

HESTER

Hester Biosciences Limited

Head Office

Pushpak, 1st Floor
Panchvati Circle
Motilal Hirabhai Road
Ahmedabad 380006
Gujarat, India

Phone +91 79 26445106

Factory

Village Merda-Ardraj
Taluka Kadi
District Mehsana
Gujarat 382721, India
Phone +91 2764 285 502
+91 2764 285 453

Email mail@hester.in

Toll Free 1 800 233 7937

www.hester.in

CIN L99999GJ1987PLC022333

31 January 2023

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

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

Scrip Code: 524669

Symbol: HESTERBIO

Dear Sir/ Madam:

Subject: Outcome of Board Meeting

This is with reference to our letter dated 23 January 2023 intimating the date of the Board Meeting for consideration of the Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended 31 December 2022.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Board of Directors, in their meeting held today, approved the standalone and consolidated unaudited financial results for the quarter and nine months ended 31 December 2022, as recommended by the Audit Committee of the Board.

We attach herewith:

- 1) The approved standalone and consolidated unaudited financial results and limited review reports
- 2) A Press Release issued in this regard

We will be publishing an extract of the results in the newspaper as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board Meeting commenced at 11:18 a.m. (IST) and concluded at 12:28 p.m. (IST).

You are requested to take the above information on your record.

Sincerely
For Hester Biosciences Limited



Vinod Mali
Company Secretary & Compliance Officer

Enclosure: As above

Press Release

31 January 2023

Hester Biosciences Q3 & 9M FY23 Results

Standalone Revenue growth of 31% in Q3, EBITDA grows by 18%

Consolidated Revenue growth of 35% in Q3, EBITDA grows by 18%

Hester today announced the unaudited financial results for Q3 & 9M FY23.

Standalone Financial Highlights

Revenues

(INR Million)

Division	Q3			9M		
	FY23	FY22	Change %	FY23	FY22	Change %
Animal Healthcare*	373.12	123.51	202%	860.21	379.63	127%
Poultry Healthcare	324.96	416.50	-22%	1,023.70	1,274.88	-20%
Product Sales	698.08	540.01	29%	1,883.91	1,654.51	14%
License & services fees	9.65	-	-	49.13	36.49	35%
Revenue from Operations	707.73	540.01	31%	1,933.04	1,691.00	14%

* includes sales of Petcare Division

Animal Healthcare Division

The increase in Q3 sales of Animal Healthcare division is largely attributed to:

- The increased demand for Goat Pox Vaccine to control the outbreak of Lumpy Skin Disease (LSD) in cattle.
- The continued growth in sales of health products resulting from the earlier investments in expansion of sales force, territorial expansion and new product introductions.

Poultry Healthcare Division

The Poultry Healthcare division experienced a degrowth of 22% in sales of Q3:

- Poultry vaccines sales have degrown by 28% as the poultry industry continues to be under pressure due to high feed costs and low product realisations leading to significantly lower new bird placements and poor collection cycles.
- The degrowth of vaccine sales was partly offset by the continued growth of the poultry health products sales.

Divisional & Product Relevance

The Company has been strategically working on reducing the relevance of any one division or and one product line, whether it is vaccines or health products. From a relevance of 100% of Poultry Healthcare Division, The Company has got the relevance of the division down to a little over 50% in the financial year, till date.

Profitability Analysis

(INR Million)

Particulars	Q3			9M		
	FY23	FY22	Change %	FY23	FY22	Change %
Gross Profit margin	71%	74%	-3%	69%	72%	-3%
Operating EBIDTA	180.22	152.31	18%	390.54	468.66	-17%
Operating EBIDTA Margin	26%	28%	-2%	21%	28%	-7%
PAT (excl. OCI)	107.29	105.58	2%	260.79	345.69	-24%
PAT Margin	15%	20%	-5%	13%	20%	-7%
EPS (In INR, not annualised)	12.61	12.41	2%	30.66	40.64	-24%

The Q3 Operating EBITDA grew by 18% due to growth in sales.

Q3 gross margins:

- There has been an improvement in the margins of health products in Poultry Healthcare and Animal Healthcare divisions.
- There has been a write-off of INR 16 million of expired vaccine stocks in the Poultry Healthcare Division.
- The overall impact has been a reduction of gross margins by 3% in Q3.

Q3 PAT margin declined due to unrealized MTM losses of INR 24.40 million on translation of USD loan, included in Finance costs.

