

HESTER

Hester Biosciences Limited

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CIN L99999GJ1987PLC022333

4 November 2022

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 22 October 2022 intimating the date of the Board Meeting for consideration of the Standalone and Consolidated Unaudited Financial Results for the quarter and ended 30 September 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 half year ended 30 September 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 11:04 a.m. (IST) and concluded at 12:13 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

4 November 2022

Hester Biosciences Limited Q2 & H1 FY23 Results

Standalone revenue up by 27% and 6% for Q2 and H1 FY23

Consolidated revenue up by 17% and 1% for Q2 and H1 FY23

Hester today announced the unaudited financial results for Q2 & H1 FY23.

Standalone Financial Highlights

Division Revenues

(INR Million)

Division	Q2			H1		
	FY23	FY22	Change %	FY23	FY22	Change %
Poultry Healthcare	354.52	413.83	-14%	698.73	858.38	-19%
Animal Healthcare	365.51	152.11	140%	487.09	256.12	90%
Product Sales	720.03	565.94	27%	1,185.82	1,114.50	6%
License & services fees	-	-	-	39.49	36.49	8%
Revenue from Operations	720.03	565.94	27%	1,225.31	1,150.99	6%

Product Category Revenues

(INR Million)

Divisions	Q2			H1		
	FY23	FY22	Change %	FY23	FY22	Change %
Vaccines	527.83	424.11	24%	835.23	861.26	-3%
Health Products	192.20	141.83	36%	350.59	253.24	38%
Total Product Sales	720.03	565.94	27%	1,185.82	1,114.50	6%

- The Company has achieved the highest quarterly sales in its history. The substantial increase in the current quarter sales has offset the degrowth in Q1 FY23.
- The increase in sales can be largely attributed to:
 - A spurt in the demand for the Goat Pox Vaccine to control the outbreak of Lumpy Skin Disease (LSD) in cattle in the country. With no specific vaccine available for LSD in India, Goat Pox Vaccine was permitted for use as a heterologous vaccine to immunize cattle against LSD. Hester has been and continues to be the dominant supplier of the Goat Pox Vaccine to various State Government bodies and in the private sector.
 - A growth of 36% in the health products business. This has been achieved from new product introductions and territorial expansion.
- The company's Vaccine sales have increased by 24% in Q2 while it shows a degrowth in H1 due to significant low sales in Q1 for poultry vaccines. The poultry industry continues to be under pressure to high feed costs and low product realisations. Health Products sales has increased by 36%.

Profitability Analysis

(INR Million)

Particulars	Q2			H1		
	FY23	FY22	Change %	FY23	FY22	Change %
Gross Profit margin on Product Sales	70%	75%	-5%	68%	72%	-4%
Operating EBIDTA	157.82	171.35	-8%	249.80	352.84	-29%
Operating EBIDTA Margin	22%	30%	-8%	20%	31%	-11%
PAT (excl. OCI)	103.45	117.74	-12%	153.50	240.11	-36%
PAT Margin	14%	21%	-7%	13%	21%	-8%
EPS (In INR, not annualised)	12.16	13.84	-12%	18.04	28.22	-36%

- The gross margins have reduced by 5% in Q2 and 4% in H1 FY23, on account of:
 - Increase in proportion of sales of health products that have lower margins; and
 - Change in product mix.
- Operating EBIDTA and PAT margin have declined due to:
 - Increased travel and sales promotion expenses in H1 FY23 versus H1 FY22, which were significantly lower due to Covid travel restrictions.
 - Increased market development cost in Animal Health (driven by market expansion and new launches) and launch of the new Petcare Division.
 - Increase in finance cost due to increase in borrowing and foreign exchange fluctuation costs.

Going further

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

Vaccines:

- With LSD as a new challenge in the cattle industry, we would be focusing on LSD awareness programs as well as promote the immunisation against LSD through our Goat Pox vaccine.
- Indian Veterinary Research Institute (IVRI) has developed an LSD vaccine as well as an Avian Influenza vaccine technology. Hester has bid to acquire both these technologies and develop its own LSD and Avian Influenza vaccines respectively.
- The current stress on the poultry industry has induced farmers to turn to more scientific farming. Hester aims at increasing the reach of its Technical Services team to help poultry farmers become more cost efficient via using more scientific methods as well as ensuring proper immunization against various diseases.
- GoI would soon be commencing its PPR disease immunization program in sheep & goat. Hester being the successful bidder for the supply of PPR vaccine, these supplies are expected to start from Q4.

Health Products:

- Though vaccines have been our core strength, the enormous, big market for animal health products has induced us to look at this segment for a higher top-line growth. We shall continue our endeavour to grow this division by increasing our field force in size as well as by improving the productivity of the field force.
- With the increase in our product range, we would now be looking at international markets as vaccines have contributed to over 97% of exports.
- Health products being low in margins, it is our continuous endeavour to improve the gross margins.

Petcare division:

- The Company launched a new division for Petcare during Q1 with 10 products focused on therapies like anti-infectives, parasiticides, specialty nutrition and grooming with key focus on quality and efficacy.
- Moving further, activities related to market expansion and penetration by increasing field force and introduction of new products are ongoing.

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- We have divided our distribution network into four regions to primarily cover all the metro cities initially and are working on market expansion into further cities.
- More products are planned for launch in Q4. These products will be in the categories of therapeutics, namely NSAIDs and De-wormers.

India is the fastest growing pet market in the world, internally growing at 14%. Indian pet industry is set to touch INR 100 billion by 2025. Considering this, the Petcare Division will emerge as a steady long term growth driver.

Production and capacity expansion initiatives

- Bulk antigen (Drug Substance) production capacity expansion project is completed and capitalized in the books during the quarter.
- Expansion of the Fill-Finish (Drug Product) capacity is expected to be completed by Q4 FY23. These 2 expansions will double the production capacity in vaccines.

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

- 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.
- The project is to manufacture Drug Substance equivalent of up to 7 million doses per month.
- 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.
- This facility can be repurposed to handle other micro-organisms beyond Covid-19.

Consolidated Financial Highlights**(INR Million)**

Particulars	Q2			H1		
	FY23	FY22	Change %	FY23	FY22	Change %
Revenue from operations	731.53	626.62	17%	1,238.48	1,228.48	1%
Net Profit (excl. OCI)	66.03	111.28	-41%	101.63	221.47	-54%
EPS (In INR, not annualised)	7.77	13.08	-41%	11.95	26.03	-54%

- Consolidated results also include operations of subsidiaries at Nepal and Tanzania.
- Hester Africa recorded a revenue of INR 1.5 million upon commencement of the commercial sales operations within Tanzania during Q2. Moving further, in the coming quarters, export operations will also pick the pace up and contribute towards the overall growth.

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About Hester Biosciences Limited:

Hester Biosciences Limited is one of the India's leading poultry and animal vaccine manufacturing company, since 1997. Hester operates in two broad product segments

1. Vaccines
2. Health products

- It is the world's largest manufacturer and supplier of PPR vaccine, having approximately 75% of the world market
- It is now 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 recently launched the Petcare Division with a view to focus on needs of companion animals.

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