

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. 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.

AUDITORS :

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

AUDIT COMMITTEE :

Mr. Vimal Ambani *Chairman*
 Mr. Abhinava Shukla *Member*
 Mr. Vishwesh Patel *Member*

SHAREHOLDERS' GRIEVANCE COMMITTEE :

Mr. Abhinava Shukla *Chairman*
 Mr. Vishwesh Patel *Member*
 Mr. Vimal Ambani *Member*

REMUNERATION COMMITTEE :

Mr. Vishwesh Patel *Chairman*
 Mr. Abhinava Shukla *Member*
 Mr. Vimal Ambani *Member*

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 24th Annual Report with the Audited Accounts of the Company for the year ended 31.3.2011.

FINANCIAL RESULTS :

(Rs. In Millions)

Particulars	Current Year	Previous Year
Total Income	421.03	376.13
Profit before Depreciation & Tax	156.62	138.33
Less : Depreciation	44.78	42.33
Profit Before Tax	111.84	96.00
Less : Provision for Tax		
Deferred Tax	(1.09)	0.66
Current Tax	40.00	32.51
Income tax of earlier year	(3.03)	2.50
Fringe Benefit Tax	—	—
Net Profit After Tax	75.96	60.33
Balance of Profit & Loss Account	82.62	55.85
Profit available for appropriation	158.58	116.18
Dividend on equity shares	18.17	15.57
Dividend Tax	3.02	2.59
General Reserve	20.00	15.40
Balance carried to Balance sheet	117.39	82.62
Earnings per share (Basic/Diluted)	14.63	11.62

FINANCIAL HIGHLIGHTS
Sales

Your company posted a turnover of Rs. 419.71 million in the financial year ended on 31.3.2011, as compared to Rs. 375.32 million in the previous year.

Profitability

Your company's PBT for the year ended 31.3.2011 was recorded at Rs. 111.84 million, a compared to Rs. 96.00 million in the previous year.

Earning per share

EPS was at Rs.14.63 as on 31.3.2011 as against Rs. 11.62 as on 31.3.2010.

Net Worth

The company's net worth as on 31.3.2011 was at Rs. 479.85 million as compared to Rs. 408.64 million as on 31.3.2010.

Dividend

Your Directors have recommended a dividend payment of Rs. 3.50 per equity share of Rs. 10 each for the financial year 2010-11. This dividend is subject to approval by the shareholders at the ensuing AGM.

REVIEW OF OPERATIONS

The last financial year was attributed towards consolidation as well as towards embarking on global activities. Exports went up by a little over 4 times.

A JV was set-up in Nepal to facilitate the manufacture of specific animal vaccines for international markets. This JV is expected to go on-stream in early 2013. The total outlay of the project is INR 150 million. The proposed project would be the first vaccine manufacturing project in Nepal.

New technology was acquired during the year. We signed a technology transfer agreement with Indian Veterinary Research Institute for acquiring the technology to manufacture PPR and Sheep Pox vaccines.

CAPACITY UTILISATION

The company has reached 58% capacity utilisation as on 31.3.2011 by producing 2763.25 million doses.

GMP AND ISO CERTIFICATION

We continue to be a GMP and an ISO 9001-2008 certified company. We hope to get Environmental Management Systems (EMS) ISO 14001:2004 and Occupational Health and Safety (OHSAS) 18001:2007 certifications by December 2011.

FUTURE PROSPECTS

PPR disease is part of the Government of India's National Disease Eradication Program. The disease eradication program will generate a big demand for the PPR vaccine within India, notwithstanding the demand in the neighboring countries.

Newer markets for poultry vaccines (international) and newer vaccines (large animal vaccines) for India are the two main growth propelling factors for our company.

Looking at the well established infrastructure for sales and distribution, your company is planning to establish an Animal Health Division. This proposed division would introduce poultry and large animal health/medicinal products and feed additives.

Toll manufacturing opportunities are being looked into which would partly utilize our capacity, thereby reducing the average fixed cost.

Clinical trials of animal vaccines are a new area which is being explored by our company.

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		31-03-2011	31-03-2010
(A) Power and Fuel Consumption:			
Electricity:			
(a) Purchased			
Units	Kwh	3059660.00	2852640 .00
Total Amount	Rs.	18,222,772.59	18,151,076.81
Rate/ Unit	Rs.	5.96	6.38
(b) Own Generation through Diesel Generator set			
Units	Kwh	56925.00	60822.00
Unit per liter of Diesel Oil	Kwh	3.09	3.07
Cost/Unit	Rs.	14.06	12.12
(B) Consumption per Unit of Production :			
Electricity consumed per vial (in units)		2.35	1.97

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:

R&D work is currently on-going towards developing new vaccines from new field strains isolated from various parts of the country.

