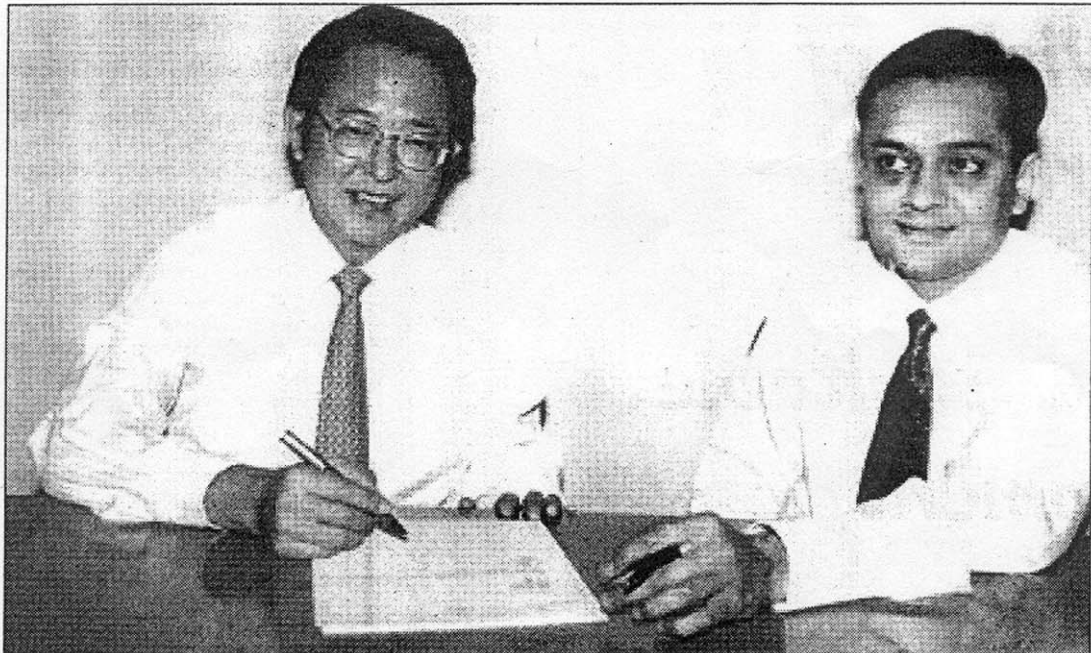


Sinsui to source poultry vaccines from Hester



NO CHICKENING OUT: Sakihiro Shinkoi, President of Sinsui Inc. signs the deal for sourcing poultry vaccines with Rajiv Gandhi, Managing Director of Hester Pharmaceuticals

Our Ahmedabad Bureau

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THE POULTRY vaccine manufacturer, Hester Pharmaceuticals Limited (HPL), has signed a deal with Sinsui Inc., whereby the Japanese company will source products for the global market from HPL's plant in Ahmedabad.

Addressing a news conference here on Wednesday, Sinsui President Sakihiro Shinkoi said that manufacturing costs in Japan are too high for the company to be able to compete in the global market. "American and European companies are also outsourcing their products from other countries and we have decided to take the same route. We have tested the products made by Hester for three

years before taking this decision."

For the Ahmedabad based HPL, which has been operating at only 15 per cent capacity and is yet to show a net profit, the tie up is set to usher in a reversal of fortunes. The five year old company has a technical tie up with Maine Biological Laboratories, USA, which also holds ten per cent of equity, but a two-year commissioning of its Rs five crore project has seen it accumulate substantial losses. In 1999-2000, the company registered a net loss of Rs 15 lakh and a cash profit of Rs six lakh on a turnover of Rs 2.31 crore.

Says HPL Managing Director Rajiv Gandhi, "We are currently at break-even production, but with this tie-up, production will triple to 45 per cent capacity in a year. Since this is a hi-tech industry with very

few players and gross profit margins of 75 per cent, we expect to turn around and make a net profit in the coming year."

The Tokyo based Sinsui is a three-year old, closely held animal health-care company with five poultry products in its portfolio. Sinsui will market the 20 vaccines produced by HPL under its own brand name, first in the markets of South East Asia, where it already has a presence, and then in the rest of the world.

The two companies also have plans to create a marketing subsidiary in India, where Sinsui will hold a majority stake. The company will import some non-poultry products from the Sinsui portfolio, which include Jointcare, a natural drug that enhances cartilage formation in joints and Fatagone, a drug that absorbs fat from food.