



Hester Pharmaceuticals Limited



EIGHTEENTH  
A N N U A L  
R E P O R T  
2004 - 2005



## ANNUAL REPORT 2004-2005

### BOARD OF DIRECTORS :

Dr. Bhupendra V. Gandhi	<i>Chairman</i>
Mr. Rajiv D. Gandhi	<i>CEO &amp; Managing Director</i>
Mr. Sanjiv D. Gandhi	
Mr. Darayus Lakdawalla	
Mr. Ravin Gandhi	
Ms. Bela Gandhi	
Mr. Vimal Ambani	
Mr. Abhinav Shukla	
Dr. Parimal Tripathi	<i>Alternate Director</i>

### 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. Darayus Lakdawalla	<i>Chairman</i>
Mr. Sanjiv D. Gandhi	<i>Member</i>
Mr. Vimal Ambani	<i>Member</i>
Dr. Parimal Tripathi	<i>Member</i>

### SHAREHOLDERS' GRIEVANCE COMMITTEE

Mr. Darayus Lakdawalla	<i>Chairman</i>
Mr. Sanjiv D. Gandhi	<i>Member</i>

### REMUNERATION COMMITTEE

Mr. Darayus Lakdawalla	<i>Chairman</i>
Mr. Vimal Ambani	<i>Member</i>
Dr. Parimal Tripathi	<i>Member</i>

### AUDITORS :

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

### REGISTRAR & SHARE TRANSFER AGENTS

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

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**NOTICE**

**NOTICE** is hereby given that **18th** Annual General Meeting of the Members of Hester Pharmaceuticals Limited, will be held on **Wednesday, the 15th June, 2005 at 11.00 a. m.** at Registered office of the Company at Village : Merda - Adraj, Taluka : Kadi, District : Mehsana, Gujarat 382 721 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 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 Preference shares and Equity shares
3. To appoint a Director in place of Ms. Bela Gandhi, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Vimal Ambani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

**SPECIAL BUSINESS**

6. To revision in remuneration of Mr. Rajiv D. Gandhi, CEO and Managing Director of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Ordinary Resolution** :-

**"RESOLVED THAT**, pursuant to the provisions of Section 198,309,310 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII thereof, consent of the Company be and is hereby accorded for the revision in terms of remuneration payable to Mr. Rajiv D. Gandhi, CEO and Managing Director of the Company, with effect from 01.10.2004, as set out in the Explanatory Statement annexed hereto."

**"RESOLVED FURTHER THAT**, in the event of absence or inadequacy of net profits for the financial year, the salary and perquisites as set out in the Explanatory Statement annexed hereto, shall be treated as the minimum remuneration payable to Mr. Rajiv D. Gandhi, CEO and Managing Director of the Company."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :-

**"RESOLVED THAT** Mr. Abhinav Shukla who was appointed as an Additional Director of the Company and who ceases to hold office under section 260 of the Companies Act, 1956 from the date of this meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for Director be and is hereby appointed as Director of the Company, liable to retire by rotation."

8. Authority to Directors to borrow in excess of the paid-up capital and free reserves.

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Ordinary Resolution** :-

**"RESOLVED THAT** in supersession of Resolution passed at the Extra- Ordinary General Meeting of the Company held on 23rd June, 1994, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.20 crores."

9. Creation of Charge

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Ordinary Resolution** :-

**"RESOLVED THAT** pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks/Financial Institutions, other investing agencies and trustees for the holders of debentures/bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities linked to Ordinary shares and/or rupee/foreign currency convertible bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, shall not, at any time exceed the limit of Rs.20 crores.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required."

10. Redemption of Cumulative Preference Shares :

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Ordinary Resolution** :-

**"RESOLVED THAT** pursuant to the provisions of section 80 of the Companies Act, 1956, the 8% redeemable preference shares of Rs.100/- each, which are due for redemption, be redeemed, immediately after the approval by the members at this meeting, from the profits of the Company, by paying off 1,40,530 preference shares at par."

