



HESTER

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5 August 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 2 August 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 Friday, 2 August 2024 at 2:00 p.m. (IST) to discuss the financial results for the for the quarter ended 30 June 2024.

This is for your information and records.

Sincerely,
For Hester Biosciences Limited

Vinod Mali
Company Secretary & Compliance Officer

Enclosure: As above



HESTER

Hester Biosciences Limited
Q1 FY25 Earnings Conference Call


2 August 2024



HESTER



ICICI Securities



CHORUS CALL®

MANAGEMENT: **MR. RAJIV GANDHI - CEO & MANAGING DIRECTOR,
HESTER BIOSCIENCES LIMITED**
**MS. PRIYA GANDHI - EXECUTIVE DIRECTOR, HESTER
BIOSCIENCES LIMITED**
**MR. NIKHIL JHANWAR - CFO, HESTER BIOSCIENCES
LIMITED**

MODERATOR: **MS. ASHA SHETTY - ICICI SECURITIES LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to Hester Biosciences Limited Q1 FY25 Earnings Conference Call hosted by ICICI 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 Ms. Asha Shetty from ICICI Securities Limited. Thank you and over to you, ma'am.

Asha Shetty:

Thank you, Neha. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all on the Q1 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.

Priya Gandhi:

Thank you. Good afternoon, everyone. This is Priya Gandhi – Executive Director of Hester. I am happy to have you all here for our quarterly update where I will walk you all through the performance of the 1st Quarter of FY25. Hope you all have had a chance to look at our Results which just got published a while ago.

This quarter has been about setting a strong foundation for the financial year in terms of divisional performances as well as our profitability. We have aligned our efforts to capitalize on emerging market opportunities and drive sustainable growth across all divisions.

On the Divisional Performance:

On a standalone basis, sales have increased by 36% quarter-on-quarter. However, if you see the overall sales shows a 9% decrease due to a one-time pharmaceutical product sales last year in Q1. But excluding that, our sales have risen.

Coming to the Animal Healthcare Division:

In Q1 our Animal Healthcare division experienced the growth of 41%. This growth was driven by both trade as well as center markets. The domestic dairy sector's positive trend characterized by a higher consumption of milk and milk products boosted sales of some of our mineral supplements and intramammary products.

Our focus on five key product brands in the trade market has resulted in an 8% growth for these products. Additionally, we also focused on trade demand and actively participated in the tender market, focusing on PPRs for sheep and goat and Goat Box Vaccine to immunise cattle against the lumpy skin disease. Looking ahead, we aim to leverage on the anticipated growth in the dairy sector and make offerings to meet the evolving market needs.

Speaking of the Poultry Healthcare Division:

Our Poultry Healthcare division achieved a growth of 35% in Q1. This quarter we focused on our core strength, which is vaccine. The recovery of the poultry industry helped us regain momentum. And that aside, our efforts to strengthen technical services in the field, including robust monitoring of vaccine administration and introducing a variant of the Newcastle Disease vaccine contributed to this growth.

About the Petcare Division:

The Petcare Division saw growth of 29% with the sales crossing Rs. 1 crore in the 1st Quarter, significantly outpacing the market growth of 9%. While our base is relatively low, the percent growth is nonetheless promising. This growth was driven by increased penetration among vet clinics, leading to more prescription of Hester products. Our focus on the prescriptive segment in the Petcare addressed unmet needs with products in categories of Parasiticide, Anti-inflammatory, and Anti-infectives contributing to the overall growth. Also, a new launch of a skin care tonic, which we introduced in Q1, proved popular amongst pet owners addressing seasonal skin conditions effectively.

Coming on to the Financial Performance of Hester India:

I am pleased to say that our profit has increased by 30%. Both EBITDA and PAT also grown, driven by a focus on high margin product, strong division performance and improved operational efficiency.

Moving on to the consolidated results, division of sales has increased by 34%, although the overall performance shows a dip due to the one-time sales in the last quarter.

