

**20th
ANNUAL REPORT
2006-2007**



**"Towards creating an
Indian Multinational"**



Hester Pharmaceuticals Limited



The Managing Director's Letter To Shareholders



Dear Fellow Shareholders:

India today is the pivotal force for globalisation. The over-all growth of the economy has surpassed all expectations and is looking to forge ahead even more strongly. Our country is also emerging as a front runner in the field of biotechnology.

These developments have proved good for your company.

The year began with the Rights Shares offer in July 2006, which got a very good response from all of you. This offer was made to part-finance the capacity expansion project for increasing the capacity from 120 crore doses to 500 crore doses of poultry vaccines.

In the year, Net Revenues at Rs. 21.83 crores reflected a growth of 8.45% over the previous year. 100% utilisation of the production capacity restricted this growth. Nonetheless, the bottom-line was well maintained at 23.60% as against 22.08% in the previous year.

The capacity expansion was completed and went on-stream in March 2007.

The newly created facility is geared to manufacture not only poultry vaccines but also a few large animal vaccines.

The demand for poultry vaccines and specifically for Hester poultry vaccines is growing at a very good rate. With the new expanded capacity, your company is poised for a good growth in revenues in the current financial year.

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

In the current financial year, your company intends to get the manufacturing licence for 2 additional poultry vaccines, besides applying for 3 large animal vaccines. Exports are being given a thrust. African and Asian markets are being targeted. International marketing tie-ups are on the anvil, which will boost the export revenues.

Looking beyond this financial year, your company has a vision to become the first Asian company to have a global presence in the field of veterinary biologicals.

Your company has the organisational ability and the will to achieve its ambitions.

I take this opportunity to thank our bankers, vendors, business partners and stake holders for your un-ending support. Your company shall continue to live up to your expectations

Rajiv Gandhi

CEO & Managing Director



Hester Pharmaceuticals Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS :

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

CHIEF FINANCIAL OFFICER :

Mr. Jigar Shah

REGISTERED OFFICE :

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

CORPORATE OFFICE :

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

MANUFACTURING UNIT :

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

BANKERS :

Bank of India
Navrangpura Branch,
Ahmedabad - 380 009.

AUDIT COMMITTEE :

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

SHAREHOLDERS' GRIEVANCE COMMITTEE :

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

REMUNERATION COMMITTEE :

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

AUDITORS :

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

REGISTRAR & TRANSFER AGENTS :

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

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DIRECTORS' REPORT

Dear Shareholder:

Your Directors are pleased to present the 20th Annual Report together with the Audited Accounts of the Company for the year ended 31.3.2007.

FINANCIAL RESULTS :

(Rs. In Lacs)

Particulars	Current year	Previous Year
Profit before Depreciation & Tax	837.69	870.52
Less : Depreciation	44.09	35.38
Profit after Depreciation & Tax	793.60	835.14
Less : Extraordinary Item	0.00	148.73
Profit Before Tax	793.60	686.41
Less : Provision for Tax		
Deferred Tax	80.68	(2.26)
Current Tax	191.80	235.25
Fringe Benefit Tax	6.00	8.97
Net Profit After Tax	515.12	444.45
Balance of Profit & Loss Account	50.32	40.86
Profit available for appropriation	565.44	485.31
Dividend on equity shares	103.82	55.62
Dividend Tax	17.64	8.84
General Reserve	309.47	370.53
Balance carried to Balance sheet	134.51	50.32
Earnings per share in Rs. (Basic/Diluted)	11.14	12.41

FINANCIAL HIGHLIGHTS :

Sales

Your company continued to post a good performance during the year. Its turnover increased by 8.45%. From Rs. 20.14 crores in 2005-2006, it went to Rs.21.83 crores in 2006-2007 in spite of already reaching 100% capacity utilisation at the beginning of the financial year.

Profitability

Your company's PBT for the year ended 31.3.2007 is recorded at Rs. 7.94 crores. Net Profit for the year is recorded at Rs.5.15 crores, which is 16.17% higher than that of the previous financial year.

Earning per share

EPS is at Rs. 11.14 as on 31.3.2007 on the effective enhanced equity.