**“RESOLVED FURTHER THAT** the Managing Director be and is hereby authorized to take all steps for the purpose of redeeming the shares in accordance with the provisions of Articles of Association of the Company/ terms of issue of the shares.”

11. Change of Name

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution** :-

**“RESOLVED THAT** pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, (now delegated to the Registrar of Companies) the existing name of the Company be changed from “Hester Pharmaceuticals Limited” to “Hester Biosciences Limited” and accordingly consequential amendments be made in the Memorandum and Articles of Association of the Company and incidental documents, name plates etc., consequent upon the new name of the Company becoming effective.”

**“RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to implement the above resolution without being required to seek any further consent or approval of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

Date : **21st April, 2005**

for **Hester Pharmaceuticals Limited**

**Registered Office :**

Village : Merda Adraj

Taluka : Kadi

District : Mehsana, Gujarat - 382 721.

**Rajiv Gandhi**  
Managing Director

**Note**

- Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed as a part of this notice.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000/-.
- The Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from **Wednesday, 8th June, 2005 to Wednesday, 15th June, 2005 (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 15th June, 2005 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 **7th June, 2005**.
- Members are requested to note the following :
  - The Company has appointed M/s. Pinnacle Shares Registry Pvt. Ltd. as R&T agent for both Demat & Physical share transfer work, hence any documents for share transfer, transmission, transposition, change of bank account details, nomination and other communication regarding shareholding in the company should be addressed to R&T agent, as per following address.

M/s. Pinnacle Shares Registry Pvt. Ltd.  
Unit : Hester Pharmaceuticals Limited  
Near Asoka Mills, Naroda Road, Ahmedabad 380 025. Gujarat  
Ph. 079 - 2220 0338 / 2220 0582, Fax : 079 - 2220 2963, e-mail : gautam.shah@psrpl.com
  - To quote folio no. / DP ID & CL. ID for any communication for their shareholding.
  - To bring the copy of Annual Report at the meeting.
- At the ensuing Annual General Meeting, Ms. Bela Gandhi & Mr. Vimal Ambani, retire by rotation and being eligible offer themselves for re-appointment. Mr. Abhinav Shukla is also proposed to be appointed as regular 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 Exchanges is furnished in the statement of Corporate Governance published elsewhere in this Annual Report.
- The copies of relevant documents can be inspected at the Registered office of the Company on any working day between 11.00 a.m. to 5.00 p.m. up to the date of A.G.M.
- **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 and such requisition should reach the company before 10th June, 2005.**
- The Company's shares are listed at Mumbai Stock Exchanges. The Company has paid listing fees to Mumbai Stock Exchange for financial year **2005-2006**.

### Explanatory Statement

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

#### Item No.6

The Board of Directors, on the recommendation of the Remuneration Committee, at their meeting held on 27th October, 2004 had approved the revision in the remuneration payable to Mr. Rajiv D. Gandhi, Managing Director with effect from 1st October, 2004 till his appointment period, keeping in mind his contribution to the growth and development of the Company, as well as the compensation package prevalent in the industry, the Board had approved the following remuneration for him :

(a) **Salary** Rs. 1.00,000/- p.m.

(b) **Perquisites** : In addition to the salary, the following perquisites shall be allowed to the Managing Director and the total value of perquisites shall be restricted to an amount equal to the annual salary.

#### CATEGORY - "A"

i) **Housing** :

The Company shall provide furnished accommodation including its maintenance to the Managing Director. If the Managing Director is having his own accommodation, the Company shall pay house rent allowance at the rate of Rs. 15000/- per month, subject to a limit of 20 % of his salary.

The Company shall provide equipments and appliances, furniture, fixtures and furnishing, including maintenance of all, at the residence of the Managing Director at the entire cost of the Company.

