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CIN L99999GJ1987PLC022333

19 November 2019

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

Respected 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 6 November 2019 at 2.00 p.m. to discuss the Standalone and Consolidated Unaudited Financial Results for the quarter and half year ended on 30 September 2019, for your information and record.

You are requested to take the above on record.

Sincerely,
For Hester Biosciences Limited

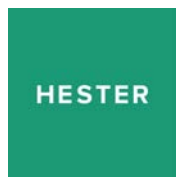


Rajiv Gandhi
CEO & Managing Director
DIN: 00438037



"Hester Biosciences Limited
Q2 & H1 FY2020 Earnings Conference Call"

06 November 2019



ANALYST: MR. ABHISHEK SHARMA – IIFL SECURITIES LIMITED

MANAGEMENT: MR. RAJIV GANDHI – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR –
HESTER BIOSCIENCES LIMITED
MR. SAHIL SHAH - FINANCE DEPARTMENT - HESTER BIOSCIENCES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Hester Biosciences Limited Q2 & H1 FY2020 Earnings Conference Call hosted by IIFL Securities Limited. 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 call, 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. Abhishek Sharma from IIFL Securities. Thank you and over to you Sir!

Abhishek Sharma: Hi thanks. Good day everyone, this is Abhishek from IIFL Securities. I thank the Hester management team for giving us the opportunity to host this call. From Hester we have with us today, Mr. Rajiv Gandhi, CEO and Managing Director. I will now hand over the call to the Rajiv Bhai for his opening remarks. Over to you Sir!

Rajiv Gandhi: Thank you Abhishek. Good afternoon to all of you those on the call as always nice to have you all and looking forward to this short interaction on our results. As our results have already been published and I am sure you have a copy of the results as well as our press note. I will just briefly go through few highlights of Hester India as well as our other companies. As you have seen the results have been on the topline, they have been a bit flat and the reasons for this is of course there has been a general economy impact and if you talk about industry wise the poultry industry continue to be in a state of problem because of the high maize prices as what I have been mentioning even earlier in my earlier call last quarter the situation continued and the intake of the poultry farmers was far less than what their capacity was and therefore reduction in their inputs and therefore lesser requirement for vaccines and poultry health products. Hopefully this situation is changing a little bit and our sales team have given me an assurance that in the coming quarters we should be able to at least achieve the target that what we have put.

On the large animal side the trade business has grown 25% for us as per the targets in fact, the tender business is something which though is an assured business we have won the tenders, there are no new tenders that we were expecting and we did not get, it is just that the purchasing by the states is done in a staggering manner, the purchases did not come in this quarter, but they will come in the third or the fourth quarter and those sales would be made up so that does not seem as a concern at all as far as the sales is concerned. Because of the slackness in business we did give a little leeway in terms of credit to our customers on the poultry side and that did impact a little bit on our working capital cycle. The additional credit was given by doing a very deep due diligence before extending additional

credit and everything is in control. The credit days though more at this point of time we are sure that within the next three months time they would again shrink back to the original levels and we should be with business as usual.

On the marketing side, we took a decision to hire more people to do more penetration into the market though it had been a slack quarter we nonetheless we did not stop this activity of our in trying to recruit more people, put them at various locations, in fact we even started a laboratory at Hyderabad for diagnosis wherein we get blood samples and we give the results on the health of the birds in and around that area in Telangana, Andhra Pradesh in that area and we have taken a large team of technical doctors all across the country and besides just marketing people we are now putting focus on the technical sales side so that we take a more scientific approach with our end customers and become more aggressive at the marketplace so these are few highlights of Hester India. Q3 and Q4 sales should be on track as forecasted and I am sure all these things are going to turn around.

