

**HESTER**

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**CIN** L99999GJ1987PLC022333

**9 November 2021**

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

Scrip Code: 524669

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza,  
Bandra - Kurla Complex,  
Bandra (E), Mumbai - 400 051

Symbol: HESTERBIO

**Dear Sir/Madam:**

**Subject: Submission of Transcripts of earnings conference call**

We hereby submitting a transcript of Earnings Conference Call held by the Management of the Company with investors on Thursday, 28 October 2021 at 2:00 p.m. (IST) to discuss the Standalone and Consolidated Unaudited Financial Results for the quarter and half year ended 30 September 2021.

You are requested to take the above on record.

**Sincerely,  
For Hester Biosciences Limited**



**Vinod Mali  
Company Secretary &  
Compliance Officer**

Enclosure: As above



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“Hester Biosciences  
Q2 & H1 FY2022 Earnings Conference Call”

**28 October 2021**



HESTER



**ANALYST: MR. MITESH SHAH – ICICI SECURITIES LIMITED**

**MANAGEMENT: MR. RAJIV GANDHI – CHIEF EXECUTIVE OFFICER &  
MANAGING DIRECTOR - HESTER BIOSCIENCES  
MRS. PRIYA GANDHI - EXECUTIVE DIRECTOR - HESTER  
BIOSCIENCES  
MR. NIKHIL JHANWAR - CHIEF FINANCIAL OFFICER -  
HESTER BIOSCIENCES**

**Moderator:** Ladies and gentlemen, good day and welcome to Hester Biosciences Q2 & H1 FY2022 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mitesh Shah from ICICI Securities. Thank you and over to you Sir!

**Mitesh Shah:** Thanks Kunal. Good afternoon everyone and welcome to Hester Q2 results concall. We have the senior management Mr. Rajiv Gandhi, CEO & Managing Director, Mrs. Priya Gandhi, Executive Director and Mr. Nikhil Jhanwar, Chief Financial Officer participating in the call today. I thank the management who give ICICI Securities opportunity to host this call. Over to you Sir!

**Rajiv Gandhi:** Good afternoon everybody. This is Rajiv Gandhi here from Hester has always its nice reconnecting with you like the way we do every quarter. So today we have declared the Q2 and H1 results and the press note has also been circulated and I presume that you have the details available with you as far as the press note is concerned.

From my side to give you a little brief on the functioning of the company in the last quarter as well as first half year of this financial year. So far the year gone by in terms of first talking about quarter-to-quarter, in Q2 we have had marginal growth in terms of quarter-to-quarter business while in terms of profit we have done relatively better, the growth is 16% in profit as against 6% in the revenues.

I would like to just share one thing with you that this growth of revenues as mentioned also in our press note the 6% growth we have divided into the three which is poultry healthcare, animal healthcare and other operating income which include license fees and services. As the license fees and services, in the Q2 in FY2021 we had and we did not have any in this quarter, so if you minus that then our poultry healthcare has grown actually by 20% in this quarter and the animal health division has grown 8%.

Talking about half yearly results overall our half yearly results we have grown on a half year same period comparison we have grown by 24% and similarly if we look at the poultry healthcare and the animal healthcare we have grown 34% and 22% respectively. Overall, the sales have been good and we further also have the sales bifurcation in terms of vaccines and health products.

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In terms of vaccines, our sale has grown 13% on a quarter-to-quarter comparison while our health products have grown 31% on a quarter-to-quarter comparison. In terms of half yearly vaccines grew at 26% while health product grew at 53%.

Looking into the composition of sales as well as our objectives has reasonably well defined over the last period of one year to two years wherein in every press note as well as in our talks as well as in our annual report. We have been saying that we would want to focus on the health products because the health products today we are relatively at a smaller level and has already informed to you in the past. Any animal health company, their vaccine business is always less than their health product business while in our case it is the reverse, so in a way the potential to grow the health products is much, much higher and that is being addressed by us at the moment and trying to take the health products business as much as what we can do.

