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## Press Release

28 October 2021

### Hester Biosciences Limited Q2 and H1 FY22 Results

**Revenue up by 6% and 24%, Net Profit up by 16% and 35%, for Q2 and H1 FY22**

### Appointment of additional Directors on the Board

Hester Biosciences Limited, today announced the financial results of Q2 and H1 of FY 2021-22. The company achieved an improved operational and financial performance in the period as compared to the corresponding period last year.

The market and economic recovery has supported well for the growth of the poultry and large animal health industry and is expected to continue growing in the coming period.

The company is constantly investing in geographical market expansion and in manpower to achieve the budgeted top-line.

### Financial Highlights (Standalone)

(INR Million)

Particulars	Q2			H1		
	FY22	FY21	Growth	FY22	FY21	Growth
Revenue from operations	565.94	536.23	6%	1150.99	925.01	24%
Net Profit	117.34	101.26	16%	240.07	177.51	35%
EPS (In INR) (not annualised)	13.84	11.90	16%	28.22	20.87	35%

The results of Q2 & H1 FY22 have been in line with the financial forecasts and the budgets

- Sales for Q2 FY22 and Q1 FY22 grew by 6% and 50% with overall H1 FY22 being higher by 24% as compared to corresponding periods.
- Overall, the sales of vaccines have registered a growth of 13% in Q2 FY22 and 26% in H1 FY22, and the sales of Health Products have registered a growth of 31% in Q2 FY22 and 53% in H1 FY22.
- Domestic sales have registered a growth of 21% in Q2 FY22 and 38% in H1FY22. There is marginal decrease in export sales in Q2 and H1 FY22. Export orders are affected due to restricted cargo movements globally.

### Division-wise Revenue Contribution

(INR Million)

Particulars	Q2			H1		
	FY22	FY21	Growth	FY22	FY21	Growth
Poultry Healthcare	413.83	343.43	20%	858.38	641.68	34%
Animal Healthcare	152.11	140.34	8%	256.12	209.30	22%
License fees & services	-	52.46	(100%)	36.49	74.03	(51%)
<b>TOTAL</b>	<b>565.94</b>	<b>536.23</b>	<b>6%</b>	<b>1150.99</b>	<b>925.01</b>	<b>24%</b>

**Profitability Analysis**

Particular	Q2FY22	Q2FY21	Up/(Down)	H1FY22	H1FY21	Up/(Down)
Gross Profit Margin	61.43%	59.38%	2.05%	60.19%	61.65%	(1.46%)
EBITDA Margin	30.28%	32.59%	(2.31%)	30.66%	33.29%	(2.63%)
Net Profit Margin	20.80%	18.89%	1.91%	20.86%	19.19%	1.67%

- There has been an increase in the bottom line. This has mainly been the result of focusing on the manufacturing expenses and effective fund management.
- There have been fluctuations on the gross margins and EBIDTA due to the rationalisation of the product mix and an increased contribution of health products to the overall product portfolio.

**Balance Sheet Analysis**

Particular	Q2FY22	Q2FY21	Up/(Down)	H1FY22	H1FY21	Up/(Down)
Return on Equity	18.62%	18.81%	(0.19%)	18.99%	16.48%	2.51%
Return on Assets	15.66%	14.67%	0.99%	15.97%	12.85%	3.12%

**Status on Hester's initiatives in developing Covid-19 vaccine**

- The Company, along with Gujarat Biotechnology Research Centre (GBRC), Government of Gujarat (GoG), has entered into a licensing agreement with Bharat Biotech to manufacture the Drug Substance for *Covaxin*.
- The Company is currently building the BSL-3 facility suitable for manufacturing the Drug Substance for *Covaxin*.
- The project is progressing well as per the timeline to manufacture up to 7 million doses per month, equivalent Drug Substance for Bharat Biotech.

**Other developments**

1. The development of vaccines against Classical Swine Fever (CSF), Lumpy Skin Disease (LSD) and Sheep Pox is going as per the timeline and the commercial production is expected to start by Q1FY23.
2. The newly introduced range of herbal products is performing well and has started contributing in the topline.
3. The company is foreseeing the poultry and animal health business to grow at a faster rate than earlier due to introductions of new products, constant improvements in product mix and horizontal expansion of markets.
4. Capacity enhancement projects are under execution. This comprises of two projects:
  1. Creation of additional infrastructure for bulk antigen production for animal vaccines, completion expected in Q4FY22
  2. Creation of a state-of-the-art fill-finish line for animal vaccines, completion expected in Q3FY23 This expansion will double our existing capacity of 4.8 billion doses a year for veterinary vaccines.
5. The company is working on towards introducing a Pet Healthcare Division.



