

CORPORATE INFORMATION

BOARD OF DIRECTORS :

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

CHIEF FINANCIAL OFFICER :

Mr. Jigar Shah

COMPANY SECRETARY :

Mrs. Amala Parikh

REGISTERED OFFICE :

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

CORPORATE OFFICE :

16/10, Devendra Society,
 Naranpura,
 Ahmedabad - 380 013.

MANUFACTURING UNIT :

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

BANKERS :

Bank of India
 Navrangpura Branch,
 Ahmedabad - 380 009.

AUDIT COMMITTEE :

Mr. Praful Amin *Chairman*
 Mr. Vimal Ambani *Member*
 Mr. Abhinava Shukla *Member*

SHAREHOLDERS' GRIEVANCE COMMITTEE :

Mr. Darayus Lakdawalla *Chairman*
 Mr. Vimal Ambani *Member*
 Mr. Abhinava Shukla *Member*

REMUNERATION COMMITTEE :

Mr. Abhinava Shukla *Chairman*
 Mr. Vimal Ambani *Member*
 Mr. Praful Amin *Member*

AUDITORS :

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

REGISTRAR & TRANSFER AGENTS :

M/s. Sharepro Services (India) Pvt. Ltd.
 (Ahmedabad Branch)
 416-420, 4th Floor, Devnandan Mall,
 Opp. Sanyash Ashram, Ashram Road,
 Ellisbridge, Ahmedabad-380 006.

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DIRECTORS' REPORT

Dear Shareholder:

Your Directors are pleased to present the 23rd Annual Report with the Audited Accounts of the Company for the year ended 31.3.2010.

FINANCIAL RESULTS:

(Rs. In Millions)

Particulars	Current Year	Previous Year
Total Income	376.13	302.52
Profit before Depreciation & Tax	138.33	119.96
Less : Depreciation	42.33	38.44
Profit Before Tax	96.00	81.52
Less : Provision for Tax		
Deferred Tax	0.66	7.12
Current Tax	32.51	26.52
Income tax of earlier year	2.50	—
Fringe Benefit Tax	—	0.52
Net Profit After Tax	60.33	47.36
Balance of Profit & Loss Account	55.85	28.67
Profit available for appropriation	116.18	76.03
Dividend on equity shares	15.57	12.98
Dividend Tax	2.59	2.21
General Reserve	15.40	5.00
Balance carried to Balance sheet	82.62	55.85
Earnings per share (Basic/Diluted)	11.62	9.12

FINANCIAL HIGHLIGHTS:
Sales

Your company posted a turnover of Rs. 375.32 million in the financial year ended on 31.3.2010, as compared to Rs. 301.60 million in the previous year.

Profitability

Your company's PBT for the year ended 31.3.2010 was recorded at Rs. 96.00 million, a compared to Rs. 81.52 million in the previous year.

Earning per share

EPS was at Rs.11.62 as on 31.3.2010 as against Rs.9.12 as on 31.3.2009.

Net Worth

The company's net worth as on 31.3.2010 was at Rs. 408.64 million as compared to Rs. 366.46 million as on 31.3.2009.

Dividend

Your Directors have recommended a dividend payment of Rs. 3.00 per equity share of Rs. 10 each for the financial year 2009-10. This dividend is subject to approval by the shareholders at the ensuing AGM.

REVIEW OF OPERATIONS:

The last financial year saw a strong come back besides internal financial strengthening. Sales went up by 23%. A strong foundation for international business was laid. Q1 2010-11 would see exports crossing last financial year's total exports. The distribution network within India was made fully functional with company managed depots at Pune, Bangalore, Coimbatore, Hyderabad and Chandigarh, all linked with leased lines, having state-of-art cold store facilities to maintain the cold chain. Distribution costs were further cut by embarking on the use of company owned refrigerated vans for deliveries all across India.

In January 2010, the company re-launched the freeze dried MD Vaccine after a gap of 5 years.

Capacity utilisation

The company has reached 52% capacity utilisation as on 31.3.2010 by producing 2494.99 million doses.

GMP and ISO certification

We continue to be a GMP and an ISO 9001-2008 certified company. We are in process of getting Environmental Management Systems (EMS) ISO 14001:2004 and Occupational Health and Safety (OHSAS) 18001:2007 certification.

Future Prospects

Newer markets (international) and newer products, mainly large animal vaccines, coupled with a 15 to 20 percent growth rate of the Indian poultry industry, seem to indicate a high growth rate for your company for the next few years.

Your company is expanding into the manufacture of animal diagnostic reagents which is a fast growing market.

Registrations for our poultry vaccines in on-going in over 10 countries which, when completed, would convert into business.

The current unutilised excess capacity seems to turning into our biggest strength in this growing market. Discussions with international companies are on-going to manufacture animal vaccines for them for their markets.

Energy Conservation

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

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

Total energy consumption and energy consumption per unit of production :

Particulars		31-03-2010	31-03-2009
(A) Power and Fuel Consumption:			
Electricity:			
(a) Purchased			
Units	Kwh	2852640.00	2130135.00
Total Amount	Rs.	18151076.81	13437452.93
Rate/ Unit	Rs.	6.38	6.31
(b) Own Generation through Diesel Generator set			
Units	Kwh	60822.00	52500.00
Unit per liter of Diesel Oil	Kwh	3.07	3.08
Cost/Unit	Rs.	12.12	13.36
(B) Consumption per Unit of Production :			
Electricity consumed per vial (in units)		1.97	0.70

Research & Development and Technology absorption

1. R&D work is currently on-going towards developing 4 poultry vaccines.
2. Active work is being done in the area of virus isolation in many endemic regions within India with an objective to identify the viruses and then prepare vaccines against each of those viruses.
3. As always, we continue to work towards increasing our production yields as well as towards reducing cost of production.

FOREIGN EXCHANGE EARNINGS & OUTFLOW:

Foreign exchange earnings during the year were Rs. 7.78 million (Previous Rs.6.67 million) towards sale of goods. Total outflow of foreign exchange towards purchase of materials, trading goods, travelling expenses, purchase of capital items during year was Rs. 31.93 million as compared to Rs. 27.62 million during the previous year.

DIRECTORS:

In accordance with the provisions of the Articles of Association and of the Companies Act 1956, Mr. Ravin Gandhi and Dr. Bhupendra V. Gandhi, Directors of the Company, retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Vishwesh Patel was appointed as an 'Additional Director' with effect from 23rd May, 2010. In the ensuing Annual General Meeting, he will be recommended for appointment as 'Director'. He will act as a Non-Executive Independent Director.

The brief particulars of all directors, for which approval of members for their appointment or re-appointment are sought, have been provided in the Notice of Annual General Meeting pursuant to Clause 49 of the Listing Agreement relating to Corporate Governance.

PUBLIC DEPOSITS:

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

FINANCE:

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

PREFERENTIAL ALLOTMENT:

To meet the additional funds requirement of the Company for future expansion and diversification in various related products, the Board of Directors of the Company has approved issue of 480000 Equity warrants to Promoters and Non-Promoters on preferential allotment basis, at a price, as determined under the SEBI (Issue of Capital and Disclosures requirements) Regulation, 2009. This will give approximately Rs. 65.70 Millions to the Company.

CORPORATE GOVERNANCE:

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

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

FORMATION OF VARIOUS COMMITTEES:

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

PARTICULARS OF EMPLOYEES:

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in annexure to the Directors Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company & others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year ended on 31st March, 2010.

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

The Directors have prepared the attached statements of accounts for the year ended 31st March, 2010 on a going concern basis.

AUDITORS & AUDITORS REPORT:

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

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

ACKNOWLEDGEMENT:

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

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

By order of the Board

2 July, 2010
Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Outlook for the Industry

The poultry industry is back on the track with a growth rate of over 10 percent. International companies are looking at setting up primary breeding facilities within India as they see India's growth as very strategic in the world market.

The government policy towards poultry vaccines continues to be the same as what it was at the beginning of the financial year. Imports though permissible, are unable to make any major dent in the Indian market. The quality of locally produced animal vaccines is comparable to any equivalent international product.

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

Disease monitoring is gaining immense importance. Disease identification tools are a lot in demand. Prevention programs are being implemented more rigorously. Vaccines being preventive form of medication, their importance has been further understood.

Outlook for the Company

Spare capacity, international opportunities, expansion in the product range are parameters which indicate a spiraling growth for your company.

Exports in Q1 of the current financial year have already crossed the total value of exports of last year, indicating the beginning of a good international presence for Hester.

Internal Control Systems

Budgetary controls are well in place. The implementation of the ERP solution with an internal auditing team well in place has facilitated your company in cutting costs and in strengthening all controls.

Financial Performance Vs Operational Performance

The financial performance of the company for the year 2009-10 is described in the Director's report.

Human Resources

Human resources development continues to be a focus area for your company.

The total strength of the company is over 300 motivated employees (permanent and contractual). Personnel turnover has been very negligible.

Health Safety measures are given high importance. Educating workers on social behavioral aspects has been on going.

Industrial relations continued to remain cordial at all levels.

REPORT ON CORPORATE GOVERNANCE

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

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

Company's Philosophy on Corporate Governance

Hester Biosciences Limited, has always been committed to the principal of sound Corporate Governance to promote the effective functioning of the Board and its Committee & to assist it in the exercise of its responsibility. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

The Company's continued endeavor is to achieve good governance which ensures our performance rules with integrity whereby ensuring the truth, transparency accountability & responsibility in all our dealings with our employees, shareholders, consumers & the community at large. Apart from compliance with the Statutory provisions of Company Law, allied acts & Listing Agreements, our disclosure seeks to attend best practice in corporate governance. We believe that sound corporate governance is critical to enhance & retain stakeholders trust.

The Board of Directors represents the interest of the Company's stakeholders, for optimizing long term value by way of providing necessary guidance and strategic vision to the Company. The Board also ensure that the Company's management and employees operate with highest degree of ethical standard. Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation & integrity.