In terms of domestic sales as well as export sales, the domestic sales on a quarter-to-quarter grew at 21% on a half yearly comparison it grew at 38%. On the export side, we have been facing a little bit of a challenge at this point of time mainly because the international issues have still not fully resolved and we have been selling mainly in the African continents as well as in the Middle East where the flight movements are less, the economies over there are also still coming up with all these trying to recover from the current COVID situation as well as the other internal economic situation etc.

So keeping all these things in mind though our export have not been as per what we have actually planned or forecasted we are still confident that in this year by the end of the year, we would be able to recover because there have been many investments made as far as Africa is concerned, distribution network is currently being put in place, people have been higher marginal sales have been done not that it has not been done, so overall we feel that the export business will grow up more so our Hester Africa plant would soon be functional which I will come later on, so all that infrastructure creation would not only help for the local Hester Africa sales, but it would also actually in a way lead to higher sales as far as exports from here are concerned.

Besides the routine business as what we have been doing in the animal health industry, the poultry health division, the animal health division, you all are also aware that Hester Biosciences has tied up with Bharat Biotech under a licensing agreement to do the manufacturing of the drug substance for Bharat Biotech at our Hester plant. The Greenfield project is currently under construction, we are constructing state of the art BSL-III facility and we have reasons to believe that this should turnout to be probably the best BSL-III

facility that our country has out of all the labs that are there at this time and we hope to take and produce the drug substance from Covaxin to be supplied to Bharat Biotech.

The capacity for the manufacturing of the drug substance for Bharat Biotech, we would be producing approximately 7 million doses equivalent of drug substance to be supplied to Bharat Biotech on a month-to-month basis.

Coming back to our core business of animal health, animal vaccine, Hester has been working towards developing the classical swine fever vaccine, lumpy skin disease vaccine and sheep pox vaccine, these vaccines are under trial, we have completed the technology transfer process from the Government of India, out of the three lumpy skin and sheep pox Hester is the only company that has at the moment acquired the technology in India, so we have reasons to believe that we would be getting the 100% market share for these two vaccines. Lumpy skin disease is already an emerging disease in India and at the moment we have vaccine which is called the goat pox vaccine which uses the same strain as lumpy skin disease, so we are in a position to give the goat pox vaccine for the usage of lumpy skin disease in cattle and that is serving the purpose at this point of time, but hopefully by the first quarter of the next financial year, all the three vaccines would be registered and we would be able to sell all the three vaccines.

On the health product side, as you are aware we introduced our herbal product range sometime ago this business is growing and we are very optimistic on the growth of this business as far as natural products is concerned. Looking at our need and looking at for the vaccine demand which is increasing day by day overall in India, we have embarked on two expansion programs. One is to manufacture additional bulk antigen and another facility for the fill finish facility, both these expansion plans compliment each other because the antigen would be manufactured in one facility and the final fill finish would be done in the other facility. Both these facilities once they are completed it would more or less double our capacity what it is at this point of time. The antigen production plan should be ready by the fourth quarter of this financial year and the fill finish should be ready by the third quarter of the next financial year. With this we would have a huge immense capacity not only for the Indian market, but also partly for the international market. Last but not the least we have been working towards introducing a pet healthcare division.

Today we are producing products for the production animals. All animals that are used by human being towards deriving an income whether it could be eggs, meat, wool, etc., now we also intend to get into the pet healthcare division which would make us complete have the full product range for all animal health activities that are possible across, so that hit as

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far as Hester India is concerned. In terms of our subsidiaries, Texas Life Science continuously support Hester India by supplying us the health products, we buy from Texas Life Science and then we sell it in Hester. There it has shown a steady growth as far as the sales is concerned, yes in terms of profitability there seems to be a little bit of marginal increase in the profitability not much, but it is in line with our objective towards ensuring that this is like a satellite unit of Hester and that Hester gets the product and Hester does the marketing and sales from all products manufactured at Texas Life Science.

