

Hester Pharmaceuticals Limited

SEVENTEENTH  
A N N U A L  
R E P O R T  
2003 - 2004



# ANNUAL REPORT

## 2003-2004

**BOARD OF DIRECTORS :**

Dr. V. A. Padval	<i>Chairman</i>
Dr. Bhupendra V. Gandhi	<i>Vice-Chairman</i>
Mr. Rajiv D. Gandhi	<i>Managing Director</i>
Mr. Sanjiv D. Gandhi	<i>Executive Director</i>
Mr. Darayus Lakdawalla	
Mr. Ravin Gandhi	
Ms. Bela Gandhi	
Dr. Herry Shinkoi	
Mr. Vimal Ambani	
Mr. Abhinav Shukla	<i>Alternate Director</i>
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.

<b>CONTENTS</b>	<b>PAGE NO.</b>
Notice	2-3
Directors' Report	4-6
Management Discussion and Ana.	6
Corporate Governance Report	7-9
Shareholders' Information	10-11
Auditors' Report	12-13
Balance Sheet	14
Profit & Loss A/c	15
Schedules	16-22
Balance Sheet Abstract	23
Cash-flow Statement	24



### NOTICE

**NOTICE** is hereby given that **17th** Annual General Meeting of the Members of Hester Pharmaceuticals Limited, will be held on **Thursday, the 26th August, 2004 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 2004 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Dr. V. A. Padval, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. Bhupendra V. Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration.

#### SPECIAL BUSINESS

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

**"RESOLVED THAT** subject to provisions of Securities Contracts (Regulation) Act, 1956, Listing Agreements with the Stock Exchanges and Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and all other applicable laws, rules, regulations and guidelines and subject further to such approvals and sanctions as may be required, the Board of Directors (hereinafter referred to as "the Board" which term shall include a Committee of Directors) be and is hereby authorised to de-list the Equity Shares of the Company from the `The Stock Exchange , Ahmedabad'."

**"RESOLVED FURTHER THAT** for the purpose of giving effect of the foregoing, the Board be and is hereby authorised to do all such acts, deeds and things as it may consider necessary and to settle any question, difficulty that may arise in regard thereto."

Date : **28th June, 2004**

for **Hester Pharmaceuticals Limited**

**Registered Office :**

Village : Merda Adraj

Taluka : Kadi

District : Mehsana, Gujarat - 382 721.

**Rajiv D. 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 **19th August, 2004 to 26th August, 2004** (both days inclusive).
- 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, **Dr. V. A. Padval, & Dr. Bhupendra V. Gandhi** retire by rotation and being eligible offer themselves for re-appointment. 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's shares are listed at Ahmedabad and Mumbai Stock Exchanges. The Company has paid listing fees to Mumbai Stock Exchange and Stock Exchange Ahmedabad for financial year **2004-2005**.
- The Company intend to de-list its Equity Shares from the Stock Exchange Ahmedabad, subject to Members' approval.

**Explanatory Statement**

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

**Item No.5**

The Securities Exchange Board of India had notified "Delisting of Securities Guidelines - 2003" on 17th February, 2003 ("the Guidelines"). As per the Guidelines, a Company may seek voluntary delisting of its securities from some of the Stock Exchanges, including Regional Stock Exchange and further that exit opportunity is not required to be provided in cases where such securities continue to be listed at a Stock Exchange having nationwide trading terminals i.e. The Stock Exchange, Mumbai or The National Stock Exchange and any other stock exchange(s) that may be specified by SEBI in this regard.

Presently, Equity Shares of the Company are listed at Stock Exchanges at Ahmedabad and Mumbai.

It is proposed to de-list the equity shares of the Company from the 'The Stock Exchange- Ahmedabad', in view of their nil trading on the said exchange. This approval is being sought in view of the new guidelines issued by SEBI.

The proposed voluntary delisting of the Company's shares from the said Stock Exchange will not adversely affect any investor including members located in the regions where the said Stock Exchange is situated. With wide and extensive networking of BSE terminals, the investors have access to online dealings in the company's securities across the country. The proposed delisting would further contribute to the cost reduction initiative taken across various functional areas of the Company.

Consent of members is sought to de-list the Equity Shares of the Company at the 'The Stock Exchange - Ahmedabad', as proposed in the Special Resolution.

The Board recommends the Resolution for approval of members. None of the Directors are interested or concerned in the proposed Resolution.

Date : **28th June, 2004**

**Registered Office :**

Village : Merda Adraj

Taluka : Kadi

District : Mehsana, Gujarat - 382 721.

for **Hester Pharmaceuticals Limited**

**Rajiv D. Gandhi**  
*Managing Director*



**DIRECTORS' REPORT**

**Dear Shareholders,**

It gives me great pleasure in addressing this note to you.

I hereby present the **17th annual report** and the audited statement of accounts of the company, for the year ended 31st March, 2004.

**FINANCIAL RESULTS :**

	<b>Current year</b>	(Rs. In Lacs) Previous Year
Profit before Depreciation & Tax	<b>221.88</b>	92.29
Less : Depreciation	<b>26.95</b>	25.35
Profit after Depreciation & Tax	<b>194.93</b>	66.94
Less : Provision for Tax		
Deffered Tax	<b>71.04</b>	13.91
Current Tax	<b>16.20</b>	6.00
Earlier Years income tax	<b>0.00</b>	1.27
Less : Prior Period Expenses	<b>0.87</b>	0.13
Net Profit After Tax	<b>106.82</b>	45.63
Profit & Loss Account	<b>(82.16)</b>	(127.79)
General Reserve	<b>65.32</b>	65.32
Reserves & Surplus	<b>89.98</b>	(16.84)

**FINANCIAL HIGHLIGHTS****Sales**

Against an estimation of Rs. 5.5 crores, we achieved sales of Rs. 7.68 crores.

**Earning per share**

There is an almost 3 times increase in the EPS for the financial year ended 31.3.2004 as compared to financial year ended 31.3.2003.

**Financial Ratios**

The Company registered an impressive 74% growth in sales with an increase of 140 % growth in Cash profit and 191% growth in Profit before Tax.

Net Profit after Tax Ratio improved from 10% of Previous Year to 14% during the year 2003-04.

The Company has progressively reduced its debt exposure and interest burden during the year and has repaid term loan to GIIC. Consequently, the debt: equity ratio has come down from 0.41:1 at the beginning of the year to 0.29:1 at the year end.

Surplus funds generated out of Operation are kept as Preference Share redemption Reserve.

**REVIEW OF OPERATIONS**

The financial year ending March 2004 has many achievements to boost. A few of them are list below:

**1. GMP certification**

We received GOOD MANUFACTURING PRACTICES certification from the drug authorities.

**2. Received licence to manufacture 5 additional poultry vaccines**

In July 2003, the Drug authorities granted us permission to manufacture and introduce 5 additional poultry vaccines, thereby taking our range of licenced vaccines to 40. 3 out of these 5 additional vaccines are import substitutes.

**3. Complete pay-off of the term loan with GIIC**

We paid off the full amount including the interest and thereby releasing the first charge from them. As seen in our balance sheet, our interest cost has gone down substantially.

**4. Increase in reserves and surplus**

From a position of having accumulated losses in 2002-2003 of Rs. 16.84 lacs, we now have a surplus of Rs. 89.98 lacs. During this financial year we propose to provide for the redemption of preference equity.

**5. Continuance of ISO certification**

We continue to be an ISO 9001:2000 certified company.