Board of Directors:

The Company's Board comprises of 9 Directors (excluding one alternate Director) with a mix of executive/non-executive and promoter/independent directors. Out of total Board members, Chairman is Non-Executive Promoter Director, Managing Director is Executive Promoter Director, two are Non-Executive Promoter Directors and other 5 are Non-Executive Independent Directors. Mr. Vishwesh Patel has been appointed as Non-Executive Independent Director w.e.f. 23rd May, 2010. The composition of Board complies with the requirements of the Corporate Governance code with more than 50% of the directors being non-executive Independent directors.

The Board normally meets once in a quarter. Additional meetings are held as and when required. During the year under review, Board of Directors of Hester met 5 times, viz 2nd May, 2009, 30th June, 2009, 10th July, 2009, 14th October, 2009, & 27th January, 2010 and the 22nd Annual General Meeting was held on 18th August, 2009. The gap between any two meetings did not exceed four months. The agenda papers along with notes and other supporting were circulated in advance of the Board Meeting with sufficient information as required under Clause 49 of the Listing Agreement.

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

Name of the Director, Designation & Age	Category & Nature of Employment	Date of Appointment	No. of other Directorship held in public companies in India	No. of other Board committees of which Member(M)/Chairman (C)	Board meeting attended	Attendance at the last AGM	No. of Shares held & % holding (of the Company)
Dr. Bhupendra V Gandhi Chairman, 68 Years	Non Executive, Non Independent Director	03/12/1992	0	0	1	No	304,010 5.86%
Mr. Rajiv Gandhi CEO & Managing Director 48 Years	Executive Non Independent Director- Contractual Employment	29/04/1987	2	0	5	Yes	503,606 9.70%
Mr. Sanjiv Gandhi Director, 45 Years	Non Executive, Non Independent Director	29/04/1987	1	0	0	Yes	391,480 7.54%
Mr. Darayus Lakdawalla Director, 49 Years	Non Executive Independent Director	01/03/1990	0	0	1	Yes	15,720 0.30%
Mr. Ravin Gandhi Director, 37 Years	Non Executive, Non Independent Director	22/04/1999	0	0	—	No	268,880 5.18%
Mr. Vimal Ambani Director, 49 Years	Non Executive Independent Director	01/02/2003	2	0	3	Yes	54,900 1.06%
Mr. Abhinava Shukla Director, 65 years	Non Executive Independent Director	01/02/2003	0	0	5	No	—
Dr. Parimal Tripathi 51 Years	Non Executive, Non Independent Director	27/06/2003	0	0	2	No	—
Mr. Praful Amin Director, 75 Years	Non Executive Independent Director	02/05/2009	2	3 - as a Chairman	5	Yes	—
*Mr. Vishwesh Patel Director, 33 Years	Non Executive Independent Director	23/05/2010	1	0	NA	NA	—

*Mr. Vishwesh Patel was appointed as an Additional Director w.e.f 23.05.2010

Notes:

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

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

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

Name of Director	Mr. Vishwesh Patel	Mr. Ravin Gandhi	Dr. Bhupendra V.Gandhi
Date of Birth	15.01.1977	06.07.1973	16.10.1942
Date of appointment	23.05.2010	22.04.1999	03.12.1992
Qualifications	B.E. Mech., MBA	MBA	Doctor in Nephrology, MBBS
Expertise in specific functional areas	General Management & activist in field of Education visiting faculty at Chimanbhai Patel Institute of Management & Research	General Management	Diplomate American Board of Internal Medicine Diplomate Subspeciality of Nephrology (USA)
List of Co. in which Directorship held	Pearl Broking Services Limited	Nil	Nil
Chairman/ Member of the Committees of the Board of Directors of the Co.	Nil	Nil	Nil
Chairman/ Member of the committees of Directors of other Co.	Nil	Nil	Nil

CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. All Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year ended on 31st March 2010. A declaration to this effect duly signed by CEO of the Company is attached herewith and forms part of Corporate Governance Report.

AUDIT COMMITTEE :

The Audit Committee comprises of 3 members, Mr. Praful Amin as the Chairman of the Committee & Mr. Vimal Ambani and Mr. Abhinava Shukla as Members. All members are Non-Executive Independent Directors.

The above composition meets all the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. Mr. Jigar Shah, CFO acts as the Secretary of the Audit Committee.

During the year under review, 4 meeting were held on 30th June, 2009, 10th July, 2009, 14th October, 2009 and 27th January, 2010. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 18th August, 2009. The Audit Committee at its Meeting held on 30th June, 2009, reviewed the Annual Accounts for the year 2008-09 and recommended the accounts for approvals by the Board of Directors. The Audit Committee at its meeting held on 10th July, 2009, 14th October, 2009 and 27th January, 2010, reviewed the unaudited financial results for the quarter ended on 30th June, 2009, 30th September, 2009 and 31st December, 2009.

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

Name	Designation	Attendance
Mr. Praful Amin	Chairman	4
Mr. Vimal Ambani	Member	2
Mr. Abhinava Shukla	Member	4

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

Broad Terms of Reference

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

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

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

SHAREHOLDERS' GRIEVANCE COMMITTEE :

The Shareholders Grievance Committee as a committee of the Board has been constituted mainly to focus on the redressal of Shareholders / Investors Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc. The Shareholder Grievance Committee comprises of 3 members, Mr. Darayus Lakdawalla as the Chairman of the Committee & Mr. Vimal Ambani and Mr. Abhinava Shukla as the Members. All members are Non-Executive Independent Directors.

During the year, 4 meetings were held on 30th June, 2009, 10th July, 2009, 14th October, 2009 and 27th January, 2010. The Company had received one complaint (towards non receipt of Annual Reports) from the Shareholders and the same has been resolved and no complaint was pending as on 31st March, 2010.

Mr. Jigar Shah, CFO provides secretarial support to the Committee. The Company has appointed Mrs. Amala Parikh as a Company Secretary w.e.f. 1st April, 2009. She has been appointed as a designated Compliance officer of the Company.

The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal. The Board has delegated powers for approving transfer and transmission of shares and issue of duplicate shares to Share Transfer Committee. The Share Transfer Committee met 19 times during the year. The Company has no transfers pending at the close of the financial year.

REMUNERATION COMMITTEE :

The 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. The Remuneration Committee comprises of 3 members, Mr. Abhinava Shukla as the Chairman of the Committee & Mr. Vimal Ambani and Mr. Praful Amin as the Members. All members are Non-Executive Independent Directors.

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

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

REMUNERATION TO DIRECTORS :

Name of Director	Designation	Remuneration (including perquisites) Paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration Rs.
Dr. Bhupendra V. Gandhi	Chairman	NIL	NIL	NIL	NIL
Mr. Rajiv Gandhi	CEO & Managing Director	3,020,380/-	NIL	NIL	3,020,380/-
Mr. Sanjiv Gandhi	Director	NIL	NIL	NIL	NIL
Mr. Darayus Lakdawalla	Director	NIL	15,000/-	NIL	15,000/-
Mr. Ravin Gandhi	Director	NIL	NIL	NIL	NIL
Mr. Vimal Ambani	Director	NIL	22,500/-	NIL	22,500/-
Mr. Abhinava Shukla	Director	NIL	35,000/-	NIL	35,000/-
Dr. Parimal Tripathi	Alternate Director	NIL	20,000/-	NIL	20,000/-
Mr. Praful Amin	Director	NIL	35,000/-	NIL	35,000/-
* Mr. Vishwesh Patel	Director	NIL	NIL	NIL	NIL
Total		3,020,380/-	127,500/-	NIL	3,147,880/-

*Mr. Vishwesh Patel was appointed as an Additional Director w.e.f 23.05.2010

SUBSIDIARY COMPANY :

The Company does not have any subsidiary Company.

OTHER COMPLIANCES :

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

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

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

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

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

The Company has already appointed Mr. Rajiv Gandhi, as CEO & Managing Director and Mr. Jigar Shah, as CFO of the Company. Certification from the both was placed as a part of good Corporate Governance practice in the Annual Accounts of FY 2009-10.

GENERAL BODY MEETINGS :

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

AGM	Date	Time	Venue	No. of special Resolutions passed
20th AGM	11th September, 2007	11.00 a.m.	Village : Merda Adraj, Taluka : Kadi, Dist : Mehsana Gujarat 382 721	1 (One)
21st AGM	28th August, 2008	11.00 a.m.	Village : Merda Adraj, Taluka : Kadi, Dist : MehsanaGujarat 382 721	0
22nd AGM	18th August, 2009	11.00 a.m.	Village : Merda Adraj, Taluka : Kadi, Dist : MehsanaGujarat 382 721	1 (One)

At the AGM held on 11th September, 2007, special resolution was passed for alteration of some of the Articles of Association of the Company under section 31 of the Act. At the AGM held on 18th August, 2009, special resolution was passed for re-appointment of Mr. Rajiv Gandhi, as CEO & Managing Director of the Company as per section 198,269 and other application provisions of the Act.

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

POSTAL BALLOT :

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

CEO/CFO CERTIFICATION :

The Company is duly placing a certificate to the Board from the CEO & Managing Director and Chief Financial Officer in accordance with the provisions of Clause 49(V) of the Listing Agreement. The aforesaid certificate duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31st March, 2010 has been placed before the Board and given elsewhere in this Annual Report.

MEANS OF COMMUNICATION :

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

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

SHAREHOLDERS' INFORMATION :

Registered office : Village: Merda Adraj Taluka : Kadi District : Mehsana Gujarat 382 721

Corporate Office : 16/10, Devendra Society, Naranpura, Ahmedabad 380 013.
Phone : 079 – 27680476, Fax : 079 – 27682250
E-mail : mail@hesterbiosciences.co.in, Website : <http://www.hesterbiosciences.co.in>

Branches :

Coimbatore No. 18, Ashok Layout, Civil Aerodrome Post, Sitra, Coimbatore - 641014 Tamilnadu.
Hyderabad House No.7-4-10/3, Yesodara Nagar, Opp. Medicare Hospital, Sagar Ring Road, L.B.Nagar, Hyderabad - 500074 Andhra Pradesh.
Bangalore No 14, 4th Main, 4th block, 1st Stage, Near Indian Academy College, Opp Regency Magnum Apartment, Hennur Main Road, HBR Layout, Kalyanagar Post, Bangalore 560043 Karnataka.
Pune Gat No.1313, Milakat No.2354, Near Ramkrishna ware Housing, Pune-Saswad Road, At.Post.Wadki, Tal. Haweli, Dist. Pune-412308 Maharashtra.
Panchkula DSS-25 Sector-12 Panchkula Near Yadav Bhawan. Panchkula -134109 Haryana.

