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16 August 2023

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Scrip Code: 524669

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex,
Bandra (E), Mumbai - 400 051

Symbol: HESTERBIO

Dear Sir/Madam:

Subject: Transcripts of earnings conference call held on 8 August 2023

Pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the earnings conference call held by the management of the Company with investors on Tuesday, 8 August 2023 at 2:00 p.m. (IST) to discuss the unaudited financial results for the quarter ended 30 June 2023.

This is for your information and records.

Sincerely,
For Hester Biosciences Limited

Vinod Mali
Company Secretary & Compliance Officer

Enclosure: As above



HESTER

“Hester Biosciences Limited
Q1 FY24 Earnings Conference Call”

8 August 2023



HESTER



ICICI Securities



CHORUS CALL

MANAGEMENT: **MR. RAJIV GANDHI – CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR – HESTER BIOSCIENCES
LIMITED**
**MS. PRIYA GANDHI – EXECUTIVE DIRECTOR –
HESTER BIOSCIENCES LIMITED**
**MR. NIKHIL JHANWAR – CHIEF FINANCIAL OFFICER -
HESTER BIOSCIENCES LIMITED**

MODERATOR: **MR. ROHAN JOHN – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Hester Biosciences Limited Q1 FY '24 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohan John from ICICI Securities. Thank you, and over to you, sir.

Rohan John: Thank you, Seema. So good afternoon, everyone, and welcome to the Hester Biosciences Limited Quarter 1 FY '24 Earnings Conference Call. So today, we have the senior management with us Mr. Rajiv Gandhi, CEO and Managing Director; Ms. Priya Gandhi, Executive Director; and Mr. Nikhil Jhanwar, CFO on this call. I thank the management for giving ICICI Securities the opportunity to host this call. Over to you, sir.

Rajiv Gandhi: Good afternoon, everybody. This is Rajiv Gandhi and as always, it is a pleasure to interact with all of you and to present and to discuss the results and even way forward. I have -- I shall now hand over the analysis, which would be given by Priya Gandhi, Executive Director as well as my daughter. Over to you, Priya.

Priya Gandhi: Good afternoon, everyone. This is Priya Gandhi, Executive Director at Hester. Thank you for joining the call today. I will be talking about the performance of Q1 FY '24. With the numbers and information in front of you which got released today, I shall focus on the projected part of the performance.

Our revenues for the quarter went up by 59% on a stand-alone basis and 73% on a consolidated basis. The EBITDA grew by 24% on a stand-alone basis and 93% on a consolidated basis. Coming to the divisional performances. In Q1 FY '24, the Animal Healthcare division has grown by 93%.

The animal healthcare division is beginning to contribute as much as the poultry healthcare division now. So the relevance of around 30% last year, the Animal Healthcare division is a 42% contributor to the top line now. This is in line with our philosophy to have equal contribution from all the divisions. This division growth can be attributed to three reason.

One, based on the LSD outbreak the Government of India had issued a notification to all states to immunize cattle against LSD by administering the goat pox vaccine. As already known to you all from earlier mentioned, goat pox vaccine is used to immunize

cattle against LSD. Hester's goat pox vaccine was supplied last year and is currently being supplied to the states towards this immunization program.

Second, government of India has also commenced its PPR Disease national immunization program in sheep and goat. Hester is the supplier for the PPR vaccine under the tender. We have already supplied 18 million doses till 30th June 2023.

First, the increase pushed by our marketing team to penetrate the market with our health products. We now cover most of the country with a motivated sales team of 282 people. The above three factors have had a major contribution in the annual health care division sales growth.

Moving on to the Poultry Healthcare division. The division has been impacted with a growth of 13% in Q1. Sales have been impacted due to lesser placement of chicks due to continuous test in the poultry industry in terms of the reduced prices of egg meat compared to the increasing product cost.

While sales have been impacted, incidentally breaking up the sales of this division to the vaccine in health products, while the vaccine sales have been impacted, there is a growth of the sales in health products by 23%

We also introduced three new products, two in the categories of therapeutics and 1 supplement in the sale, whose response has been promising with over 100% of achievement against the budget. The increase in sales of the health product also derisk us from over-dependency on any one product line.