**6. Termination of our technical collaboration with Maine Biological Laboratories**

This has resulted in a savings of royalty of 3% which would have been approximately Rs. 20 lacs. It has also allowed us to now explore international markets, which, earlier, we were not allowed to as per the agreement.



As I am addressing this note, we are about to end the first quarter of this financial year, I desire to share with you a few achievements of our first quarter for the financial year 2004 - 05:

1. On 1.4.2004, we signed an exclusive agreement with Merial Inc, USA, wherein we are appointed as their exclusive distributors for their complete range of poultry vaccines. This has now enabled us to increase our vaccine range. During this financial year, we hope to add a turnover of approximately Rs. 2 crores with their product line. Merial is the world's biggest animal health company having a turnover of over Rs. 8100 crores in the last financial year.
2. We would achieve a turnover of a little over Rs. 3 crores in the first quarter ended 30.6.2004, thereby setting a trend towards achieving a turnover of over Rs. 12 crores in this financial year.
3. We have made a substantial addition in the plant and machinery to enhance our capacity, thereby gearing ourselves to achieve a 100% growth rate in this year.
4. Though in a small way, we have started penetrating in the African and Middle East markets. Regular orders are being shipped to a couple of countries, while registration is in progress in quite a few of these countries.

#### **DIVIDEND**

In order to redeem our preferential equity, we have created a preferential redemption reserve. We hope to redeem the preferential equity of Rs. 1.40 crores in the first quarter of the next financial year. In such circumstances, we are unable to declare any dividend for the year 2003-04.

#### **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 :**

		<b>31.03.2004</b>	31.03.2003
(A) Power and Fuel Consumption :			
Electricity :			
(a) Purchased Units	Kwh	<b>4,69,185.00</b>	3,51,697.00
Total Amount	Rs.	<b>23,32,198.00</b>	18,35,539.74
Rate/ Unit	Rs.	<b>5.12</b>	5.21
(b) Own Genration through Diesel Genset			
Units	Kwh	<b>13,200.00</b>	6,390.00
Unit per liter of Diesel Oil	Kwh	<b>2.26</b>	1.94
Cost/Unit	Rs.	<b>10.64</b>	10.83
(B) Consumption per Unit of Production :			
Electricity consumed per vial (in units )		<b>1.03</b>	1.30

#### **RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION :**

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

#### **FOREIGN EXCHANGE EARNINGS & OUTFLOW :**

Foreign exchange earning during the year was Rs.9.27 lacs (Previous Rs.23.45 ) towards sale of goods. Total outflow of foreign exchange during year was Rs.21.72 lacs, towards purchase of Trading goods, Traveling expenses, as compared to Rs.43.44 lacs during the previous year.

#### **DIRECTORS :**

Mr. A. C. Patel , Nominee Director of GIIC Ltd. has resigned from the Board w.e.f. 29th January, 2004, as the Company has repaid full amount to GIIC Ltd. Your Directors record their deep appreciation for the valuable contributions made by him during his tenure.

In accordance with the provisions of the Articles of Association and of the Companies Act, 1956, Dr. V. A. Padval and Dr. Bhupendra V. Gandhi, Directors retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### **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 and capital expenditure were funded through internal accruals and by banks.

#### **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.



## Annual Report 2003-2004

---

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 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:**

Particulars with regard to employees under section 217(2A) of the Companies Act, 1956, is not applicable.

### **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 judgements 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, 2004.

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, 2004 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 past support extended by Maine Biological Laboratories, USA and GIIC.

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

28 June, 2004  
Ahmedabad

By order of the Board  
**Rajiv Gandhi**  
Managing Director

## **Management Discussions and Analysis**

### **OUTLOOK FOR THE INDUSTRY**

The poultry Industry continued to have its sluggish growth due to disease problems as well as problems of over production in broilers.

To curtail the disease problems, the Government of India has banned the imports of poultry products including poultry vaccines, since February 2004. This was a bold step taken by the Government to ensure that the industry is well protected from a few diseases, mainly Avian Influenza or Bird Flu disease as commonly known. I need to make a mention of the fact that India is free from Avian Influenza.

The organised sector in the poultry industry is getting bigger, thereby opening up newer opportunities for us.

### **OUTLOOK FOR THE COMPANY**

With the above mentioned on-going ban on the import of poultry vaccines, the company's immediate focus is towards offering import substitutes thereby reducing the dependency of the industry on imported vaccines, even upon the ban being lifted.

Another focus is on redeeming the preferential equity by the beginning of the next financial year.

### **INTERNAL CONTROL SYSTEMS**

The company has budgetary control systems and performance review programs. The organization 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 2003-04 is described in the Director's report.

### **HUMAN RESOURCES**

Work Culture programs are regularly embarked upon. The company has continued to give special attention to human resources development.

Industrial relations continued to remain cordial at all levels.



## REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance practices by introducing the new Clause 49 in the listing agreement with the Stock Exchanges. Clause 49 lays down several corporate governance practices that listed companies are required to adopt. Most of the practices laid down in Clause 49 require mandatory compliance and there are some more provisions which are voluntary for adoption. Your Company had to achieve compliance with the mandatory requirements of Clause 49 by **31st March, 2004**. This report sets out the compliance status of the Company during the financial year **2003-04** with respect to the conditions of corporate governance set out in Clause 49.

### PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

The Philosophy on Corporate Governance aims at attainment of the highest levels of transparency, accountability and equity in the functioning of the Company vis-a-vis interactions with employees, shareholders, creditors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

### BOARD OF DIRECTORS :

The Company's board comprises of 11 Directors (including alternate Directors) 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 more than 33% of the directors being independent directors.

5 Board meetings were held during the financial year **2003-2004**. The dates on which Board Meetings held are **27/06/2003, 29/07/2003, 10/10/2003, 31/01/2004 and 29/03/2004**. The **16th** Annual General Meeting was held on **30/09/2003**.

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	Category	No. of other Directorship held in public companies in India	No. of other Board committees of which Member /Chairman	Board meeting attended	Attendance at the last AGM
Mr. V A Padval	Non Executive Independent Director	0	0	0	No
Mr. Bhupendra V Gandhi	Non Executive Non Independent Director	0	0	0	No
Mr. Rajiv D Gandhi	Executive Non Independent Director	5	0	5	Yes
Mr. Sanjiv D Gandhi	Executive Non Independent Director	3	0	0	No
Mr. Darayus Lakdawalla	Non Executive Independent Director	1	0.	5	Yes
Mr. Ravin Gandhi	Non Executive Independent Director	0	0	0	No
Ms. Bela Gandhi	Non Executive Independent Director	0	0	0	No
Dr. Herry Shinkoi	Non Executive Independent Director	0	0	0	No
*Mr. A C Patel	Non Executive Independent Director	4	1	4	Yes
Mr. Vimal Ambani	Non Executive Independent Director	2	0	2	No
Mr. Abhinav Shukla	Non Executive Independent Director	1	0	3	No
Alternate Director					
Dr. Parimal Tripathi	Non Executive Independent Director	0	0	2	No
Alternate Director					

\* Resigned w.e.f. 29th January, 2004

### 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. Ravin Gandhi and Ms. Bela 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.