Coming to Hester Nepal, there has been reasonable improvement as far as Nepal operations is concerned, we have started getting orders from domestic sales, we have done a lot of execution of sales within the Nepal Market and we are slowly and steadily headed towards becoming the biggest poultry vaccine and health product supplier in that country and our sales force hired over there is doing reasonably good and I think we will maintain this growth rate in terms of getting more market share as well as continuing to improve our sale. On the tender on the export side, also we have done a much better than what we had anticipated, there have been a few tenders we participated we won and we even made this supplies so things seem to be catching up even on the FAO PPR tender side at Hester Nepal, but as already mentioned to you I would like to repeat that we have put in a strategy wherein our dependency is not so much on the tenders, yes getting the tenders would definitely be an extremely big boost, but making sure that we are able to generate sales from the domestic market in itself is something which is going to take the project further and try to achieve the topline as well bottomline. Texas Lifesciences, which is another of our sister concern, which manufactures the health products, the poultry as well as animal health products that seems to be going on absolutely on track on target in terms of the topline, bottomline, more than the topline and bottomline it is the product that we are getting from them as per our quality, as per our timeline, which is helping a lot to Hester India to plan its marketing strategies because earlier days when without Texas we used to have a lot of difficulties and there would always be gaps, we have assured that there are no gaps between two supplies therefore there is no loss of demand.

Coming to Hester Africa, the construction activities are on, we are going exactly as per schedule, there is no delay at this point of time and in fact we are trying to work hard to see if we can prepone the launch date for our first vaccines and let us see how it progresses, we should get more clearer indication in the next three to four months' time.

On Hester Tanzania the trading activities have started to begin and in fact we have a team of marketing people over there, we have a full-fledged depot, cold room storage, transportation facility and sales having started generating in Hester Tanzania and we are reasonably on track. There are a few registrations, which are expected, in fact our PPR vaccine is the first PPR vaccine to be registered in Tanzania, it is already registered we have yet to get the official certificate in our hand so once that happens we will be able to start business not only the PPR vaccine but there are a few other poultry vaccines, which also have been registered and the business should start shortly so that is a little brief on Hester India and our subsidiaries. I will pass on the phone to Sahil who from our Finance Department is supporting me in this call and he will give narration on the financials of the company. Over to Sahil!

Sahil Shah:

Good afternoon everyone. I am Sahil Shah from the Finance Department of the company. I intend to highlight some of the key ratios of Q2 and H1 FY2020. Return on equity for Q2 FY2020 stands at 18.26% as against 25.24% in Q2 FY2019 while the same is 19.42% in H1 FY2020 as against 24.93% in H1 FY2019. Return on capital employed for Q2 stands at 16.47% as against 29.21% in previous Q2 while the same is 20.98% in H1 FY2020 as against 28.11% in H1 FY2019. Return on investment for Q2 FY2020 stands at 13.08% as against 17.12% in Q2 FY2019 while the same is 13.91% in H1 FY2020 as against 16.91% in H1 FY2018. Nonannualized EPS for Q2 FY2020 is Rs.10.22 per share as against Rs.11.68 per share in Q2 FY2019 while EPS for H1 FY2020 is Rs.21.74 per share as against Rs.23.06 per share for H1 FY2019.

Now coming to the standalone balance sheet analysis inventory level stands at 121 days in Q2 FY2020 as against 103 days in Q2 FY2019 while the same is 119 days in H1 FY2020 as against 108 days in H1 FY2019. Total receivables are at 85 days in Q2 FY2020 as against 64 days in Q2 FY2019 while the same is 84 days in H1 FY2020 as against 67 days in H1 FY2019. Overall working capital cycle was 122 days in Q2 FY2020 as against 92 days in Q2 FY2019 while the same was 114 days in H1 FY2020 as against 95 days in H1 FY2019. Current ratio for half year is 2.21 base to 1 as against 1.87 base to 1 in H1 FY2019. For these quarters fixed asset turnover ratio was 1.65 times as against 1.68 times in Q2 FY2019

while the same was 1.68 times in H1 FY2020 as against 1.60 times in H1 FY2019. Company standalone debt is Rs.53.02 Crores as against Rs.47.72 Crores in H1 FY2019. Debt equity ratio for H1 FY2020 is 0.28 raised to one in H1 FY2020 as against 0.30 raised to one in H1 FY2019. Consolidated total debt is Rs.96.43 Crores at H1 FY2020 as against Rs.63.63 Crores at H1 FY2019. Company has spent Rs.0.69 Crores on R&D expenditure during Q2 FY2020 as against Rs.0.95 Crores in Q2 FY2019 while total spending in H1 is Rs.1.43 Crores as against Rs.1.88 Crores in H1 FY2019.

