

14.6.2006

PRESS RELEASE

Hester Pharma's RIGHTS ISSUE opens on 27.6.2006

Hester Pharma announces to open its rights issue on 27.6.2006 for 14,83,200 equity shares of Rs. 10 each for cash at a premium of Rs. 60 per share, aggregating to Rs. 1038.24 lacs, on Rights Basis to existing shareholders of the company in the ratio of 2 equity shares for every 5 equity shares held.

The proposed rights issue is to part finance the expansion of its existing capacity.

The company has embarked on an expansion plan to increase the production capacity from 1200 million doses to 4800 million doses of live and inactivated poultry vaccines,.

This project will go on-stream as per the schedule, with the commercial production commencing in October 2006.

Means of finance for this expansion:

| EQUITY | | | | | |
|---------------|--|-------------------------|-------------------------|----------------------|---------------------|
| | | Number of Shares | Face Value (Rs.) | Premium (Rs.) | Total (Rs.) |
| | Preferential allotment to Promoters (already allotted on 30.12.2005) | 1,80,800 | 10 | 140 | 2,71,20,000 |
| | Upcoming Rights issue (2 shares for every 5 shares held) | 14,83,200 | 10 | 60 | 10,38,24,000 |
| | Internal Cash Accruals retained profit | | | | 40,56,000 |
| DEBT | | | | | |
| | Term Loan | | | | 10,00,00,000 |
| TOTAL | | | | | 23,50,00,000 |

Highlights of the financial year 2005 – 2006

Profit Before Tax: Rs. 6.86 crores
Net Profit: Rs. 4.43 crores
Sales: Rs. 20.14 crores
EPS: Rs. 12.41 as on 31.3.2006 .

The Board has recommended a dividend Rs. 1.50 per equity share of Rs. 10.00 each (15%), subject to approval at the ensuing AGM on 14.7.2006.

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