## Annual Report 2003-2004

### GENERAL PROFILE OF BOARD OF DIRECTORS :

#### DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN FORTHCOMING ANNUAL GERENRAL MEETING

Name of Director	Dr. V. A. Padval	Dr. Bhupendra V. Gandhi
Date of Birth	14th January, 1924	16th October, 1942
Date of appointment	11th February, 1994	3rd December, 1992
Expertise in specific functional areas	Technology adoption	Technology adoption
List of Public Ltd. Co. in which Directorship held	—	—
Chairman/ Member of the Committees of the Board of Directors of the Co.	—	—
Chairman/ Member of the committees of Directors of other Co.	—	—

### REMUNERATION TO DIRECTORS :

Name of Director	Designation	Remuneration (including perquisites) paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration Rs.
Dr. V A Padval	Chairman	Nil	Nil	Nil	Nil
Dr. Bhupendra V Gandhi	Vice Chairman	Nil	Nil	Nil	Nil
Mr. Rajiv D Gandhi	Managing Director	Rs. 7,50,000/-	Nil	Nil	Rs. 7,50,000/-
Mr. Sanjiv D Gandhi	Executive Director	Nil	Nil	Nil	Nil
Mr. Darayus Lakdawalla	Director	Nil	Nil	Nil	Nil
Mr. Ravin Gandhi	Director	Nil	Nil	Nil	Nil
Ms. Bela Gandhi	Director	Nil	Nil	Nil	Nil
Dr. Herry Shinkoi	Director	Nil	Nil	Nil	Nil
Mr. A C Patel	Nominee Director GIIIC Ltd. Gandhinagar	Nil	Rs 2,000/-	Nil	Rs. 2,000/-
Mr. Vimal Ambani	Director	Nil	Rs. 1,000/-	Nil	Rs. 1,000/-
Mr. Abhinav Shukla	Director	Nil	Rs. 1,500/-	Nil	Rs. 1,500/-
Dr Parimal Tripathi	Director	Nil	Rs. 1,000/-	Nil	Rs. 1,000/-
<b>Total</b>		Rs. 7,50,000/-	Rs. 5,500/-	Nil	Rs. 7,55,500/-

\* Resigned w.e.f. 29th January, 2004

### AUDIT COMMITTEE :

The Audit Committee has been reconstituted in Board Meeting held on **29th March, 2004**. The committee comprises of Mr. Darayus Lakdawalla, as the Chairman of the Committee & Mr. Vimal Ambani, Mr Sanjiv Gandhi and Dr. Parimal Tripathi as Members.

Dr. Parimal Tripathi was appointed as member of the Committee in place of Mr. A. C. Patel, Nominee Director of GIIIC, due to his resignation from the Board.

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.

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

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

1. Review of internal controls and internal audit function with the management/internal auditors.
2. Oversight of the Company's financial reporting process/disclosures and review of interim and annual financial statements before Board approval.
3. Recommendation of appointment/removal of statutory auditors and fixation of the fees for their audit and other services.
4. Periodic discussions with the statutory auditors of the Company (whether before, during or after the audit) on internal control systems, nature and scope of audit, audit observations and areas of concern, if any.
5. Investigate any matter referred to it by the Board or within its terms of reference.
6. Review the outcome of internal investigations of material fraud, irregularity and failure of internal control system.
7. Review financial and risk management policies.
8. To look into reasons for substantial defaults, if any, in payments to depositors, debenture holders, creditors and shareholders.



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, three meetings were held on 27/06/2003, 29/07/2003 and 10/10/2003. Mr. Darayus Lakdawala and Mr. A.C. Patel have attended all three meetings.

#### **SHAREHOLDERS' GRIEVANCE COMMITTEE :**

The Shareholders Grievance Committee as a sub-committee of the Board has been constituted last year by the Board of Directors to focus on servicing of shareholder requirements. The committee comprises of Mr. Darayus Lakdawalla as the Chairman of the Committee and Mr Sanjiv Gandhi as Member. During the year under review, no meeting was held, as the Company had not received any important grievances.

Mr. Jigar Shah, Manager (Finance), 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.

There was no pending transfers of equity shares as at **31st March, 2004**.

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

<b>Sr. No.</b>	<b>Nature of Complaints / Requests</b>	<b>Received</b>	<b>Resolved</b>	<b>Pending as on 31-03-2004</b>
1.	Non-receipt of Dividend warrant	-	-	-
2.	Non-receipt of Annual Reports	2	2	-
3.	Non-receipt of shares after transfer / bonus shares	-	-	-
4.	Letters received from SEBI / ROC / Stock Exchanges	1	1	-
5.	Others	1	1	-
<b>Total</b>		<b>4</b>	<b>4</b>	<b>-</b>

#### **REMUNERATION COMMITTEE :**

The Remuneration Committee as a sub-committee of the Board has been reconstituted on **29th March, 2004** by the Board of Directors to determine and recommend to Board, the company's policies on remuneration packages for executive and non- executive directors. The committee comprises of Mr. Darayus Lakdawalla as the Chairman of the Committee and Mr Vimal Ambani and Dr. Parimal Tripathi as Members.

Dr. Parimal Tripathi was appointed as member of the Committee in place of Mr. A. C. Patel, Nominee Director of GIIC, due to his resignation from the Board.

During the year under review, no meeting was held.

The Company pays remuneration to its Managing Director by way of Salary, perquisites and allowances, as approved by the members in general meeting. The details of remuneration paid to directors are provided elsewhere in this report under the head Remuneration to Directors.

#### **GENERAL BODY MEETINGS :**

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

<b>AGM</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>No. of special Resolutions passed</b>
14th AGM	21st July, 2001	11.00 a.m.	Village: Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	Nil
15th AGM	28th August, 2002	11.00 a.m.	Village: Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	Nil
16th AGM	30th Sept., 2003	11.00 a.m.	Village: Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	Nil

There were no Extra Ordinary General Meetings (EGMs) held during the last 3 years.

The special resolutions indicated above were passed by show of hands. The Company has not passed any resolution through postal ballot during the year under reference.

#### **DISCLOSURES :**

Transactions with related parties are disclosed in detail in note number 9 in Schedule 15 'Notes forming part of the accounts' annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

There were no instances of non-compliance and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

#### **MEANS OF COMMUNICATION :**

During the year, quarterly, half-yearly, third quarter ended 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 two leading newspapers, News Line (English) and Chanakya (Gujarati).



## Annual Report 2003-2004

### SHAREHOLDERS' INFORMATION

Registered Office : Village: Merda Adraj, Taluka : Kadi, Dist : Mehsana, Gujarat 382 721

Corporate Office : 16/10, Devendra Society, Naranpura, AHMEDABAD 380 013.  
Phone : 079 - 27430476, Fax : 079 - 27486250,  
E-mail : info@hesterpharma.co.in, Website : http://www.hesterpharma.co.in

Branches : Hester Pharmaceuticals limited  
Old No.7 New No.17/1, 1St Floor, Osborne Road, I Cross, Bangalore 560 042  
Sathya Priya Complex, 28-A/2, Avinashi Road,, Civil Aerodrome Post, Coimbatore 641 014  
193, Paramathy Road, Opp. Hotel Priya Tower, Namakkal-637 002

#### Date, Time, Venue of Annual General Meeting

The 17th Annual General Meeting of the Members of the Company is scheduled to be held on 26th August, 2004 at 11.00 a.m. at Registered office 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 2003-04 ( April 1, 2003 to March 31, 2004)

Results were announced on

- 29th July 2003 - first quarter
- 10th October 2003 - half year
- 29th January 2004 - third quarter
- 28th June 2004 - fourth quarter and annual (audited)

Financial year 2004-05 ( April 1, 2004 to March 31, 2005)

Results will be announced on

- Last week of July 2004 - first quarter
- Last week of October 2004 - half year
- Last week of January 2005 - third quarter
- Third week of June 2005 - fourth quarter and annual (audited)

Book closure dates : 19th August, 2004 to 26th August, 2004 (both days inclusive)

Annual General Meeting : 26th August, 2004 at 11.00a.m.