About Hester Nepal:

Hester Nepal achieved a turnover of Rs. 6.3 crores in Q1 compared to Rs. 6.5 in Q1 FY24 with a net profit of Rs. 2.7 crores in this quarter versus Rs. 3.6 crores in the corresponding quarter last year. Hester Nepal has executed export orders against the government tenders and met domestic poultry vaccine needs. This quarter, it has also generated positive cash flows where we have fully paid all bank term loans.

Speaking of Hester Africa:

Hester Africa registered a turnover of Rs. 2.8 crores in Q1 compared to 1.7 in the corresponding quarter. EBITDA turned around from negative 95 lakhs to a positive 37 lakhs. However, the quarter ended with an overall loss of Rs. 4.9 crores, primarily due to the depreciation and unrealized foreign exchange fluctuation. Hester Africa is vigorously engaging in international tenders and cultivating trade demands across multiple African countries. Overall awareness and demand for the vaccine have been on a rising trajectory.

Looking forward, we have set a tone for the year by introducing new initiatives and discontinuing less beneficial ones. Our focus is on leveraging segments within each division to their full potential. We are optimistic about the Pet division having received great feedback on our products and packaging. In the Poultry Division, we look forward to government support in launching the Avian Influenza Vaccine set to launch by Hester and other companies in the coming year. This, along with our strategic product launches tailored to market needs will strengthen our position further.

In the Animal Healthcare Division, significant investment and effort will be dedicated to R&D with a primary focus in the large animal vaccine need.

Thank you for your continued support and confidence in Hester. We are excited about the opportunities ahead and are committed to delivering sustainable growth and value to our stakeholders.

And we now welcome your questions and look forward to a productive discussion. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Gunit Singh from Counter-Cyclical PMS. Please go ahead.

Gunit Singh: We have seen a drop quarter-on-quarter in the Poultry Division. So, I mean, can this be attributed to higher maize prices and low broiler prices in Q1? And also looking at the current trend of higher maize prices and broiler prices going down, how is the Poultry Division impacted by this, looking at the current situation, right now we are in July.

Rajiv Gandhi: This is Rajiv Gandhi over here. Your first sentence was not clear. We could not hear you properly. But from what I heard; you expressed a concern on the downtrend of the Poultry Healthcare Division. I think I am not understanding what you are referring to. But our sales closed in Q1 at Rs. 40.77 crores as against Rs. 30.29 in the corresponding Q1 of last year, which is a 35% growth. So, may I know what are you referring to?

- Gunit Singh:** Sir, I am referring to quarter-on-quarter sales basically and also I am talking about the current trend on the maize prices going up and broiler prices going down?
- Rajiv Gandhi:** I think you may be referring to the market prices of broiler. This is Shraavan month wherein normally there is always a dip in the broiler prices. This is a cyclical issue every Shraavan. But seeing the overall trend, the poultry industry to whom we supply poultry vaccines and health products is in a reasonably good situation as what it was compared to in the last earlier two years. And in fact the feed costs have marginally gone down for the poultry farmers.
- Gunit Singh:** Is that impacting our business in any way currently in the market right now? So, are we seeing any negative trends in the Poultry segment?
- Rajiv Gandhi:** No, we are not seeing any negative trend. And we really don't see. And if you look at today's broiler price or yesterday's or 10 days and we expressed our concern, I don't think that concern is a valid concern. I think you should not worry about our progress based on today's broiler prices.
- Gunit Singh:** Alright, so I mean, we are seeing a healthy Q2 as compared to last year?
- Rajiv Gandhi:** Yes.
- Gunit Singh:** What is the maximum revenue potential from Nepal, Africa, as well as India units, and what is the current capacity utilization in all three?
- Rajiv Gandhi:** In Africa, the total utilization could give us an approximately sale of total around 60 crores in Nepal. I don't have these figures over here right now on what would be the total sales. One more thing you need to understand is that the sales depends upon the product mix. There are poultry vaccines which are sold in thousand-dose packs. There are large animal vaccines which are sold in 25-500 dose packs. So, all this is reasonably subjective and just we will be commencing on our expanded capacity for which the expenses have already been incurred and our freeze-drying capacity would be going to more than double than what it is at this point of time.
- Gunit Singh:** When will this capacity come in?
- Rajiv Gandhi:** Q3.
- Gunit Singh:** Even the current capacity is not fully utilized, what is the confidence of bringing in new capacity and that it will be utilized to optimal levels?