Hester Nepal which went through very bad time in the last financial year due to COVID where there was no scope of any vaccine movement from Nepal to anywhere in the world as you are aware we have setup the Hester Nepal plant to cater mainly for the PPR vaccine to be supplied under FAO tenders, things seem to be reviving. Q2 has been much more encouraging in fact the sale of Q2 has been much more than the financial year 2021, sales in itself thereby giving us an indication that things are now growing and then we will now take it further.

Hester Tanzania is our trading and marketing activity things are slow at the moment in Tanzania, but I think with our plants coming up and with those even sales contributing which also all would be routed through Hester Tanzania, we believe that there will be a good pickup on Hester Tanzania and at the same time goods also we are looking at increasing the product range wherein we will export from here to Hester Tanzania, all this is happening but the current economies in Africa are little slow right now recovering from various issues one of them being COVID, but hopefully this all should kick up and everything should be back in order. Last but not the least Hester Africa, our star project in Africa wherein we are going to be manufacturing animal vaccine mainly for the African continent.

I am very happy to inform all of you that we have taken the first three commercial batches over there which are under test at the moment and we should get the release of all these batches sometimes in the month of November wherein we are looking at inaugurating the plant over there. Once the plant is inaugurated we will start the sales also from Hester Africa because of this one year dealing that we have had at Hester Africa, we are at the moment working towards making sure that the pipeline over there is hastened up and that we start introducing more products in our pipeline.

By December we have targeted to introduce three other vaccines at Hester Africa besides the current PPR vaccine for which we have already taken the three batches. So this is an

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overview of all the activities that have been happening at Hester and its subsidiaries. That is all from my side. Over to you all!

**Moderator:** Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question is from the line of Manish Gupta from Solidarity Investment Managers. Please go ahead.

**Manish Gupta:** Mr. Gandhi, there are so much happening in the company, so many products that we are seeding, new geographies that we are entering, we are expanding distribution in India at the same time, so many exciting things are happening, can you give us a sense of what this will translate into in terms of some broad numbers three to five years down the line?

**Rajiv Gandhi:** Giving you a broad indication in terms one is that I agree there is a lot happening and a lot is happening in different areas, increasing the capacity push on the distribution network and trying to increase the sales notwithstanding the Covaxin project etc. I do agree with you and we all are reasonable we are excited and at the same time working day and night towards making sure that all these things are achieved. In terms of quantification etc., in nowhere in our forecast etc., we are giving any figures as far as Hester Africa sales are concerned because we would want to leave it that to Hester Africa as we establish it is the first time anybody would be producing a few types of vaccines over there and selling them, yes but of course we have our forecast and everything in place in Hester Africa at 100% capacity utilization we should be able to do \$25 million to \$30 million which translates into around Rs.250 Crores as far as Hester Africa is concerned which should take approximately four to five years time for us to work towards getting up to that level. Talking about Hester India, we have projected that we would want to touch Rs.500 Crores in the next three to four years time, so that is what our indication as far as Hester India is concerned and Hester Africa is concerned.

**Manish Gupta:** Can you also provide some color on additions we have in the best round, you talked about additions made to the senior management team, can you also provide some color of other team members you have added to help you manage this growth?

**Rajiv Gandhi:** One is as today's announcement shows that we have inducted Priya Gandhi as an Executive Director to try to steer a few things at that level, besides that we are expanding, we have taken people on all sides, on the marketing side, on the finance side, on the technical side, in Africa in fact we have taken a local CEO over there, we have 17, 18 other employees that we have taken local from there, we have sent a few from here seven to eight or I think less than 10 people have gone from here, it is difficult to exactly quantify and sit and give you a

sheet that 10 people here, 13 people, 20 there it is difficult, but I do understand the growth and the people there has to be in some proportion and we are very conscious of that proportion and we are making sure that all these things happen side by side so all that I can say I am not able to exactly quantify in terms of people etc.

**Manish Gupta:**

My last question Mr. Gandhi is that as far as Africa is concerned, how much of our growth in Africa will be linked to how economic growth is in Africa vis-à-vis development spending or development funding?