Currently, all exports are from poultry healthcare division. The export sales have been impacted due to the current geopolitical situation in the African countries where we have our focus. Registration delays have added to this degrowth as forecasts have not been met.

Speaking of the Pet Care division, which has now been functional in the front-end operations since the last 4 quarters, that is one full year now. In Q1, we made a sales of INR80 lakhs. And if I talk about July 2022 to June 2023 operations, since we started our operations in July last year, we have crossed INR2.5 crores of sale. The products introduced have been well accepted, appreciated, and we are looking to introducing more specialized products in this portfolio.

Apart from the three divisions, the company exported other pharmaceutical products making the sale of INR27 crores. With regards to the profitability for the quarter, the overall gross profit has reduced by 7% due to a change in the product mix. EBITDA has increased by 24% coming from an increase in the overall sales.

Now talking about the way forward, the government of India has commenced the immunization program against the PPR. Hester has won the tender and the total supply of PPR would be INR30 crores doses by October 2024 in a phased manner.

Based on the advisory issued by the Minister of Fisheries, Animal Husbandry and Dairying, the yearly immunization against LSD has also begun to avoid any severe outbreak like last year. With this, we shall be supplying the goat pox vaccine for this program, along with carrying awareness programs of this to promote immunization and also support the overall tracking health by supplementing the vaccination using some of our health products.

The above two programs will further boost our vaccine sales in the in animal healthcare division. Moving forward in the animal healthcare division, we aim to grow it further and focus on introducing more vaccine as well as health products.

Talking a little bit about the R&D activities. We are in process of developing four types of vaccines. The next stage Brucella vaccine is one of the vaccines under development. More details of the R&D vaccine would be shared at a later date.

On another note, there is a recent regulatory update wherein the government of India has banned the use of a specific API called Ketoprofen for animal use. Two of our brands at Hester called CuRx and iSumovet contained this particular API. We are now in process of redesigning the product contribution keeping the brand on. The newer versions of these products will be also out in a couple of months.

On the capacity expansion initiative, the construction of the bulk antigen, which is the drug subsidy as well as fill-finish, which drug product facilities has been completed. The drug product facility is preparing for an inspection for the approval, which is already done in case of the drug substance facility. Both these facilities together will double our overall vaccine manufacturing capacity.

The BSL-3 Laboratory that was constructed with the help of Department of Biotechnology and BIRAC under the Mission COVID Suraksha program in collaboration with Gujarat Biotechnology Research Center to produce the drug substance for the COVID vaccine received the regulatory approval in Q4 '23. However, with COVID-19 demand gone down completely, we are now in the process of working on other vaccines, which requires to be produced in Biosafety level 3, which can be produced here in the future. Discussions are on with BIRAC to repurpose our facility, internal deliberations are on towards looking at other vaccine opportunities either for human or veterinaries.

Now about our subsidiaries. Hester Nepal did a turnover of INR6.5 crores, primarily driven by export. We are now hopeful on receiving the tender orders from FAO as well as country specific orders in the coming quarters. We are now seeing a stability in the

operations in the Nepal plant, mainly due to the export orders picking up, plus the local poultry vaccine demand being met by producing Gumboro.

Hester Africa has registered sales of INR1.7 crores, mainly through the CBPP vaccine. As mentioned earlier, Hester Africa has got licenses to produce PPR, CBPP and LSD for ruminants and ND and IBD vaccines for poultry. And in the coming quarters, we shall start supplying these vaccines that I just mentioned.

To end, I would like to say to achieve a greater height one has to redefine many things, which gives an impression of going down a little bit. but that is to consolidate and have a subsequent huge sustainable rise. At Hester a lot of changes have been initiated towards ensuring Hester reaches INR500 crores in the coming year -- coming two years to three years. The current redefining is also further strengthening our foundation for a strong future, be true to our company's vision statement, which is building the future on the foundation of excellence.