Now coming to the standalone Hester Nepal operation total revenue for Q2 FY2020 is recorded at Rs.1.52 Crores as against Rs.0.05 Crores in Q2 FY2019 while total in H1 FY2020 was Rs.3.91 Crores as against Rs.1.51 Crores in H1 FY2019. In Q2 FY2020 total domestic sales was recorded at Rs.0.51 Crores as against Rs.0.04 Crores in Q2 FY2019 while total domestic sales for H1 FY2020 is Rs.0.58 Crores as against Rs.0.05 Crores in H1 FY2019. Company has a registered gross profit margin of 58.69% in H1 FY2020 as against Rs.31.93% in FY2019. EBITDA margin for H1 FY2020 is at 14.91% as against negative EBITDA margin in previous half year. Company's net loss for Q2 FY2020 reduced to Rs.1.33 Crores from Rs.4.11 Crores in previous Q2 FY2019 and the total loss for half year also reduced to Rs.2.45 Crores from Rs.4.55 Crores in previous year. Total bank borrowing is Rs.23.30 Crores in H1 as against Rs.24.48 Crores in previous H1.

Now coming to standalone Texas operation total revenue for Q2 FY2020 is recorded at Rs.3.38 Crores as against Rs.2.03 Crores while total revenue for H1 FY2020 is Rs.5.97 Crores as against Rs.3.41 Crores in H1 FY2019. Company has registered a net profit of Rs.0.32 Crores in Q2 FY2020 as against Rs.0.23 Crores in Q2 FY2019 while the total net profit for H1 FY2020 is Rs.0.53 Crores as against Rs.0.37 Crores in H1 FY2019. Total net worth of the company is Rs.5.16 Crores at H1 FY2020 as against Rs.4.58 Crores at H1 FY2019. Now coming to the standalone operation of Hester Tanzania total revenue for Q2 FY2020 is recorded at Rs.0.88 Crores as against nominal revenue in Q2 FY2019 while total revenue for H1 FY2020 is Rs.1.20 Crores as against Rs.0.28 Crores in H1 FY2019. Company has registered a net profit of 0.49 Crores in Q2 FY2020 as against loss of Rs.0.03 Crores in Q2 FY2019 while the total net profit for H1 is Rs.0.51 Crores as against loss of Rs.0.01 Crores in H1 FY2019. That completes my presentation. Thank you everyone. I now pass on the phone to Mr. Rajiv Bhai.

Rajiv Gandhi:

That completes our presentation we can now start the question.

- Moderator:** Thank you very much. The first question is from the line of Prakash Kapadia from Anived PMS. Please go ahead.
- Prakash Kapadia:** Rajiv two things have tenders for the FMD started, is there clarity on pricing and what are the targets for this year in terms of business?
- Rajiv Gandhi:** Your question is whether the tenders have started for FMD, what are the forecast and what are the prices right?
- Prakash Kapadia:** Yes.
- Rajiv Gandhi:** To answer Hester Biosciences is not into FMD vaccine at all so that does not fall within our purview at this point of time, but the Government of India has started the process, they are in the process of beginning the tendering where ordering from the central government and things are moving in that direction though we are directly at this point not connected.
- Prakash Kapadia:** You mentioned in the press release Q3 and Q4 should be on track now if I look at last year we had a strong base and a growth so we think we will be able to grow on that base also when the high base effect come into picture and we might not achieve targets?
- Rajiv Gandhi:** As far as things seem at this point of time we are reasonably confident of achieving the target that we have set for us cumulatively for Q3 and Q4 and I think I have reasons to believe we should achieve those targets and I do agree and understand that Q3 last year was very strong, it was an extremely you can say upward spike, but we are working towards the same at this point of time.
- Prakash Kapadia:** If things go well we could end up the year being flattish also is what you are saying for the whole year?
- Rajiv Gandhi:** Yes may be a little on the positive side for sure but you can say more or less.
- Prakash Kapadia:** Understood and you mentioned about employee cost getting increase if you could give us some sense on the ramp up in the sales team what is the number, which was there say a year ago or beginning of the year and what is it in first half and which specific markets we are targeting to increase our sales?