The technology received from Indian Veterinary Research Institute is currently being adapted to our production system.

Our endeavor continues to improvise production processes as well as yields.

FOREIGN EXCHANGE EARNINGS & OUTFLOW:

Foreign exchange earnings during the year were Rs. 32.98 million (Previous Rs.7.78 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. 47.81 million as compared to Rs. 31.93 million during the previous year.

DIRECTORS:

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

Mr. Praful Amin has resigned as a Director with effect from 19th March, 2011. The Board appreciated the contribution made by him during his tenure.

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 have issued 480,000 Share Warrants to Promoters and to non-promoters, on a preferential allotment basis, with each warrant convertible in to one equity share of the Company of nominal value of Rs. 10 per share, at a price of Rs. 137 per share, which includes premium of Rs. 127 per share, as determined under the SEBI (Issue of Capital and Disclosures requirements) Regulation, 2009. Allotment of warrants was made as on 12th August 2010. This will generate an inflow of Rs. 65.76 Million in the Company.

“GROUP” FOR INTER SE TRANSFER OF SHARES

As required under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting “Group” (within the meaning as defined in the Monopolies and Restrictive Trade Practice Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 13 of the aforesaid SEBI Regulation are given as under :

Sr.No.	List of persons	Sr.No.	List of persons
1.	Rajiv D. Gandhi	11.	Darayus Lakdawalla
2.	Nina R. Gandhi	12.	Zubin Lakdawalla
3.	Ravin Gandhi	13.	Kanti Gandhi
4.	Bela Gandhi	14.	Dinesh Gandhi
5.	Bhupendra Gandhi	15.	Urmilaben Gandhi
6.	Shaila Gandhi	16.	Yash Gandhi
7.	Sanjiv Gandhi	17.	Priya Gandhi
8.	Hetal Gandhi	18.	Biolink Healthcare Limited
9.	Madhuri Kapadia	19.	Hester Diagnostics Private limited
10.	Anup Kapadia	20.	Hester Coatings Private Limited

SUBSIDIARY COMPANY

The Company has one subsidiary namely Hester Biosciences (Mauritius) Limited (a wholly owned subsidiary - 100% holding). A statement pursuant to Section 212 of the Companies Act, 1956 is attached to the Accounts.

In terms of general exemption granted by Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8.2.2011, under section 212(8) of the Companies Act 1956, the Audited Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of our subsidiary need not be attached with the Balance Sheet of the Company subject to complying with certain conditions. These documents will be made available upon request by any member of the Company interested in obtaining the same. However, the brief financial details of the subsidiary have been furnished under “Financial details of Subsidiary Company”, forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, consolidated Financial Statements presented by the Company includes financial information of its subsidiary. These documents will also be available for inspection during business hours at our registered office.

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, 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 which is annexed and 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 not applicable to the Company, as no employees are drawing remuneration of Rs. 6,000,000 or more, per annum, employed throughout the year, or Rs. 500,000 or more, per month, employed for a part of the year.

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 have applied them consistently and made judgments and estimates which 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 2010-2011.

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 2011 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, its own 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 perennial support has been the main source of inspiration.

By order of the Board

24th May 2011
Ahmedabad

Rajiv Gandhi
CEO & Managing Director

MANAGEMENT DISCUSSIONS AND ANALYSIS**Outlook for the Industry**

The poultry and more particularly the cattle industry is growing fast within India. The population growth, growth in literacy levels, growth in income levels as well as more people coming out of poverty – these parameters contribute to the demand of meat and meat products, milk and milk products and eggs.

The demand for animal biologicals will continue to grow due to the growth in poultry and cattle population.

PPR eradication program embarked by the government will mobilize vaccination programs in each state against PPR disease.

The growth rate of the poultry industry though being relatively small in the last financial year, the industry is further consolidating, with small farms being managed under integration business, thereby giving control of management of these small farms collectively to an integration company. This consolidation/integration is taking the industry towards scientific management thereby increasing the need for vaccination.

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 vaccines.

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

Outlook for the Company

With new products being introduced, mainly on the large animal vaccines side, and international registrations for poultry vaccines coming through in this year, your company is poised for a high growth.

Production costs have further reduced.