Thank you all for keeping safe and trust in Hester, its management. All I can say is that we will beat all expectations in the long run. Thank you for hearing me out, and I will be handing over the call to my father, Mr. Rajiv Gandhi.

Rajiv Gandhi:

Thank you, Priya, for your note on the functioning of the company. All that I would like to add to this is while we are all working towards achieving greater sales, greater results, there are three key areas which we are very minutely looking at, one is the new BSL-3 laboratory which was constructed for the COVID vaccine drug substance, we are now repurposing it for another vaccine, may it be human vaccine, may it be animal vaccine. So we are very strongly approaching FAO towards the tenders for PPR, which could help us at Hester Nepal to achieve our long-term objectives.

And third, in Hester Africa and the African continent, where currently there is a little bit of recessionary condition because of the geopolitical situation, but we are pushing hard, and we are pushing fast and we are surely awaiting to see better results from there.

So that completes our presentation on the functioning of the company. Over to you.

Moderator:

Shall we begin with the question-and-answer session?

Priya Gandhi:

Yes, please.

Moderator:

We take the first question from the line of Ankit Kanodia from Smart Services. Please go ahead, sir.

Ankit Kanodia:

Thank you so much for taking my question and congratulations on good set of numbers. And thank you especially for the detailed notes which you have shared with the exchange. Sir, my first question is related to the 300 million doses of PPR vaccine, which we mentioned in the press release that we completed by October 2022. Sir, in terms of

rupees in crores, how much of total value will be? And how much you are expecting to do this year and how much will be carried forward to next year? Any ballpark number?

Rajiv Gandhi: This is Rajiv Gandhi. The total sales from the PPR vaccine expected from this quarter up to the end of supply is, it would be approximately INR35 crores, you can take INR3 crores a month give and take a little bit plus or minus.

Ankit Kanodia: Sir, my next question is related to the mentioning of two drugs, which were impacted, the sales of which were impacted because of the regulation. How much time it will take to work on that? And any ballpark number in terms of loss of revenue? You have mentioned about INR50 million we made in FY '23. For this year, if you think what would be the loss and how much time will be to redefine the formulation and get it running?

Rajiv Gandhi: At the moment, there is more loss as what we see, and it will take approximately three months' time for us to change the branding. These three months, whatever minor loss we might have to incur towards the sale of these products but we are working on it fast to try to replace it. So maybe a sale or we might lose a sale of around INR1 crores or something. I mean, this is a guess work.

Ankit Kanodia: Okay. Sir, one last question related to Tanzania. So we have been working on Tanzania since 2017. And I think last year, we started the commercial production. Sir any -- and I didn't find any detail on the press release that we have released. So if you can just share some more outlook as to how do you see this picking up over the next one year, two years? Qualitatively also quantitatively, if you can, that would really help us. Thank you. That was my next question.

Rajiv Gandhi: So in Africa, we have already launched six products, and we are now looking at the sales from these six products, we have even started exports. First export being to Botswana. And the registration process, see, there are many issues which -- what we had perceived at that time as to what it is now. There are -- I mean, two of them which I would like to highlight. One is the tendering or the requirement from all the countries are through the government tenders. That has, at the moment, taken a little bit of a hit because of the economical crisis going around dollar, no funds available to the country, rather not available, etcetera, those things.

And secondly, Africa is going through a transition in the regulatory registration regime. That also has been going a little bit slow. So you got the two hurdles.

Your next question was to quantify. It's very difficult for me or for us to give a quantification on this because technically, all this should have happened and we should have been sailing by now. Seeing that it will not happen, give us around six months to eight months' time. I think so things should be back on track, a country cannot survive without vaccinating their animals. Now that they know that there are vaccines available,

which weren't available earlier. Even the private sector, which at one time was not there at all. In fact, now we get inquiry from private distributors, from poultry farmers, from cattle owners, small. So it is evolving market, and we are working on it. It would be inappropriate for me to give an exact quantification of sales.