**Rajiv Gandhi:**

Africa is the continent for everything whether it is vaccine, whether it is for infrastructure, whether it is for anything, there is lot of dependency on grants, external funding, etc., quite a few. At the same time if you really go to see the animal population in Africa is very large, Tanzania, Ethiopia, Nigeria even Chad for this matter, all these countries have a huge animal population. The current productivity of any animals in the African continent in any country would be very much more lesser than what it is in India and even much more lesser than what it is in developed countries, so this scientific approach by giving vaccines health products is definitely going to be a big assistance to them. We will have to do marketing and try to teach right up to the down level wherein people start using them. We believe that there are two types of market. One is the tender market which could be either funded by each government or by introduced like United Nations or may be other international funding agencies and now also there is a market that is emerging that is a private sector wherein there are more and more distributors coming up who supply up to the end level for the farmers, cattle farmers, poultry farmers, sheep, goat farmers, so this is an emerging market. A lot of ground work will have to be done by us, but the scope is huge as far as this is concerned. All of our calculations are at this point of time 70% on private market and 30% on the tender market.

**Manish Gupta:**

Thank you.

**Moderator:**

Thank you very much. The next question is from the line of Manish Jain from GormalOne. Please go ahead.

**Manish Jain:**

I want to understand we have been developing recombinant vaccines along with other products that we have under our development plan. If you can just give some insight as to when do you plan to launch these vaccines and then I had followup question?

**Rajiv Gandhi:**

We are working on certain poultry recombinant vaccines as well as cattle mainly Brucella is also a vaccine on which we are working on. Brucella vaccine we hope that it should be



ready sometime in the next year, I am not able to give you the exact date. Our work on the recombinant poultry vaccine, there are two products, trials are ongoing at this point of time and I do not have that data neither have I any of those people sitting with me, who could have guided me and I could have answered you at this point of time, but I feel that our Brucella vaccine should be the first recombinant vaccine which we should be able to release and later on it would be the other vaccine, I am unable to give you the date at this time.

**Manish Jain:** My second question was on the capex plan, now that Tanzania is more or less complete and your expansion plans you highlighted at the start of your talk, if can you just give some insight on the capex plan?

**Rajiv Gandhi:** Everything that has been for Africa all that has been already completed and there are some minor which is inconsequential. As far as our capex plan for India is concerned for these two products, it is about Rs.50 Crores that has been all we have tied up with the loans etc for this expansion plan and that is what it is going to be.

**Manish Jain:** My last question was on pet care division when we are talking about are we likely to introduce vaccines as well for pet care?

**Rajiv Gandhi:** That is in pets we would first go in for the healthcare products and then for the vaccine.

**Priya Gandhi:** For the time being we are going to be concentrating on introducing some therapeutic supplement and dermatology products for the pet and of course in the long run we would be looking at opportunities in the rabies vaccines etc., in the dogs.

**Manish Jain:** Perfect. I had some more questions, but I will join back in the queue.

**Moderator:** Thank you very much. The next question is from the line of Prashant Shah from Serum Institute. Please go ahead.

**Prashant Shah:** I had a question regarding your Africa efforts. It is a new continent for us and I know you have done lot of work on it, but do you have any concerns regarding the acceptability of the product because it is something new, they may not have used or they may not be aware of such kind of things, so there will definitely be resistance initially from the enduser, so how are we going about overcoming this particular issue and observed anything as such?

**Rajiv Gandhi:** In Africa, the situation is like whatever is selling is currently being sold in relatively lesser quantities but at extremely high prices while there are some products and vaccines which

are needed have not been sold at all till today, because there is nobody who has been producing them. We have taken it up as a challenge, yes, it is going to be a challenge, but we have taken up that challenge to introduce these products first vaccine as well as health products and try to take the business forward. Challenges are going to be there. They will be quite big, we will have to overcome those challenges, but we have been talking to various governments in the African continent we have given presentation at governmental level sent information on what we will be producing, when we will be producing, so there has been many communications, correspondences directly with the veterinary, their National Vet Division or whatever they call it the Veterinary Department etc., and we have reasons to believe that all this at some point of time will translate into actual business into demand by way of which we will sell the products over there. Yes, but I must say there is a challenge but after all business we have decided to take on that challenge.

