

## Press Release

26 June 2020

**Hester India FY20 Sales down by 1%, Profit down by 29%**

**Hester Nepal FY20 Sales growth 110%, achieving Net Profit**

**Company recommends a dividend of INR 6.60 per share**

### Financial Highlights Hester India

(INR in Million)

	Q4			12 Months		
	FY20	FY19	Growth	FY20	FY19	Growth
<b>Net Sales</b>	414.32	488.29	-15%	1,694.25	1,711.87	-1%
<b>Net Profit</b>	50.02	123.77	-60%	312.24	438.52	-29%
<b>EPS (In INR)</b>	5.88	14.55	-60%	36.70	51.55	-29%

### Division-wise Revenue Contribution in Q4FY20 INR Million

Division	Q4FY20		Q4FY19	
	Sales	Contribution	Sales	Contribution
Poultry Healthcare	302.21	73%	353.51	72%
Animal Healthcare	72.00	17%	69.37	14%
Other	40.11	10%	65.41	13%
<b>TOTAL</b>	<b>414.32</b>	<b>100%</b>	<b>488.29</b>	<b>100%</b>

### Division-wise Revenue Contribution in FY20 INR Million

Division	FY20		FY19	
	Sales	Contribution	Sales	Contribution
Poultry Healthcare	1,203.46	71%	1,258.18	74%
Animal Healthcare	308.37	18%	293.86	17%
Other	182.42	11%	159.82	9%
<b>TOTAL</b>	<b>1,694.25</b>	<b>100%</b>	<b>1,711.87</b>	<b>100%</b>

### Profitability Analysis

Particular	Q4FY20	Q4FY19	FY20	FY19
GP Margin	67.26%	62.03%	66.97%	67.21%
EBIDTA Margin	24.79%	38.65%	31.12%	39.58%
NP Margin	12.08%	25.35%	18.43%	25.62%
EPS in INR Non-Annualised	5.88	14.55	36.70	51.55

### Balance Sheet Analysis

Particular	Q4FY20	Q4FY19	FY20	FY19
ROE	9.85%	27.59%	15.37%	24.44%
ROCE	12.48%	29.76%	16.96%	28.10%
ROI	7.27%	20.61%	11.35%	18.25%

### **Business Overview of Hester India**

The year FY20 has been below expectations in terms of sales and profitability.

1. During FY20, we invested in sales and marketing in order to drive increase in sales, by covering larger territories and expanding our presence in the market through additional field force. The investment did not provide commensurate growth, resulting into high costs which have impacted the bottom line.
2. Poultry Health division showed a de-growth by 5%. The division was directly impacted due to the poultry industry which remained in a recessionary condition throughout the year. Things seemed to improve in Jan 2020 but was subject to a set back from mid Feb 2020.
3. Animal Health division registered a growth of 6%. Supplies under tenders which were expected to be executed in Q4 have got delayed due to reasons beyond our control.
4. Exports grew by 63% in FY20.
5. The company has been successful in maintaining the GP ratio.

Going further for FY21 we have taken several measures to align ourselves, to changing business realities and pursue growth that will allow us to maintain our historical net margins. Some of these initiatives are:

1. Cost cutting and efficiency improving measure are being implemented. A policy for Work From Home has been implemented. We are expecting the same to help reinstate business volumes in the near future.
2. Both the divisions would continue to focus on the health products segment which will help towards improving the top line.
3. We have rationalised our product mix and pricing, for optimising growth and profitability.
4. We are in the process of establishing laboratory services for nutritional products. This will complement the efforts of the marketing team.
5. The company has set up the Manufacturing Science & Technology Division to focus on implementing innovation and best practices and solutions for vaccine manufacturing. One of the objectives of this division is to work on the improvisation of production yields and performances of the vaccines in the field.
6. The National Animal Disease Control Program of the Government of India is expected to be implemented for Brucella vaccine (which was supposed to have been started from Feb 2020). Hester is one of the two suppliers for this vaccine.
7. Necessary infrastructure is being created in Africa to ensure that exports grow by over 100% in this financial year.
8. Hester has initiated the development of a vaccine against COVID-19 disease. A recombinant vaccine is being developed in collaboration with IIT Guwahati. We hope to get into animal trials by the end of this calendar year.
9. Hester has entered into a technical collaboration agreement with Novapharma in EGYPT. Under this agreement, Hester would transfer technology to manufacture veterinary vaccines. Hester would also have exclusive international marketing rights for the full range of vaccines manufactured at Novapharma, including the Avian Influenza disease vaccine for poultry, which is an emerging disease in the poultry sector.

### **Dividend for the year FY20**

The Board of directors has recommended a dividend of INR 6.60 per equity share (66%) for FY20, subject to the approval of the shareholders. This dividend recommendation is in line with the company's dividend policy to distribute a minimum of 18% of the PAT.

### **Business Overview of Hester Nepal**

Hester Nepal has shown a turn-around. Hester Nepal has emerged as the pre-eminent supplier for the PPR vaccine, worldwide. Further, Hester Nepal has also commenced domestic sales to customers in the Nepal poultry industry.

#### **Financials in INR Million**

Particular	Q4FY20	Q4FY19	Growth	FY20	FY19	Growth
Net Sales	115.53	61.37	<b>88.25%</b>	189.19	90.34	<b>109.42%</b>
Net Profit / (Loss)	57.75	27.09	<b>113.18%</b>	39.39	(30.29)	<b>NA</b>

### **Business Overview of Texas Lifesciences**

Texas continues with its objectives towards supplying health products to Hester India, thereby supplementing Hester India with its growth plans. Texas has also started the international registration process for its products, mainly in Tanzania, thereby supplementing Hester India in its African marketing and distribution initiatives. In this financial year, Texas aims at improving its bottom line by implementing better internal control systems.

#### **Financials in INR Million**

Particular	Q4FY20	Q4FY19	Growth	FY20	FY19	Growth
Net Sales	34.95	22.17	<b>57.65%</b>	128.03	83.50	<b>53.33%</b>
Net Profit / (Loss)	0.18	(0.64)		10.17	4.18	<b>143.30%</b>

### **Business Overview of Hester Tanzania**

Hester Tanzania has started making distribution in-roads in Tanzania. Local sales of vaccines and health products have shown a sizeable jump. We hope to continue the trend to grow the top line in geometric progression as well as ensuring a profitable bottom line by the end of this financial year.

#### **Financials in INR Million**

Particular	Q4FY20	Q4FY19	FY20	FY19
Net Sales	6.95	-----	27.81	2.34
Net Profit / (Loss)	(16.03)	(6.03)	(2.68)	(3.64)

### **Business Overview of Hester Africa**

The project is on track without any significant delays. The commercial sales are expected to start from December 2020. Hester has completed its equity contribution of USD 4 million towards the project.



**Rajiv Gandhi**  
**Hester Biosciences Limited**  
**CEO & Managing Director**