The Company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.

ii) **Medical Reimbursement** :

Medical Expenses actually incurred for self and family shall be reimbursed by the Company under the Mediclaim policy.

iii) **Leave Travel Concession** :

The Company shall provide leave travel fare for the Managing Director and his family once in a year.

iv) **Personal Accident Insurance** :

The Company shall pay Personal Accident Insurance up to Rs.5000/- per annum.

v) **Club Fee** : The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

#### CATEGORY - "B"

i) The Company shall contribute towards Provident Fund/Superannuation Fund/Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.

ii) The Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.

iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The perquisite under this Category shall not be included in the computation of ceiling on remuneration.

#### CATEGORY - "C"

i) The Company shall provide a Car with Driver at the entire cost of the Company for use for the business of the Company. Use of Car for personal purposes shall be billed by the Company.

ii) The Company shall provide telephone including mobile phone at the residence of the Managing Director at the entire cost of the Company. Personal long-distance calls shall be billed by the Company.

iii) The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however, be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or committees thereof.

iv) The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.

v) In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.

vi) The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

vii) "Family" means the spouse, dependent children and dependent parents of Managing Director.

viii) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed

The Board recommends the resolution for approval of Shareholders. Except Mr. Rajiv Gandhi, himself and Mr. Sanjiv Gandhi, relative of him, none of the other Directors are interested or concerned in this resolution.



**ITEM NO. 7**

Mr. Abhinav Shukla was appointed as an Additional Director of the Company with effect from 21st April, 2005 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 from a member alongwith deposit amount for him, as required under Section 257 of the Companies Act, 1956 proposing his name as Directors of the Company.

Your Directors consider that the wide experience possessed by him will be in the interest of the Company. Hence your Directors recommend his appointment.

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

**ITEM NO.8 & 9**

Under Section 293(1)(d) of the Act, the Board of Directors of a company cannot except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

Taking into consideration the requirements of additional funds to meet the cost of the Company's Capital Expenditure Programmes as also additional working capital requirements of the Company, it is expected that the limit, as sanctioned by the shareholders is likely to be exceeded. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to enable the Directors to borrow monies to the extent of Rs.20 crores. The Resolution under Item No. 8 is to obtain the consent of the shareholders' for this purpose. Even with the proposed borrowing, the debt equity ratio of the Company will be within a reasonable limit.

The proposed borrowings of the Company be secured by way of charge/ mortgage/ hypothecation on the Company's assets in favour of the security holders/trustees for the holders of the said securities. As the documents to be executed between the security holders/trustees for the holders of the said securities and the Company, it is necessary to pass a resolution under Section 293(1)(a) of the Act, for creation of charges/ mortgages/ hypothecations for an amount not exceeding the borrowing limit of Rs. 20 crores.

The proposed borrowings are in the interest of the Company and your Directors commend the Resolutions in Item Nos. 8 & 9 of the Notice for acceptance of the members.

None of the Directors are interested in the resolutions at Item Nos. 8 and 9 of the accompanying Notice.

**ITEM NO. 10**

The Company had issued 8% Redeemable Preference Shares of Rs. 100/- each in the year 1999. Total 140530 shares were issued to be redeemed after 6 years. As per the terms of this preference shares, full amount is to be redeemed at par on the due date, i.e. 22/4/2005.

Pursuant to the provisions of section 80 of the Companies Act, 1956, the company can redeem the Preference shares either out of the profits of the company which would be otherwise available for dividend or out of the proceeds of a fresh issue of shares. The Board of Directors of the Company intend to redeem out of the profits of the Company. But for deriving the amount of profits, approval of the annual accounts for the year is require by the members and due to this reason, it was decided by the Board to redeem the shares, immediately after the completion of this meeting.

The proposed redemption is in the interest of the Company and your Directors commend the Resolutions in Item Nos. 10 of the Notice for acceptance of the members.

None of the Directors are interested in the resolutions at Item Nos.10 of the accompanying Notice.

**ITEM NO. 11**

The Company was incorporated on 29th April, 1987 as 'Hester Pharmaceuticals Private Ltd.' and subsequently converted to Public Ltd. on 17th November, 1993. The Company is manufacturing various types of Poultry Vaccines.

Your directors feel that even though, the company's products, mainly poultry vaccines are broadly called as pharmaceuticals products, but specifically in real terms, all the products are based on bio technology or bio science and called as bioscience products or by-products.