Details of Shares Types of shares : Equity Shares

No. of paid up shares : 35,27,200

Market lot of shares : 1 share

Stock code : Name of Stock Exchange Code no.  
Ahmedabad Stock Exchange 23831/HESTERPHA  
Mumbai Stock Exchange 524669

Listing : The Company's shares are listed and traded on the Stock Exchanges at Ahmedabad, and Mumbai. The Company has paid listing fees to Mumbai Stock Exchange and Stock Exchange Ahmedabad for financial year 2004-2005.

Stock Data Monthly share price data on BSE for the financial year 2003-04 is as under.

Month	High Rs.	Low Rs.	Average Rs.	Volumes
April '03	5.10	3.75	4.42	1500
May '03	8.40	4.20	6.30	3340
June '03	10.00	5.00	7.50	11600
July '03	11.16	6.54	8.85	17000
August '03	10.00	7.25	8.62	18545
September '03	10.90	7.55	9.22	18585
October '03	11.00	8.00	9.50	21062
November '03	9.60	7.31	8.45	10901
December '03	17.35	8.00	12.67	126084
January '04	15.30	9.27	12.28	58135
February '04	10.30	7.46	8.88	36239
March '04	11.25	7.80	9.52	27255



**SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM :**

The Company's shares are compulsorily traded in dematerialized mode. As on 31st March 2004, 19.68 % shres were held in dematerialized form and balance 80.32 % shares were held in physical form. Those shareholders whose shares are held in physical form are requested to dematerialized the same at the earliest in their own interest. The demat security code (ISIN) for the equity shares is INE782E01017

**CATEGORY WISE DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2004**

Description	No. of members		No. of shares	
	Nos.	Percentage	Nos.	Percentage
Resident Individual ( incl. HUF )	6013	98.74	1567418	44.44
Non Resident Individuals	6	0.10	586900	16.64
Mutual Fund, Nationalised Bank Etc.	4	0.07	11400	00.32
Promoters' Companies	5	0.08	181300	05.14
Domestic Companies	38	0.62	171132	04.85
Director & Relative	24	0.39	1009050	28.61
<b>Total</b>	<b>6090</b>	<b>100.00</b>	<b>3527200</b>	<b>100.00</b>

**DETAILS OF UNPAID DIVIDEND**

As the Company has not paid any dividend since last Seven years and so there is no unpaid/ unclaimed dividend amount.

**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/FITTC/CIR-15/2002 dated 27th December, 2002, the company has appointed M/s. Pinnacle Shares Registry Pvt. Ltd. of Ahmedabad (details as mentioned below) as our Share Transfer Agent (R&T Agent) effective from 1st April, 2003 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. Pinnacle Shares Registry 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. Pinnacle Shares Registry Pvt. Ltd.

Unit : Hester Pharmaceuticals Limited

Near Asoka Mills, Naroda Road, Ahmedabad 380 025

Ph. 079 - 2220 0338 /2220 0582, Fax : 079 - 2220 2963

e-mail : gautam.shah@psrpl.com

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members  
Hester Pharmaceuticals Ltd.

We have examined the compliance of condition of Corporate Governance by Hester Phrmaceuticals Limited for the year ended on 31st March, 2004 as stipulated in clause 49 of the listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of the corporate governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof , adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor expression of opinion on the financial statements of the Company.

In our opinion and the best of our information and according to the explanations given to us by the Directors and the Management, we certified that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned Listing Agreement.

Based on the certificate received from the Share Transfer Agent and minutes of the Share transfer and share holder grievance Committee, we state that the no investor grievance is pending for a period exceeding one month.

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

For **SHAH NARIELWALA & CO.**

*Chartered Accountants*

**D. R. Shah**

*Partner*

Place : Ahmedabad

Date : 28h June, 2004



**AUDITORS' REPORT**

To,  
The Members,  
**HESTER PHARMACEUTICALS LIMITED**

We have audited the attached Balance Sheet of **Hester Pharmaceuticals Ltd.** as at **31st March, 2004** 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 account 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2004 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 gives 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, 2004 :
  - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date and
  - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**for Shah Narielwala & Co**  
*Chartered Accountants*

**D.R. Shah**  
*Partner*

Member ship No: 36805

Place : Ahmedabad  
Date : 28.6.2004

**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 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 taken and granted loans from/ to Companies (2 Companies each) listed in the register maintained under Section 301 of the Companies Act, 1956, of which loan taken outstanding at the year end was Rs. 9,90,346/- while loan granted, outstanding at the year end was Rs. 5,47,472/-. Maximum amounts outstanding during the year of loans taken was Rs. 15,90,346/- while that of loans granted was Rs. 7,48,204/-.
- (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 / taken to /from companies 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/taken by the Company are at call and no stipulations have been made regarding payment of interest.
- (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, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (6) The Company has not accepted any deposits from the public.
- (7) The Company does not have a formal internal audit system. In our opinion its internal control procedures involves reasonable internal checks commensurate with its 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 not 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 income-tax, wealth-tax, sales-tax, customs duty and excise duty were outstanding, as at 31st March, 2004 for a period of more than six months from the date they became payable except Prof. Tax of Rs. 6,450/- and TDS (Income tax) of Rs. 264724/-.
- (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) During the year, the Company has not raised money by Public issue and hence the question of disclosure and verification of end use of such monies does not arise.
- (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 Narielwala & Co**  
*Chartered Accountants*

**D.R. Shah**  
*Partner*

Place : Ahmedabad  
Date : 28.6.2004

Member ship No: 36805



# Annual Report 2003-2004

## BALANCE SHEET AS AT 31ST MARCH, 2004

Particulars	Schedule	Current Year		Previous Year	
		Rs.	Rs.	Rs.	Rs.
<b>A. SOURCES OF FUNDS</b>					
<b>1 SHAREHOLDERS' FUNDS</b>					
a) Share Capital	1	4,93,25,000		4,93,25,000	
b) Reserve & Surplus	2	85,32,418		65,32,418	
			5,78,57,418		5,58,57,418
<b>2 LOAN FUNDS</b>					
a) Secured Loans	3	1,59,75,608		2,17,58,767	
b) Unsecured Loans	4	10,40,346	1,70,15,953	16,08,702	2,33,67,470
TOTAL			7,48,73,371		7,92,24,888
<b>B. APPLICATION OF FUNDS</b>					
1 Fixed Assets	5				
a) Gross Block		5,78,30,742		5,43,53,084	
b) Less: Depreciation		1,72,25,883		1,45,30,890	
c) Net Block			4,06,04,859		3,98,22,194
d) Capital Work In Progress			—		74,499
3 Current Assets, Loans & Advances	6	5,31,33,926		4,28,35,663	
Less:-					
Current Liabilities & Provisions.	7	1,38,87,948		1,45,75,772	
<b>Net Current Assets</b>			3,92,45,978		2,82,59,891
4 Deferred Tax					
Assets		33,94,723		1,05,16,148	
Liabilities		(84,22,899)	(50,28,176)	(84,40,381)	20,75,767
5 Miscellaneous expenditure (to the extent not written off/adjusted)					
a. Preliminary Expenses			27,906		43,604
b. Public Issue Expenses			4,88,711		7,33,067
PROFIT & LOSS ACCOUNT			(4,65,907)		82,15,866
TOTAL			7,48,73,371		7,92,24,888
Notes on Accounts	15				

