

Press Release

31 October 2020

Q2FY21 Sales up by 30%, H1FY21 Sales up by 10%

Q2FY21 Net Profit up by 16%, H1FY21 Net Profit down by 4%

Expect to launch the first Lumpy Skin Disease Vaccine in India in 6 months

Financial Highlights

INR in Million

Particulars	Q2			H1		
	FY21	FY20	Growth	FY21	FY20	Growth
Net Sales	536.23	413.69	30%	925.01	837.96	10%
Net Profit	101.26	86.94	16%	177.51	184.87	(4%)
EPS (In INR)	11.90	10.22	16%	20.87	21.73	(4%)

Division-wise sales in INR Million

Particulars	Q2			H1		
	FY21	FY20	Growth	FY21	FY20	Growth
Poultry Healthcare	343.43	268.65	28%	641.68	602.16	7%
Animal Healthcare	140.34	99.77	41%	209.30	166.22	26%
Other	52.47	45.27	16%	74.03	69.58	6%
TOTAL	536.24	413.69	30%	925.01	837.96	10%

Profitability Analysis

Particular	Q2FY21	Q2FY20	H1FY21	H1FY20	FY20
GP Margin	59.38%	65.87%	61.65%	67.38%	66.97%
EBIDTA Margin	32.59%	28.38%	33.29%	34.18%	31.12%
NP Margin	18.88%	21.02%	19.19%	22.06%	18.43%
EPS in INR Non-Annualised	11.90	10.22	20.87	21.73	36.70

Balance Sheet Analysis

Particular	Q2FY21	Q2FY20	Up/(Down)	H1FY21	H1FY20	Up/(Down)
ROE	18.81%	18.26%	0.55%	16.48%	19.41%	(2.93%)
ROCE	24.43%	16.47%	7.96%	21.09%	20.98%	0.10%
ROI	14.67%	13.08%	1.59%	12.85%	13.91%	(1.05%)

Business Overview of Hester India

We have seen an inspiring growth in top-line in Q2FY21. Overall the sales grew by:

- 30% in comparison to Q2FY20
- 10% in comparison to H1FY20
- 38% in comparison to Q1FY21

Analysing the performance through various parameters:

1. Poultry Healthcare Division has registered growth of 28% in Q2FY21 and 7% in H1FY21 in comparison to the corresponding period last year. The Animal Healthcare Division has registered growth of 41% in Q2FY21 and 26% in H1FY21. In Q2FY21, we have seen the demand for milk and eggs going up, which directly positively impacted our sales.
2. Overall, vaccine sales (poultry and animal divisions) have registered growth of 26% in Q2FY21 and 8% in H1FY21 as compared to the corresponding period last year. The health product sales have registered growth of 51% in Q2FY21 and 22% in H1FY21 as compared to the corresponding period last year.
3. Geographically, domestic sales have registered growth of 30% in Q2FY21 and 8% in H1FY21 and the export sales have increased by 36% in Q2FY21 and 25% in H1FY21.
4. The National Animal Disease Control Program of the Government of India for Brucella is extended and expected to be implemented by January 2021. This was supposed to have been started from February 2020. This delay in commencement has led to a delay in our sales of the Brucella vaccine which we hope to commence from Q4.
5. The territorial expansion within India, done in last few months, has started contributing significantly for both, Poultry as well as Animal Healthcare Division.
6. In line with our mandate to reduce dependency on any product, division or geography, we have strategically increased the sales of the health products. Though these products may have a lower gross margin, it will ultimately improve the top line and the bottom line due to higher efficiencies achieved from our sales team.

Going further:

1. We expect to grow in the market by expanding our reach, improving our product performances and adding new products and offering new solutions in our portfolio.
2. In line with global health practices to move away from antibiotics, Hester has decided to focus on herbal products. Most new products would be natural or herbal in nature for our Poultry as well as Animal division.
3. Lumpy Skin Disease (LSD) in cattle is an emerging disease in India which is of economic importance for cattle farmers. Hester is currently working towards developing a vaccine against LSD. We have already received the test license for evaluation of safety & efficacy of the vaccine. We have plans to commercially launch the vaccine within six months. Hester is the only company in India who has an LSD vaccine under development. The vaccine has a good export potential as well. LSD is endemic in most African and Middle Eastern countries. In 2015 and 2016 the disease spread to south-east Europe, the Balkans and the Caucasus. Since 2019, the disease was reported in India as well as in some Asian countries. As there is no treatment for the disease, prevention by vaccination is the only effective means to control the disease.
4. Our developmental activities are ongoing for the human Covid-19 vaccine with IIT Guwahati. Animal trials are expected to begin in December 2020. Discussions are on with various human vaccines manufacturing companies to take the vaccine development and trial activities further.
5. In view of the various opportunities, including those of Brucella and LSD vaccines, Hester is planning to expand its production capabilities, the details of which would be finalised in the coming days.

Business Overview of Hester Nepal

1. Revenue for Q2FY21 was recorded at INR 5.49 Mn as against INR 15.15 Mn in Q2FY20.
2. Revenue for H1FY21 was recorded at INR 7.12 Mn as against INR 36.67 Mn in H1FY20.

The unavailability of international flights out of Kathmandu due to COVID for most of H1 and the absence of tenders being floated by FAO in the last two quarters has negatively impacted our sales. Efforts are now being put to target domestic Nepalese market, which was also impacted due to COVID. Though tangible results have yet to be seen, the business looks promising in the coming quarters. FAO tenders are also expected to start from Q3.

Financials in INR Million

Particular	Q2FY21	Q2FY20	H1FY21	H1FY20	FY20
Net Sales	5.49	15.15	7.12	36.67	161.80
Net Profit / (Loss)	(5.12)	(13.34)	(25.95)	(24.54)	39.39

Business Overview of Texas Lifesciences

1. Revenue for Q2FY21 was recorded at INR 38.06 Mn as against INR 33.82 Mn in Q2FY20.
2. Revenue for H1FY21 was recorded at INR 61.28 Mn as against INR 59.73 Mn in H1FY20.

With Hester's increasing focus on health products and Texas Lifesciences manufacturing these products, we foresee a good increase in the top line. Registration of Texas products have started in various African countries.

Financials in INR Million

Particular	Q2FY21	Q2FY20	H1FY21	H1FY20	FY20
Net Sales	38.06	33.82	61.28	59.73	128.03
Net Profit / (Loss)	3.79	3.36	5.26	5.29	10.17

Business Overview of Hester Tanzania

1. Revenue for Q2FY21 was recorded at INR 8.64 Mn as against INR 8.83 Mn in Q2FY20.
2. Revenue for H1FY21 was recorded at INR 15.57 Mn as against INR 11.99 Mn in H1FY20.

During the period Q2FY21 which was impacted due to COVID, we have focused on creating the infrastructure to penetrate into the market in days to come. Resources have been spent towards creating a distribution and marketing network in Tanzania.

Financials in INR Million

Particular	Q2FY21	Q2FY20	H1FY21	H1FY20	FY20
Net Sales	8.64	8.83	15.57	11.99	27.03
Net Profit / (Loss)	(12.17)	4.88	(8.39)	5.13	(2.68)

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Business Overview of Hester Africa

The project has got delayed marginally due to inability of contractors being able to reach Tanzania for installation work. The movement has now begun, and we hope to begin commercial production by mid Q4FY21.



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