- Rajiv Gandhi:** No, I think our current capacity utilization has been near to full at Hester India and this is an expansion for which the expenses, the CAPEX has already been incurred. So, now it is only an upward trend. We are not talking about any CAPEX over here. Also in Africa and in Nepal, there is no now additional CAPEX that we are making to increase our capacity. So, I am not understanding the issue. I think whether I understand or not the bottomline is that we have built a good capacity in India. We don't need to spend more. We don't need to spend in Africa. We don't need to spend in Nepal at this point of time and we have a lot of spare capacity in Nepal as well as in Africa. That is our Tanzania Plant.
- Gunit Singh:** So, what is the outlook for FY25 in terms of growth and the margins that we can expect over FY24? And also with this new capacity coming in in India, what kind of additional revenues can we expect as well with the pipeline that we have in FY26?
- Rajiv Gandhi:** I would have Priya answer this, but please also keep in mind that we are not here to give any guidance, any confirmed forecast. We have not done that. We would not want to do that. Before I hand it over to Priya, all that I can say we are on an upward trend on the topline as well as the bottomline and we hope to continue with this trend. Over to Priya.
- Priya Gandhi:** I would just add on to what was said before, I think more than looking at the whole FY, I think what we need to see is that this quarter itself compared to the last quarter divisional rises shown a rise by 37%. So, I think that is a good enough indicator and I started off my talk by saying that this quarter has been a strong foundation in terms of the overall performance as well as profit. So, that is what we will be maintaining through the financial year.
- Gunit Singh:** Alright. And would we be looking at improving our margins historically, we have done 30% EBITDA margins. So, I mean, what's the outlook do we have in terms of the margin profile?
- Priya Gandhi:** Our margins have already improved as you can see in this result itself. So, if you want to ask us quantitatively how much more, that's very, very difficult for us to really tell you. But I think you can keep this as a base and for the foreseeable future.
- Gunit Singh:** So, 21% steady state operating margins are sustainable?
- Priya Gandhi:** Yes.
- Moderator:** Thank you. The next question is from the line of Richa from Equitymaster. Please go ahead.

Richa: Sir, my question is what is the current breakup between vaccine and products, what is the breakup and how is the margin profile different for both the segments?

Rajiv Gandhi: I think we would not really want to give the basic break up between vaccine, health products etc. because this is how much ever more deep we go, then the next thing would be how much would be again if poultry vaccines and large animal vaccines etc. what we can say that vaccine business is at this point of time relatively a bit larger than the health products business and our focus remains to be on both equally and the growth potential in the health products is much more bigger than what it is in the vaccine. So, this is just a true market indicator. In terms of profitability, vaccines are relatively more profitable in terms rather than the health products so this is what it is.

Richa: Okay, fair enough and so my second question is that in last quarter, there were some challenges that we were facing in Africa. So, of course there has been better performance but with regards to those challenges, it was related to currency and the government orders were delayed. Can you just give us some sense of, if the things have improved on that front or is it company specific effort that is leading to better performance in a challenging market condition. What kind of outlook do you have for Africa?

Rajiv Gandhi: The outlook for Hester Africa for our plant in Tanzania, you asked specifically on foreign exchange and orders. To answer the foreign exchange issue, there has been a devaluation. It's a routine thing, which is not much of a worry to us, though there has been a devaluation, but at the same time, prices of products and all also have gone up. In terms of orders, we are very confident that the business that we are expecting in the private sector as well as tenders from governments, we see a very extremely high visibility at this point of time as we speak. I would not want to make any indirect or direct mention on what is happening, but the Q3 and Q4 results in itself will prove the good progress of Hester Africa.

