

**17 May 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

**Scrp Code: 524669****Symbol: HESTERBIO****Dear Sir/ Madam:****Subject: Outcome of Board Meeting**

This is with reference to our letter dated 9 May 2023 intimating the date of the Board Meeting for consideration of the Standalone and Consolidated Audited Financial Results for the quarter and year ended 31 March 2023 and to consider the declaration of dividend, if any, on the equity shares of the Company for the financial year 2022-23.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that Board of Directors, in their Meeting held today, have approved the followings:

- 1) Audited Standalone and Consolidated Financial Results for the quarter and year ended 31 March 2023, as recommended by Audit Committee and the Audited Standalone and Consolidated Financial Statements for the year ended 31 March 2023.

Pursuant to Regulation 33 (3) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended time to time), we hereby state that the Statutory Auditors of the Company, Chandulal M. Shah & Co., Chartered Accountants (FRN: 101698W) have issued an Audit Report with unmodified opinion on the Audited Standalone and Consolidated Financial Results of the Company for the financial year ended on 31 March 2023.

- 2) Recommended dividend of INR 8 (eight) per equity share of INR 10 each (80%) for the financial year 2022-23, subject to approval of members at the ensuing Annual General Meeting.
- 3) Re-appointment of Chandulal M. Shah & Co., Chartered Accountants (FRN: 101698W), Ahmedabad, as a Statutory Auditor of the Company for second term of 5 (five) consecutive years to hold office from the conclusion of the 36<sup>th</sup> Annual General Meeting till the conclusion of 41<sup>st</sup> Annual General Meeting of the Company, as recommended by Audit Committee, subject to approval of members at the ensuing annual general meeting.

Further, the details as required under Regulation 30 read with Schedule III of the Listing Regulations and SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9 September 2015 is enclosed herewith as Annexure.

We attach herewith:

- 1) The approved standalone and consolidated audited financial results and auditors' reports
- 2) A Press Release issued in this regard



**HESTER**

**Hester Biosciences Limited**

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**CIN** L99999GJ1987PLC022333

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 11:35 a.m. (IST) and concluded at 12:43 p.m. (IST).

We shall inform you in due course the date on which the Company will hold its Annual General Meeting for the year ended 31 March 2023 and the date from which dividend, if approved by the shareholders, will be paid or warrants thereof dispatched to the shareholders.

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

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**Annexure**

The details as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), 2015 are as follows:

**RE-APPOINTMENT OF CHANDULAL M. SHAH & CO., CHARTERED ACCOUNTANTS (FRN: 101698W), AHMEDABAD, AS A STATUTORY AUDITOR**

- Reason for change (Re-appointment) : Recommendation for re-appointment for second term of 5 (five) consecutive years
- Date and term of re-appointment : Re-appointment as statutory auditors of the Company for second term of 5 (Five) consecutive years with effect from conclusion of the 36<sup>th</sup> Annual General Meeting till the conclusion of the 41<sup>st</sup> Annual General Meeting of the Company, subject to the approval of members at the ensuing Annual General Meeting.
- Brief profile : Chandulal M. Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 101698W), was established in 1942 and is a partnership firm. The Firm has a valid Peer Review certificate issued by the ICAI and primarily engaged in audit and assurance services, which include multinational enterprises as well as Indian Listed Entity.

## Press Release

17 May 2023

### Hester Biosciences Q4 & FY23 Results

**Standalone Revenue growth of 21% in Q4, EBITDA grows by 11%**

**Consolidated Revenue growth of 19% in Q4, EBITDA grows by 13%**

Hester today announced the audited financial results for Q4 & FY23.

### Standalone Financial Highlights

#### Revenues

(INR Million)

Division	Q4			FY		
	FY23	FY22	Change %	FY23	FY22	Change %
Animal Healthcare	146.76	101.57	44%	992.81	481.20	106%
Poultry Healthcare	365.45	398.94	-8%	1,391.70	1,673.82	-17%
Petcare	6.06	-	100%	17.67	-	100%
Others*	88.69	-	100%	88.69	-	100%
Product Sales	<b>606.96</b>	<b>500.51</b>	<b>21%</b>	<b>2,490.87</b>	<b>2,155.02</b>	<b>16%</b>
License & services fees	-	2.00	-100%	49.13	38.49	28%
Revenue from Operations	<b>606.96</b>	<b>502.51</b>	<b>21%</b>	<b>2,540.00</b>	<b>2,193.51</b>	<b>16%</b>

\* includes exports of other pharmaceutical products

#### Animal Healthcare Division

- The Q4 sales of Animal Healthcare division got a big boost due to the demand for Goat Pox Vaccine consequent to the outbreak of Lumpy Skin Disease (LSD) in cattle.
- The year's growth was also supplemented with a good growth in the sales of health products.

#### Poultry Healthcare Division

The Poultry Healthcare Division had a degrowth of 8% in Q4, and overall degrowth of 17% for the year. 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. Nonetheless, considering that we have been able to recover in Q4 compared to the yearly degrowth, we hope to see a positive trend from Q1FY24.

#### Petcare division:

Petcare Division, launched during the year is gaining traction. Until date, since inception of this division 9 months ago, 10 products have been launched in 15 sales territories. The market response has been very encouraging and this division is set to grow in geometric progression.

