

Press Release

09 November 2017

Q2FY18 Hester's net profit up 47.85%

Company declares INR 4.00 per share as interim dividend

Financial Highlights

	FY18 - FY17 Q2 Comparison			FY18 - FY17 H1 Comparison		
	FY18	FY17	Growth	FY18	FY17	Growth
Net Sales INR Million	384.79	301.71	27.53%	675.20	608.89	10.89%
Net Profit INR Million	88.55	59.89	47.85%	150.44	120.09	25.27%
EPS INR	10.41	7.04	47.85%	17.68	14.12	25.27%

Q2 Highlights

- Net Sales for Q2FY18 is recorded at INR 384.79 Million as compared to INR 301.71 Million for the previous corresponding period, thereby registering a growth of 27.53%.
- Net Profit for Q2FY18 is recorded at INR 88.55 Million as compared to INR 59.89 Million for the previous corresponding period, thereby registering a growth of 47.85%.
- Earnings Per Share for the Q2FY18 stands at INR 10.41 as compared to INR 7.04 for Q2FY17.

H1 Highlights

- Net Sales for H1FY18 is recorded at INR 675.20 Million as compared to INR 608.89 Million for the previous corresponding period, thereby registering a growth of 10.89%.
- Net Profit for H1FY18 is recorded at INR 150.44 Million as compared to INR 120.09 Million for the previous corresponding period, thereby registering a growth of 25.27%.
- Earnings Per Share for H1FY18 stands at INR 17.68 as against INR 14.12 for H1FY17.

Business Overview

- The sales in the Poultry divisions grew at 12.21% while in the Large Animal divisions it grew at 173.90% in Q2FY18.
- Domestic sales grew by 37.03% while exports decreased by 15.84% in Q2FY18. While the growth in domestic market sales is attributed to deeper market penetration as well as in being awarded tender businesses in the large animal segment, the drop in exports is mainly due to:
 - Slower pace of international tenders
 - Diversion of large animal vaccines to execute domestic tender business

We are in the process of planning towards unexpected tender businesses thereby creating an internal system by which we would not have to divert product supplies, but have enough stocks for execution of all orders.

- The pursuit for improving the bottom line continues which is evident in the results. Increased sales of large animal vaccines as well as the on-going process towards rationalising the product mix are the main drivers, besides working towards improved efficiencies in the over all operations.
- The diagnostics division has been launched and the contribution to sales is expected from Q4FY18.
- Nepal plant registered a turnover of INR 13.20 Million for Q2FY18 and INR 19.40 Million for H1FY18. There is a net loss of INR 19.00 Million for H1FY18. The operations have been moving slower than forecasts due to unforeseen internal circumstances towards standardising the production and QC activities. We hope to over come all these hurdles by the end of this financial year.
- Hester's wholly owned subsidiary Hester Biosciences Africa Limited is currently undertaking a market survey towards setting up an animal vaccine manufacturing unit in Tanzania, for Africa specific animal diseases. The current timeline for the project is being maintained.

Summary:

1. The operations indicate that the large animal vaccine business has a good potential for improving the profitability of the company. The growth anticipated is also from the large animal vaccines.
2. Future sales forecasts are being made, factoring the current profitability benchmark.



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