Moderator: Thank you. The next question is from the line of Shyam Garg from Ladderup Finance Limited. Please go ahead.

Shyam Garg: My first question is in line with the working capital cycle. If you can explain a little bit, if you can throw some light on working capital, how it goes in the corresponding year and the current year, quarter one?

Nikhil Jhanwar: Working capital cycle in the sense of the inventories and debtors is what you are asking for?

Rajiv Gandhi: He is asking overall working capital.

- Nikhil Jhanwar:** Overall working capital needs from the channel inventories and debtors perspective believe around 4 to 5 months is what the working capital which we are required to maintain.
- Shyam Garg:** Sir, can you please give a little detail on inventory and credit payables in all the segments?
- Rajiv Gandhi:** See, inventories, I would say, are primarily in the raw materials and work in progress for our vaccines, and for the health products which are traded good. So, that's the inventory we have to maintain at all of our depots and branches. So, around the two months is what is the inventory factor for inventory perspective and around similar numbers for the debtors because of the credit which we are giving in the market.
- Shyam Garg:** And my second question is with respect to, if you can explain how the Africa business is going on and what are the expected numbers for the trend that we are expecting from the same and currently the evaluation, EBITDA has stabilized now or not?
- Rajiv Gandhi:** Rajiv here, I just answered that to the earlier question. Africa is showing a lot of positive signs towards orders coming in from within a few months' time and even the distribution network that we have created. All that I can say that we will be only going up in a geometric progression from where we are at this point of time, you could be rest assured of that and the African market, it is a tough market entry barriers, but once in it, we are there because there is very less competition. And plus, the distribution channel which we have created via our other company in which we have invested, Trishul Exim. So, we are focusing a lot on distribution and marketing, which is actually a very big thing in Africa because it is not that there is no market. It is that the reachability of products at the last level, that is which is important and we are focusing on that.
- Moderator:** Thank you. The next question is from the line of Manish Jain from GormalOne LLP. Please go ahead.
- Manish Jain:** Just wanted to know you mentioned about low pathogenic Avian Influenza Vaccine. When are you all targeting to launch it in India and outside India?
- Priya Gandhi:** I think we are planning to do it in Q4 this year, Q4 or maybe Q1 next year.
- Manish Jain:** And what can be the rough, very rough likelihood of sales in 3 years in India and exports?

Rajiv Gandhi: The potential for this H9N2 vaccine is reasonably good as far as India and exports. In fact, we see that export even would be a bigger potential place because not too many countries are manufacturing the H9N2 vaccine. In terms of market size etc., I think we could discuss this on an individual basis where there is some subjectivity which nothing to hide or nothing not to tell but I would avoid making any such quantitative forward-looking statements, nothing else at all.

Manish Jain: Perfect and my second question was we are developing a new Brucella vaccine, so what's the key advantage over existing vaccine and by when do we expect it to launch?

Priya Gandhi: So, we have not really mentioned about it in this quarter, I mean of course it's going to be a recombinant modified vaccine. So, there is a lot of work being done in R&D, but we refrain from really mentioning it now in any of the press notes till we see something actually coming out. Having said that, it's just going to be a modified version of the conventional vaccine. It's going to be very, very safe. Brucella is a zoonotic disease where it can transmit to the human who's vaccinating. But this will ensure that the safety level is going to be very high and it's also going to be performing better in terms of the use of it which is to enhance productivity in the cattle.

Rajiv Gandhi: So, the Brucella vaccine which is under development is mainly as safe for human beings who are going to be vaccinating the cattle. So, that's something which is extremely important on the safety and on the efficacy. It does not reduce the efficacy from this current S19 Brucella vaccine which is being currently administered.

Moderator: Thank you. The next question is from the line of Aniket Kanodia from SmartSync Services. Please go ahead.