Going further

The Company's focus on the various segments would be as follows:

Vaccines:

- GoI has commenced its PPR disease national immunization program in sheep & goat. Hester being the supplier under the tender, the first supply of PPR vaccine was executed in January 2023. The total order value under the tender agreement is INR 406.80 million which is to be fully executed by March 2024 in a phased manner as decided by GoI.
- With LSD as a new challenge in the cattle industry, we would be focusing on LSD awareness programs as well as would promote the annual immunisation against LSD through our Goat Pox vaccine.
- Indian Veterinary Research Institute (IVRI) has developed vaccines against LSD in cattle and an Avian Influenza in poultry. Hester has entered into agreements to acquire both the technologies.
- With a view to drive growth in its core veterinary vaccines category, Hester has strengthened its R&D team and lab facilities to work on the development of certain conventional as well as new-age vaccines.

Health Products:

- The large market for Health Products for poultry as well as large animals is complementary to the vaccine market, given that these target the same customer segments in both the divisions. The company will continue to grow the health products business by increasing the field force, improving the productivity of the field force, and introducing new product to meet the unmet as well as the emerging market needs in both the divisions.

Petcare division:

1. Petcare Division, launched during the year is gaining traction. Until date, 10 products have been launched in 15 sales territories. The Company plans to launch additional 3 products in Q4 in the category of deworming and NSAID keeping the seasonal requirements in mind.
2. For the coming year, the Company is planning to launch new products and solutions, increase the field force from 20 currently to 60 in the coming months and add 25 new sales territories from 15, to penetrate further and drive sales growth.

Production and capacity expansion initiatives

1. The Fill-finish (Drug Product) project will be completed in Q1 FY24 as against the earlier forecasted date of Q4 FY23. The delay has been due to the late delivery of few equipment. This expansion, along with the already completed expansion of Bulk Antigen (Drug Substance) production capacity, will double the production capacity in vaccines.

Status on Hester's initiative towards manufacturing the Drug Substance for Covaxin, a Covid-19 vaccine

1. Hester, in consortium with Gujarat Biotechnology Research Centre (GBRC), Government of Gujarat (GoG), has entered into an agreement with Bharat Biotech to manufacture the Drug Substance for Covaxin under the Mission Covid Suraksha Scheme of Government of India.
2. The project is to manufacture Drug Substance equivalent of up to 7 million doses per month.
3. The construction of BSL-3 facility is completed. Commissioning activities is ongoing. The facility is expected to be ready for commercial operation by end of FY23.
4. This facility can be repurposed to handle other micro-organisms beyond Covid-19.

Consolidated Financial Highlights
(INR Million)

Particulars	Q3			9M		
	FY23	FY22	Change %	FY23	FY22	Change %
Revenue from operations	749.44	556.89	35%	1,987.92	1,785.37	11%
Operating EBITDA	177.94	150.31	18%	340.21	460.09	-26%
Net Profit (excl. OCI)	121.58	83.30	46%	223.21	304.77	-27%
EPS (In INR, not annualised)	14.29	9.79	46%	26.24	35.83	-27%

- Consolidated results also include operations of subsidiaries at Nepal and Tanzania.
- Hester Nepal had a turnover of INR 52.62 million with overall Net Profit of INR 24.87 million during Q3 FY 23.
- Consolidated profit in Q3 grew with the improved profitability of Hester India, Hester Nepal and Hester's share in the joint venture entity, Thrishool Exim Limited.
- In Hester Africa, market authorization has been received from Tanzania Medicines and Medical Devices Authority (TMDA) for two important ruminant vaccines, Lumpy Skin Disease and CBPP.
- Hester Nepal has received manufacturing license and marketing authorization for two additional vaccines, Live LASMAS and Inactivated Coryza+.

Hester Biosciences Limited**Head Office**

Pushpak, 1st Floor
Panchvati Circle
Motilal Hirabhai Road
Ahmedabad 380006
Gujarat, India
Phone +91 79 26445106

Factory

Village Merda-Ardraj
Taluka Kadi
District Mehsana
Gujarat 382721, India
Phone +91 2764 285 502
+91 2764 285 453

Email mail@hester.in
Toll Free 1800 233 7937
www.hester.in

CIN L99999GJ1987PLC022333

About Hester Biosciences Limited:

Hester Biosciences Limited is one of the India's leading animal health company, manufacturing vaccines and health products since 1997. Hester has three divisions:

1. Poultry Healthcare division
2. Animal Healthcare division
3. Petcare division

- It is the world's largest manufacturer and supplier of PPR vaccine, having approximately 75% of the world market.
- It has over 90% market share in Goat Pox vaccine in India which is being used to immunise cattle against Lumpy Skin disease.
- It is the second largest poultry vaccine manufacturer, with approximately 35% market share in India.

Hester's vaccine capabilities include multiple platforms such as Chick Embryo Origin, Continuous Cell line, Tissue Culture and Fermentation based live as well as inactivated vaccines.

Hester recently forayed into human vaccines by building a new BSL III drug substance manufacturing facility intended to manufacture Covid-19 and such other human vaccines.

Hester recognises the vision of ONE HEALTH, and works on improving the health of animals by enabling better health for human beings.

For more information, please visit www.hester.in