Dividend

Your Directors have recommended a dividend payment of Rs. 2.00 per equity share of Rs. 10 each for the financial year 2006-07 as against Rs. 1.50 per equity share for the previous year. This dividend is subject to approval by the shareholders at the ensuing AGM.

REVIEW OF OPERATIONS :

Rights Issue

The company has successfully completed its rights issue and allotted 14,83,200 shares on 19.8.2006, at a price of Rs. 70 per share. (Rs. 10 face value + Rs. 60 premium) The enhanced equity capital now stands at Rs. 5.19 crores as against earlier Rs. 3.71 crores.

Capacity utilisation

The company had reached 100% capacity utilisation at the beginning of the financial year which remained so till March 2007. Against the installed capacity of 1200 million doses, your company produced 1260.28 million doses of poultry vaccines.





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Completion of the capacity expansion project

The company completed its expansion project and the new expanded capacity went on-stream in March 2007. The original schedule for the completion of the project was in the month of October 2006. This delay is attributed to late design changes made in the plant to suit international standards for veterinary vaccines manufacturing. The new expanded capacity is now 500 crore doses as against the earlier capacity of 120 crore doses. The results of this capacity enhancement will be seen in this financial year.

GMP and ISO certification

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

Future Prospects

1. Biotechnology is an emerging field in India as well as world over. The state of Gujarat has unveiled a biotechnology policy to further strengthen biotechnology in Gujarat. Your company is catagorised as a 100% biotech company.
2. India is the fifth largest producer of poultry meat and eggs in the world. The Indian Poultry Industry is growing at the rate of over 10% per annum.
3. With the new expanded capacity being world class, exports of poultry vaccines will be given a thrust.
4. Your company is looking at various International tie-ups to manufacture poultry as well as large animal vaccines.

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 analyse 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		31-03-2007	31-03-2006
(A) Power and Fuel Consumption:			
Electricity:			
(a) Purchased			
Units	Kwh	10,35,075.00	10,32,885.00
Total Amount	Rs.	51,77,022.00	47,23,273.00
Rate/ Unit	Rs.	5.00	4.57
(b) Own Generation through Diesel Genset			
Units	Kwh	10,801.00	23,221.00
Unit per liter of Diesel Oil	Kwh	2.22	3.30
Cost/Unit	Rs.	17.04	10.62
(B) Consumption per Unit of Production :			
Electricity consumed per vial (in units)		1.10	0.89

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION :

Your company is now setting up a dedicated R&D centre which will be registered with the Government of India. The R&D centre will be dedicated for the development of newer vaccines for export substitute, as well as for a pilot plant to enable transforming laboratory scales to commercial production scales. We continue to work towards increasing our production yields and reducing production cycles to achieve higher efficiencies.

FOREIGN EXCHANGE EARNINGS & OUTFLOW :

Foreign exchange earnings during the year were Rs. 20.16 lacs (Previous Rs. 32.48 lacs) towards sale of goods. Total outflow of foreign exchange during year was Rs. 339.37 lacs, towards purchase of materials, Trading goods, Traveling expenses, Capital item, as compared to Rs.181.56 lacs during the previous year.

DIRECTORS :

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

PUBLIC DEPOSITS :

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





Hester Pharmaceuticals Limited

FINANCE :

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

INCREASE IN SHARE CAPITAL AND UTILISATION OF ISSUE PROCEEDS :

During the year, the company's Paid-up Share Capital has been increased from Rs. 370.80 Lacs to Rs. 519.12 Lacs, consisting of 51,91,200 Equity Shares of Rs. 10/- each. This enhancement was due to allotment of further shares through Rights Issue (14,83,200 Equity Shares of Rs. 10/- each for cash at a premium of Rs.60/- per share aggregating Rs. 1,038.24 Lacs, in the ratio of two equity shares for every five equity shares held at closure on 5 June 2006). This Rights Issue was opened on 27 June 2006 and closed on 26 July 2006. The allotment was finalized by the Right Issue Management Committee meeting held on 19 August 2006. Listing of the said shares took place as on 25 August 2006.

The Company has fully utilized the money raised as on 31.03.2007 towards its purpose as per the Letter of Offer dated 14.06.2006.