Ankit Kanodia: That was really helpful. Just one follow-up. Is it right to assume then that -- if it is so difficult to start the production and make it running over here in Africa, since we have spent a lot of time and effort and also some money and actually a lot of money. We would be in an advantageous position once this pick-up because probably we'll be having how much -- there will be less competitive intensity over there because of the conditions around us in Africa?

Rajiv Gandhi: Yes, it will be absolutely right. One, there is no competition. Two, we are the biggest animal vaccine plant in the continent of Africa, the biggest pharmaceutical investor in the country of Tanzania. Of course, being big does not make us get business automatically but the opportunities are there. Therefore, we have done this. The Bill and Melinda Gates Foundation also saw this as an opportunity to ensure that animals are in good health by proper immunization program, everything had been based on certain presumptions, those presumptions have to fall right. It is just that for delay of those things falling right? There is nothing else, there is no fear there is no apprehension, neither is there a regret.

Moderator: Thank you, sir. We take the next question from the line of Mr. Yogansh from Mittal Analytics. Please go ahead, sir.

Yogansh: A couple of questions. One of the line items that we had mentioned this quarter is Pharma products was around INR26 crores. Sir, is it fair to assume that this is more of a trading business and might not be repeatable in coming quarters? And probably this is the one which has brought our gross margin as well?

Rajiv Gandhi: You have understood it absolutely right. Therefore, we have not even included in the animal health care and the poultry health care. For sheer transparency, we have shown it separately. This is an order which -- yes, we have no commitment for any future such orders. We believe it will happen. But on documentation basis, this could be taken as a one of its kind. Therefore, we have shown it separately. And these products and being such a quantity, it has to be sold at competitive prices, and that definitely has impacted our bottom line. In fact, if we minus that business and then look at our bottom line, it is much more healthier.

Yogansh: Got it, sir. Sir, secondly, I think last con call, you were mentioning about the government focus shifting from PPR to lumpy skin disease because as given on lumpy skin disease was a bigger problem which has to be taken care of. While now in today's opening remarks you mentioned that PPR and LSD both are being taken up by the government.

So, currently, as we stand today, how is the situation in the Indian scenario, if you could talk a little more about it sir?

Rajiv Gandhi: Sorry, your question is, what is the current situation in terms of immunization or our supply.

Yogansh: No, sir immunization for both PPR and LSD, what kind of order inflows are we expecting going forward because last quarter I think you shared that because of focus on LSD, PPR orders are getting delayed. But today I think from what we see, we see some positivity around. So, if you could talk a little more about it?

Rajiv Gandhi: Last year during the same period, we had a capacity constraint and as we are building it and as our capacity is more or less increasing and it is -- we are able to produce more as well as now we are able to even plan. Last year, LSD came as a very -- as a surprise. This year, we knew that LSD is going to be taken by the government.

We knew PPR is going to be taken by the government. So, we have planned everything and we are in a position to honor the full demand of both PPR as well as goat pox for LSD. We do not see any capacity constraint, any production constraint at all.

Yogansh: LSD, if we understand that actually it is a repeatable business. It's not something that it will come up once in a while, but now, going forward, it would be something which becomes a part of a treatment [inaudible 0:22:05]?

Rajiv Gandhi: Once in a year immunization is required against LSD.

Yogansh: So in Indian context, how big is the LSD potential?

Rajiv Gandhi: If you would have followed the government of India, our Honorable Finance Minister Ms. Nirmala Sitharaman had tweeted that the government has vaccinated 9 crores cattle against for the production of LSD, lumpy skin disease vaccine. So, 9 crores doses of goat pox vaccine were used in the last year's immunization campaign. So you can extrapolate it from that.

Yogansh: Understood sir. Sir, next on the poultry side, we have been seeing a lot of pressure for last many quarters now. And I think last quarter also you were saying that this is the worst that you have seen and probably the worst that we expect. So, now are we seeing any signs of improvement in Q2 almost a month has already passed. So, are there any green shoots of improvements on the poultry side or do you still see some pain for next one quarter or two quarters as we see?