It seems imperative for us to give a reflection of our activities in our company's name. The board has therefore recommended a change in name of the company from HESTER PHARMACEUTICALS LIMITED to **HESTER BIOSCIENCES LIMITED**, by replacing the existing word "Pharmaceuticals " with "Biosciences", subject to approval by the share holders and subsequent approvals from other statutory authorities.

Pursuant to Section 21 of the Companies Act, 1956, approval of Members vide Special Resolution as also the approval of other authorities are required to change the name of the Company and accordingly, the Members approval is sought in this behalf as set out in this item of the Notice.

The Board of Directors accordingly recommend the Resolution for approval by the Members.

Date : **21st April, 2005**

for **Hester Pharmaceuticals Limited**

**Registered Office :**

Village : Merda Adraj

Taluka : Kadi

District : Mehsana, Gujarat - 382 721.

**Rajiv Gandhi**  
Managing Director

**DIRECTORS' REPORT****Dear Shareholders,**

Your Directors have pleasure in presenting the 18th Annual Report and the Audited Statement of Accounts of the Company, for the year ended 31st March, 2005.

**HIGHLIGHTS**

The financial year 2004-05 had been a very eventful year.

- The company grew at 111% in terms of sales.
- The company registered a growth in Net Profit of 226%.
- The financial position enabled the Board to approve the redemption of preference equity of Rs. 1.40 crores, along with the accumulated dividend @ 8% per annum, since April 1999.
- The company added fixed assets worth Rs. 36.81 lacs to enhance the production capacity. This capacity increase took place in the first quarter of the financial year.
- As you are aware, Hester has an exclusive representation from Merial for Merial's range of poultry vaccines. Hester commenced business with Merial in the 3rd quarter of the financial year by importing poultry vaccines from them. Merial is the world's largest Animal Health Company having a turnover of over USD 2 Billion. In the current financial year, we hope to further consolidate on our tie-up with Merial by introducing specialty poultry vaccines in which Merial has the largest market share in the world, as much as nearly 90% market share in many countries.
- We continue to hold the GOOD MANUFACTURING PRACTICES certification from the drug authorities.
- We continue to be an ISO 9001:2000 certified company.

**FINANCIAL RESULTS**

	31-03-2005	(Rs. In Lacs) 31-03-2004
Profit before Depreciation & Tax	666.55	221.88
Less : Depreciation	31.98	26.95
Profit after Depreciation & Tax	634.57	194.93
Less : Provision for Tax		
Deferred Tax	39.40	71.04
Current Tax	200.00	16.20
Earlier Years income tax	0.90	0.00
Less : Prior Period Expenses	0.00	0.87
Net Profit After Tax	394.26	106.82
Balance of Profit & Loss A/c	4.66	(82.16)
Profit Available For Appropriation	398.92	24.66
Capital Redemption Reserve	0.00	20.00
Dividend on preference shares	11.24	0.00
Dividend on equity shares	42.33	0.00
Dividend Tax	7.00	0.00
General Reserve	297.49	0.00
Balance carried to Balance sheet	40.86	4.66

- Against an estimation of Rs. 12 crores, we achieved sales of Rs. 16.24 crores.
- During the year under review the company registered an impressive 111% growth in turnover with an increase of 201% growth in a cash Profit and 226% growth in Profit before tax.
- Net Profit ratio improved from 14% of previous financial year to 24% during the current financial year.
- The company has progressively reduced its debts exposure and interest burden during the year, consequently Debt - Equity ratio has come down from 0.29:1 at the beginning of the year to 0.19:1 at the year end.
- Surplus funds generated out of the operations are appropriated for dividend on Preference shares and Equity shares, the rest balances are transferred as General reserves.
- EPS is at Rs. 10.82 as on 31.3.2005 as against Rs. 3.03 as on 31.3.2004.

**DIVIDEND**

Your Directors recommended payment of the accumulated 8%p.a. dividend on the Cumulative Redeemable Preference Shares. This dividend had been accumulated since April 1999.