CORPORATE GOVERNANCE :

The Company has adopted Corporate Governance practices and has complied with all the mandatory requirements as specified under clause 49 of the Listing Agreement by SEBI. As required under the listing agreement, a separate Report on Corporate Governance forms part of this Annual Report. The certificate from statutory Auditors of the Company regarding compliance of conditions of Corporate Governance is part of this report and is annexed.

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.

FORMATION OF VARIOUS COMMITTEES :

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

DEPOSITORIES :

The company's shares are being compulsorily traded in dematerialised form. The connectivity with NSDL and CDSL has been obtained. Shareholders of the Company, who are still holding the shares in physical form, are requested to dematerialise their shares, immediately.

PARTICULARS OF EMPLOYEES :

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

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

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year ended on 31st March, 2007.

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, 2007 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. The directors also appreciate the support extended by Bankers of the Company.

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

27th June 2007
Ahmedabad

Rajiv Gandhi
CEO & Managing Director





Hester Pharmaceuticals Limited

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors Report for the year ended on 31st March, 2007

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

Sr. No.	Name & Share Holding %	Age in Years	Qualification	Date of Commencement of Employment	Designation/ Nature of Duties	Experience In years	Gross Remuneration Rs. in Lacs	Last Employment held with Designation
1	Mr. Rajiv Gandhi 9.66 %	45	B. Com Diploma in Marketing & Poultry Management	29.04.1987	CEO & Managing Director	23	24.00	—

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

Not Applicable

Notes:

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

Outlook for the Industry :

The poultry industry has now stabilised, which was earlier under stress due to the Bird Flu outbreak in February 2006. The industry growth rate is back in double digits, this time with a higher focus on hygiene and disease preventive measures. The use of poultry vaccines has gained lot of importance as a tool to prevent diseases. The broiler segment continues to get further integrated while the layer segment remains to be fragmented. The government policy towards poultry vaccines continues to be the same as what it was at the beginning of the financial year. Imports though permissible, are unable to make any dent in the Indian market.

Outlook for the Company :

Business is now forecasted to grow with the expanded capacity well on-stream. Economies of scale as well as modern automated technology would result into increasing efficiencies in terms of yields as well as in terms of larger batch sizes. Exports would generate sizable revenues. The focus of your company remains to be on animal biologicals and any growth or expansion envisioned would be in that direction.

Internal Control Systems :

The company has budgetary control systems and performance review programs. The organisation structure is very compact, thereby enabling the company to have the highest sale: employee ratio amongst other poultry vaccine manufacturers in India.

Financial performance Vs Operational performance :

The financial performance of the company for the year 2006-07 is described in the Director's report.

Human Resources :

The company continues to give special attention to human resources development. The total strength of the company is 182 motivated employees. Personnel turnover has been very minimal. Training programs for all employees are regularly embarked upon. Industrial relations continued to remain cordial at all levels.





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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. It has revised the Clause 49 vide circulars dated 29th October, 2004 and 29th March, 2005.

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

Company's Philosophy on Corporate Governance

At Hester Pharmaceuticals Limited, our continued endeavor is to achieve good governance, by way of a conscious and conscientious efforts whereby ensuring the truth, transparency, accountability and responsibility in all our employees, shareholders, consumers and community at large.

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

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

Board of Directors :

The Company's board comprises of 9 Directors (including alternate Director) with a mix of executive/non-executive and promoter/independent directors. The composition of Board complies with the requirements of the Corporate Governance code with more than 50% of the directors being non-executive directors and at least 1/3 of the directors being independent directors.

Board meetings were held during the financial year 2006-2007. The dates on which Board Meetings held were 28th April, 2006, 14th June, 2006, 31st July, 2006, 31st October, 2006, 30th January, 2007 and 23rd March, 2007 and the 19th Annual General Meeting was held on 14th July, 2006.