- Rajiv Gandhi:** We have done an intake of around 60 people on the marketing side, which includes more on the technical side besides that we have started the laboratory, which comes under the marketing personnel because most of the people over there they had in the lab itself and that is part of this so in terms of figure this is what it is.
- Prakash Kapadia:** Sure and Rajiv lastly I have been following up for meeting you I have not received any response so whenever I write an e-mail or call it is very difficult to hear anything from the company back in terms of saying the facility or getting some...
- Rajiv Gandhi:** I apologize if there has been any break in communication or no communication, what I suggest is just send an e-mail to me with a copy to Sahil, sahil.shah@hester.in and we will take it up be rest assured.
- Prakash Kapadia:** I will do that. Thank you. I will join the queue for more questions.
- Moderator:** Thank you. The next question is from the line of Ketan Gandhi from Gandhi securities. Please go ahead.
- Ketan Gandhi:** When is the Tanzania plant likely to start commercial production?
- Rajiv Gandhi:** December 2020 is the scheduled time for the release of the first product.
- Ketan Gandhi:** Okay after the commercialization Sir when it can achieve sales of 50 Crores?
- Rajiv Gandhi:** I think with the first vaccine to be launched in 2020 it should take around three years for us to reach that level.
- Ketan Gandhi:** Okay and Sir what is the capex done till date in Tanzania in pending capex?
- Rajiv Gandhi:** Total capex done in Tanzania in Hester Africa Rs.36 Crores.
- Ketan Gandhi:** Is already done or spending?
- Rajiv Gandhi:** No this is already done the total project size is nearly Rs.100 Crores.
- Ketan Gandhi:** Okay Rs.100-Rs.36 Crores so around Rs.64 odd Crores is pending?
- Rajiv Gandhi:** Approximately yes.

- Ketan Gandhi:** Okay. I was reading somewhere about blue tongue and African swine fever vaccines so do we have any plan to launch that kind of vaccine in Tanzania?
- Rajiv Gandhi:** I think blue tongue is in our product list, it is there.
- Ketan Gandhi:** And African swine flu fever?
- Rajiv Gandhi:** African swine fever, no we have African horse sickness we do not have that disease in our list at this point of time, but it has been got to our notice and in fact one or two countries government officials have also discussed that with us, at this point of time it is not there in our first list of vaccines that we are going to introduce.
- Ketan Gandhi:** Can you give the global demand or global side of these two both of vaccines?
- Rajiv Gandhi:** I would not have that in my hand at this point of time. I would not be able to know the global demand. In terms of African demand there are no fixed proper statistics available at this point of time in Africa, but based on certain service that we have done we have made some forecast and probably we will be going by that.
- Ketan Gandhi:** It should be between Rs.50 Crores to Rs.100 Crores or more?
- Rajiv Gandhi:** This one product?
- Ketan Gandhi:** Yes.
- Rajiv Gandhi:** No, I do not think so that there is any product that we have forecasted of Rs.100 Crores sale out of all the vaccines.
- Ketan Gandhi:** Alright. Thank you. I have some more questions I will join back in the queue.
- Moderator:** Thank you. The next question is from the line of Preet Nagarseth from Wealth Finvisor. Please go ahead.
- Preet Nagarseth:** Sir one thing I would like to understand is that you mentioned that the domestic numbers were poor because of lower poultry vaccine usage, now with the continued rains and lower availability of each stock do you see this continue into Q3 as well?