Aniket Kanodia: Sir, I will just rephrase one of the questions of the earlier participants. I am not looking for exact numbers, but in an approximate way, if you can just give us some sense of how big or how much of capacity is utilized and how much is unutilized. Some numbers or some direction, I am not looking for exact answers, but some approximation as to how big we are, and we can go in Africa, India and Nepal?

Rajiv Gandhi: As I told you in Nepal, we can go up to Rs. 50 to Rs. 80 crores depending upon the vaccine product mix. At this point of time, we are utilizing only 30% of our capacity in Africa. In Africa, it is only 10% of the capacity and in India, we have utilized approximately 80% of our capacity and once this module gets into operation, our capacity utilization at that point of time would be approximately 45%.

Aniket Kanodia: Thank you so much sir, that was very helpful. Just regarding the poultry vaccine and the poultry market in general. So, in the past when we look at last say 8-10 years, what we have seen is that generally it follows a cyclical pattern where 2-3 years of downturn gets, after that we see at least a 2-year period of good times in terms of demand for

the vaccine. So, do we expect something like that has begun over the last 1 or 2 quarters?

Rajiv Gandhi:

I would say the vaccine market, the poultry industry, rather, is right now on an upward curve at this point of time. So, we can expect this upward curve to remain for a good period of time. It has recently begun. But at this point, I would also like to make a mention that Hester Biosciences as a company is not dependent upon the poultry industry and its status, at one time yes. Before 10 years, 15 years, we were a poultry vaccine manufacturing company, which made us depend completely on poultry and the cycles would have impacted us a lot. But now with three divisions Poultry, Animal Health as well as Pet, the fastest growing division out of the three, of course, because it has a small base. Our relative dependency on any one division has become reasonably less. The percentage between Poultry and Animal Health is also somewhere like 55:45 or 60:40, so we are reasonably covered and so that's what it is and of course with the pet division growing up, that would again add on to our philosophy on not being dependent on any one division. Your question was not exactly with this but I presume that was the intent, therefore I made these comments.

Moderator:

Thank you. The next follow-up question is from the line of Richa from Equitymaster. Please go ahead.

Richa:

Sir, my question is that in the press release, you have mentioned that the brands in the trade market are growing at 8%. If you could just elaborate a bit more on how is the profitability different in a brand versus maybe what's a non-brand, and what is the share of that? How is it moving? What kind of mix do you see there in the future that could help?

Priya Gandhi:

I think what you're mentioning is what we mentioned regarding the key brands in Animal Health. Is that what you're mentioning?

Richa:

Yes, you have given a figure, right, that it has grown 8% and will lead to better margin, leading to better profitability. So, I just wanted to know that how is like what percent of the business can be called brand aid? And how has this mix moved? What do you expect in terms of future and how is the profitability different?

Priya Gandhi:

No, by brand I mean our specific Hester brand is what I meant. But it meant eight products in a specific category on which we have our focus. Either it is to do with the margin they have or it is to do with how good they are performing, preference in this segment of our customers. That is, a couple of these things together make it our focus brand. And that has grown by 8% on a quarter-on-quarter basis. And we are not comparing any branded, non-branded. That's not what the comparison is. In fact, the word brand, you can disregard. It just means certain focused product.