Date, Time, Venue of Annual General Meeting

The 23rd Annual General Meeting of the members of the Company is scheduled to be held on Wednesday the 28th July, 2010 at 11.00 a.m. at its Registered Office of the company at Village : Merda Adraj, Taluka: Kadi, District : Mehsana, Gujarat 382 721. All the members are invited to attend the meeting.

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

Financial calendar

Financial year 2009-10 (April 1, 2009 to March 31, 2010)

Results were announced on

- 10th July, 2009	- first quarter
- 14th October, 2009	- half year
- 27th January, 2010	- third quarter
- 23rd May, 2010	- fourth quarter and annual (audited)

Financial year 2010-11 (April 1, 2010 to March 31, 2011)

Results will be announced on

- Last week of July 2010	- first quarter
- Last week of October 2010	- half year
- Last week of January 2011	- third quarter
- Last week of May 2011	- fourth quarter and annual (audited)

Book closure : Saturday the 24th July, 2010 to Wednesday the 28th July, 2010 (both days inclusive)

Annual General Meeting : Wednesday the 28th July, 2010 at 11.00 a.m.

Details of Shares

Types of shares : Equity Shares

No. of paid up shares : 5,191,200

Market lot of shares : 1 share

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

Listing

The Company's shares are listed and traded on the Bombay Stock Exchange at Mumbai. The Company has paid listing fees to Bombay Stock Exchange for financial year 2010-2011.

STOCK DATA

Monthly share price data on BSE for the financial year 2009-10 is as under :

Month	High Rs.	Low Rs.	Average Rs.	Volumes (No. of Shares)
April '09	94.05	73.00	83.53	4,505
May '09	107.60	77.45	92.53	12,082
June '09	118.40	84.90	101.65	5,473
July '09	97.60	79.85	88.73	82,378
August '09	93.30	77.00	85.15	15,128
September '09	103.00	80.10	91.55	45,660
October '09	96.00	76.00	86.00	143,023
November '09	102.00	79.20	90.60	42,604
December '09	122.00	88.30	105.15	74,199
January '10	135.00	104.00	119.50	60,956
February '10	120.10	103.00	111.55	47,676
March '10	140.00	109.15	124.58	45,829

SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM:

The Company's shares are compulsorily traded in dematerialized mode. As on 31st March 2010, 87.54% shares were held in dematerialized form and balance 12.46% shares were held in physical form. Those shareholders whose shares are held in physical form are requested to dematerialised the same at the earliest in their own interest. The demat security code (ISIN) for the equity shares is **INE782E01017**

Distribution of Shareholding (as on March 31, 2010)
a. On the basis of Shares held

No. of Equity Shares held (Range)	No. of Share-holders	Percentage to total Share-holders	No. of Shares held	Percentage to total Shares held
Up to 500	3,137	88.79	390,371	7.52
501 - 1000	138	3.91	109,696	2.11
1001 - 2000	80	2.26	120,932	2.33
2001 - 3000	29	0.82	74,069	1.43
3001 - 4000	31	0.88	112,537	2.17
4001 - 5000	14	0.40	66,175	1.27
5001 - 10000	35	0.99	247,868	4.77
Above 10000	69	1.95	4,069,552	78.40
TOTAL	3533	100.00	5,191,200	100.00

b. On the basis of Category

Description	No. of Members		No. of Shares	
	Nos.	%	Nos.	%
a. Promoters Holding				
Directors & Relatives	27	0.76	2,432,476	46.86
Promoters' Companies	4	0.11	201,892	3.89
b. Non Promoters Holding				
Resident Individual (incl. HUF)	3,367	95.30	1,967,585	37.91
Non Resident Individual	37	1.05	366,522	7.06
Mutual Fund, Nationalised Bank etc.	3	0.09	9,000	0.16
Domestic Companies	88	2.49	209,859	4.05
Clearing Members and House	7	0.20	3,866	0.07
Total:	3533	100.00	5,191,200	100.00

SHARE TRANSFER SYSTEM :

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

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

PAN REQUIREMENT FOR TRANSFER OF SHARES IN PHYSICAL FORM

The Securities & Exchange Board of India (SEBI) has mandated the submission Permanent Account Number (PAN) for securities market transactions & off market/private transactions involving Transfer of Shares in Physical Form of Listed Companies. Therefore it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/Registrar & Share Transfer Agents for Registration of such transfers. Members/Investors are therefore requested to make note of the same & submit their PAN Card copy to the Company/ Registrar & Share Transfer Agents.

DETAILS OF DIVIDEND

The Board of Directors has recommended Dividend @ Rs.3.00 per share for financial year 2009-2010, as compared to @ Rs.2.50 per share for last year. The payment of Dividend as recommended by the Directors if approved at the Meeting, will be made:

- (i) to those members whose names are on the Register of Members on 23rd July, 2010 or to their mandates.
- (ii) in respect of shares held in electronic form, to those "deemed members" whose names appears of the statement of beneficiary ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd.(CDSL) at the end of business hours on 23rd July, 2010

DETAILS OF UNPAID DIVIDEND

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

OUTSTANDING GDRS/ADRS/WARRANTS/ANY OTHER CONVERTIBLE INSTRUMENTS

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

NOMINATION FACILITY

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

APPOINTMENT OF REGISTRAR & TRANSFER AGENT

In terms of SEBI circular D&CC/FITC/CIR-15/2002 dated 27th December, 2002, the company has changed its Registrar and Share Transfer Agent to **M/s. Sharepro Services (India) Pvt. Ltd.** in place of M/s. Pinnacle Shares Registry Pvt. Ltd. of Ahmedabad (details as mentioned below) effective from 1st April, 2010, for physical as well as dematerialized shares.

CHANGE IN SHAREHOLDERS DETAILS

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

INVESTORS COMMUNICATION

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

M/s. Sharepro Services (India) Pvt. Ltd.

(Ahmedabad Branch)

Unit : Hester Biosciences Limited

416-420 4th Floor, Devnandan Mall, Opp.Sanyash Ashram, Ashram Road Ellisbridge, Ahmedabad-380006

Ph. 079 – 26582381 to 84 Fax : 079 – 26582385 e-mail : sharepro@shareproservices.com

DECLARATION UNDER CODE OF CONDUCT

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

Ahmedabad
2 July, 2010

Rajiv Gandhi
CEO & Managing Director

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

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

1. We have reviewed the balance sheet and profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31st March, 2010 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards , applicable laws and regulations.
2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent , illegal or violate the company's code of conduct.
3. We accept the responsibilities for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee
 - a. significant change in internal control over financial reporting during the year.
 - b. significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Ahmedabad
2 July, 2010

Rajiv Gandhi
Chief Executive officer

Jigar Shah
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No. : L99999GJ1987PLC022333

Nominal Capital : Rs. 65,000,000/-

To,
The Members of
HESTER BIOSCIENCES LIMITED

In accordance with Clause 49 of the Listing Agreement entered into by **Hester Biosciences Limited** (formerly known as Hester Pharmaceuticals Limited) with the Stock Exchange, I have examined all the relevant records of the Company relating to its compliance of conditions of Corporate Governance as stipulated in revised Clause 49, for the financial year ended on March 31, 2010.

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

In my opinion and to the best of my information and according to the explanations given to me and the re-presentations made by the Directors and the Management, I certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated in abovementioned Listing Agreement, except that :

- the formal Risk Management Policy should be adopted by the Board, covering detail area of risk involved in the organisation
- the Code of Conduct are yet to be placed on website of the Company.

As per the records maintained by the Company and information given to me, I have to state that there were no investor grievance remaining unattended/ pending for a period exceeding one month as on March 31,2010.

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.

Place : Ahmedabad
Date : 2 July, 2010

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

AUDITORS' REPORT

To,
The Members,
HESTER BIOSCIENCES LIMITED.

We have audited the attached Balance Sheet of **Hester Biosciences Ltd.** as at **31st March, 2010** and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared, in all material respects, in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- v. On the basis of written representations received from the directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and given a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2010:

- b. in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
- c. in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

for Shah Nariealwala & Co
Chartered Accountants

D.R. Shah
Partner

Place : Ahmedabad
Date : 23.05.2010

Member ship No: 36805
F.R.N.109708W

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

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

- (1) (i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (ii) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (iii) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (2) (i) The inventory has been physically verified during the year as also at the end of the year by management. In our opinion, the frequency of verification is reasonable.
- (ii) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (iii) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) (i) The Company has granted loans to Companies listed in the register maintained under Section 301 of the Companies Act, 1956. Outstanding balance of loans granted at the year end was Rs. 693,015/- (Rs. 3,865,015/-) Maximum outstanding during the year of loans granted was Rs. 3,878,015/- (Rs. 3,865,015 /-) .
- (ii) In our opinion and according to the information and explanations given to us, the rates of interest and other terms and conditions on which loans have been granted from companies/ other parties listed in the

- register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (iii) The loans granted by the Company are at call and no stipulations have been made regarding payment of interest.
- (iv) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act and hence we have nothing to comment thereon.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. We have not noted any continuing failure to correct major weakness in the internal controls during the course of audit.
- (5) (i) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (ii) In our opinion and according to the information and explanations given to us, there are no transactions, which are made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and are exceeding the value of rupees five lakhs in respect of any party during the year.
- (6) The Company has not accepted any deposits from the public.
- (7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (8) We have broadly reviewed the books of accounts, relating to materials and other items of cost maintained by the company in respect of product where pursuant to the rules made by the Central Government, the maintenance of Cost Records has been prescribed under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. The same have been examined and audited by an independent cost accountant.
- (9) (i) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, cess and other statutory dues applicable to it.
- (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of wealth-tax, sales-tax, customs duty and excise duty were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable. However undisputed income tax liability outstanding for more than six month as on 31st March 2010 amounted to Rs.Nil (Rs. 10,400,080).
- (iii) According to the information and explanations given to us, there are no dues in respect of income tax, excise duty, sales tax, wealth tax, service tax or cess that have not been deposited with appropriate authority on account of dispute.
- (10) The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (11) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (12) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (14) The company is not dealing or trading in shares, securities, debentures and other investments.
- (15) The Company has not given any guarantee for loans taken by others from bank or financial institution.
- (16) As informed to us, the term loans have been applied for the purpose for which they were raised.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except core (permanent) working capital.
- (18) Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) During the period covered by our audit report, the company has not issued any debentures.
- (20) According to the information and explanations given to us, during the year, the company has not raised money by public issue. Accordingly clause 4(xx) of the order is not applicable.
- (21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

for Shah Nariealwala & Co
Chartered Accountants

D.R. Shah
Partner

Place : Ahmedabad
Date : 23.05.2010

Member ship No: 36805
F.R.N.109708W

BALANCE SHEET AS AT 31ST MARCH, 2010

(INR)