With additional vaccines, additional markets and the proposed Animal Health Division, your company is poised for an upward growth in terms of the top line.

Internal Control Systems

Budgetary controls are well in place. Yearly budgets are reviewed every quarter. The deviations if any are addressed to ensure that the yearly targets are met in terms of revenues and expenditures. The concept of rolling budgets is adopted.

Financial Performance Vs Operational Performance

The financial performance of the company for the year 2010-11 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 250 motivated employees (permanent and contractual). As always, 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 Exchange.

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 optimising 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 8 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 4 are Non-Executive Independent Directors. During the year, Mr. Praful Amin has been resigned as Non-Executive Independent Director w.e.f. 19th March, 2011. The composition of Board complies with the requirements of the Corporate Governance code with 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 23rd May, 2010, 2nd July, 2010, 28th July, 2010, 25th October, 2010, & 3rd February, 2011 and the 23rd Annual General Meeting was held on 28th July, 2010. 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, 69 Years	Non Executive, Non Independent Director	03/12/1992	0	0	2	Yes	304,010 5.86%
Mr. Rajiv Gandhi CEO & Managing Director 49 Years	Executive Non Independent Director- Contractual Employment	29/04/1987	2	0	5	Yes	503,606 9.70%
Mr. Sanjiv Gandhi Director, 46 Years	Non Executive, Non Independent Director	29/04/1987	1	0	2	Yes	391,480 7.54%
Mr. Darayus Lakdawalla Director, 50 Years	Non Executive Independent Director	01/03/1990	0	0	1	Yes	15,720 0.30%
Mr. Ravin Gandhi Director, 38 Years	Non Executive, Non Independent Director	22/04/1999	0	0	—	No	268,880 5.18%
Mr. Vimal Ambani Director, 50 Years	Non Executive Independent Director	01/02/2003	2	0	3	Yes	54,900 1.06%
Mr. Abhinava Shukla Director, 66 years	Non Executive Independent Director	01/02/2003	0	0	5	Yes	—
Dr. Parimal Tripathi 52 Years	Non Executive, Non Independent Director	27/06/2003	0	0	1	No	—
*Mr. Praful Amin Director, 76 Years	Non Executive Independent Director	02/05/2009	2	3 (C)	4	Yes	—
Mr. Vishwesh Patel Director, 34 Years	Non Executive Independent Director	23/05/2010	1	0	3	Yes	—

*Mr. Praful R. Amin has resigned w.e.f. 19th March, 2011

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. Abhinava Shukla	Mr. Vimal Ambani
Date of Birth	06.10.1945	26.10.1961
Date of appointment	01.02.2003	01.02.2003
Qualifications	B. E., MBA	B.E., MBA
Expertise in specific functional areas	Management	General Management
List of Public Co. in which Directorship held	Nil	Tower Overseas Ltd. Sanrhea Technical Textile Ltd.
Chairman/ Member of the Committees of the Board of Directors of the Co.	1 - Chairman 1 - Member	1 - Chairman 1 - Member
Chairman/ Member of the committees of Directors of other Co.	Nil	Nil

CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. All Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year ended on 31st March 2011. 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. Vimal Ambani as the Chairman of the Committee and Mr. Abhinava Shukla & Mr. Vishwesh Patel as the Members. The Committee was reconstituted as on 24th March, 2011 in which, Mr. Praful Amin has resigned as a Chairman and Mr. Vishwesh Patel was appointed as member. With this reconstitution, Audit Committee comprises of Mr. Vimal Ambani as a Chairman & Mr. Abhinava Shukla and Mr. Vishwesh Patel as the Members of the Committee. 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. The Manager (Finance) acts as the Secretary of the Audit Committee.

During the year under review, 4 meeting were held on 23rd May, 2010, 28th July, 2010, 25th October, 2010 and 3rd February, 2011. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 28th July, 2010. The Audit Committee at its Meeting held on 23rd May, 2010, reviewed the Annual Accounts for the year 2009-10 and recommended the accounts for approvals by the Board of Directors. The Audit Committee at its meeting held on 28th July, 2010 and 25th October, 2010 and 3rd February 2011, reviewed the unaudited financial results for the quarter ended on June 30, 2010, September 30, 2010 and December 31, 2010.

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

Name	Designation	Attendance
*Mr. Praful Amin	Ex-Chairman	3
Mr. Vimal Ambani	Chairman	3
Mr. Abhinava Shukla\$	Member	4
\$Mr. Vishwesh Patel	Member	N.A.