## Profitability Analysis

(INR Million)

Particulars	Q4			FY		
	FY23	FY22	Change %	FY23	FY22	Change %
Gross Profit margin	67%	68%	-1%	68%	70%	-2%
Operating EBITDA	109.19	98.54	11%	499.73	567.20	-12%
Operating EBITDA Margin	18%	20%	-2%	20%	26%	-6%
PAT (excl. OCI)	62.63	49.48	27%	323.42	395.17	-18%
PAT Margin	10%	10%	-	13%	18%	-5%
EPS (In INR, not annualised)	7.36	5.82	27%	38.02	46.45	-18%

- Overall gross profit margin reduced by 1% due to the change in product mix between vaccines and health products, health products sales having gone up.
- Operating EBITDA increased with the increase in sales.
- The reduction in EBITDA margin was due to the reduction in Gross Profit margin, accompanied by higher market development costs in animal health division and the new pet division.
- Q4 PAT margin benefited from lower finance costs due to the reversal of unrealized forex loss of INR 6.46 million on the translation of USD loan in Q4 FY23, as against a loss of INR 5.31 million in Q4 FY22. Consequently, PAT increased by 27% from INR 49.48 million to INR 62.63 million.

### **Going further:**

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

#### Vaccines:

- GoI has commenced its PPR disease national immunisation program in sheep and goat. Of the total order value of INR 406.80 million under the tender agreement, Hester has supplied INR 21.05 million in Q4 FY23 and the balance is expected to be executed in FY24 in phased manner.
- An advisory has been issued by the Ministry of Fisheries, Animal Husbandry & Dairying in March 2023, to all the State departments, to carry out the annual preventive vaccination programme for LSD. Based on this, we would be carrying out awareness programs as well as promote the annual immunisation against LSD, through our Goat Pox Vaccine.

#### Health Products:

- The large market for Health Products for poultry as well as ruminants is complementary to the Vaccine market. The company will continue to grow the health products business upon introducing differentiated value-adding products, to meet the unmet as well as the emerging market needs. We will also focus on increasing the field force productivity. The market for health products is larger than that of vaccines in India and worldwide.
- Health products is currently the focus in the Petcare division. The Company has planned to launch new products and add new sales territories to penetrate further and drive the sales growth.

#### Production and capacity expansion initiatives

The commissioning of the Fill-finish facility (Drug Product) will be completed in Q1 FY24. This expansion, along with the already completed expansion of Bulk Antigen (Drug Substance) production capacity, will double the production capacity in vaccines.

### **Status of Hester's initiative for manufacturing the Drug Substance for 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. We have received the regulatory approval of the BSL-3 facility during the quarter.
3. With the covid vaccine demand going down and the Company now having a state of the art BSL-3 facility functioning, we are considering the repurposing of the facility to manufacture human or veterinary vaccines. The final decision would be taken in consultation and with approval from BIRAC, Department of Biotechnology, Government of India.

### **Consolidated Financial Highlights**

(INR Million)

Particulars	Q4			FY		
	FY23	FY22	Change %	FY23	FY22	Change %
Revenue from operations	672.99	564.69	19%	2,660.91	2,350.06	13%
Operating EBITDA	116.75	103.25	13%	506.09	599.93	-16%
Net Profit (excl. OCI)	57.14	90.07	-37%	280.35	394.84	-29%
EPS (In INR, not annualized)	6.72	10.59	-37%	32.96	46.41	-29%

Consolidated results include operations of subsidiaries from Nepal and Tanzania

- Hester Nepal had a turnover of INR 125.02 million with overall Net Profit of INR 21.34 million during FY23. There was a small dip in the exports due to lower-than-expected tender invitations from FAO as compared to the previous year. However, during the year there was an 8% growth in the local poultry vaccines market, driven by our efforts in expanding the distribution channel and new product introductions locally. While FAO tenders will start coming in for the PPR vaccine, we shall continue to focus on domestic Nepal market to generate additional revenues.
- Hester Africa has received the regulatory approvals for manufacturing PPR, CBPP, LSD vaccines for ruminants and ND and IBD vaccines for poultry. The plant is now accredited with GMP certification by the Tanzanian Drug authorities which has enabled Hester Africa to participate in international tenders. With this, Hester Africa is now prepared to commercialise in the domestic as well international markets in Africa.

### **Summary:**

The year gone by had mixed outcomes.

1. Sales overall grew
2. At Hester India, the dependency on Poultry Health Division reduced, in line with our long term objective to de-risk the business by ensuring all divisions and all product lines (vaccines & health products) contribute equally.
3. Hester India's profitability did reduce. This is part of our strategy to increase sales of health products versus vaccines, again in line with our objective to ensure the reduction of relevance of any one division or product line. Nonetheless, keeping in mind our long term objective to have a healthier bottomline, we shall maintain a balance between vaccine sales and health products (specially with higher margins) to achieve our objective of higher profitability.
4. Hester Nepal's domestic poultry vaccines market has started yielding good results, notwithstanding the increase in PPR vaccines worldwide tenders.
5. Hester Africa is now set for market penetration in Tanzania first and then for the African market.

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**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 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](http://www.hester.in)