As per our Report of even date attached

for **Shah Narielwala & Co**  
Chartered Accountants

**D. R. Shah**  
Partner

Ahmedabad, 28th June, 2004

for and on behalf of the Board

**Rajiv D. Gandhi** Managing Director

**Sanjiv D. Gandhi** Executive Director

**Darayus N. Lakdawalla** Director

Ahmedabad, 28th June, 2004



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2004**

Particulars	Schedule	Current Year Rs.	Rs.	Previous Year Rs.	Rs.
<b>A. INCOME</b>					
Sales (Net)			7,68,13,697		4,41,28,489
Other Income	8		35,917		5,08,184
Change in Inventories	9		(38,16,295)		8,49,998
<b>TOTAL</b>			<b>7,30,33,320</b>		<b>4,54,86,671</b>
<b>B. EXPENDITURE</b>					
Trading Purchases			17,13,588		17,91,046
Rawmaterial Consumed	10		1,32,23,659		82,20,248
Manufacturing Expenses	11		84,71,391		57,29,991
Personnel Cost	12		90,38,225		75,72,907
Selling, General & Adm. Expenses	13		1,57,65,046		1,02,06,609
<b>TOTAL</b>			<b>4,82,11,910</b>		<b>3,35,20,801</b>
<b>OPERATING PROFIT</b>			<b>2,48,21,410</b>		<b>1,19,65,870</b>
Interest & Finance Charges	14		26,33,143		27,37,088
<b>PROFIT BEFORE DEP. AND TAX</b>			<b>2,21,88,266</b>		<b>92,28,782</b>
Depreciation			26,94,992		25,34,857
Less : Prior Period Expenses			87,300		12,512
<b>PROFIT BEFORE TAX</b>			<b>1,94,05,974</b>		<b>66,81,413</b>
Less : Provision For Taxation					
Current Tax		16,20,000		6,00,000	
Deferred Tax		71,03,943		13,91,407	
Income Tax of earlier years		259		1,26,647	
			<b>87,24,202</b>		<b>21,18,054</b>
<b>PROFIT AFTER TAX</b>			<b>1,06,81,772</b>		<b>45,63,359</b>
<b>BALANCE BROUGHT FORWARD</b>			<b>(82,15,866)</b>		<b>(1,27,79,225)</b>
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>2,465,907</b>		<b>(82,15,866)</b>
Transferred to Pre. Share Redemption Reserve			20,00,000		—
<b>BALANCE CARRIED TO B/S</b>			<b>4,65,907</b>		<b>(82,15,866)</b>
Earning per Share (Basic/Diluted)			<b>2.71</b>		<b>0.98</b>
Notes on Accounts	15				

As per our Report of even date attached

for **Shah Narielwala & Co**  
Chartered Accountants

**D. R. Shah**  
Partner

Ahmedabad, 28th June, 2004

for and on behalf of the Board

**Rajiv D. Gandhi** Managing Director

**Sanjiv D. Gandhi** Executive Director

**Darayus N. Lakdawalla** Director

Ahmedabad, 28th June, 2004



## Annual Report 2003-2004

### SCHEDULES 1 TO 15 FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2004

Particulars	31.03. 2004		31.03 2003	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>				
Authorised Share Capital				
2,50,000 Preference Share of Rs.100/- each (Prev. Yr.2,50,000shares)		2,50,00,000		2,50,00,000
40,00,000 Equity Shares of Rs.10/- each (Prev. Yr.40,00,000 shares)		4,00,00,000		4,00,00,000
		<u>6,50,00,000</u>		<u>6,50,00,000</u>
Issued, Subscribed and Paid up Capital				
35,27,200 Equity Shares of Rs.10/- each fully Paid-up (Prev. Yr. 35,27,200 Shares)		3,52,72,000		3,52,72,000
Preference Share Capital 140530 Pre.Shares of Rs.100/- each. (Prev.Yr.140530 Shares)		1,40,53,000		1,40,53,000
TOTAL		<u>4,93,25,000</u>		<u>4,93,25,000</u>
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>				
General Reserve- Opening Balance	65,32,418		65,32,418	
Add:Deferred Tax Assets as at Start of the Year	—		—	
		<u>65,32,418</u>		<u>65,32,418</u>
Preference Share Redemption Reserve		20,00,000		—
TOTAL		<u>85,32,418</u>		<u>65,32,418</u>
<b>SCHEDULE - 3 : SECURED LOANS</b>				
<b>BANK OF INDIA</b>				
Term Loan (Secured by Hypo. of Specific Assets)		5,72,784		10,22,495
Cash credit- Secured by Hypo. of Stock , book debt and other current assets		1,08,76,031		1,00,00,726
Temporary Loan (Secured by Fixed Deposits of Directors)		22,30,000		22,95,694
<b>G.I.I.C</b>				
Term Loan -(Including Funded Interest) (Agst. security of Land & Bldg. and Plant & Machineries and other assets)		—		72,17,422
Interest accrued & due on GIIC loan		—		5,95,576
HP Loan from ICICI Finance Ltd. (secured by hypo. of Motor Cars)		22,96,793		6,26,854
TOTAL		<u>1,59,75,608</u>		<u>2,17,58,767</u>
<b>SCHEDULE - 4 : UNSECURED LOANS</b>				
From Directors		50,000		2,00,000
Intercompany deposits		9,90,346		14,08,702
TOTAL		<u>10,40,346</u>		<u>16,08,702</u>



**SCHEDULE - 5 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as on 01.04.2003	Addition during the year	Deduction during the year	Balance as on 31.03.2004	Provided Upto 31.03.2003	Provided during the year	Adjustment during the year	Balance as on 31.03.2004	As on 31.03.2004	As on 31.03.2003
ASSETS										
Land & Site Development	1,660,844	0	0	1,660,844	0	0	0	0	1,660,844	1,660,844
Factory Building	12,082,457	12,311	0	12,094,768	2,554,892	403,841	0	2,958,733	9,136,035	9,527,565
Plant & Machineries										
- Imported	4,552,524	0	0	4,552,524	1,024,751	216,245	0	1,240,996	3,311,528	3,527,773
- Indigenous	24,728,280	575,991	0	25,304,271	7,068,414	1,190,244	0	8,258,658	17,045,613	17,659,866
Electrical Installation	2,942,946	1,350	0	2,944,296	876,643	139,849	0	1,016,492	1,927,804	2,066,303
Utilities	3,365,753	0	0	3,365,753	1,011,346	159,873	0	1,171,219	2,194,534	2,354,407
Furniture & Fixtures	601,186	56,206	0	657,392	293,003	40,235	0	333,238	324,154	308,183
Office Equipments	469,050	77,592	0	546,642	204,149	24,525	0	228,674	317,968	264,901
Vehicles	3,091,841	2,540,698	0	5,632,539	888,964	393,064	0	1,282,028	4,350,511	2,202,877
Computers	631,650	213,510	0	845,160	476,490	115,735	0	592,225	252,935	155,160
Dead Stock	81,970	0	0	81,970	63,797	5,189	0	68,986	12,984	18,173
Storage Equipment	86,902	0	0	86,902	39,397	4,128	0	43,525	43,377	47,505
Scooters	25,083	0	0	25,083	24,258	0	0	24,258	825	825
Dead Stock Canteen	32,598	0	0	32,598	4,786	2,064	0	6,850	25,748	27,812
Total	54,353,084	3,477,658	0	57,830,742	14,530,890	2,694,992	0	17,225,883	40,604,859	39,822,194
Previous Year's Figures	53,515,468	1,327,616	490,000	54,353,084	12,282,068	2,534,857	286,035	14,530,890	39,822,194	41,233,400

