



HESTER

Hester Biosciences Limited

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CIN L99999GJ1987PLC022333

30 October 2024

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: Transcripts of earnings conference call held on 28 October 2024

Pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the earnings conference call held by the management of the Company with investors on Monday, 28 October 2024 at 2:00 p.m. (IST) to discuss the financial results for the for the quarter and six months period ended 30 September 2024.

This is for your information and records.

Sincerely,
For Hester Biosciences Limited

Vinod Mali
Company Secretary & Compliance Officer

Enclosure: As above



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“Hester Biosciences Limited Q2/H1 FY25 Earnings Conference Call”

28 October 2024



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ICICI Securities



CHORUS CALL

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

MODERATOR: MS. NISHA SHETTY – ICICI SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Hester Bioscience Q2 H1 FY25 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.

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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Nisha from ICICI Securities Limited. Thank you and over to you, ma'am.

Management: Nisha? Yes, Nisha you can start.

Nisha: Thank you, Palak. Good afternoon everyone. On behalf of ICICI Securities, I welcome you all on Q2 FY25 earnings conference call of Hester Biosciences and I thank the Hester Biosciences management team for giving us this opportunity to host this call. Today, on this call, we have with us, Mr. Rajiv Gandhi, CEO and Managing Director; Ms. Priya Gandhi, Executive Director; Mr. Nikhil Jhanwar, CFO.

I will now hand over the call to the Hester management team for their opening remarks. Thank you. Over to you, sir.

Priya Gandhi: Yes, thank you. Good afternoon everyone. This is Priya Gandhi, Executive Director at Hester Biosciences and thank you for joining us today as we present our performance for the second quarter and the first half of FY25.

Building on the foundation set in Q1, we continued to achieve a steady growth in Q2 across all divisions. Our strategy of expanding our product portfolio and focusing on operational efficiency has delivered promising results, despite a challenging market environment in certain areas.

On a consolidated basis, division of product sales have increased by 27% for the first half of FY25 compared to the last year. We are seeing good traction across both domestic and international markets with contributions from our core division which is Animal Healthcare, Poultry Healthcare as well as Pet Care.

If you see our revenue from operations in the press note that got circulated a while ago, you will see a flat performance in the first half, which is purely because of the onetime sales which had happened in Q1 last year, so that's the reason you see that. But however, our divisional product sales and divisional-wise performance have gone up on a standalone as well as a consolidated basis in Q2 and H1.

Talking of the Animal Healthcare division. In Q2, FY25, our Animal Healthcare division registered 4% growth bringing H1 FY25 growth to 20%. This growth was largely driven by sustained demand in the dairy sector with higher consumption of milk and milk product fueling our sales.

Our mineral supplements intra-mammary products have maintained the momentum that it had gained in Q1. Additionally, we have also introduced new products in the category of pain relief solutions, one of the line extensions of one of our key brands called ProtinC for cattle has also contributed positively to the sales in this division in the last quarter.

Looking ahead, we are optimistic about the continuing growth in the dairy sector and we will keep expanding our offerings to meet the evolving needs of this market. We remain focused on capitalizing on both trade demand, as well as government tender requirements, particularly with our Goat Pox and PPR vaccines which continue to support the National Immunization Program.

Coming to the Poultry Healthcare division, our Poultry Healthcare division delivered a strong 20% growth in Q2 and 27% for the first half of the year. Vaccine sales continued to perform well, strengthened by 59% increase in exports of poultry vaccines.

To further improve disease control measures in poultry farms, we've introduced a disinfectant during the quarter, which has also contributed to the growth of the health product segment within the Poultry division. With increasing global demand for poultry products and our consistent efforts, we are confident in maintaining this growth trajectory.

Coming to our Pet Care division. Pet Care division has been a key focus area for us as we cater to the growing market of pet owners seeking science backed driven products. In Q2 FY25, the Pet Care division achieved a 12% growth and 20% in H1 FY25.

One of our key launches this quarter was Diet Fortify which is a prescription based pet food diet which is aimed at addressing the lifestyle related issues in pets. This product is already receiving positive feedback and we are seeing encouraging growth from veterinary prescription.

Coming to our financial performance. We are pleased to report that gross profit margins remain broadly consistent in Q2 FY25. Overall for the first half of the year, our GP margins improved by 6%, primarily due to having the right product mix. Increased revenue from product sales have also allowed for better absorption of fixed costs, which have led to 4% improvement in the EBITDA margin. Our overall PAT saw a significant increase of 38%, with PAT ratio improving by 3% reflecting our improved operational efficiency and focus on high margin products.

Coming to our subsidiaries. Our international subsidiaries have also continued to perform well and contribute to the consolidated results. Hester Nepal has achieved a turnover of INR2.13 crore in Q2, showing growth from Q2 FY24. Export orders and domestic vaccine needs have been fulfilled leading to an improved cash flow. Hester Nepal is now also debt free.

Speaking of Hester Africa. Hester Africa has also registered an impressive growth with a top line of INR9.2 crore in Q2 compared to INR1.96 crore in the corresponding quarter. While we continue to work reducing our losses, the overall trend is positive with the EBITDA showing a substantial improvement.

Looking forward, our focus for the upcoming quarters will remain on introducing new products to further diversify our portfolio, increase operational efficiency and driving growth across all three divisions. We are committed to strengthening our position as a holistic animal health company providing innovative solutions for the wellbeing of animals.

Thank you for your continued support and confidence in Hester. We look forward to the exciting opportunities ahead and remain dedicated to delivering sustainable growth and value to all our stakeholders. We now welcome your questions and look forward to the discussion.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue,

you may press star and two. Participants are requested to only use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Rajiv Gandhi:

Yes, this is Rajiv Gandhi here, CEO and Managing Director. I think as there are no questions, I would just like to make a few comments.

One is that, I think the explanation given would have been well, so that that would have taken out all the queries from everybody. Point number one. Point number two is that, we are on an upward trajectory in terms of top line and bottom line. We are very clear on our focus on the bottom line. The next upcoming focus areas are to further strengthen the Animal Healthcare division and also to improve our company cash flow overall.

One comment which I would like to make on the Pet Care division is that, we see this division as a very promising upcoming division. This is going to be the future big division within our organization and if you see worldwide the Pet business of all the big companies, animal health companies worldwide is more than what it is of the Animal Healthcare or the Poultry Healthcare division. Of course, it would take a little time in India for it to reach those levels, but we definitely see the pet division as a star division in days to come.

In terms of Poultry Healthcare, we have been growing steadily and we are trying to maintain the growth rate. And now our focus in the Animal Healthcare and Poultry, besides vaccines, it would also be healthcare products.

We started in 1997 as a vaccine company and we continue to be more known as a vaccine company. But over the period of time, we have evolved ourselves from vaccines to health products. And this is something which we are going to continue in a very strong manner. Of course, it does not dilute our focus on vaccines. We have a few vaccines in the pipeline in the R&D, a few technologies that we have acquired from the Indian Veterinary Research Institute and another government institute.

So that pursuit goes on. But this is in addition that we will push the health products segments as well. And last but not the least, on the Pet side, we do not have any vaccines. It is our endeavour that in a year's time, we launch at least one pet vaccine and so that division also opens its account with the

vaccine with which actually we have started our business. That's all from my side. Thank you for being patient, listeners.

Moderator: Participants who wish to ask question, may press star and one.

Nisha: So I think with this we can end the call for today and we thank everyone for joining and for everyone's continued support for us. Thank you.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.