- Rajiv Gandhi:** At the moment as we speak we are talking in November and the prices of poultry, there were two impacts, one was that the high input cost and the low output cost. Now the high input cost is still relatively high, but there is a little bit of an ease in demand, but the low output cost has now changed and the poultry farms are able to recover and they are getting a good price for their eggs also for their meat so that in itself has definitely changed the situation amongst poultry farmers.
- Preet Nagarseth:** Just one suggestion if I may, which is when we have this calls would it be okay if the finance guy does go through all the numbers because I believe these are available on your site right?
- Rajiv Gandhi:** I think it is a good idea in fact earlier the more elaborative last call we cut it this call we kept it, but in the next call I agree with you and we were even internally discussing before this call that it is better to be more concise in the call.
- Preet Nagarseth:** Correct
- Rajiv Gandhi:** Thank you for your suggestion and it will be implemented.
- Preet Nagarseth:** Right absolutely. Thank you so much. Wish you all the very best.
- Moderator:** Thank you. The next question is from the line of Raj Mahadev from IIFL. Please go ahead.
- Raj Mahadev:** Hi Rajiv Bhai thank you for the commentary and opening speech. Couple of questions my side, one is which are the key R&D focus projects for the next three years for the company?
- Rajiv Gandhi:** Diagnostics, recombinant vaccines these are the two focus areas.
- Raj Mahadev:** And specifically in vaccines any specific products or diseases?
- Rajiv Gandhi:** Recombinant vaccines on the poultry side, I am not able to give any specific details on that, but there are three type of recombinant vaccines we are working on.
- Raj Mahadev:** Secondly what is the potential for classical swine fever vaccine in the next three years from India and export markets?

- Rajiv Gandhi:** We are manufacturing the classical swine fever in Nepal we are not manufacturing it over here and that market is mainly in the Southeast Asian countries that is Vietnam, Myanmar, all that area so that is from where we would be exporting the classical swine fever.
- Raj Mahadev:** Right understood and what is the potential exports ramp up likely to be in the next couple of years?
- Rajiv Gandhi:** I think if things go well what we have once the product gets registered at all these places in Vietnam, Myanmar I do not have the figure with me right now, but if I am not mistaken we are hoping to do a sale of approximately \$1 million in the first year for classical swine fever.
- Raj Mahadev:** Right we are already supplying it or we have not gotten any registrations as yet?
- Rajiv Gandhi:** No we are yet working on the registration.
- Raj Mahadev:** Understood. When will you launch blackwater, Anthrax and HS for cattle in India and do you have plans to export these vaccines?
- Rajiv Gandhi:** The ability to export these vaccines is very low. These products at the moment are mainly tendered products and not even much sold in the trade while this was in our list of products on priority we have already have the master seed viruses, we already have done some work on it, but we have just gone slow on this considering that there are other products, which in order to rationalize the current production capacity that we have we are a bit slow on these vaccines, but these vaccines do not give us that much high revenues therefore we have not, actually we have just slowed down on that.
- Raj Mahadev:** Understood and can you not do this out of Nepal because where you have capacities?
- Rajiv Gandhi:** We can do that out of Nepal but the whole point is that then we have to do the registration in any other country where we want to export it. There are certain strains, strains are also different in some of these countries one of them being bacterial vaccine so then there is a limited scope also to export and as I told you the profitability is reasonably low in at least HS & BQ so we are not taking that as a priority.
- Raj Mahadev:** Understood but is on the back-burner and it could come back again?
- Rajiv Gandhi:** It could come we have everything with us for that.

- Raj Mahadev:** It is wait and watch for the market?
- Rajiv Gandhi:** Yes. What we are trying to do is slowly the trend even in dairy farming it is changing wherein there are people who are even trying to look at acquiring vaccines directly outside the gambit of the tender free supplies that they get so as that market changes and starts picking up that is the time that we would like to put in efforts for all these vaccines rather than you know be prepared with it and then make bids and then in any case we are better off taking the responsibility of our marketing people not performing rather than bidding and then not being able to get the bids, etc., and that too of a lower revenue product.
- Raj Mahadev:** Understood. Last question related to working capital so you mentioned that there was some pressure on the receivable side in India and that is visible because of the reasons you explained. However at a consolidated level we have managed our working capital much better and I noticed that is largely by pushing out the payables at a consolidated level so if you look at consolidate vis-à-vis standalone the payables are not pushed out for India, but they pushed out at a consolidated level, which means effectively payables are pushed out for the Nepal. Can you clarify a little bit on how you manage that is it easier to push out payables in Nepal, is sourcing different I am trying to understand that disconnect on working capital between standalone versus consolidated?
- Rajiv Gandhi:** I think it may be mainly related to Nepal that we have been able to push the things over there. This is just a question of getting into a discussion, proper communication with the people who are working with us and trying to make them understand and trying to look between India and Nepal or even Tanzania, but there is no formula, there is no fixed pattern neither is there any design in it, it is just how we are able to take it further and convincing them that is about it.
- Raj Mahadev:** Understood so for Nepal resourcing is all local and hence you manage to push out the payable cycle by managing those local relationships?
- Rajiv Gandhi:** It is local as well as from India also and we are able to try to get some favors as far as Nepal is concerned.
- Raj Mahadev:** Understood. Thank you very much. I will come back.
- Moderator:** Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