Particulars	31.03. 2004 Rs.	31.03 2003 Rs.
-------------	--------------------	-------------------

**SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES**
**a) INVENTORIES**

- Raw materials (At cost)	<b>4,30,194</b>	5,44,440
- Work-in-process (At cost)	<b>43,38,292</b>	82,04,900
- Packing Materials (At cost)	<b>3,23,016</b>	2,68,690
- Trading Stock (At cost or Market value whichever is less)	<b>5,19,131</b>	6,96,908
- Finished Goods (At Cost or Market value whichever is less) (as taken valued & certified by the management)	<b>27,99,208</b>	25,71,119

<b>TOTAL</b>	<b>84,09,841</b>	<b>1,22,86,057</b>
--------------	------------------	--------------------

**b) SUNDRY DEBTORS**

(Unsecured, Considered Good)

- Outstanding for more than six months	<b>1,23,34,988</b>	1,16,59,926
- Others	<b>2,75,21,601</b>	1,20,65,845
- Considered Doubtful	<b>—</b>	17,58,894

<b>TOTAL</b>	<b>3,98,56,589</b>	<b>2,54,84,664</b>
--------------	--------------------	--------------------

**c) CASH & BANK BALANCE**

Cash on hand	<b>44,763</b>	46,420
Balance with Scheduled bank		
- Current Account	<b>4,03,214</b>	1,36,541
<b>TOTAL</b>	<b>4,47,977</b>	<b>1,82,960</b>

**d) LOANS, ADVANCES & DEPOSITS**

(Unsecured, Considered Good)

1 Advances recoverable in cash or kind or for value received	<b>17,79,499</b>	24,41,585
2 Deposits	<b>14,87,655</b>	12,88,032
3 Loan to others	<b>11,44,798</b>	11,44,798
4 Advance Payment of Income Tax	<b>7,566</b>	7,566

<b>TOTAL</b>	<b>44,19,518</b>	<b>48,81,981</b>
--------------	------------------	------------------

<b>GRAND TOTAL (a+b+c+d)</b>	<b>5,31,33,926</b>	<b>4,28,35,663</b>
------------------------------	--------------------	--------------------



## Annual Report 2003-2004

Particulars	31.03. 2004 Rs.	31.03 2003 Rs.
<b>SCHEDULE - 7 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>a) CURRENT LIABILITIES</b>		
Creditors for Goods	51,76,775	40,97,776
Creditors for Expenses	15,70,479	16,45,136
Other Liabilities	38,19,011	37,14,726
Creditors for Capital Exp.	7,34,666	19,12,454
Advances from Customers	3,67,017	26,05,680
	<u>1,16,67,948</u>	<u>1,39,75,772</u>
<b>b) PROVISIONS</b>		
Provision for Taxation	22,20,000	6,00,000
<b>TOTAL</b>	<u>1,38,87,948</u>	<u>1,45,75,772</u>
<b>SCHEDULE - 8 : OTHER INCOME</b>		
Interest on Bank deposits	1,706	8,551
Export freight / Insurance	—	4,78,500
Miscellaneous Income	34,211	21,133
	<u>35,917</u>	<u>5,08,184</u>
<b>SCHEDULE - 9 : CHANGE IN INVENTORY</b>		
Closing Stock		
- Trading stock	5,19,131	6,96,908
- Finished Goods	27,99,208	25,71,119
- Work-in-process	43,38,292	82,04,900
	<u>76,56,631</u>	<u>1,14,72,927</u>
Opening Stock		
- Trading stock	6,96,908	1,21,368
- Finished Goods	25,71,119	37,71,107
- Work-in-process	82,04,900	67,30,454
	<u>1,14,72,927</u>	<u>1,06,22,929</u>
	<u>(38,16,295)</u>	<u>8,49,998</u>
<b>SCHEDULE - 10 : RAWMATERIAL CONSUMED</b>		
Opening Stock	5,44,440	6,66,849
Add: Purchases	1,31,09,413	80,97,839
	<u>1,36,53,853</u>	<u>87,64,688</u>
Less: Closing stock	4,30,194	5,44,440
	<u>1,32,23,659</u>	<u>82,20,248</u>
<b>SCHEDULE - 11 : MANUFACTURING EXPENSES</b>		
Power & Fuel	29,05,138	21,29,117
Consumables & Stores	4,96,037	4,65,901
Packing Expenses	33,28,463	19,97,625
Quality control & Testing Exp.	2,45,175	1,77,785
Other production expenses	14,96,578	9,59,563
	<u>84,71,391</u>	<u>57,29,991</u>



Particulars	31.03. 2004 Rs.	31.03 2003 Rs.
<b>SCHEDULE - 12 : PERSONNEL COST</b>		
Directors' Remuneration	7,57,920	4,57,500
Contribution To Provident Fund	2,50,836	2,15,179
Salaries & Wages	76,29,753	66,35,561
Staff Welfare	3,99,716	2,64,667
	<u>90,38,225</u>	<u>75,72,907</u>

**SCHEDULE - 13 : OFFICE, ADMINISTRATION & SELLING EXPENSES**

Postage, Telephone & Telegram Expense	12,39,176	12,53,892
Insurance Expenses	3,20,451	2,39,991
Legal, Professional & Consultancy	9,44,950	5,65,445
Auditors Remuneration	1,37,800	1,08,000
Printing & Stationery	4,68,872	3,02,748
Travelling & Conveyance Expenses	13,19,608	10,95,901
Directors' Travelling	6,13,413	20,25,054
Rent, Rates & Taxes	5,15,909	5,15,879
Vehicle & Petrol Expenses	7,36,139	6,16,730
Electric Charges	1,23,911	1,05,101
Selling Expenses	31,40,676	21,82,944
Sales Tax Exp.	1,01,128	3,10,971
Bad Debts written off / creditors written back	38,04,545	10,826
AGM, Board meeting & Share transfer Exp.	46,040	7,500
Loss on Sale of Fixed Asset	—	1,13,965
Donations	15,500	15,001
Miscellaneous Expenses	6,80,378	4,76,610
Preliminary exp. written off	2,60,053	2,60,053
Loss due to Exchange rate diff (Pref. Sh.)	2,60,000	—
Loss on Damaged Goods	10,36,496	—
TOTAL	<u>1,57,65,046</u>	<u>1,02,06,609</u>

**SCHEDULE - 14 : INTEREST & FINANCE CHARGES**

GLIC Term Loan Interest	5,19,877	6,12,998
Bank Interest	17,94,985	18,70,548
Bank Commission & Charges	1,92,002	1,40,396
HP Finance Charges	1,26,279	1,13,146
TOTAL	<u>26,33,143</u>	<u>27,37,088</u>



