



HESTER

Hester Biosciences Limited

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CIN L99999GJ1987PLC022333

7 November 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

Scrip Code: 524669

Symbol: HESTERBIO

Dear Sir/ Madam:

Subject: Outcome of Board Meeting

This is with reference to our letter dated 27 October 2023 intimating the date of the Board Meeting for consideration of the unaudited standalone and consolidated financial results for the quarter and half year ended 30 September 2023.

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 unaudited standalone and consolidated financial results for the quarter and half year ended 30 September 2023, as recommended by Audit Committee.

We attach herewith:

- 1) The approved unaudited standalone and consolidated 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 11:19 a.m. (IST) and concluded at 12:16 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

7 November 2023

Hester Biosciences Q2 & H1 FY24 Results

H1 FY24 Standalone and Consolidated Revenue up by 20% and 28%, respectively

Q2 FY24 Standalone and Consolidated Revenue down by 8% and 4%, respectively

Hester today announced the unaudited financial results for Q2 & H1 FY24.

Standalone Financial Highlights

Revenues

(₹ Million)

Division	Q2			H1		
	FY24	FY23	Change %	FY24	FY23	Change %
Animal Healthcare	304.70	360.75	-16%	529.36	481.51	10%
Poultry Healthcare	339.59	354.52	-4%	642.47	698.73	-8%
Petcare	9.41	4.76	98%	17.43	5.58	212%
Others*	-	-	-	267.89	-	100%
Product Sales	653.70	720.03	-9%	1,457.15	1,185.82	23%
License & services fees	10.63	-	100%	10.63	39.49	-73%
Revenue from Operations	664.33	720.03	-8%	1,467.78	1,225.31	20%

* includes exports of other pharmaceutical products

Animal Healthcare Division

- In Q2 FY24, the Animal Healthcare division experienced a 16% decline in sales mainly due to the uneven sales of Goat Pox Vaccine. There was an unprecedented surge in demand for the Goat Pox Vaccine (GPV) in Q1 FY23 in response to an outbreak of Lumpy Skin Disease (LSD) in cattle.
- It is important to note that, GPV sales got distributed across both quarters of H1 FY24, in contrast to the previous year where the GPV sales were concentrated in Q2. The overall sales of GPV for H1 FY24 have maintained consistency with figures from H1 FY23.

Poultry Healthcare Division

In Q2 FY24, the Poultry Healthcare division saw a 4% decrease in overall sales.

- Domestic vaccine sales experienced a growth of 6%, marking a significant turnaround after six consecutive quarters of decline, attributable to improved sales operations and better farm economics.
- In contrast, there was a substantial 43% reduction in export sales. This decline in exports was attributed to foreign exchange constraints in African countries, thereby reducing their purchasing ability, which led to the degrowth.

Petcare Division

The Petcare division, launched last year, has demonstrated impressive performance in Q2 FY24, achieving sales of ₹9.41 Million, growing 98% as compared to Q2 FY23. This achievement is attributed to a consistent trend in the Petcare segment, driven by successful expansion and increased market penetration into new territories.

Profitability Analysis

(₹ Million)

Particulars	Q2			H1		
	FY24	FY23	Change %	FY24	FY23	Change %
Gross Profit margin	69%	69%	-	61%	68%	-7%
EBITDA	119.93	157.82	-24%	233.58	249.80	-6%
PAT	67.82	103.45	-34%	132.53	153.50	-14%
EPS (In ₹, not annualised)	7.97	12.16	-34%	15.58	18.04	-14%

- Overall gross profit margin was maintained at 69% in Q2 FY24.
- EBITDA and PAT de-grew by 24% and 34%, respectively in Q2 FY24 due to various factors:
 - Further rationalization of product mix.
 - Withdrawal of 2 products in Animal Healthcare division due to change in drug regulations.
 - The overall focus to increase the sales of health products in both the divisions to address a wider market.

Product segment updates:

Vaccines sales:

- All states in India have initiated an immunization program targeting Lumpy Skin Disease through the Goat Pox Vaccine. The distribution of supplies of GPV has commenced, and we anticipate selling between 30 to 35 million doses over the course of the next two quarters.
- In Q1 FY24, Hester initiated the distribution of PPR vaccines as part of the National Immunization program. The contract entails the supply of 300 million doses of PPR vaccine, with completion expected by October 2024.

Health products sales

- The sales of our health products were affected by the discontinuation of two of our brands - CurX injection and iSumovet. This decision was a result of the change in drug regulations, which prohibited the use of Ketoprofen for animal purposes. The combined sales of these two products amounted to ₹50 million in FY23.
- To address the above, we launched a new product CurX LA, which is a substitute CurX in this month, and the substitute of iSumovet is expected to be launched in Q3. These two products are expected to recoup the sales loss arising from withdrawal of above brands.
- Overall the company has decided to aggressively pursue the sales and marketing of health products in both the divisions to address a wider market.

Consolidated Financial Highlights

(₹ Million)

Particulars	Q2			H1		
	FY24	FY23	Change %	FY24	FY23	Change %
Revenue from operations	704.55	731.53	-4%	1,583.08	1,238.48	28%
EBITDA	132.12	127.45	4%	275.75	201.75	37%
PAT (excl. OCI)	40.41	66.03	-39%	107.51	101.63	6%
EPS (In ₹, not annualized)	4.75	7.77	-39%	12.64	11.95	6%

Consolidated results include operations of subsidiaries from Nepal and Tanzania

- Hester Nepal had a turnover of ₹7.28 million in Q2 FY24, primarily from domestic sales of vaccines with overall Net Loss of ₹7.05 million. The over all impact of exports and international tenders has also been felt at Nepal but we are neutralizing that impact by focusing on domestic business which is showing a lot of potential.
- Hester Africa has continued with export sales aggregating to ₹19.58 million in Q2 FY24 with overall loss of ₹49.17 million, arising primarily on account of foreign exchange fluctuation on borrowings.
 - The plant is ready with 6 vaccines registered and another 5 on way to be registered by the end of this financial year. The much awaited harmonization of registration process is under implementation, which will then enable us to start marketing our vaccines immediately to other East African countries, a process which was supposed to have been implemented over a year ago within the East African community.
 - The weaker purchasing power of African countries has currently resulted into lesser sales.
- Hester's share of profit in joint venture entity, Thrishool Exim Limited, Tanzania has increased in Q2 FY24 by ₹9.86 million.

Way Forward

We are conscious of the reduction in the bottom line and are working towards restoring the same.

Initiatives towards this action are:

Short term:

1. Boost sales and improve productivity per sales person
2. Give a push for exports from all the three plants
3. Work towards production efficiency

Middle term:

Repurpose the BSLIII Laboratory from manufacturing the Drug Substance of Covid vaccine to human or other veterinary vaccines

Long term:

Focus on R&D to develop next generation vaccines, new vaccines

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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