Rajiv Gandhi: Our trade business in poultry has already taken a little bit of an upturn. It is lesser than what we would have expected, but nonetheless there is an upward trend and we have reasons to believe that, I mean, I would have probably said that in the earlier quarters

also that now it will go up, now it will go up, but I think how long or how much time can it just go on lower.

In fact, if I just have the figures in front of me while I was talking, our CFO has just given the figures. There is an increase in the vaccine sales by 8%, and our health products 23% in the trade. So, therefore, we definitely see that this is now going upward.

Yogansh: Well, that's good, too, and very reassuring to hear, sir. Sir, last question, and then I'll join back the queue. So, on the BSL-3 facility that we want to repurpose and we are working on for all these approvals and all, so what is the kind of spend that we will have to do to reshape this plant?

Rajiv Gandhi: The spend would be nominal, depends upon what we choose to do, it will be a nominal spend. It can't be just more than a couple of crores or something, I mean, we have the full thing, everything is ready, absolutely ready. When I'm saying a couple of crores, something or the other is always going to be different from vaccine A to vaccine B to vaccine C.

So, I am making a presumption, it could happen that we might not even spent INR50 lakh for all. And our objective – our objective to utilize this infrastructure the way it is for another vaccine. We are not looking at any other product wherein again we have to put any capital capex in the whole thing.

Yogansh: Makes sense. Sir, just one question I skipped. So, in the opening remarks, ma'am mentioned that we are working on four new vaccines of next generation. So, if you could just talk a little more about it, what kind of vaccines these are and again, are these all four in the annual segment, or is there something in poultry segment as well and again, the markets, are we for Indian markets or the export markets?

Rajiv Gandhi: So, if you would have followed our last press notes, as well as our calls, we have already said that we are and even in this note we have mentioned that we are working on the next generation Brucella vaccine. We have acquired technology from IVRI, Classical Swine Fever, sheep goat vaccine, sheep pox sorry.

We are also bought technology for the lumpy skin disease vaccine. We are talking to Indian Veterinary Research Institute to develop a PPR and goat pox combined vaccine. We have taken the technology for the Avian influenza vaccine in poultry. So, these are a few projects which has already been declared and already we are working on it. And apart from that, there are two projects which we would want two or three, which we will mention at an appropriate time rather than talk about it today.

Yogansh: Fair enough sir. Thank you, sir. I will get back in the queue.

- Moderator:** Thank you. We take the next question from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead, sir.
- Keshav Garg:** Sir, I'm trying to understand our other segment. Most of our profits have come from there in this quarter. So, it is mentioned that we are selling some pharma products. So, is this a re-occurring business or is this a one-time business?
- Rajiv Gandhi:** As already mentioned, there are chances that it would continue to reoccur. But as we yet do not have the trend, we have put it in others. So, for all practical purposes, let's presume that this is a one-time thing.
- Keshav Garg:** Sure, sir. And also sir if you could quantify that the lumpy skin disease, 5 crores to 6 crores doses over the next three quarters, what revenue it will translate into and similarly for the 30- crores doses of PPR vaccine after the 24, what revenue should that translate into?
- Rajiv Gandhi:** See, PPR vaccine as well as the goat pox vaccine, both are tendered and it is public information as far as the prices are concerned. The lumpy skin disease immunization is done via the goat pox vaccine where the tendered price is INR5 and in PPR the tendered price is a little less than INR1.50 paisa per dose. 30 crores doses translates to 45 crores. 5 lakh to 8 lakh doses of lumpy skin translate to anything between 30 crores to 45 crores.
- Keshav Garg:** And sir what kind of operating margins should we expect on this?
- Rajiv Gandhi:** I think that's too much of a little in-depth question. It's very difficult to talk on the phone on vaccine-to-vaccine on operating costs and specific margins, etcetera. They are well in line with our normal profitability, not that they have been, it's something which is going to erode our profitability.
- Keshav Garg:** And sir lastly sir, what is the capex that is remaining to be incurred on all the projects on a consolidated basis?
- Rajiv Gandhi:** Yeah I think let our CFO answer.
- Nikhil Jhanwar:** So on the existing projects, we don't expect significant expenditure yet to be incurred. Majority portion has already been done and we are just into the regulatory approval process going on right now for those.
- Rajiv Gandhi:** Unless we come up with some new project, which might need any more finances, we are well covered for the moment for the current project.
- Keshav Garg:** And sir, the four new vaccines that you mentioned that are under development, so our COVID facility, which now we are repurposing for animal and human vaccines, so those four new vaccines can be basically mass produced in that COVID facility?