## Annual Report 2003-2004

### SCHEDULE - 15 NOTES FORMING PART OF ACCOUNTS AS AT 31-03-2004

#### SIGNIFICANT ACCOUNTING POLICIES :

1. The accounts are prepared under the historical cost convention and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies followed by the Company are as follows:
  - a) **Revenue and Expenditure Recognition:**  
Revenue and expenditure are recognized on accrual basis.
  - b) **Fixed Assets :**  
All Fixed Assets are stated at historical cost less depreciation. The Company has provided depreciation on assets on Straight line Method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act 1956.
  - c) **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.
  - d) **Contingent Liabilities :**  
All liabilities have been provided for in the accounts except liabilities of contingent nature, which have been disclosed at their estimated value in the attached notes to accounts.
  - e) **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.
  - f) **Deferred Revenue expenditure :**  
Preliminary Expenses are amortized over a period of 10 years and other Deferred Revenue expenditure over a period of 6 years.
  - g) **Retirement Benefits :**  
Liability is provided for retirement benefits of provident fund, gratuity and leave encashment in respect of eligible employees of the Company. Contribution under approved provident fund plans and gratuity / superannuation schemes of the LIC of India are charged to revenue.
  - h) **Taxation :**  
Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.
2. Figures are rounded off to nearest rupee and previous year's figures have been regrouped wherever necessary.
3. Contingent Liabilities not provided for:- Rs. Nil (Previous year Nil)
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 amount of loans and advances include Rs.472,023/- (P.Y. Rs. 6,71,696/-) 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.17,90,763 /- (P.Y. Rs. 6,72,296 /-).
6. Balance of Debtors, Creditors and loans and advances are subject to confirmation from them.
7. It is not possible to identify SSI undertakings from amongst Sundry Creditors. Hence details of dues to SSI undertakings are not given.
8. **Deferred taxation :**

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

	2003-04	2002-03
<b>Deferred tax Assets</b>		
- Unabsorbed Losses	—	18,62,389
- Unabsorbed Depreciation	32,87,098	86,53,759
- Amount disallowed u/s 43B	1,07,625	—
	<b>33,94,723</b>	105,16,148
<b>Deferred tax liability</b>		
- Excess of Net block over Written Down value as per provisions of I.T. Act	(84,22,899)	(84,40,381)
	<b>(50,28,176)</b>	20,75,767



**9. a) Related party transactions**

Sr. No.	Name of the related Party	Nature of relationship with the Company	Nature of transactions with related party	Volume of transaction (Rs.)	Balance at the end of the year
1.	Biolink Healthcare Ltd.	Company in which Rajiv Gandhi and Sanjiv Gandhi are Directors.	Loan Repaid	5,00,000	9,08,702 Cr.
2.	Sinsui Inc. Mr. Herry Shinkoi is a director.	Company in which	Amount Repaid	6,80,797	Nil
3.	Diagnostic India	Firm in which Director is partner	Amount writtenoff	16,565	—
4.	Hester Info.Tech. Ltd	Associate Company	Advance Given	8,850	—
5.	Hester Diagnostics Pvt. Ltd.	Associate Company	Repayment of Loan Taken	2,72,228	75,449 Dr.
6.	Sinsui (India) P.Ltd.	Associate Company	Local Sales	9,32,583	—
			Advances Given	2,24,914	4,72,023 Dr.
7.	Hester Coatings Ltd.	Associate Company	Amount paid	1,00,000	81,643 Cr.
8.	Rajiv D. Gandhi	Director	Director's Remuneration	7,50,000	—

**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.

**b) Key Managerial Personnel :**

Rajiv D. Gandhi

Sanjiv D. Gandhi

Darayus N. Lakdawala

**10. Auditor' remuneration include:**

	<b>31.3.2004</b>	31.3.2003
a. Audit fees	<b>1,00,000</b>	60,000
b. Tax Audit and Taxation matters	<b>30,000</b>	31,750
c. Other Services	<b>7,800</b>	6,000

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

**A. Licensed and Installed capacity of Poultry Vaccines : (in million doses)**

<b>Licensed</b>	<b>Installed</b>	<b>Actual Production</b>
460	500	446.97
(395)	(500)	(221.49)

Note : Actual Production comprises of 49746 (P. Y. 53676) Bottels of Killed Vaccines and 405181 (P.Y. 203999) vials of live Vaccines.

**B. Quantity and Sales Value of each class of goods dealt with by the Company.**

Class of Goods	U.O.M	<b>31. 03.2004</b>		31.03.2003	
		<b>Quantity</b>	<b>Value (Rs.)</b>	Quantity	Value (Rs.)
(i) Manufacturing :					
Killed Vaccines	Bottles	<b>50,308</b>	<b>3,28,74,976</b>	52,808	2,26,59,473
Live Vaccines	Vials	<b>3,61,864</b>	<b>4,03,08,687</b>	1,97,983	2,01,81,320
(ii) Trading :					
Kits	Nos.	<b>31</b>	<b>8,40,534</b>	46	11,22,696
Vaccines	Bottles	<b>362</b>	<b>27,89,500</b>	21	1,65,000



## Annual Report 2003-2004

- C. Value and Quantitative break-up in respect of opening and closing stock of each class of goods traded.  
(Previous year's figures are given in brackets)

Class of Goods	U.O.M	Opening Stock		Closing Stock	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
(i) Manufacturing :					
Killed Vaccines	Bottles	2,193 (931)	10,06,556 (10,82,040)	1,185 (2,193)	5,61,868 (10,06,556)
Live Vaccines	Vials	41,915 (46,815)	14,89,640 (25,30,222)	74,114 (41,915)	21,82,474 (14,89,640)
Diluents	Vials	24,825 (49,053)	74,923 (1,58,845)	27,533 (24,825)	54,865 (74,923)
(ii) Trading Vaccines	Bottles	169 (—)	6,26,483 (—)	81 (169)	3,03,388 (6,26,483)
Kits	Nos.	3 (6)	70,425 (1,21,368)	8 (3)	2,15,743 (70,425)

[Note : 7 Kits are used for own in house consumption.] (P. Y. 3 Kits)

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

Class of Goods	U.O.M	31.03.2004		31.03.2003	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Kits	Nos.	43	9,35,157	60	11,26,174
Vaccines	Bottles	280	7,78,431	190	6,44,872

- E. (i) Raw material consumption :

Class of Goods	U.O.M	31.03.2004		31.03.2003	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Growth Media	Nos.	5,67,680	1,10,21,090	3,68,060	49,24,710
Other Chemicals			22,02,569		13,74,362
Antigen	Ltrs.	—	—	114	19,21,176

- F. CIF value of Import of Goods Rs. 15,82,767/- (Previous Year Rs. 29,99,251/-)

- G. Raw Material Consumption :

	31.03.2004		31.03.2003	
	Percentage	Value (Rs.)	Percentage	Value (Rs.)
a. Imported	—	—	76.63	62,99,072
b. Indigenous	100.00	1,32,23,659	23.37	19,21,176

12. Expenditure in Foreign Currency for

	31.03.2004 Value (Rs.)	31.03.2003 Value (Rs.)
Trading goods / Materials	2058,879	29,99,251
Travelling	1,13,310	13,45,190

13. F.O.B. value of exports Rs. 9,27,410 (Previous Year Rs. 23,44,650)

14. Earnings per Share :

Calculation of Net Profit (including extraordinary item) available for Equity Shareholders :

	31-03-2004	31-03-2003
A. Net Profit After Tax	106,81,772	45,63,359
Dividend on Cumulative Pref. Shares	11,24,240	11,24,240
<b>Profit available to Equity shareholders</b>	<b>95,57,532</b>	<b>34,39,119</b>
B. Weighted Average No. of Eq. Shares of Rs. 10/- each	35,27,200	35,27,200
C. Basic and diluted Earning per share	2.71	0.98
D. Earning per share before preference Dividend	3.03	1.29

Calculation of Net Profit (excluding extraordinary item) available for Equity Shareholders :