Particulars	Schedule	Current Year	Previous Year
A. SOURCES OF FUNDS			
1 SHAREHOLDERS' FUNDS			
a) Share Capital	1	51,912,000	51,912,000
b) Reserve & Surplus	2	356,729,341	314,557,870
		<u>408,641,341</u>	<u>366,469,870</u>
2 LOAN FUNDS			
a) Secured Loans	3	201,489,488	187,662,436
3 Deferred Tax Assets/Liabilities			
Liabilities		27,009,657	26,158,937
Assets		461,348	273,191
		<u>26,548,309</u>	<u>25,885,747</u>
TOTAL		<u><u>636,679,138</u></u>	<u><u>580,018,053</u></u>
B. APPLICATION OF FUNDS			
1 Fixed Assets	4		
a) Gross Block		543,259,699	507,871,593
b) Less: Depreciation		144,898,150	102,564,049
c) Net Block		<u>398,361,549</u>	<u>405,307,544</u>
2 Current Assets, Loans & Advances	5	411,075,931	366,992,745
Less:-			
Current Liabilities & Provisions.	6	172,758,342	192,282,236
Net Current Assets		<u>238,317,589</u>	<u>174,710,509</u>
TOTAL		<u><u>636,679,138</u></u>	<u><u>580,018,053</u></u>
Notes on Accounts	15		

As per our Report of even date attached

for **Shah Narielwala & Co**
Chartered Accountants

D. R. Shah
Partner

Ahmedabad, 23rd May, 2010

for and on behalf of the Board

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh

Company Secretary

Ahmedabad, 23rd May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(INR)

Particulars	Schedule	Current Year	Previous Year
A. INCOME			
Sales	7	375,322,738	301,599,589
Other Income	8	810,907	916,808
Change in Inventories	9	40,206,709	41,360,579
TOTAL		416,340,354	343,876,975
B. EXPENDITURE			
Trading Purchases		7,248,344	3,279,786
Raw Material Consumed	10	91,434,053	71,305,372
Manufacturing Expenses	11	57,075,964	36,513,249
Personnel Cost	12	49,971,266	36,659,922
Selling, General & Adm. Expenses	13	48,652,156	47,281,898
TOTAL		254,381,784	195,040,226
OPERATING PROFIT		161,958,570	148,836,749
Interest & Finance Charges	14	23,625,064	28,877,450
PROFIT BEFORE DEPRECIATION AND TAX		138,333,506	119,959,299
Less : Depreciation		42,334,101	38,436,890
PROFIT BEFORE TAX		95,999,405	81,522,409
Less : Provision for taxation :			
Current tax		32,509,618	26,521,000
Deferred tax		662,562	7,121,668
Income tax of earlier Year		2,495,574	—
Fringe benefit Tax		—	517,000
		35,667,754	34,159,668
PROFIT AFTER TAX		60,331,650	47,362,741
BALANCE BROUGHT FORWARD		55,852,944	28,673,814
PROFIT AVAILABLE FOR APPROPRIATION		116,184,594	76,036,555
Less:			
Proposed Dividend (Equity Shares)		15,573,600	12,978,000
Dividend Tax		2,586,580	2,205,611
Transferred to General Reserve		15,402,178	5,000,000
BALANCE CARRIED TO BALANCE SHEET		82,622,236	55,852,944
Earning per Share (Basic/ Diluted)		11.62	9.12
Notes on Accounts	15		

As per our Report of even date attached

for **Shah Narielwala & Co**
Chartered Accountants

D. R. Shah
Partner

Ahmedabad, 23rd May, 2010

for and on behalf of the Board

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh

Company Secretary

Ahmedabad, 23rd May, 2010

SCHEDULES 1 TO 14 FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010

(INR)

Particulars	31.03. 2010	31.03 2009
SCHEDULE - 1 : SHARE CAPITAL		
Authorised Share Capital		
65,00,000 Equity Shares of Rs.10/- each (Prev. Yr.65,00,000 shares)	65,000,000	65,000,000
	<u>65,000,000</u>	<u>65,000,000</u>
Issued, Subscribed and Paid up Capital		
51,91,200 Equity Shares of Rs.10/- each fully Paid-up (Prev. Yr. 51,91,200 Shares)	51,912,000	51,912,000
	<u>51,912,000</u>	<u>51,912,000</u>
TOTAL	51,912,000	51,912,000
SCHEDULE - 2 : RESERVES & SURPLUS		
a) General Reserve		
Opening Balance	144,597,822	140,000,000
Add:Transferred during the Year	15,402,178	5,000,000
Less: Gratuity Liability (Refer Note No15)	—	402,178
	<u>160,000,000</u>	<u>144,597,822</u>
b) Securities Premium	114,107,105	114,107,105
c) Profit and Loss account	82,622,236	55,852,944
	<u>356,729,341</u>	<u>314,557,870</u>
TOTAL	356,729,341	314,557,870
SCHEDULE - 3 : SECURED LOANS		
1. BANK OF INDIA		
a) Cash credit	118,722,357	78,291,669
b) Term Loan	75,739,975	106,049,433
	<u>194,462,332</u>	<u>184,341,102</u>
(Above loans are Secured by Hypo. Of Stock, book Debts and other Current assets of the company and further secured by first charge on Company's factory land building, Plant & Machineries & Other Assets.)		
2. HP Loan :		
(Secured by hypo. of specific Vehicles/car)		
ICICI Finance Ltd.	914,602	1,535,918
Kotak Mahindra Bank Ltd.	688,604	1,127,038
Federal Bank Ltd.	2,488,273	—
Reliance Consumer Finance	2,935,677	507,087
HDFC Car Loan	—	151,291
	<u>7,027,156</u>	<u>3,321,334</u>
TOTAL	201,489,488	187,662,436

SCHEDULE - 4 : FIXED ASSETS

(InR)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on 01.04.2009	Addition during the year	Deduction during the year	Balance as on 31.03.2010	Provided Upto 31.03.2009	Dep. of New the year	Adjustment during the year	Balance as on 31.03.2010	As on 31.03.2010	As on 31.03.2009
ASSETS										
Land & Site Development	1,660,844	—	—	1,660,844	—	—	—	—	1,660,844	1,660,844
Factory Building	12,094,768	—	—	12,094,768	4,979,666	403,965	—	5,383,631	6,711,137	7,115,102
Plant & Machineries										
— Imported	4,552,524	—	—	4,552,524	2,310,880	216,245	—	2,527,125	2,025,399	2,241,644
— Indigenious	33,490,107	—	—	33,490,107	15,747,797	1,590,780	—	17,338,577	16,151,531	17,742,311
Electrical Installation	3,088,718	—	—	3,088,718	1,730,018	146,714	—	1,876,732	1,211,986	1,358,700
Utilities	3,365,753	—	—	3,365,753	1,971,024	159,873	—	2,130,897	1,234,856	1,394,729
Furniture & Fixtures	1,245,262	—	—	1,245,262	691,516	78,825	—	770,341	474,921	553,746
Office Equipments	1,048,165	—	—	1,048,165	435,358	49,787	—	485,145	563,020	612,807
Vehicles	8,783,728	43,173	43,173	8,783,728	4,396,548	784,284	70,129	5,110,703	3,673,025	4,387,180
Computers	1,564,121	—	—	1,564,121	1,564,121	—	78,206	1,485,915	78,206	0
Dead Stock	169,064	—	—	169,064	102,666	10,702	—	113,368	55,696	66,398
Storage Equipment	431,276	—	—	431,276	114,212	20,486	—	134,698	296,578	317,064
Scooters	25,083	—	—	25,083	24,258	—	—	24,258	825	825
Dead Stock Canteen	32,598	—	—	32,598	27,903	2,063	—	29,967	2,631	4,695
Total(A)	71,552,013	43,173	43,173	71,552,013	34,095,969	3,463,724	148,335	37,411,358	34,140,655	37,456,044
Previous Year's Figures(A)	71,387,802	164,211	—	71,552,013	30,418,115	3,677,853	—	34,095,969	37,456,044	40,969,684

