circle  
Ahmedabad, Gujarat 380006  
India

**CIN:** L99999GJ1987PLC022333  
**Phone** +91 79 26445107  
**Email** mail@hester.in

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**WYATT**Prism  
COMMUNICATIONS

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**PUBLICATION DESIGN**

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35<sup>th</sup> Annual Report 2021-22