Your Directors further recommended a dividend payment of Rs.1.20 per equity share of Rs. 10 each for the financial year 2004-05. This dividend is subject to approval by the share holders at the ensuing AGM.



## REVIEW OF OPERATIONS

### Redemption of Preference Shares

Your Directors recommended the redemption of 1,40,530 Cumulative Redeemable Preference Shares of Rs. 100/- each subject to the approval by the share holders at the ensuing AGM.

### Proposed change in name of the company

Our company is a biotech company, producing biologicals. It seems imperative for us to give a reflection of our activities in our company's name. The board has therefore recommended a change in name of the company from HESTER PHARMACEUTICALS LIMITED to HESTER BIOSCIENCES LIMITED, subject to approval by the share holders and subsequent approvals from other statutory authorities.

### Proposal to amend the Object clause of the Memorandum and Articles of Association

Hester has a focus on biologicals and continues to keep the same focus. In order to define our core activity more clearly, the company proposes to amend the Object clause in its Memorandum and Articles of Association, through Postal Ballot. The Company is accordingly arranging for compliance of Postal Ballot regulations.

### Proposed expansion in the financial year 2005-06

The demand for Hester's poultry vaccines has been over whelming. As you are aware, we have been growing at nearly 100% in the last 2 financial years. The future growth potential still remains the same. In order to cater to the growing demand for poultry vaccines, Hester has embarked on an expansion plan, to increase its capacity by 300%. This expansion shall go on-stream in the first quarter of the next financial year. This expansion will enable us to manufacture not only the current poultry vaccines which are in high demand, but will also enable us to add a few specialty poultry vaccines. We also intend to manufacture cattle vaccines in this new expanded facility.

### Impact on Hester on the lifting of the ban on the imports of a few live poultry vaccines

The Government of India lifted the ban on the import of live poultry vaccines against 4 diseases: Mareks, Infectious Bronchitis, Infectious Bursal and Salmonella. Hester expects a positive impact on its business due to this ban being lifted.

Meril, whom we represent in India, has the biggest market share in Marek's disease vaccines, with over 80% market share in USA. Poultry companies in India have used Meril's HVT+SB1 strains Marek's vaccine and are waiting to use this vaccine as soon as it is available. Hester expects to achieve a turnover of over Rs. 3 crores in this vaccine itself.

Indian produced Infectious Bronchitis and Infectious Bursal disease vaccines are very effective. Hester is one of the major Indian producers of these vaccines. Lifting of the ban would not have any impact on Hester's business.

Hester does not produce Salmonella vaccine at the moment. Neither the imposition of the ban, nor the lifting of the ban has any impact on Hester's business.

### Tsunami Relief

The company has made a contribution of Rs. 1 lac to the Chief Minister's Relief fund for Tsunami relief.

### Energy Conservation

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

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

### Total energy consumption and energy consumption per unit of production:

#### (A) Power and Fuel Consumption :

		31-03-2005	31-03-2004
Electricity :			
(a) Purchased			
Units	Kwh	6,95,400.00	4,69,185.00
Total Amount	Rs.	33,48,427.28	23,32,198.00
Rate/ Unit	Rs.	4.81	5.12
(b) Own Generation through Diesel Genset			
Units	Kwh	22,114.00	13,200.00
Unit per liter of Diesel Oil	Kwh	2.42	2.26
Cost/Unit	Rs.	11.70	10.64

#### (B) Consumption per Unit of Production :

Electricity consumed per vial (in units)	0.78	1.03
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### Research & Development and Technology absorption

We continue to work towards increasing our production yields and reducing production cycles to achieve higher productivity.

### Foreign Exchange Earning & Outflow

Foreign exchange earning during the year was Rs.18.27 lacs (Previous year Rs.9.27 lacs) towards sale of goods. Total outflow of foreign exchange during year was Rs.126.08 lacs, towards purchase of Trading goods, Traveling expenses, as compared to Rs.21.72 lacs during the previous year.