**Prashant Shah:** After that do you have any plans for the next level in terms of your markets because US and Europe are two big markets, so do you have any plans for those?

**Rajiv Gandhi:** At the moment, we would want to first stabilize all that we have currently been involved with and then we will take up those next steps as and when at the moment there is no plan that we directly have for the American or the European market.

**Prashant Shah:** Coming back to Africa, so you said that your Africa plant had 100% capacity should be able to give Rs.250 Crores turnover in the next four to five years?

**Rajiv Gandhi:** Yes.

**Prashant Shah:** What is the plan after that because that capacity is the product acceptance is there like we are hoping then four to five years may not be very short timeframe and when we do further additional?

**Rajiv Gandhi:** Africa is a market where we are not very sure and there are lots of challenges. I think we would want to take this without planning after that we want to take this for two years like this and then once as we see the trend for two years then we will want to talk about what will we do after four or five years because to be honest our current focus is get this thing up running generate money, generate sales, generate profits so that is whatever objective is, we have yet to focus on what we will do after this reaches full capacity.

**Prashant Shah:** Thank you very much that is my question.

**Moderator:** Thank you very much. The next question is from the line of Anirudh Shetty from Solidarity Investment Managers. Please go ahead.

**Anirudh Shetty:** Thank you for taking my question. I had three questions from my end. You had mentioned about the capex plan that is we are incurring of Rs.50 Crores so what was the revenue potential be for that?

**Rajiv Gandhi:** The expansion for the animal vaccine that we are doing over here we are looking at near to doubling the current capacity of our plant at this point of time, it could generate an additional turnover up to anything depending upon the product mix from Rs.80 Crores to Rs.120 Crores. It could be more than Rs.120 Crores that is what my CFO is indicating to me.

**Anirudh Shetty:** This is clear. My next question is on the pet business that we will look into enter, so from our size perspective, the market size perspective and a growth perspective could you share some insight around that and also please some details around the approach that we are looking to take to grow this business with the customer different and supply chain might be different, so how are we planning to execute on that?

**Rajiv Gandhi:** One is in the United States the pet market is the biggest market out of all the other animal market, so that gives you an idea on the size of the pet. On in terms of marketing how we want to do it, it should be completely different from what we are doing as I mentioned that currently we are producing vaccines health products for production animals wherein people have commercial objective in buying our vaccine. When they buy our Gumboro vaccine or the Brucella or sheep pox vaccine, there is a commercial angle involved because by giving the vaccine, the health of the host animal improve and what it is going to be getting and return out of that, so they are looking at the cost effectiveness of the vaccine in fact like in human being there is a high quotient or the quotient is 100% emotional, so therefore the whole marketing channel and everything has to be completely different from what it is as far as the current thing is concerned. I will just hand it over to Priya to talk.

**Priya Gandhi:** While the pet market since already the multinationals are already existing over here, but what we are going to what Hester is going to focus on mainly some products what we know from vaccine once we search is that at the moment what many veterinarians do is that they give human supplements and human medicines in a different dosage, for example if we as humans are prescribed 5 mg for dog they give it 10, but they use the same supplements that are given to human, so what we want to do is, we want to make it specific to the dosage and in the presentation for example liquids, bolus whatever that is more preferred for a pet

usage as opposed to what is given right now which is existing in the human that is one of the unique thing which we are working on at the moment.

**Anirudh Shetty:**

Just one final question which was on the broader poultry and animal health business, so in your presentation you had mentioned you are introducing new products towards the business, so are the products kind of new to market wherein we are introducing something which is different from what are peers are doing and just broader understanding the growth of this business, so is this like our vaccine business today is quite underpenetrated, so from a penetration point of view what is the health business kind of the over penetrated and growth largely from this market share gains. This is my request to you this is what we can see?