- Rajiv Gandhi:** Those vaccines have nothing to do with the BSL. Now we no more call it the COVID vaccine facility. We call it the BSL 3 facility. Those vaccines have nothing to do with the BSL 3 facility. All would be produced in our current production areas, would be tested in the current quality control area. And so that is part of the ongoing business and part of the already created infrastructure.
- Keshav Garg:** Okay, sir. Thank you very much and best of luck.
- Rajiv Gandhi:** Thank you. Any more questions?
- Moderator:** Yes, sir. We take the next question from the line of Rehaan from Sicomoro Advisors. Please go ahead.
- Rehaan:** Hi, good afternoon. So my question is related to the segments results. The consolidated segment results for animal and poultry seem to have come off a little in terms of margin, where poultry and animal margins are at about 8% compared to higher in previous quarters. So I just wanted to understand, what is happening there and what is the way forward in this aspect?
- Rajiv Gandhi:** Just a minute, I'll have our CFO answer.
- Nikhil Jhanwar:** So in case of animal healthcare division, our margins have been improved. That primarily is the increase in the vaccine sales of GPV and PPR during the quarter. So that gives us the better margin percentages in this segment. And poultry healthcare, there has been a reduction. Primarily, there was a negative or the reduction in the vaccine sales during this quarter on an overall basis. But with that, we had an increase in the health product sales. So that explains the movement in the margins.
- Rajiv Gandhi:** I would like to add to it, vaccines are more profitable than health products as far as product range is concerned. So that's where, we are.
- Rehaan:** Okay, so and how do we see this mix going forward, say for poultry, or do we see vaccines increasing as a percentage?
- Rajiv Gandhi:** We, our vaccine business will increase from the current level to a higher percentage but for any company to become big to touch INR500 crores, INR800 crores, INR1000 crores ultimately, it will have to sell more of health products because that is the bigger market than the vaccine market in terms of rupee value.
- Rehaan:** Got it, sir. Okay. Just my last question with regards to expenses. With a rise in employee and other expenses on a consolidated level. So how do we see these going forward? Are these the normalized levels now?
- Rajiv Gandhi:** We have added more people, and we have now to see the performance of these people and get to results from them. At the moment, we have reached a level, where we would

not be hiring more people on the marketing side. We have reached an optimal level that we would want over here, and we will take it further.

In Africa, once the sales start showing a little bit, we will definitely employ more people over there and we would like to take and push the sales over there.

Rehaan: Okay, got it. Thank you so much.

Rajiv Gandhi: And one more thing, I would like to tell you with regards to your last question. I mentioned that, animal health products sales are always higher in the big companies than that of a vaccine sales. But at the same time, the return on investment is higher in the animal health product because the asset to turnover ratio is much more on the nicer side on the animal health product.

Rehaan: Got it. Thank you so much.

Rajiv Gandhi: So we should not presume that, once we start focusing on animal health, our profitability will continuously be going down. As we consolidate, that business will be addressed, a higher, the same turnover at a lesser investment. So, in a way, that would balance off.

Rehaan: Sure. Thank you.

Rajiv Gandhi: Thank you.

Moderator: Thank you, sir. We'll take the next question from the line of Viraj Mahadevia, Individual Investor. Please go ahead.

Viraj Mahadevia: Hi, Rajiv bhai. Hope you're well. Quick question. The whole point of this Africa expansion with the backing of the Bill Gates Foundation was that, funding would be readily available to purchase these vaccines. Unlike the FAO where, it's been false starts, lots of promises, but nothing has taken off. So why isn't Africa moving ahead? If funding is available, the facilities are ready, the capability is there, where is the car stuck?