FIXED ASSETS -New Project

(InR)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on 01.04.2009	Addition during the year	Deduction during the year	Balance as on 31.03.2010	Provided Upto 31.03.2009	Dep. of New the year	Adjustment during the year	Balance as on 31.03.2010	As on 31.03.2010	As on 31.03.2009
ASSETS										
Land & Site Development	12,336,400	—	—	12,336,400	—	—	—	—	12,336,400	12,336,400
Factory Building	206,979,996	977,990	93,789,730	114,168,256	19,400,536	14,097,341	4,689,487	28,808,390	85,359,866	187,579,460
Office Building	—	93,789,730	—	93,789,730	—	4,689,487	—	4,689,487	89,100,243	—
Guest house - Building	—	4,191,825	—	4,191,825	—	9,762	—	9,762	4,182,063	—
Plant & Machineries										
- Imported	13,597,180	540,447	—	14,137,627	3,358,446	1,464,988	—	4,823,434	9,314,193	10,238,734
- Indigenious	106,139,871	18,870,088	—	125,009,959	24,677,304	12,128,837	—	36,806,141	88,203,818	81,462,567
Electrical Installation	32,488,115	1,104,407	—	33,592,522	7,687,688	3,511,988	—	11,199,676	22,392,846	24,800,427
Utilities	30,199,492	391,243	—	30,590,735	7,573,750	3,162,032	—	10,735,782	19,854,953	22,625,742
Furniture & Fixtures	16,185,808	1,107,479	—	17,293,287	3,143,103	1,906,166	—	5,049,269	12,244,018	13,042,705
Office Equipments	4,298,093	494,931	—	4,793,024	578,473	560,053	—	1,138,526	3,654,498	3,719,620
Computer	6,185,493	143,573	—	6,329,066	591,615	790,772	—	1,382,387	4,946,679	5,593,878
Storage Equipment	2,532,000	116,596	—	2,648,596	440,502	300,699	—	741,201	1,907,395	2,091,498
Vehicles	5,377,133	7,481,527	32,000	12,826,660	1,016,663	1,086,074	—	2,102,737	10,723,923	4,360,470
Total (B)	436,319,580	129,209,836	93,821,730	471,707,686	68,468,080	43,708,199	4,689,487	107,486,792	364,220,894	367,851,500
Previous Year's Figures (B)	401,783,404	34,536,176	—	436,319,580	33,709,043	34,759,037	—	68,468,080	367,851,500	368,074,361
Total (A)+(B)	507,871,593	129,253,009	93,864,903	543,259,699	102,564,049	47,171,923	4,837,822	144,898,150	398,361,549	405,307,544
Prev. Yr. (A) + (B)	473,171,206	34,700,387	—	507,871,593	64,127,158	38,436,890	—	102,564,049	405,307,544	409,044,047

(INR)

Particulars	31.03. 2010	31.03 2009
SCHEDULE - 5 : CURRENT ASSETS, LOANS & ADVANCES		
a) INVENTORIES		
(as taken, valued & certified by the management)		
- Raw materials	14,484,662	3,693,053
- Semi -Finished Goods	95,623,120	71,229,385
- Packing Materials	4,182,731	3,553,996
- Finished Goods	52,355,025	36,542,051
- Stock of Consumable	2,970,716	2,106,315
TOTAL	169,616,254	117,124,801
b) SUNDRY DEBTORS		
(Unsecured, Considered Good)		
- Outstanding for more than six months	42,663,088	45,025,795
- Others	67,495,182	78,328,441
TOTAL	110,158,270	123,354,236
c) CASH & BANK BALANCE		
Cash on hand	1,237,178	871,961
Balance with Scheduled bank		
- Current Account	5,790,717	4,267,390
- Fixed Deposit	2,543,162	2,308,689
TOTAL	9,571,057	7,448,040
d) LOANS, ADVANCES & DEPOSITS		
(Unsecured, Considered Good)		
1. Advances recoverable in cash or kind or for value received	10,917,866	15,734,876
2. Deposits	6,718,534	4,383,096
3. Advance to Group Company/ Relative	693,015	3,865,015
4. Loan to others	2,391,072	4,353,397
5. Advance Income Tax	101,009,863	90,729,285
	121,730,349	119,065,668
GRAND TOTAL (a+b+c+d)	411,075,931	366,992,745
SCHEDULE - 6 : CURRENT LIABILITIES & PROVISIONS		
a) CURRENT LIABILITIES		
Creditors for Goods	16,106,620	26,147,709
Creditors for Expenses	8,966,165	6,028,457
Other Liabilities	9,517,553	7,515,160
Creditors for Capital Exp.	3,183,646	9,593,478
Unclaimed Dividend	1,571,560	945,823
	39,345,544	50,230,625
b) PROVISIONS		
Provision for Taxation	115,252,618	126,868,000
Provision for Taxation (Dividend)	2,586,580	2,205,611
Proposed Dividend (Equi. Share)	15,573,600	12,978,000
TOTAL	172,758,342	192,282,236

(INR)

Particulars	31.03. 2010	31.03 2009
SCHEDULE - 7 : SALES		
Local Sales	367,540,344	294,929,510
Export Sales	7,782,394	6,670,079
	<u>375,322,738</u>	<u>301,599,589</u>
SCHEDULE - 8 : OTHER INCOME		
Interest on Bank deposits	454,206	388,476
Miscellaneous Income	356,701	196,636
Bad Debts written off / creditors written back	—	331,696
TOTAL	<u>810,907</u>	<u>916,808</u>
SCHEDULE - 9 : CHANGE IN INVENTORY		
Closing Stock		
- Finished Goods	52,355,025	36,542,051
- Semi -Finished Goods	95,623,120	71,229,385
	<u>147,978,145</u>	<u>107,771,437</u>
Opening Stock		
- Finished Goods	36,542,051	24,771,990
- Semi -Finished Goods	71,229,385	41,638,868
	<u>107,771,437</u>	<u>66,410,858</u>
Increase / (Decrease) TOTAL	40,206,709	41,360,579
SCHEDULE - 10 : RAWMATERIAL CONSUMED		
Opening Stock	3,693,053	1,446,796
Add: Purchases	102,225,663	73,551,628
	<u>105,918,715</u>	<u>74,998,424</u>
Less: Closing stock	14,484,662	3,693,053
TOTAL	<u>91,434,053</u>	<u>71,305,372</u>
SCHEDULE - 11 : MANUFACTURING EXPENSES		
Power & Fuel	21,207,853	16,694,938
Consumables & Stores	5,687,163	209,032
Packing Expenses	9,566,174	9,014,560
Quality control & Testing Exp.	8,954,571	3,904,231
Other production expenses	11,660,204	6,690,488
TOTAL	<u>57,075,964</u>	<u>36,513,249</u>
SCHEDULE - 12 : PERSONNEL COST		
Directors' Remuneration	3,020,380	2,590,626
Contribution To Provident/Gratuity Fund	1,627,579	1,615,003
Salaries & Wages	43,510,727	31,435,769
Staff Welfare	1,812,580	1,018,524
TOTAL	<u>49,971,266</u>	<u>36,659,922</u>

	(INR)	
Particulars	31.03. 2010	31.03 2009
SCHEDULE - 13 : OFFICE, ADMINISTRATION & SELLING EXPENSES		
Postage, Telephone & Telegram Expense	3,446,037	2,085,108
Insurance Expenses	1,381,436	1,015,357
Legal, Professional & Consultancy	4,038,650	2,476,326
Auditors Remuneration	378,103	382,531
Printing & Stationery	1,605,680	1,278,534
Travelling & Conveyance Expenses	7,424,291	4,384,825
Directors' Travelling	1,606,825	2,704,220
Rent, Rates & Taxes	2,118,584	1,408,244
Repair & Maintenance	1,387,080	139,656
Vehicle & Petrol Expenses	2,524,076	2,085,368
Electric Charges	475,822	339,941
Selling Expenses	3,329,627	3,367,909
Conference & Seminar Exp.	1,060,918	323,296
Carriage Outward	9,456,241	8,024,709
Sales Promotion	2,157,426	1,611,206
Commission on sales	2,237,294	3,237,625
Vat / Sales Tax Exp.	539,830	10,383,189
Bad Debts written off / creditors written back	83,662	—
AGM, Board meeting & Share transfer Exp.	202,353	104,193
Donations	691,000	80,000
Exchange Profit & Loss (Net)	49,533	96,582
Miscellaneous Expenses	2,457,689	1,753,080
TOTAL	48,652,156	47,281,898
SCHEDULE - 14 : INTEREST & FINANCE CHARGES		
Bank Interest		
- Term Loan Interest	10,670,874	15,748,261
- Interest On working Capital	10,019,599	10,738,809
Bank Commission & Charges	2,297,920	1,953,916
HP Finance Charges	636,672	436,464
TOTAL	23,625,064	28,877,450

SCHEDULE – 15 NOTES FORMING PART OF ACCOUNTS AS AT 31-03-2010
1. SIGNIFICANT ACCOUNTING POLICIES:
Accounting Convention:

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

a) USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumption that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future period.

b) REVENUE AND EXPENDITURE RECOGNITION:

Revenue and expenditure are recognized on accrual basis.

c) FIXED ASSETS & DEPRECIATION:

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

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

d) INVENTORIES:

Inventories are valued at lower of cost or market value.

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

f) BORROWING COSTS:

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

g) FOREIGN CURRENCY TRANSACTIONS:

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

h) IMPAIRMENT OF ASSET:

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

i) RESEARCH AND DEVELOPMENT:

Revenue expenditure on Research and Development is charged against the Profit for the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to the fixed assets and is depreciated on the same basis as other fixed assets.

j) PROVISION FOR RETIREMENT BENEFITS:

Post- employment benefit plans i) (i) Defined Contribution Plan: Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner. ii) (ii) Defined Benefit Plan: The liabilities in respect of gratuity and leave encashment are determined Using Projected Unit Credit Method with actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognized in full in the Profit & loss Account for the period in which they occur. Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India. Employee benefits recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for Unrecognized past service cost and as reduced by the fair value of respective fund.

k) TAXATION :
i. Current Tax:

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

ii. Deferred Tax Provision:

Deferred Tax charge or credit is recognized on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It is calculated using the applicable tax rates and tax laws that have been enacted by the balance sheet date. The

deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the asset will be realized in future. At each Balance-sheet date, recognized and unrecognized Deferred Tax Assets are reviewed.

iii. **Fringe Benefit Tax:**

Tax on Fringe Benefits is measured as the specified rates on the value of Fringe Benefits in accordance with the provisions of the Section 115WC of the Income Tax Act, 1961. Accounting for Fringe Benefit Tax is done as per the Guidance note issued by ICAI. Due to change in law, no provision for FBT is made during the current year.

2. **PROVISION AND CONTINGENCIES**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

CONTINGENT LIABILITIES & COMMITMENTS:

a. Claims against the Company not acknowledgement as debts. Rs. Nil (Previous year Nil)

b. (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances) Rs.4.62 million (Previous year 3.49 million).

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

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

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

6. The amount of loans and advances include Rs.693,015/- (P.Y. Rs. 3,865,015/-) loans to companies, Firms and persons as listed in the register maintained under Section 301 of the Companies act, 1956. Maximum outstanding during the year was Rs. 3,878,015/- (P.Y. Rs. 3,865,015/-)

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

8. The Management has initiated the process of identifying enterprise which have provided goods & services to the Company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises outstanding as on 31st March, 2010 has been made in the financials statements based on information received and such amount outstanding as on 31st March, 2010 from Micro and Small Enterprises is NIL, which the auditors have relied upon. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act is not expected to be material.