- Moderator:** Thank you. The next question is from the line of Anshul Sehgal from Sehgal Capital Advisors LLP. Please go ahead.
- Anshul Sehgal:** My first question is, what is the revenue contribution from Africa today? And is this a higher margin as compared to the India and Nepal business?
- Rajiv Gandhi:** Africa contribution, it is Rs. 2.8 crores in our consolidated total turnover which is Rs. 82 crores. So, out of Rs. 82 crores, Rs. 2.8 is what has come from Africa. It's mentioned on page 3 of our press note. In terms of gross margins, it is more or less in line with what we are in India.
- Anshul Sehgal:** More or less in line, okay. My second question is, on that question of capacity that you just addressed, it seems like on full capacity from our business, we should be somewhere in the region of Rs. 800 to Rs. 900 crores in revenues. Is that a fair estimate?
- Priya Gandhi:** It's honestly very, very difficult to really equate and make a max equation out of this because like we said, it really depends on the product mix. We have vaccines ranging from 5 doses to 1,000 doses, even 2,000 doses in poultry. So, really it will not be very accurate for us to say 800, 900,000, it really, really depends.
- Rajiv Gandhi:** And to be putting it very honestly, all the total of this will not total to Rs. 900 crores.
- Anshul Sehgal:** Thanks. And my final question is that we have in the past done 33%, 34% kind of margins. And in this quarter, we have seen a significant uptick in margins. As Ms. Gandhi just mentioned that this should be looked at as the base for margins in the year. By when do we estimate that we will reach previous margins? Is that on full capacity utilization that we reach that?
- Rajiv Gandhi:** It is our internal determination to reach to the margins as what you just asked in your question. Please do keep in mind one thing that those margins were at a time when there were only vaccines and there were no health products and that too only poultry vaccines where the cost of distribution, marketing are relatively low because it's more institutional business as far as poultry vaccine. Since that time till now, we have added health products in poultry, large animal vaccines, large animal health products as well as pets. While the product mix that we are working towards is to improve our current bottomline, improve our profitability, it is our endeavor to reach that and we are working towards that. At least this quarter has shown us that a little bit of tweaking that we have done, it has helped us to improve our margins tremendously. The endeavor continues to be in that direction. To give you a timeline on that would be a little difficult at this point of time, but we are working on it.

- Anshul Sehgal:** I have one final question. So, the question is that you spoke about the remodeling of the India capacity to vaccines and that is animal vaccines. Now as we understand this was a capacity which was built for human vaccines and it is being remodeled for animal vaccines. Was there some write-off taken in this capacity in the past? Is the write-off expected in future? Some costs that were incurred in transferring capacity from one sort of utilization to the other.
- Rajiv Gandhi:** I understood your question, you are referring to the BS, the bulk antigen for the COVID vaccine for which we have set up a BSL-3 facility which we have made an application to the government of India to allow us to repurpose this for other animal vaccines. We will be using the same facility to make a few vaccines which are already in our pipeline or one for which we already have a license. There would be a minor modification not really much towards converting into our current usage. It would only increase our capacity. It would not lead to much of a financial CAPEX.
- Moderator:** Thank you. The next follow-up question is from the line of Richa from Equitymaster. Please go ahead.
- Richa:** My question is how much investment have we made in Africa subsidiary?
- Rajiv Gandhi:** Africa, totally the investment is US \$20 million is the total investment made in Hester Africa, our plant in Tanzania.
- Richa:** And sir, in the last call, I think you were saying that the pet division trend has actually kind of become more strong to what you were expecting with. So, I just wanted to know the investment we have done so far and with the growth this quarter, I mean, is your outlook better than what it was last year? Do you plan more investments and if so, how much?
- Priya Gandhi:** So, as you can see, this quarter we have already crossed Rs. 1 crore, which obviously took more time in the last financial year. So, yes, as I mentioned, the division is that I mean, the pet segment has only grown by 8% to 9%. There definitely has been an impact post COVID. There has been lower adoption. Having said that, I mean, our growth is still 29% to 30% on a quarter-on-quarter basis. Of course, the base is low. But still, I think, yes, we are hopeful on this division. There are couple of introductions and additions that we are going to be doing in the coming quarters.
- Richa:** Okay, so is there any plan, investment in this segment? Is there a number to it?
- Priya Gandhi:** There is no investment plan. We will only be focusing more on introduction of different kinds of products. Our focus is more going to be on the healthcare system based as opposed to the other pet segment which is gaining a lot of popularity, which is more into grooming and accessories, etc. That's not something that our focus is going to be,

which is a very crowded market. We are going to be focusing more on prescription based, healthcare related solutions.