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## **Business Overview of subsidiary entities:**

### **Texas Lifesciences**

(INR Million)

Particular	Q2FY22	Q2FY21	H1FY22	H1FY21	FY21
Net Sales	68.92	38.06	118.40	61.28	180.01
Net Profit / (Loss)	5.23	3.79	6.83	5.26	13.46

- With the increase in the healthcare business, Texas is showing constant growth in topline as well as bottom line and we are expecting the same to continue for the rest of the year as well.

### **Hester Nepal**

(INR Million)

Particular	Q2FY22	Q2FY21	H1FY22	H1FY21	FY21
Net Sales	56.92	5.49	60.96	7.12	47.51
Net Profit / (Loss)	7.70	(5.12)	0.84	(25.95)	(9.73)

- Hester Nepal has seen a turnaround during Q2FY22 with the execution of some export orders.
- We are expecting to achieve higher turnover once the FAO tender for the PPR vaccine worldwide comes through, which is expected in Q3FY22.

### **Hester Tanzania**

(INR Million)

Particular	Q2FY22	Q2FY21	H1FY22	H1FY21	FY21
Net Sales	2.06	8.64	16.51	15.57	40.88
Net Profit / (Loss)	(1.75)	(12.17)	0.23	(8.39)	(3.88)

- There were no major movement in operations of Hester Tanzania.

### **Hester Africa**

Hester Africa manufacturing plant is located in Kibaha Coast region of Dar es Salaam, Tanzania. The plant will manufacture animal vaccines to cater to the diseases specific to the continent of Africa.

- The first three batches of the PPR vaccine have been produced.
- Other vaccines are under development.
- We hope to release the first commercial vaccine manufactured by Hester Africa in November 2021.
- Built at a total cost of USD 18 million, this plant will help us become a leading player in Africa and contribute significantly towards the social as well as economic growth of Tanzania and of the African continent.



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### **Appointment of additional Directors on the Board of Hester Biosciences Limited**

The board of the company has been expanded by taking in two additional directors.

1. Priya Gandhi, Executive Director
2. Ameet Desai, Independent Director

### **Profile of Priya Gandhi**

Priya Gandhi joined Hester Biosciences in the year 2016 and has worked since then from being an officer to a Deputy Director, before being inducted in the board.

She is currently part of the team which is involved in designing Hester's strategic direction besides being involved in day-to-day business operations. This entails coordinating across all organisational functions, implementing policies as well as ensuring that business objectives and the company philosophy trickles all the way down in the organisation. In addition, she also directs the company's communication and brand management.

She has played an active role in setting up the manufacturing plant and the business activities in Hester Africa.

Priya Gandhi has done her Under-Graduation from Srishti School of Art, Design and Post-Graduation in Management for Family Business from Indian School of Business (ISB), Hyderabad.

Outside work, Priya Gandhi is a trained classical dancer (in Bharatanatyam). After earning a formal education in the form in 2006, she continues to practice it and give performances since then.

Priya Gandhi is the daughter of Rajiv Gandhi & Nina Gandhi and belongs to the promoter group.

### **Profile of Ameet Desai**

Ameet Desai has been a professional as well as an entrepreneur, having a total of 34 years of a rich diverse experience in corporate India.

He currently oversees his own founded enterprise, Anubhuti Value Trust, a SEBI registered AIF Fund with a unique investing methodology for Public Equities.

Prior to founding Anubhuti, Ameet Desai held senior leadership positions in various organisations.

He has held the position of Executive Director and Group CFO of Adani Group, prior to that he was the global Head of M&A and Business Planning for Ranbaxy Laboratories Limited.

Ameet Desai is a member of the CII Corporate Governance Council; a member of CII National Committee on Financial Markets; and the Convenor of the Working Group on Risk Capital.

He has spoken at several national and international forums and conferences. He has also lectured at several educational institutes, including at IIM-A for PGP and EDP students.

Ameet Desai holds a BBA (Sardar Patel University) and an MBA from University School of Management, Ahmedabad. During his career, he has attended several executive programs, including those at Wharton Business School, the Harvard Business School and at the Indian School of Business.



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### **About Hester Biosciences**

Hester Biosciences is a leading animal healthcare company engaged in manufacturing and marketing of animal vaccines and healthcare products. The Company operates with a singular focus of improving health of animals, monitoring and preventing diseases in them, thereby enabling better health for human beings.

The Company is progressing by innovation and building capacities to unlock untapped potential and also aims to play a bigger role in strengthening the livestock industry in India and contributing to the nation's development.

For more information, please visit [www.hester.in](http://www.hester.in)