**Rajiv Gandhi:**

Some of market penetration, we are actually per se more penetrated already on the poultry vaccine front. The large animal vaccine side etc., is, there is scattered market where more penetration is needed, but on the health product side, the whole thing is that it is a very huge market and we ourselves are very small in this at this point of time so that is something which we are focusing on and we would definitely be able to gain more in fact in all my press notes talks I have always told of a higher growth rate for these health products as compared to the vaccine. Priya would want to say something here.

**Priya Gandhi:**

In terms of penetration I would just like to draw your attention that Hester in collaboration with the Scottish NGO, GALVmed was one of the only organization in the world but more relevant to developing countries partnered with them to give supply vaccines to the smallholder farmers in the rural parts of eastern region of India and now we are trying to expand that so what our endeavor to that project is the project of course got over with GALVmed in 2018, but we are still continuing with the smaller division which catered specifically to the backyard farmers with smaller flock sizes, smaller animals in the backyard and what we do is the have the thermotolerant vaccines of the newcastle disease which can tolerate or which can higher degrees of temperature, so we do these things, we do experiment such that we can cater and penetrate more and more in the rural parts of India as well.

**Anirudh Shetty:**

What is we are trying to assume that is strategy of us that we are going deeper into the market is offer that the opportunity to sell not only vaccines, but also help products?

**Rajiv Gandhi:**

Your voice is muffing too much we are not able to hear it clearly, can you just repeat please?

**Anirudh Shetty:** Just to clarify my understanding essentially there is a big market is under penetrated for that not only vaccines, but also there is a possibility of selling health products to those farmers and we are trying to getting a sense of that based on the collaborations and the project that we have done deep in the regions of India, so the market is quite large and the farmer can be sold here vaccine as well as health products?

**Rajiv Gandhi:** Absolutely, the market is I would again breakup the market into the organized poultry sector and the backyard poultry sector, currently India in terms of organized, it covers up to around 90% of the market, so the penetration needed is very less over there. On the backyard poultry India, we are totally it is only 5% that is covered and that market is as big as the organized poultry in terms of population in cattle, sheep, goat it is a completely scattered market and a lot of penetration would be needed to be done which all companies are doing and the potential today of products to be sold in this market leave alone for ourselves this industry can grow more than two to three to four times if this market becomes as addressable as the market in the western world.

**Anirudh Shetty:** It will be very clear. Thank you very much.

**Moderator:** Thank you very much. The next question is from the line of Manish Gupta from Solidarity Investment Managers. Please go ahead.

**Manish Gupta:** The question I wanted to ask was that we are growing our operation across India and the per dose value obviously of our products is very small, what percentage of our districts would we have sales people which at our current scale, would actually be a loss making territory, just because we are still in investment phase, would you track something like this? The question I am trying to understand essentially Sir, is that for the India market, our margins far below what the margins could be because we have still in investment phase?

**Rajiv Gandhi:** Let me just mentally understand your question, your question is what areas are either under covered or covered at the moment, but wherein we are not able to make profit because that we are trying to make penetration, is that your question?

**Manish Gupta:** What percentage of our revenue what actually be loss making right now?

**Rajiv Gandhi:** I do not think so that there is any area where there is loss making area, yes, when we hire new people temporarily the average efficiency of the whole pool of sales people does go down because somebody starting with zero while somebody already has 100 credit to that person sale, so as we build up there is always increasing the efficiency but at the same time

we go on adding people so this is a continuous ongoing situation but it is very difficult to pinpoint that Mr. A is incurring losses for Hester, while Mr. B is making good profit ultimately it is the territory and all the initial penetration and has already been done so today if you take territory wise there is no loss making, if we take individual wise I am sure at some point of time there would be people who would be sort of “actually making loss” for the company, but then that is a phase which anybody everybody in marketing sales would have to go through anywhere in the world.

**Manish Gupta:** Absolutely totally get that Sir. The idea was just to understand the amount of operating leverage in the business, this is very clear. Thank you.