9. **Deferred Taxation:**

The net deferred tax liabilities at the end of the year comprise of tax effect of following timing differences:

	(INR)	
Particulars	2009-10	2008-09
Deferred tax Assets		
Gratuity Payable	248,582	207,090
Leave encashment dis allow(43B)	212,766	66,100
Deferred tax liability		
- Excess of Net block over Written Down value as per provisions of I.T. Act	(27,009,657)	(26,158,937)
	(26,548,309)	(25,885,747)

10. **Related Party Disclosures :**

(i) List of Related Parties :

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

(a) Group Companies/Associates / Individual Relatives :

1. Hester Coatings Pvt. Ltd.

2. Sinsui (India) Pvt .Ltd.

(b) Key Management Personnel :

Rajiv Gandhi – CEO & Managing Director

Jigar Shah - CFO

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

Sr. No.	Nature of Transactions	Group Companies/Associates/ Individual Relatives		Key Management Personnel	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
1.	Advance Given	28,000	47,287	1,643,671	Nil
2.	Advance Repaid	3,200,000	Nil	Nil	Nil
3.	Outstanding Balance Included in Loans & Advances	693,014	3,865,015	1,643,671	Nil
4.	Director's Remuneration	Nil	Nil	3,020,380	2,590,626
5.	Rent- MD's Residence	600,000	285,000	Nil	Nil
6.	Loan taken	Nil	Nil	Nil	2,100,000
7.	Loan repaid	Nil	Nil	Nil	2,100,000
8.	Interest Received	Nil	Nil	23,671	Nil
9.	Salary Paid	Nil	Nil	2,457,654	2,121,569

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

11. Auditor' remuneration includes:

Sr. No.	Particulars	31.03.2010	31.03.2009
a.	Audit fees	240,000	240,000
b.	Tax Audit and Taxation matters	100,000	100,000
c.	Others (Inc. S.tax)	38,103	42,531

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

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

	31.03.2010	31.03.2009
Installed	4,800	4,800
Actual Production	2,494.99	2,293.51

Note : Actual Production comprises of 202794 (Prev.Yr. 111091)Bottles of Killed Vaccines and 1330732 (Prev. Yr. 1320817) Vials of Live Vaccines.

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

		31. 03.2010		31.03.2009	
Class of Goods	U.O.M	Quantity	Value	Quantity	Value
(i) Manufacturing					
Killed Vaccines	Bottles	187104	157,145,075	109644	118,149,255
Live Vaccines	Vials	1185988	210,649,468	1007928	179,692,904
Diluents			34,815		
TOTAL		1373092	367,829,358	1117572	297,842,159
(ii) Trading					
Kits	Nos.	194	5,972,004	117	3,644,630
Selfeed CF	Bag	9	6,100	126	112,800
Growth Media	Nos.	8400	1,515,276		
TOTAL		8603	7,493,380	243	3,757,430

- C. Value and Quantitative break-up in respect of opening and closing stock of each class of goods traded.

(INR)

		Opening Stock				Closing Stock			
Class of Goods	U.O.M	Quantity		Value		Quantity		Value	
		31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
(i) Manufacturing									
Killed Vaccines	Bottles	12975	12648	8,559,368	7,882,010	25645	12975	16,948,388	8,559,368
Live Vaccines	Vials	375370	85205	22,688,629	13,031,242	434235	375370	32,590,348	22,688,629
Diluents				3,269,994	2,030,466			978,475	3,269,994
(ii) Trading									
Kits	Nos.	50	45	1,204,006	829,451	74	50	1,837,814	1,204,006
Selfeed CF	Bag	578	799	820,055	998,821		578		820,055

Note: 27 Kits are used for own in house consumption. (P.Y :12 Kits)

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

		31.03.2010		31. 03.2009	
Class of Goods	U.O.M	Quantity	Value	Quantity	Value
Kits	Nos	245	5,737,144	134	3,279,786
Growth Media	Nos.	8400	1,511,200	—	—
Selfeed-CF	Bags	—	—		

E. (i) Raw Material Consumption:

		31.03.2010		31. 03.2009	
Class of Goods	U.O.M	Quantity	Value	Quantity	Value
Growth Media	Nos	3736631	51,471,443	2661180	41,152,233
Other Chemicals			14,137,616		8,588,353
Concentrate			25,824,994		21,564,786
Total			91,434,053		71,305,372

F. CIF value of Import of Goods/Raw Materials Rs.29,406,294/- (Previous Year Rs.25,603,465/-)
G. Raw Material Consumption:

		31. 03.2010		31.03.2009	
		Percentage	Value	Percentage	Value (Rs.)
a. Imported		28.16	25,744,764	44.78	31,932,433
b. Indigenous		71.84	65,689,289	55.22	39,372,939

13. Expenditure in Foreign Currency for

Particulars	31.3.2010	31.3.2009
Purchase/Materials/Trading goods/ Packing (including payment to creditors)	25,603	29,927
Purchase/Materials/Trading goods/ Packing(including payment to creditors)	29,403,159	25,603,465
Travelling	157,638	544,827
Exhibition Expenses	—	15,981
Capital Expenditure(Furniture & Machinery)	1,389,681	706,208
Membership Fee	131,175	90,238
Technical Know-how Fees	233,500	472,460
Consultancy & Professional Fees	618,071	196,322

14. F.O.B. value of exports Rs.7,782,395 /- (Previous Yr. Rs. 6,670,079 /-)
15. Disclosure as per As-15 (Revised) on " Employee Benefit " for the year ended 31st March,2010
a) Defined Contribution Plans

The company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner, the company required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit.

The company recognized Rs. 0.99 million (P.Y 1.04 million) for provident fund contribution in the profit and loss account. The contribution payable to this plan by the company are at rates specified in the rules of the scheme.

b) Defined benefit Plan

The company made annual contribution to the employee's Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of defined 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 recognized by the company's financial statement as at 31st March 2010.

Particulars	As at 31st March, 2010	As at 31st March, 2009
i) Change in benefit obligations:		
Projected benefit obligations at beginning of the year	2,603,337	2,115,445
Service Cost	503,539	398,001
Interest Cost	201,759	169,236
Actuarial Gain	58,116	99,791
Benefits Paid	(54,868)	(179,136)
Projected benefit obligations at the end of year	3,311,883	2,603,337
ii) Change in plan Asset:		
Fair value of plan assets at the beginning of the period	1,934,393	1,506,177
Expected return on plan assets	149,915	120,494
Contribution	524,698	479,875
Benefit paid	(54,868)	(179,136)
Actuarial Gain/(Loss) on plan asset	26,407	6,983
Fair value of plan assets at the end of the period	2,580,545	1,934,393
Total actuarial gain/(loss) to be recognized	(31,710)	(92,890)
iii) Expenses recognized in income statement:		
Current service cost	503,539	398,001
Interest Cost	201,759	169,236
Expected return on plan asset	(149,915)	(120,494)
Net Actuarial Gain/(Loss) to be recognized	31,710	92,809
Expense recognized in P/L	587,092	539,551
iv) Assumptions used in accounting for the Gratuity plan:		
Discount rate previous period	7.75%	8.00%
Discount rate current period	8.00%	7.75%
Rate of return on plan asset previous period	7.75%	8.00%
Rate of return on plan asset current period	8.00%	7.75%
Salary escalation previous period	6.00%	6.00%
Salary escalation current period	6.00%	6.00%
v) Amount recognized in the Balance sheet:		
Liability at the end of the period	3,311,883	2,603,337
Fair value of the plan assets at the end of the period	2,580,545	1,934,393
Difference	731,338	668,944
Amount recognized in the balance sheet	731,338	668,944
vi) Actual Return on Plan Assets :		
Expected Return on Plan Assets	149,915	120,494
Actuarial Gain/(loss) on Plan Assets	26,407	6,983
Actual Return on Plan Assets	176,322	127,477
vii) Amount recognized in the Balance sheet:		
Opening Net Liability	668,944	609,268
Expenses As Above	587,092	539,551
Employers Contribution Paid	(524,698)	(479,875)
Closing Net Liability	731,338	668,944
viii) Transitional Liability:		
Obligation as on 01/04/2008	Nil	2,115,445
Less value of plan asset as on 01/04/2008	Nil	1,506,177
Balance transitional gratuity liability as on 01/04/2008	Nil	609,268
Charged to general reserve.	Nil	402,178

16. Earnings per Share:

Calculation of Net Profit available for Equity Shareholders:

	31-03-2010	31-03-2009
A. Net Profit After Tax	60,331,650	47,362,741
Profit available to Equity shareholders	60,331,650	47,362,741
B. Weighted Average No. of Eq. Shares of Rs. 10/- each	5,191,200	5,191,200
C. Basic and diluted Earning per share	11.62	9.12

17. As the company's business activity, in the opinion of the Management, falls within a single primary segment i.e. Veterinary (Poultry) Vaccines, which are subject to same risks and returns, the disclosure requirements of Accounting Standard (AS) – 17 "Segment Reporting" issued by the Institute of chartered Accountants of India are, in the opinion of the management, not applicable.

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

Registration No.