Richa: And just one more question, if I may. Could you share the breakup between tender business and private business maybe for the quarter or maybe last year, some kind of idea?

Rajiv Gandhi: I think these breakups, ma'am, is a difficult proposition. Not that there is too much of proprietary in that information, but we would not want to get into. We are not even sitting with these papers exactly on the breakup between tender and market. But our main business is definitely private market that is our focus for sure.

Moderator: Thank you. The next follow up question is from the line of Manish Jain from GormalOne LLP. Please go ahead.

Manish Jain: I just wanted to know learn about the lumpy vaccine, what is the key difference between or first of all, is there a difference between the lumpy vaccine that we are developing in India and what we have launched in Africa? That's the first question and second is when are we likely to launch this updated LSD vaccine in India?

Rajiv Gandhi: Now, Lumpy Skin Disease vaccine introduced in Hester Africa is with the Neethling Strain, which is internationally used for LSD vaccine. I am using the short for name LSD for Lumpy Skin Disease. So, we are using the Neethling Strain. And in India, we are using the strain isolated within India by IVRI and technology acquired from IVRI. So, this is the basic difference between the Indian LSD and the African LSD. The African LSD is already commercially launched. We are supplying in a few African countries and we have even made a supply to one of the Central Asian countries. While in India, our LSD vaccine, we hope to introduce it sometime later in the next calendar year. That is in 2025 later part. But this launch of it later does not impact the sales at this point of time because we are already supplying the Goat Pox Vaccine which is given very high immunity in cattle against Lumpy Skin Disease, but it is always better to have a more specific vaccine and therefore we will be manufacturing and launching the Lumpy Skin Disease Vaccine.

Priya Gandhi: I would also like to add whenever we give a tentative timeline of launch, whether it is to do with the lumpy skin, or the Avian Influenza, or Brucella, these are all based on a set of assumptions and where we are at today. Regulatory standards in India are getting very stringent, even in the veterinary healthcare sphere. These timelines sometimes are not even in our control, but we are working towards the development and the launch. However, there are certain external factors which are not in our hands, which can make the timelines which we mentioned here on record vary.

Manish Jain: Yes, we understand. In fact, this acts as a huge entry barrier for anyone else, given that your portfolio is the largest in India. And just wanted to get an insight on the PPR vaccine where the outlook because the African market and all the African market funds got diverted to COVID fight. You've seen any trend or improvement in the PPR vaccine outlook?

Rajiv Gandhi: Point number one, FAO and many other world such NGOs etc. keep on reminding us, make sure that your capacity is enhanced because PPR is going to be required in a very big manner. Now, these are sentences coming from all of such agencies. Point number two, it is very evident now that there is a high focus on PPR independently even in countries because what has happened is some of the countries have not kept their dependency on international funding and they have started even budgeting for themselves. Even Tanzania is considering budgeting itself for the PPR vaccine and two other vaccines. So, overall, we feel that the PPR sale has been much lower, not only for us worldwide, the PPR requirement has come less, not because of any other reason, but because of this funding and all these situations. But as we see now, there is a little positive upward movement in PPR orders.

Moderator: Thank you so much for the question. Ladies and gentlemen, we will take this as the last question. I would now like to hand the conference over to the management for closing comments.

Rajiv Gandhi: Thank you all. As always, we try to answer as much as possible. Sometimes we have constraints. Sometimes we prefer deliberately not to address certain points. But it is all nothing to do with anything to hide or anything. It is just because of normal business reasons that is what we do. So, please do understand that and keep in mind. And as always, it's been a pleasure interacting with everybody and hope to again reconnect with you in our next call. Priya!

Priya Gandhi: Yes, so in continuation to this, as I mentioned already that Q1 has been quite promising for us as you all have also seen the Results. And we owe it to you all to maintain this positive trend and positive trajectory. We may not have been able to answer every single question. There is a time constraint. And also, sometimes it gets a bit too specific, but we are always open to connecting on a personal level with any one of you, each one of you at any point of time. Thank you.

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