*Resigned w.e.f. 24.3.2011

\$Appointed w.e.f. 24.3.2011

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 exchange 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. Abhinava Shukla as the Chairman of the Committee & Mr. Vishwesh Patel and Mr. Vimal Ambani as the Member. The Committee was reconstituted as on 24th March, 2011, in which Mr. Darayus Lakdawalla has resigned, while Mr. Abhinava Shukla was appointed as a Chairman. With this reconstitution, Shareholders Grievance Committee comprises of Mr. Abhinava Shukla as a Chairman, Mr. Vimal Ambani and Mr. Vishwesh Patel as the Members of the Committee. All members are Non-Executive Independent Directors.

During the year, 4 meetings were held on 23rd May, 2010, 28th July, 2010, 25th October, 2010 and 3rd February, 2011. The Company had received 6 complaints from the Shareholders, all of them have been resolved and no complaint was pending as on 31st March, 2011.

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

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

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

Sr. No.	Nature of Complaints / Requests	Opening as on 01-04-10	Received	Resolved	Pending as on 31-03-11
1.	Non-receipt of Dividend warrant	—	2	2	—
2.	Non-receipt of Annual Reports / Sticker	—	4	4	—
3.	Non-receipt of shares after transfer / Rights Shares	—	—	—	—
4.	Letters received from SEBI / ROC / Stock Exchanges	—	—	—	—
5.	Others – Demat Credit	—	—	—	—
Total		—	6	6	—

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. Vishwesh Patel as the Chairman of the Committee, Mr. Abhinava Shukla & Mr. Vimal Ambani as the Members. The Committee was reconstituted as on 24th March, 2011, in which Mr. Praful Amin has resigned, while Mr. Vishwesh Patel was appointed as Chairman of the Committee. With this reconstitution, Remuneration Committee comprises of Mr. Vishwesh Patel as a Chairman & Mr. Abhinava Shukla & Mr. Vimal Ambani as the Members of the Committee. All members are Non-Executive Independent Directors.

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

Remuneration to Directors :

Name of Director	Designation	Remuneration (including perquisites) Paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration Rs.
Dr. Bhupendra V. Gandhi	Chairman	NIL	5,000/-	NIL	5,000
Mr. Rajiv Gandhi	CEO & Managing Director	3,346,936/-	NIL	NIL	3,346,936/-
Mr. Sanjiv Gandhi	Director	NIL	5,000/-	NIL	5,000/-
Mr. Darayus Lakdawalla	Director	NIL	5,000/-	NIL	5,000/-
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	5,000/-	NIL	5,000/-
*Mr. Praful Amin	Director	NIL	27,500/-	NIL	27,500/-
Mr. Vishwesh Patel	Director	NIL	20,000/-	NIL	20,000/-
Total		3,346,936/-	125,000/-	NIL	3,471,936/-

*Resigned w.e.f. 19.3.2011

SUBSIDIARY COMPANY :

During the year, one wholly owned subsidiary Company has been incorporated namely Hester Biosciences (Mauritius) Limited w.e.f. 17th February, 2011, which is non - material non-listed subsidiary. The Audit Committee reviews the financial statements, particularly, the investments made by subsidiary Company. Minutes of the said subsidiary Company are being placed before the Board for its review. The Board also reviews the accounts of the said Subsidiary Company on regular basis.

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. 13 of Notes on Accounts under Schedule 17 of the 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 Organisation. During the year 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 2010-11.

GENERAL BODY MEETINGS :

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

AGM	Date	Time	Venue	No. of special Resolutions passed
21st AGM	28th August, 2008	11.00 a.m.	Village : Merda Adraj, Taluka : Kadi, Dist : Mehsana, Gujarat 382 721	0
22nd AGM	18th August, 2009	11.00 a.m.	Village : Merda Adraj, Taluka : Kadi, Dist : Mehsana, Gujarat 382 721	1 (One)
23rd AGM	28th July, 2010	11.00 a.m.	Village : Merda Adraj, Taluka : Kadi, Dist : Mehsana, Gujarat 382 721	1 (One)

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. At the AGM Held on 28th July, 2010, special Resolution was passed, for issue of 480000 Equity Warrants on Preferential basis to Promoters and Non-Promoters, as per section 81(1A) and other application provisions of the Act. These Warrant Holders have right to convert into Equity Shares of the Company of nominal value of Rs. 10/- each at a price of Rs. 137/- per share, on or before 12th February, 2012.

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.