**Moderator:** Thank you very much. The next question is from the line of Hersh an Individual Investor. Please go ahead.

**Hersh:** Do you have any plans for QIP you had mentioned few quarters ago, so have you firmed up any plans regarding that?

**Rajiv Gandhi:** Not at the moment. We have been able to raise finances through internal accruals, through banks, institutes, loans, etc., so at the moment still QIP has been proposed for an acquisition which we are all the time looking for, if we do get an opportunity to acquire something, yes, we will trigger that QIP method not till that time.

**Hersh:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Arnav an Individual Investor. Please go ahead.

**Arnav:** Thanks for the opportunity and congrats for the great results. I had a couple of questions, mostly have been answered, so on the pet division I think Mr. Gandhi had outlined in some of our thinking, is there a revenue number that you are also looking at from a two to three year perspective?

**Rajiv Gandhi:** No, this division is in its formative stage, it would not be possible for us, we are yet firming all these things the revenue model etc., for the pet division. It is too early for us to give any indications on this.

**Arnav:** Okay, that is very helpful. Is there any timeline to get it started or it is already you will put in place and the products are out in the market?

- Rajiv Gandhi:** No products are out in one year's time, we will come at the moment, we are studying, we are looking, we are trying to look at various products choosing, short listing, packaging, designing, because this marketing is very different from the current product marketing that we are doing, so I think you can give us one year's time by the time we launch products.
- Arnav:** Last question for link the revenue, you mentioned Rs.200, Rs.250 Crores for Africa by three to four years, if it goes well and similarly in India we expect to hit Rs.500 Crores, something in 2024-2025, is it a fair assessment or if you add goes up and things go well and we will be at 10 Crores, 50 Crores at a consolidated level in between 2024-2025?
- Rajiv Gandhi:** Your voice is muffing, but as I understand your question is that adding the two would that be right, because it is forecast over here are different from the forecast of Africa, so at any point of time, both would have to be and should be added. We are not talking of overlapping.
- Arnav:** That is very helpful. Thanks so much and Festive Greeting. Thank you.
- Moderator:** Thank you. The next question is from the line of Manish Jain from GormalOne. Please go ahead.
- Manish Jain:** This question is mostly for Nikhil where Nikhil we are looking at you have Rs.38 Crores of EBITDA in the first six months this year and on an annualized run rate of Rs.76 Crores of EBITDA and Rajiv just mentioned a Rs.50 Crores capex plan and current debt to equity of only 38%, because your net debt is only Rs.95 Crores, so what is the max debt to equity that you all will be comfortable with?
- Nikhil Jhanwar:** Overall, debt equity that we are looking is may be 60% to 40% what is we are looking at the debt equity ratio with the new capex and all coming in.
- Manish Jain:** 60% of debt and 40% of equity?
- Nikhil Jhanwar:** Yes.
- Manish Jain:** That means you can actually technically do upwards the Rs.200 Crores of acquisition, should you want without diluting equity?
- Rajiv Gandhi:** What you have understood is absolutely right and that is the maximum that we could be wanting to go or we could go, but the path towards it would not be first the small thing that

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we are doing over here, if we get anything that we can acquire based on the size of it, how much money we would raise and how much of debt we would take and that is the way we would want to go further taking debt, working hard, repaying it off is always better than any other way of financing, but this yes, he has given you an outer limit.

**Manish Jain:** Perfect. Thank you so much.

**Moderator:** Thank you very much. As there are no further questions from the participants I would now like to hand the conference over to the management for closing comments.

**Rajiv Gandhi:** Thank you everybody for hearing us out as well as I hope I have been able to satisfy all of you with my answers. As I always say there are times when I am not able to give satisfactory answer up to you all, one is that I may be lacking information two that due to whatever statutory reasons I might not be able to say certain things, so besides that I hope you all had satisfying Q&A session. Looking forward to catch up with you all again in our next call which would be in the next quarter. Thank you very much.

**Moderator:** Thank you very much participants. On behalf of ICICI Securities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.