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

Name of the Director, Designation & Age	Category & Nature of Employment	Date of Appointment	No. of other Directorship held in public companies in India	No. of other Board committees of which Member(M)/Chairman (C)	Board meeting attended	Attendance at the last AGM	No. of Shares held & % holding (of the Company)
Mr. Bhupendra V Gandhi Chairman 65 Years	Non Executive Non Independent Director	03/12/1992	0	0	0	Yes	3,02,680 5.83%
Mr. Rajiv Gandhi CEO & Managing Director 45 Years	Executive Non Independent Director-Contractual employment	29/04/1987	2	0	6	Yes	5,01,306 9.66%
Mr. Sanjiv Gandhi Director 42 Years	Non Executive Non Independent Director	29/04/1987	2	0	1	Yes	3,91,480 7.54%
Mr. Darayus Lakdawalla Director, 46 Years	Non Executive Independent Director	01/03/1990	1	0	3	Yes	15,720 0.30%
Mr. Ravin Gandhi Director 34 Years	Non Executive Non Independent Director	22/04/1999	0	0	—	No	2,68,880 5.18%
Ms. Bela Gandhi Director 36 Years	Non Executive Non Independent Director	22/04/1999	0	0	—	No	2,67,090 5.15%
Mr. Vimal Ambani Director, 46 Years	Non Executive Independent Director	01/02/2003	2	0	5	Yes	58,900 1.13%
Mr. Abhinav Shukla Director, 62 years	Non Executive Independent Director	01/02/2003	0	0	6	No	—
Dr. Parimal Tripathi Alternate Director to Mr. Ravin Gandhi & Ms. Bela Gandhi, 48 Years	Non Executive Non Independent Director	27/06/2003	0	0	5	No	—



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Notes

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

None of the Non-executive Directors has any pecuniary relationship, except Dr. Bhupendra V. Gandhi, Mr. Sanjiv Gandhi, Mr. Ravin Gandhi and Ms. Bela Gandhi who are relative of CEO & 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. Ravin Gandhi	Dr Bhupendra V. Gandhi
Date of Birth	06.07.1973	16.10.1942
Date of appointment	22.04.1999	03.12.1992
Qualifications	MBA	Doctor in Nephrology, MBBS
Expertise in specific functional areas	General Management	Diplomate American Board of Internal Medicine Diplomate Subspeciality of Nephrology (USA)
List of Public Ltd. Co. in which Directorship held	Nil	Nil
Chairman/ Member of the Committees of the Board of Directors of the Co.	Nil	Nil
Chairman/ Member of the committees of Directors of other Co.	Nil	Nil

REMUNERATION TO DIRECTORS :

Name of Director	Designation	Remuneration (including perquisites) Paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration Rs.
Dr. Bhupendra V. Gandhi	Chairman	Nil	Nil	Nil	Nil
Mr. Rajiv Gandhi	CEO & Managing Director	24,00,000/-	Nil	Nil	24,00,000/-
Mr. Sanjiv Gandhi	Director	Nil	Nil	Nil	Nil
Mr. Darayus Lakdawalla	Director	Nil	500/-	Nil	500/-
Mr. Ravin Gandhi	Director	Nil	Nil	Nil	Nil
Ms. Bela Gandhi	Director	Nil	Nil	Nil	Nil
Mr. Vimal Ambani	Director	Nil	8500/-	Nil	8500/-
Mr. Abhinav Shukla	Director	Nil	10,500/-	Nil	10,500/-
Dr Parimal Tripathi	Alternate Director	Nil	8500/-	Nil	8500/-
Total		24,00,000/-	28,000/-	Nil	24,28,000/-

AUDIT COMMITTEE :

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

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

The board terms of reference of the Committee is to review and recommend the financial statements, adequacy of internal control systems and internal audit function.





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The detailed terms of reference of the Committee as approved by the Board are given below.

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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.

During the year under review, 4 meeting were held on 28th April, 2006, 31st July, 2006, 31st October, 2006 and 30th January, 2007. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 14th July, 2006. The Audit Committee at its Meeting held on 28th April, 2006, reviewed the Annual Accounts for the year 2005-06 and recommended the accounts for approvals by the Board of Directors. The Audit Committee at its meeting held on 31st July, 2006, 31st October, 2006 and 31st January, 2007, reviewed the unaudited financial results for the quarter ended on June 30, 2006, September 30, 2006 and December 31, 2006.

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

Name	Designation	Attendance
Mr. Darayus Lakdawalla	Chairman	4
Mr. Vimal Ambani	Member	3
Mr. Sanjiv Gandhi	Member	2

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.

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.