- Raveena Reddy:** Raju bhai challenging this quarter definitely and this operating profit down too much in compared to the sales have not reduced, while sales have not down so will you tell something about this operating profit down?
- Rajiv Gandhi:** You are talking about the GP level?
- Raveena Reddy:** Yes profit for the period, this one profit before tax it is Rs.71 Crores against Rs.104 million and Rs.71 million while turnover is Rs.427 million against this time it is 41.98 million even turnover topline has risen, but this profit before tax down drastically.
- Rajiv Gandhi:** I see just a minute I will give it to Sahil let him talk on this.
- Raveena Reddy:** This other expenses have risen too much.
- Rajiv Gandhi:** He is just mentioning it to me we are talking about these expenses that is selling and general expenses that is one thing and the employee benefit, these are the two that have gone up that is the reason for this disproportionate what you see, but in the coming quarters we will make up on all these things for sure. As I just mentioned we have taken a lot many people on the marketing side also so therefore there has been cost and even on the selling and these general expenses there have been certain discounts, etc., been given promotional activities done because of the current tight situation and therefore this is a one of its kind expenditure.
- Raveena Reddy:** Right Rajiv and in Texas topline grew 66% while net profit rise only 38.77 so again the profit margin is down in Texas also?
- Rajiv Gandhi:** In Texas I do not have the details with me right now, but it would be due to a change in product mix there maybe sometime some products that we may be buying from there where the margins are a bit lower, etc., the whole objective of Texas Lifesciences is not to increase the profitability over there, but it is a help to Hester India to get products on time to get product of its desired quality and of course products at a price so we would want the objectives of Hester India to be first achieved and therefore we are actually Texas is there as an entity.
- Raveena Reddy:** Right and in Nepal H2 will be breakeven or in the profit?

- Rajiv Gandhi:** That is our firm, we are absolutely working hard towards that as it is appearing right now we feel even reasonably confident and we hope that we should be able to break even in this financial year itself.
- Raveena Reddy:** Okay Raju bhai thank you very much, all the best.
- Moderator:** Thank you. The next question is from the line of Varun Dodhia, an Individual Investor. Please go ahead.
- Varun Dodhia:** My question was do we have any plans to enter the US or Europe market?
- Rajiv Gandhi:** No.
- Varun Dodhia:** Okay and animal API or formulation anything like that?
- Rajiv Gandhi:** Formulation yes API no.
- Varun Dodhia:** Okay. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Manish Jain from Gormal One. Please go ahead.
- Manish Jain:** Hi Rajiv I just wanted to know how has been your progress in the backyard animal program in Bihar and UP?
- Rajiv Gandhi:** Nice question Manish. The progress over there is reasonably good, penetration level is much higher than what they were before, it is just that the activities over there are reflected more on the quantitative side rather than the qualitative side so the balance sheet reflections of those are not so high, but the work over there is picking up at a very good pace and we are getting a lot of credit towards it. I think in the long run this seems to be becoming a very good business for us, a special division for us because as you are aware the backyard poultry numbers are even more than half I mean it is that big as what it is in the organized poultry sector and we are not only addressing the poultry we are addressing the sheep and goat also in those states and we are working with various other NGOs of course with GALVmed we have a working relationship, the Aga Khan Foundation, we are working with quite a few and taking it further our power distribution network is also reasonably set and in these places.

