

Press Release

7 February 2020

Hester India Q3FY20 Sales up by 4%, 9MFY20 Sales up by 5%

Hester Nepal Q3FY20 Sales up by 154%, 9MFY20 up by 157%

Financial Highlights Hester India

(INR in Million)

	Q3			9 Months		
	FY20	FY19	Growth	FY20	FY19	Growth
Net Sales	433.93	415.56	4%	1,279.94	1,223.58	5%
Net Profit	77.29	118.58	(35%)	262.21	314.76	(17%)
EPS (In INR)	9.09	13.94	(35%)	30.82	37.00	(17%)

Division-wise Revenue Contribution in Q3FY20 INR Million

Division	Q3FY20		Q3FY19	
	Sales	Contribution	Sales	Contribution
Poultry Healthcare	299.09	69%	281.48	68%
Animal Healthcare	89.88	21%	76.50	18%
Other	44.96	10%	57.58	14%
TOTAL	433.93	100%	415.56	100%

Division-wise Revenue Contribution in 9MFY20 INR Million

Division	9MFY20		9MFY19	
	Sales	Contribution	Sales	Contribution
Poultry Healthcare	901.25	70%	904.67	74%
Animal Healthcare	236.37	19%	224.49	18%
Other	142.31	11%	94.42	8%
TOTAL	1,279.94	100%	1,223.58	100%

Profitability Analysis

Particular	Q3FY20	Q3FY19	Up/(Down)	9MFY20	9MFY19	Up/(Down)
GP Margin	66.74%	72.50%	(5.76%)	67.37%	69.27%	(1.90%)
EBIDTA Margin	29.93%	44.22%	(14.29%)	33.16%	39.96%	(6.80%)
NP Margin	17.78%	28.54%	(10.76%)	20.48%	25.72%	(5.24%)
EPS in INR Non-Annualised	9.06	13.94	(4.88)	21.74	37.00	(6.20)

Balance Sheet Analysis

Particular	Q3FY20	Q3FY19	Up/(Down)	9MFY20	9MFY19	Up/(Down)
ROE	15.60%	28.38%	(12.78%)	17.60%	25.04%	(7.44%)
ROCE	17.82%	31.13%	(13.31%)	19.84%	27.24%	(7.40%)
ROI	11.11%	19.28%	(8.17%)	12.53%	17.06%	(4.53%)

Business Overview of Hester India

9MFY20 has been below expectations in terms of achieving our financial objectives.

1. Though the Indian poultry industry has come out of the crisis due to earlier high prices of maize, the recovery has been slow, thereby continuing to push the sales down of our poultry healthcare division. We hope to see a major boost in sales in the Poultry Healthcare Division.
2. In the Animal healthcare division, while the trade business grew by 29% in 9M and 43% in Q3, purchases by various state governments have got delayed. We are confident of having good sales through tenders supplies in the Animal Healthcare Division in Q4.
3. Even with lower sales, we continued to strengthen our marketing team, thereby adding further to our personnel costs. The results of which will be seen in the coming quarters. In the next financial year, we hope to see an upward spiral growth in sales with this bigger team.
4. To address the market conditions, we temporarily changed the product mix. Sales were derived from fast moving products rather than high margin products. This impacted our gross margin. We have already started rolling back to a more profitable product mix with our original forecasts. This would be evident in the coming quarters.
5. Due to the current market conditions, we have extended our credit cycle which has temporarily impacted our finance cost. We hope to restore the credit cycles by the financial year end.

Brucella vaccine

Hester is expected to play a major role in the Brucella immunisation program of the Government of India. Hester is one of the two contenders for the supply of Brucella vaccine.

Technical Collaboration with NOVAPHARMA in EGYPT

Hester India would be entering into a technical collaboration agreement with Novapharma, Egypt. The broad terms are:

1. Hester would offer technology to Novapharma to manufacture animal vaccines in Egypt
2. Hester would have exclusive international marketing rights for the vaccines manufactured at Novapharma. Through this arrangement, Hester would have access to the Avian Influenza Vaccine which is currently not manufactured by Hester at any of its locations. This arrangement does not undermine the capacity utilisation of Hester India or of Hester Nepal or of Hester Africa.

Business Overview of Hester Nepal

1. Revenue for Q3FY20 was recorded at INR 34.57 Mn as against INR 13.63 Mn in Q3FY19.
2. Revenue for 9MFY20 was recorded at INR 73.66 Mn as against INR 28.96 Mn in 9MFY19.
3. In Q3, revenue grew by 157% while in 9M, revenue grew by 154%.
4. In 9M, exports grew by 37.34% and domestic sales grew by 7 times.
5. In Q3FY20, for the first time since commercialization of plant, Hester Nepal has registered a positive bottom line of INR 6.18 Million, though still having a loss of INR 1.84 Million for 9MFY20.
6. Considering the current trend of business, Hester Nepal is expected to achieve, at the least breakeven, or may be a profitable year end.

Financials in INR Million

Particular	Q3FY20	Q3FY19	Growth	9MFY20	9MFY19	Growth
Net Sales	34.57	13.63	153.74%	73.66	28.96	156.76%
Net Profit / (Loss)	6.18	(11.93)		(18.36)	(57.38)	

Business Overview of Texas Lifesciences

1. Texas has registered a sales growth of 23% in Q3FY20 and 52% in 9MFY20.
2. Texas continues to supply the health products to Hester India, thereby supplementing Hester India with its growth plans.

Financials in INR Million

Particular	Q3FY20	Q3FY19	Growth	9MFY20	9MFY19	Growth
Net Sales	33.36	27.18	22.73%	93.09	61.32	51.79%
Net Profit / (Loss)	4.71	1.09	333.10%	9.99	4.81	107.58%

Business Overview of Hester Tanzania

1. Revenue for Q3FY20 has been registered at INR 8.96 Mn as against INR 4.15 Mn in Q3FY19.
2. Revenue for 9MFY20 was INR 20.86 Mn as against INR 5.15 Mn in 9MFY19.
3. In Q3, revenue grew 2 folds while in 9M, revenue grew 4 folds.
4. Significant growth in the revenue is the result of our endeavour towards creation of a strong distribution network in Tanzania.


Financials in INR Million

Particular	Q3FY20	Q3FY19	9MFY20	9MFY19
Net Sales	8.96	4.15	20.86	5.15
Net Profit / (Loss)	6.60	2.02	10.68	1.91

Business Overview of Hester Africa

1. At present, there are no noticeable delays in the project. The progress of the manufacturing facility is going on as per schedule.
2. Construction of the plant is at finishing stage with the installation phase about to commence.
3. In 9MFY20, Hester India injected INR 35.60 Million (USD 0.5 Million) as an equity contribution in Hester Biosciences Africa Limited.
4. As on date, Hester India has further injected the balance INR 89.27 Million (USD 1.25 Million) as its equity contribution, thereby completing its equity contribution in Hester Africa of USD 4 million.

Our endeavour continues to enhance quantitative and qualitative values.


Rajiv Gandhi
Hester Biosciences Limited
CEO & Managing Director