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Balance Sheet Date

3	1
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0	3
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2	0	1	0
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 State Code

						0	4
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Date Month Year

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

Private Placement

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

Total Liabilities

	6	1	0	1	3	0
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 Total Assets

	6	1	0	1	3	0
--	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

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

 Reserves & Surplus

	3	5	6	7	2	9
--	---	---	---	---	---	---

Secured Loans

	2	0	1	4	8	9
--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

	3	9	8	3	6	2
--	---	---	---	---	---	---

 Net Current Assets

	2	3	8	3	1	8
--	---	---	---	---	---	---

Deferred tax

		2	6	5	4	8
--	--	---	---	---	---	---

IV. Performance of Company (Rs. in thousands)

Total Turnover	Other Income	Total Expenditure																					
<table border="1" style="display: inline-table;"><tr><td></td><td>3</td><td>7</td><td>5</td><td>3</td><td>2</td><td>3</td></tr></table>		3	7	5	3	2	3	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>8</td><td>1</td><td>1</td></tr></table>					8	1	1	<table border="1" style="display: inline-table;"><tr><td></td><td>2</td><td>5</td><td>4</td><td>3</td><td>8</td><td>2</td></tr></table>		2	5	4	3	8	2
	3	7	5	3	2	3																	
				8	1	1																	
	2	5	4	3	8	2																	
Profit before Tax		Profit after tax																					
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>9</td><td>5</td><td>9</td><td>9</td><td>9</td></tr></table>			9	5	9	9	9		<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>6</td><td>0</td><td>3</td><td>3</td><td>2</td></tr></table>			6	0	3	3	2							
		9	5	9	9	9																	
		6	0	3	3	2																	
Earning per share in Rs.		Dividend Rate																					
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>1</td><td>1</td><td>.</td><td>6</td><td>2</td></tr></table>			1	1	.	6	2		<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>3</td><td>0</td><td>%</td></tr></table>					3	0	%							
		1	1	.	6	2																	
				3	0	%																	

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

Product Description : Item Code No. (ITC Code)

(a) Veterinary Vaccines

3	0	0	2	3	9	0	0
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18. Schedule 1 to 15 are attached to and form part of accounts for the year ended on 31st March, 2010.

Signatures to Schedules 1 to 15

As per our Report of even date attached

for **Shah Narielwala & Co**
Chartered Accountants

D. R. Shah
Partner

Ahmedabad, 23rd May, 2010

for and on behalf of the Board

Rajiv Gandhi

Sanjiv Gandhi

Jigar Shah

Amala Parikh

Ahmedabad, 23rd May, 2010

CEO & Managing Director

Director

CFO

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(INR)

	31/03/2010	31/03/2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extraordinary items	119,624,469	110,399,859
Adjustments for :		
Depreciation	42,334,101	38,436,890
Interest and other income	(810,907)	(916,808)
	41,523,194	37,520,082
Operating Profit/(Loss) before Working Capital Change	161,147,663	147,919,941
Adjustment for :		
Trade & Other Receivables	13,195,966	(17,427,082)
Inventories	(52,491,454)	(47,071,340)
Trade Payables	(9,939,259)	13,388,070
Loans & Advances	7,615,897	(5,168,430)
Bank borrowings for working capital	40,430,688	14,942,203
	(1,188,161)	(41,336,579)
Cash Generated from operating Activity	159,959,501	106,583,362
Interest Paid	(23,625,064)	(28,877,450)
Net Cash from operating Activity	136,334,437	77,705,912
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(35,388,106)	(34,700,387)
Interest and other income	810,907	916,808
Net Cash Used in Investing Activities	(34,577,199)	(33,783,579)
C. CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from Long Term Borrowings	(30,747,892)	(27,268,336)
Repayment of Long Term Financing	4,144,256	(1,437,441)
Payment of Taxes	(59,106,763)	(2,269,835)
Dividend Paid	(12,978,000)	(12,978,000)
Net Cash Flow from Financing Activity	(98,688,399)	(43,953,611)
Net Increase in Cash & Cash Equivalents	3,068,839	(31,278)
Cash & Cash Equivalent as at (Op. Balance)	6,502,217	6,533,495
Cash & Cash Equivalent as at (Cl. Balance)	9,571,056	6,502,217

As per our Report of even date attached

for **Shah Narielwala & Co**
Chartered Accountants

D. R. Shah
Partner

Ahmedabad, 23rd May, 2010

for and on behalf of the Board

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh

Company Secretary

Ahmedabad, 23rd May, 2010

NOTICE

NOTICE is hereby given that **23rd** Annual General Meeting of the Members of Hester Biosciences Limited, will be held on Wednesday the 28th July, 2010 at 11.00 am. at Registered office of the Company at Village : Merda – Adraj, Taluka : Kadi, District : Mehsana, Gujarat 382 721 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. Ravin Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. Bhupendra V. Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mr. Vishwesh Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 23rd May, 2010 in terms of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotations in terms of the provisions of the Articles of Association of the Company ."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 81(LA) and other applicable provisions, if any, of the Companies act, 1956, relevant guidelines of the Securities Exchange Board of India, including the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, listing agreement entered into with the stock exchange, any other applicable laws/ rules/ regulations and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (GOI), the Reserve Bank of India (RBI) and subject to the consent/ approval of any other authorities/ institutions, consent of the Company be and is hereby accorded to the Board of Directors to create, offer, issue and allot up to 480,000 (Four lacs Eighty Thousand) Equity Warrants (hereinafter referred to as 'Warrants') on a preferential basis to the Promoters/ Promoter Group(s) and Non Promoters, with each warrant convertible into equity share of the Company of nominal value of Rs.10/- each, at a price of Rs.137/- per share, which includes premium of Rs.127/- per share, calculated in accordance with SEBI guidelines for preferential allotment of equity shares/ warrants and on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the "Board" which shall be deemed to include any duly authorised committee thereof) at the time of Issue/ allotment."

"RESOLVED FURTHER THAT all equity shares resulting from the exercise of the option/conversion of the warrants proposed to be issued and allotted as mentioned in the resolutions set out above shall rank pari-passu in all respects with the existing equity shares of the Company (including as to dividends)."

"RESOLVED FURTHER THAT the 'Relevant Date' in relation to the issue of warrants in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 would be 28th June, 2010, being the date 30 (Thirty) days prior to the date of passing of this resolution."

"RESOLVED FURTHER THAT the issue of warrants, if any, as above, shall be subject to the following terms and conditions:

1. The Warrants shall be convertible (at the option of the warrant holders) within a period of 18 months from the date of allotment of warrants.
2. Each warrant shall be convertible into one equity share of nominal value of Rs. 10/-each at a price of Rs.137/- per share, which includes premium of Rs.127/- per share, calculated in accordance with SEBI guidelines for preferential allotment of equity shares/ warrants.
3. The Warrant holder(s) shall, on the date of allotment of warrants, pay an amount equivalent to 25% of the total consideration per warrant.
4. The conversion of warrants into equity shares shall be made in one or more tranches within a period of 18 months from the date of allotment of warrants.

5. The amount referred in (3) above shall be automatically get forfeited, if the option to acquire shares is not exercised within a period of 18 months from the date of allotment of warrants.
6. The number of warrants and the price per warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI guidelines, for corporate actions such as bonus issue, rights issue, stock split, merger, de-merger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.
7. Each of the said warrants and the equity shares to be offered, issued and allotted as aforesaid upon surrender/ exchange of the said warrants by holder of such warrants, as also the entire pre-preferential equity shares held, if any, by the proposed allottee shall be subject to lock-in for such period that may be prescribed under the SEBI Guidelines for preferential issue or any other applicable Guidelines, Rules, Regulations and statutes. "

"RESOLVED FURTHER THAT the Board be and is hereby authorised to decide and approve the other terms and conditions of the Issue of the above mentioned warrants, including price of the convertible warrants, the amount of paid-up on the issue of the convertible warrants and to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may expedient."

"RESOLVED FURTHER THAT the board be and is hereby authorised to accept any modification in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Stock Exchange/ Reserve Bank of India (RBI)/ Securities and Exchange Board of India (SEBI)/ Financial Institutions/ Investment Institutions/ Insurance Companies and/or such other appropriate authorities may impose at the time of their approval as agreed by the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board is hereby authorised to do all such acts, deeds, matters and things and resolve any doubts or question that may arise in the issue and allotment of warrants/ shares, to effect any modification to the foregoing in the best interest of the Company and its shareholders and to execute all such writings and instrument as the Board may in its absolute discretion deem necessary or desirable and to take further steps as are required for allotment and listing on stock exchange of the said warrants/ shares to be issued, offered and allotted as aforesaid, to take such other steps that are incidental and ancillary and to do everything necessary therefore and incidental thereto in this regard."

Date : 02.07.2010

For Hester Biosciences Limited

Registered Office :

Village : Merda Adraj

Taluka : Kadi

District : Mehsana,

Gujarat - 382 721.

Rajiv Gandhi

CEO & Managing Director

Notes

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000/-.
- Explanatory Statement under section 173(2) of the Companies Act, 1956 is enclosed.
- The Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday the 24th July, 2010 to Wednesday the 28th July, 2010 (both days inclusive).

The payment of Dividend as recommended by the Directors if approved at the Meeting, will be made:

- (i) to those members whose names are on the Register of Members on Friday the 23rd July, 2010 or to their mandates.
 - (ii) in respect of shares held in electronic form, to those "deemed members" whose names appears of the statement of beneficiary ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) at the end of business hours on Friday the 23rd July, 2010.
- Members are requested to note the following :
 - Company has changed its R & T and Share Transfer Agent from M/s. Pinnacle Share Registry Pvt. Ltd. to M/s. Sharepro Services (India) Pvt. Ltd. as R & T and Share Transfer Agent for both Demat and Physical share transfer work. Hence,

any documents for share transfer, transmission, transposition, change of bank account details, nomination and other communication regarding shareholding in the company should be addressed to R&T agent, as per following address.

M/s. Sharepro Services (India) Pvt. Ltd.

Unit : Hester Biosciences Limited

416-420, 4th Floor. Devnandan Mall, Opp. Sanyash Ashram, Ashram Road, Ellisbridge, Ahmedabad 380 006.

Phone: 079 – 26582381 to 84 Fax: 079 – 26582385 email:sharepro@shareproservices.com

- To quote folio no. / DP ID & CL. ID for any communication for their shareholding.
- To bring the copy of Annual Report at the meeting.
- At the ensuing Annual General Meeting, Mr. Ravin Gandhi and Dr. Bhupendra V. Gandhi, retire by rotation and being eligible offer themselves for re-appointment. Mr. Vishwesh Patel is also appointed as a Director of the Company. The information or details pertaining to them to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchange is furnished in the statement of Corporate Governance published elsewhere in this Annual Report.
- Members wishing to claim their unclaimed dividend for the FY. 2004-05, 2005-06, 2006-07, 2007-08 & 2008-09, are requested to correspond with the Secretarial Department or the Registrar of the Company.
- **The Company has made transport arrangement for attending the Annual General Meeting for the shareholders from the Corporate Office of the Company. The Shareholders who intend to avail the facility may write to the company quoting their folio number / DP ID & CL ID and such requisition should reach the company on or before Saturday the 24th July, 2010.**
- The Company's shares are listed at Bombay Stock Exchange. The Company has paid listing fees to Bombay Stock Exchange for financial year 2010-2011.