- Manish Jain:** And are you also expanding beyond poultry in Odisha, Jharkhand and Chhattisgarh?
- Rajiv Gandhi:** In fact we already have beyond poultry vaccines we are also into poultry dewormer than one or two other poultry products. On the sheep and goat also we have a dewormer beside the vaccines that we are giving and the dewormer is also used for cattle and not forgetting the Brucella vaccine and goat pox vaccine also which we are the only producers in the country.
- Manish Jain:** And my second question was on the very aggressive technical sales team expansion what really is the long-term focus for this aggressive expansion, this technical sales team will target what poultry sheep, goat, cattle altogether that directional thing will be very helpful?
- Rajiv Gandhi:** Okay the directional thing is that there is a lot of penetration that we can do where there is a scope as far as the cattle and sheep goat are concerned because it is a very scattered market so you need more people to do market penetration and at the same time we have worked out certain different strategies as far as poultry is concerned where also we would be putting thrust on one or two key products, which till today we were not putting the thrust and we see as a good potential profitability is also good as per our production calculation so overall the thrust would be on the large animal and also on it would be the poultry side, but large animal bigger thrust.
- Manish Jain:** Question for Sahil is like non-Tanzania capex because whilst you mentioned Rs.100 Crores capex my understanding was the total project was around Rs.140 Crores so if you all have spend Rs.36 Crores, how much is the pending capex commitment pending from Hester side and from Bill & Melinda Gates side?
- Sahil Shah:** Sir Hester's commitment is pending around Rs.12 Crores to Rs.13 Crores equity contribution and pending from Bill & Melinda Gates Foundation is around \$7 million.
- Manish Jain:** Perfect.
- Moderator:** Thank you. The next question is from the line of Ayush Mittal from NACL. Please go ahead.
- Ayush Mittal:** Sir Can I get the breakup of the contribution from the export in the H1?
- Rajiv Gandhi:** Export revenue is approximately in H1 it is around Rs.12 Crores.

- Ayush Mittal:** Before I believe Rs.14 odd Crores for the whole of 2019 is that right?
- Rajiv Gandhi:** Yes.
- Ayush Mittal:** We have done well on the export that means?
- Rajiv Gandhi:** We have done reasonably okay as far as exports are concerned. What happens is that all the time we are depending upon **(inaudible) 42:36**, etc., but things are happening.
- Ayush Mittal:** Okay and Sir we keep reading about large government tenders to come up in Indian market any thoughts or something that you have seen on the ground happening or anything that you want to share on that?
- Rajiv Gandhi:** We are quite in sync for Brucella and PPR supplies for all the states in the country I think in Brucella we have nearly 70% market share today in India for supplies and I think most of the states the tenders are already through we have already been selected as the number one supplier and I think in the next two quarters and in some States the tendering would have been for two years we would continue the supply not only in this year, but also in the next year.
- Ayush Mittal:** Can you share what kind of quantum of these tenders or what quantum of business can we expect in say coming two quarters from these kind of tenders or what is the annual numbers that you see from such kind of things and how can it grow?
- Rajiv Gandhi:** I think our tender business should be approximately around Rs.12 Crores to Rs.15 Crores and overall the tendering business would be less than double of that, but it is growing at a very fast pace. We have reasons to believe **(inaudible) 44:07** in terms of amount it could even go two to three times next year because Brucella is going to be given a special treatment and government has taken up FMD and Brucella and we are part of that Brucella immunization and eradication scheme.
- Moderator:** Ladies and gentlemen as there are no further questions I now hand the conference over to the management for closing comments.

Rajiv Gandhi:

Thank you all for hearing me out and I hope I have been able to answer your questions and to summarize yes it has been the sales have been little low but we have reasons to believe that we will catch up in the third and fourth quarter and while economic situation micro-macro internal situations always come and go and sometimes there is a dip, sometimes there is rise whatever it is, I personally feel that as what we in our management we are always happy if things go up, but as long as we are steady, we are able to maintain ourselves with a pace that we have defined for ourselves more importantly keeping in mind the bottomline I think if that continues we are more than happy and these ups and downs as I say should not be of a concern to anybody and I think that is about it. Thank you.

Moderator:

Thank you. Ladies and gentlemen on behalf of IIFL Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.