Rajiv Gandhi: No, Viraj, we would have spoken many times in the past, of course, even one to one and on the phone. The funding that we got was for creating the asset. The Gates Foundation indirectly works in all the countries to push towards creating demand for this. There is no directly, you take \$2 and buy this vaccine. No, it is their indirect way of working in the countries and then trying to create the demand. But they definitely have a confidence that, there is a high demand and there will be high demand because that is the reason for which they have funded us.

Viraj Mahadevia: Understood, Rajiv bhai. But I thought, isn't there an offtake, an agreement on pricing also by the Gates Foundation?

- Rajiv Gandhi:** No. I remember, Viraj, you and me even speaking on this issue. There is no commitment given on, they are not underwriting any sales.
- Viraj Mahadevia:** Right. Okay. Understood. So, it's a market creation game, which will take its time.
- Rajiv Gandhi:** Absolutely, it will take its time. But at the same time, I don't mean that, we are looking at an evolution of the next generation or something of that sort. It is a process that is happening. All this would have happened much more faster, had COVID not been there. It would have happened much more faster if the current political situation, the dollar strengthening; the country is not having dollars.
- So all these variables were put to work and therefore this current situation, we are waiting to come out of it, we will come out of it and things will happen and things will go on. To a simple thing, Botswana, they have even ordered vaccines for there. There are so many of these products, we have shown in other fields. That has also happened. So there is movement. It's not that there is no movement.
- Viraj Mahadevia:** Understood. And last question, Rajiv bhai, the Africa sales are denominated in US dollars because these currencies have faced huge devaluation. And are you selling in USD or INR or something that protects you on the currency front?
- Rajiv Gandhi:** Point number one, from Tanzania, we invoice in US dollars and we have a dollar account over there. In local Tanzania, we sell in the local currency and now India and Tanzania have gotten into a rupee trade agreement. So anything that we sell from here, we could even sell it in rupees to Tanzania.
- Viraj Mahadevia:** That's probably the best, right, Rajiv bhai? Because it protects you from the currency fluctuation?
- Rajiv Gandhi:** Yes, it's absolutely good. Accumulating rupees is definitely the order of the day. And the way the world is moving, the way India is placed, ultimately you and me will even talk on spending rupees in the US.
- Viraj Mahadevia:** True. So, when you sell to other African countries, how do you sell? In what currency?
- Rajiv Gandhi:** Dollar.
- Viraj Mahadevia:** Outside, it's all USD. Okay. So, as long as you are between USD and INR, you're fine?
- Rajiv Gandhi:** USD and INR and locally Tanzanian shillings.

- Viraj Mahadevia:** Understood. And any update from our FAO friends? I mean now it's almost like calling out wolf, wolf and no one believes it anymore. This has been going on for five years?
- Rajiv Gandhi:** Yes, you mentioned FAO friends, they continue to be our very, very close friends, but the tendering business is yet to pick up. And Nepal, but yes, Priya is just prompting me, we have already done a business of around INR6 crores from Nepal, so there has been a little bit of a pickup.
- Viraj Mahadevia:** But are they funded? Or is it still a challenge of getting funding at their end and consequently not placing orders?
- Rajiv Gandhi:** They are facing probably challenges for funding. Not that they have told me, not that FAO has mentioned anything. But what we read in the papers, what the current situation is, it's simple logic that today every country is really just trying to keep their nose above water. So, naturally such funding and all always takes a little bit of a backseat.
- Viraj Mahadevia:** True. All the best. I hope the years ahead are better.
- Rajiv Gandhi:** Oh, thank you very much. You have always been a good, well-wisher.
- Viraj Mahadevia:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.
- Rajiv Gandhi:** On behalf of Hester Biosciences, I, Rajiv Gandhi, thank all of you for patiently hearing us out. And all that I can say is that, we are working hard. Keep the faith in us, as you have always kept, not that there is any decrease in faith as what we see. There is a lot of faith and keep up that faith and we will keep working hard and we will work hard for the company to prosper more and commit to even contribute to our nation's growth plan. Thank you.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.