EXPLANATORY STATEMENT

[pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NO. 6

Mr. Vishwesh Patel, was appointed as an Additional Director of the Company with effect from 23rd May, 2010, pursuant to Articles of Association of the Company read with Section 260 of the Companies Act, 1956 Accordingly, his term expire at the ensuing Annual General Meeting.

The Company has received Notice under Section 257 of the Act from a member of the Company, in respect of the above candidate, proposing his appointment as Director of the Company liable to retire by rotation along with requisite deposit.

A brief resume of the Director, nature of his expertise in specific functional areas, names of companies in which he hold Directorships and Memberships / chairmanship of Board Committees are provided else where in this report .

Your Directors considered that it is in the interest of the Company to have above experienced Director in the Board, as an Independent Director. Hence your Directors recommend his appointment.

None of the Directors of the Company is concerned or interested in the Resolution, except Mr. Vishwesh Patel, himself.

ITEM NO. 7

As per Section 81 (IA) of the Companies Act, 1956, approval of Members in the General Meeting is required for allotment of warrants on preferential basis and hence the resolution is placed before the shareholders.

The required disclosure as per Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 are as under:

1) Objects of the Preferential issue:

The Objects of the issue are to raise additional funds to meet its requirement for capital expenditure for future expansions, additional working capital requirements, acquisitions, repayment of outstanding loans and other general corporate purposes.

2) Proposal of promoters/directors/key management personnel to subscribe to the offer:

The offer would be made to following persons of promoter/ promoter group :

Sr. No.	Name of the Proposed Allottee	Category	Maximum No. of Warrants to be subscribed
1.	Bhupendra Gandhi	Promoter	160,000
2.	Rajiv Gandhi	Promoter	55,000
3.	Sanjiv Gandhi	Promoter	55,000
4.	Madhuri Kapadia	Promoter	50,000
5.	Nina Gandhi	Promoter	41,000
6.	Shaila Gandhi	Promoter	4,000
7.	Hetal Gandhi	Promoter	2,000
8.	Biolink Healthcare Limited	Promoter- Body Corporate	20,000
9.	Hester Coatings Private Limited	Promoter- Body Corporate	10,000
10.	Hester Diagnostics Private Limited	Promoter- Body Corporate	10,000
11.	Jigar Shah	CFO (Key Mgt. Person)	5,000
12.	Vishwesh Patel	Director (Independent)	20,000
	Total		432,000

3) Shareholding pattern before and after the Issue :

The shareholding pattern before and after completion of the proposed preferential issue would be

Sr. No.	Category	Before Preferential Issue		After Preferential Issue (assuming full exercise of the option by the warrants holder)	
		No. of Equity Shares of Rs. 10/- each	% of Total Capital	No. of Equity Shares of Rs. 10/- each	% of Total Capital
A	Promoters' Holding				
	(i) Indian Promoters	1896506	36.53	2263506	39.91
	Individuals	201892	3.89	241892	4.26
	Corporate Bodies				
	(ii) Foreign Promoters Individuals (Non-Resident Individuals/ Foreign Individual(s))	535970	10.33	535970	9.45
	Sub Total (i)+(ii)	2634368	50.75	3041368	53.63
B	Non-Promoters' Holding				
	(i) Mutual Funds and UTI	9000	0.17	9000	0.16
	(ii) Banks, Financial Institutions, Insurance Companies	0	0.00	0	0.00
	(iii) Private Corporate Bodies	196694	3.79	216194	3.81
	(iv) Individuals	1983791	38.21	2037291	35.92
	(v) NRIs	367047	7.07	367047	6.47
	(vi) Clearing Members	300	0.01	300	0.01
	Sub Total	2556832	49.25	2629832	46.37
	Grand Total(A+B)	5191200	100.00	5671200	100.00

Notes:

- a) The above shareholding pattern has been prepared on the basis of shareholdings as on 25th June, 2010.
- b) The post-issue shareholding pattern has been arrived on the assumption that the entire 4,80,000 warrants proposed to be issued to Promoters and Non-Promoters would be converted into equity shares as envisaged.

4) Proposed time within which the allotment shall be completed

The allotment of warrants on preferential basis shall be completed within a period of 15 days from the date of shareholders approval provided that where the allotment on preferential basis is pending on account of pendency of any approval by any statutory authority as per SEBI Guidelines, the allotment shall be completed within 15 days from the date of such approval.

5) The identity of the proposed allottees and the percentage of pre & post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

The percentage of the pre & post preferential issue capital held by the proposed allottees assuming full conversion of warrants into fully paid equity shares is as under:

Name of the Allottee	Category	Before Preferential Issue		After Preferential Issue (assuming full exercise of the option by the warrants holder)	
		No. of Equity Shares	% of Total Capital	No. of Equity Shares	% of Total Capital
Bhupendra Gandhi	Promoter	304010	5.86	464010	8.18
Rajiv Gandhi	Promoter	503606	9.70	558606	9.85
Sanjiv Gandhi	Promoter	391480	7.54	446480	7.87
Madhuri Kapadia	Promoter	107400	2.07	157400	2.77
Nina Gandhi	Promoter	419560	8.08	460560	8.12
Shaila Gandhi	Promoter	121870	2.47	125870	2.21
Hetal Gandhi	Promoter	11060	0.21	13060	0.23
Biolink Healthcare Limited	Promoter- Body Corporate	145892	2.81	165892	2.92
Hester Coatings Private Limited	Promoter- Body Corporate	50000	0.96	60000	1.06
Hester Diagnostics Private Limited	Promoter- Body Corporate	6000	0.11	16000	0.28
Jigar Shah	Public	10705	0.21	15705	0.28
Vishwesh Patel	Public	Nil	0.00	20000	0.35
Mahaveer Prasad Jain	Public	28938	0.56	38938	0.69
Anand V. Shah	Public	Nil	0.00	10000	0.18
Nita M. Patel	Public	Nil	0.00	7500	0.13
Naman M. Patel	Public	Nil	0.00	1000	0.02
Invesco Holdings Private Limited	Body Corporate- Public	Nil	0.00	10000	0.18
Kamdheni Tie up Private Limited	Body Corporate- Public	Nil	0.00	3500	0.06
Credo Securities Private Limited	Body Corporate- Public	Nil	0.00	3000	0.05
Sagun Vanijya Private Limited	Body Corporate- Public	Nil	0.00	3000	0.05

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further warrants, etc., such warrants shall be offered to the existing shareholders of the company in the manner laid down in section 81 unless the shareholders in the general meeting decide otherwise by passing a special resolution.

Hence consent of the shareholders by way of a special resolution is being sought pursuant of section 81 and all other applicable provisions of Companies Act, 1956 and in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 and listing agreements executed by Company with the Stock Exchange where the Company's shares are listed.

The proposed allottees have not sold any shares during the 6 months period prior to the relevant date.

6) Lock in period:

The proposed allotment of warrants shall be subject to lock in of three years for Promoter and Promoter Group and one year for Non Promoters, from the date of allotment of securities. The equity shares proposed to be allotted upon conversion of convertible warrants shall be subject to lock-in provisions continued as per clause of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009.

7) Change in the Control or Composition of the Board

There will neither be any change in the composition of the Board nor any change in the Control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to preferential allotment.

8) No. of warrants and Issue price

It is proposed to issue, offer and allot upto 4,80,000 Equity warrants on preferential basis to the Promoters/ Promoter group and Non Promoters with each warrant convertible into one equity share of the Company of nominal value Rs. 10/- at a price of Rs.137/- per share, which includes premium of Rs.127/- per share, calculated in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 and for the purpose of the above guidelines the relevant date is 28th June, 2010. The subscriber(s) to warrant shall, on the date of allotment, pay an amount equivalent to 25% of the total consideration per warrant and pay the balance 75% of the consideration towards the subscription to each equity share on the date of conversion. The conversion of warrants into equity shares shall be made in one or more tranches within a period of 18 months from the date of allotment of warrants.

9) Pricing of the issue:

The Issue price is calculated in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

A copy of the certificate of the Statutory Auditors of the Company certifying that the issue of warrants is being made in accordance with the requirement of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, shall be placed before the shareholders at the Annual General Meeting. The said certificate is open for inspection at the Registered office of the Company, on working day, between 11.00 A.M. to 1.00 P.M., up to the date of the Annual General Meeting.

The resolution requires approval of the shareholders as per the provisions of the Companies Act, 1956 and your Board recommends the resolution for approval.

Dr. Bhupendra Gandhi, Mr. Rajiv Gandhi, Mr. Sanjiv Gandhi, Mr. Vimal Ambani & Mr. Vishwesh Patel, Directors are interested in the Resolution for allotment of Securities made to them and their relatives. Other Directors of the company are not concerned or interested in the above said resolution for preferential allotment of securities.

Date : 02.07.2010
Registered Office :
Village : Merda Adraj
Taluka : Kadi
District : Mehsana,
Gujarat - 382 721.

For Hester Biosciences Limited

Rajiv Gandhi
CEO & Managing Director

Hester Biosciences Limited

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

ATTENDANCE SLIP

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

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

I hereby record my presence at the 23rd ANNUAL GENERAL MEETING of the Company held on Wednesday, the 28th July, 2010 at 11.00 a.m.

SIGNATURE OF THE SHAREHOLDER OR PROXY

----- TEAR HERE -----

Hester Biosciences Limited

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

PROXY FORM

L. F. No. _____

I, We _____

of _____ being a member/members of **Hester Biosciences Limited**

hereby appoint _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held at 11.00 a.m. on Wednesday, the 28th July, 2010.

As witness my/our hand(s) this _____ day of _____ 2010.

Affix a
Re. 1/-
Revenue
Stamp

Signature(s) of the Shareholder(s)

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

The Company has made transport arrangement for attending the Annual General Meeting for the shareholders from the Corporate office of the Company. The shareholders who intend to avail the facility may write to the company quoting their folio number/DP ID & CL ID and such requisition should reach the company before 24th July, 2010.