	31-03-2004	31-03-2003
A. Net Profit After Tax	107,69,331	47,02,518
Dividend on Cumulative Pref. Shares	11,24,240	11,24,240
<b>Profit available to Equity shareholders</b>	<b>96,45,091</b>	<b>35,78,278</b>
B. Weighted Average No. of Eq. Shares of Rs. 10/- each	35,27,200	35,27,200
C. Basic and diluted Earning per share	2.73	1.01
D. Earning per share before preference Dividend	3.05	1.33



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> </div>	State Code	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> </div>	
Balance Sheet Date	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> </div>	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> </div>	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> </div>	Date      Month      Year

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

Public Issue	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">N</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">I</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">L</div> </div>	Rights Issue	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">N</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">I</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">L</div> </div>
Bonus Issue	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">N</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">I</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">L</div> </div>	Private Placement	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">N</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">I</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">L</div> </div>

**III. Position of Mobilisation and Deployment of Funds (Rs. in thousands)**

Total Liabilities	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">7</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">8</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">7</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> </div>	Total Assets	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">7</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">8</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">7</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> </div>
-------------------	--	--------------	--

**Sources of Funds**

Paid-up Capital	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">9</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">5</div> </div>	Reserves & Surplus	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">8</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">5</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> </div>
Secured Loans	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">5</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">9</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">7</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> </div>	Unsecured Loans	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> </div>

**Application of Funds**

Net Fixed Assets	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">5</div> </div>	Profit & Loss Account	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">(4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6)</div> </div>
Net Current Assets	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">9</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> </div>	Misc. Expenditure	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">5</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> </div>
Deferred tax	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">(5</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">8)</div> </div>		

**IV. Performance of Company (Rs. in thousands)**

Total Turnover	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">7</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">8</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> </div>	Other Income	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> </div>
Profit before Tax	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">9</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">4</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> </div>	Total Expenditure	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">5</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">9</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">5</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> </div>
Earning per share in Rs.	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">.</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">7</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> </div>	Profit after tax	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">1</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">6</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">8</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> </div>
		Dividend Rate	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;"> </div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">N</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">I</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">L</div> </div>

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

Product Description :	Item Code No. (ITC Code)
(a) Veterinary Vaccines	<div style="border: 1px solid black; display: inline-block; padding: 2px;"> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">2</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">3</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">9</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">.</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> <div style="border: 1px solid black; display: inline-block; width: 20px; height: 20px; text-align: center;">0</div> </div>

15. Schedule 1 to 15 are attached to and form part of accounts for the year ended on 31st March, 2004.

**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, 28th June, 2004

for and on behalf of the Board

**Rajiv D. Gandhi**

**Sanjiv D. Gandhi**

**Darayus N. Lakdawalla**

Ahmedabad, 28th June, 2004

Managing Director

Executive Director

Director



## Annual Report 2003-2004

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	Amount Rs.	31/03/2004 Amount Rs.	Amount Rs.	31/03/2003 Amount Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before tax & extraordinary items		2,21,26,418		94,31,013
Adjustments for :				
Loss on sale of assets	—		1,13,965	
Depreciation	26,94,992		25,34,857	
Effects of exchange rate change	—		14,479	
Interest & Other Income	(35,917)		(29,684)	
Prior period items	(87,559)		(1,39,159)	
Preliminary & Preoperative expenses	2,60,053		2,60,053	
		<b>28,31,569</b>		<b>27,54,510</b>
Operating Profit / (Loss) before working capital charges		<b>2,49,57,986</b>		<b>1,21,85,523</b>
Adjustments for :				
Trade and Other Receivables	(1,43,71,923)		(57,55,630)	
Inventories	38,76,216		(7,06,351)	
Trade payable	(23,07,824)		15,80,589	
Loans and Advances	4,62,463		(6,00,084)	
Bank borrowings for working capital	8,09,611		15,63,129	
		<b>(1,15,31,458)</b>		<b>(39,18,346)</b>
Cash Generated from operating Activity		<b>1,34,26,529</b>		<b>73,10,177</b>
Interest paid		<b>(26,33,143)</b>		<b>(27,37,088)</b>
NET CASH FROM OPERATING ACTIVITIES		<b>1,07,93,385</b>		<b>55,30,089</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Fixed Assets		<b>(34,03,159)</b>		<b>(13,75,865)</b>
Sale of Fixed Assets				90,000
Interest & Other income		<b>35,917</b>		<b>29,684</b>
NET CASH USED IN INVESTING ACTIVITIES		<b>(33,67,242)</b>		<b>(12,56,181)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long term borrowings		<b>16,69,939</b>		<b>3,55,606</b>
Repayment of Long Term Financing		<b>(82,62,709)</b>		<b>(45,69,222)</b>
Other loans		<b>(5,68,357)</b>		<b>—</b>
Effects of exchange rate charge		<b>—</b>		<b>(14,479)</b>
NET CASH FLOW FROM FINANCING ACTIVITY		<b>(71,61,127)</b>		<b>(42,28,095)</b>
NET INCREASE IN CASH & CASH EQUIVALENTS		<b>2,65,017</b>		<b>45,813</b>
Cash & Cash equivalents as at (Opening Balance)		<b>1,82,960</b>		<b>1,37,147</b>
Cash & Cash equivalents as at (Closing Balance)		<b>4,47,977</b>		<b>1,82,960</b>

As per our Report of even date attached

for **Shah Narielwala & Co**  
Chartered Accountants

**D. R. Shah**  
Partner

Ahmedabad, 28th June, 2004

for and on behalf of the Board

**Rajiv D. Gandhi** Managing Director

**Sanjiv D. Gandhi** Executive Director

**Darayus N. Lakdawalla** Director

Ahmedabad, 28th June, 2004



**Hester Pharmaceuticals 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.	No. of Shares held

I hereby record my presence at the 17th ANNUAL GENERAL MEETING of the Company held on Thursday, the 26th August, 2004 at 11.00 a.m.

SIGNATURE OF THE SHAREHOLDER OR PROXY

TEAR HERE

**Hester Pharmaceuticals 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 Pharmaceuticals Limited**

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held at 11.00 a.m.

on Thursday the 26th August, 2004.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Affix a  
30 Paisa  
Revenue  
Stamp

\_\_\_\_\_  
Signature(s) of the Shareholder(s)

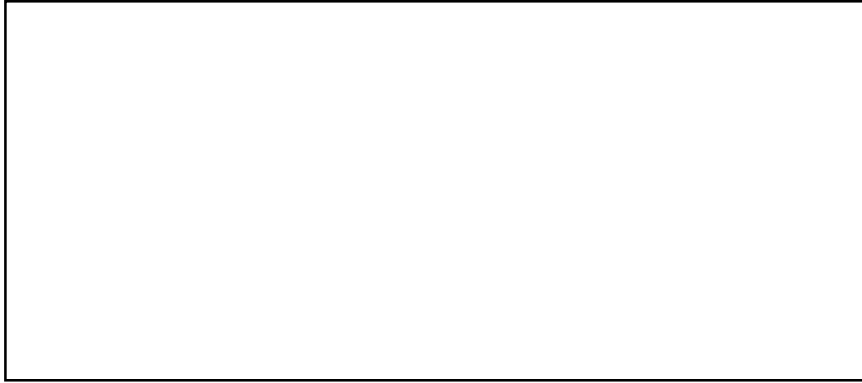
NOTE : The proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting.





BOOK-POST

TO



*If undelivered, Please return to :*  
**Hester Pharmaceuticals Limited**  
Corporate Office :  
16/10, Devendra Society,  
Naranpura,  
Ahmedabad - 380 013.