

Press Release

Q4FY18 Results: Sales up by 5%, Profitability up by 27%

FY18 Results: Sales up by 8%, Profitability up by 23%

Company recommends a final dividend of INR 6 per share

Finalisation of animal vaccine project in Tanzania

14 May 2018

Financial Highlights

(INR in Million)

	Q4			12 Months		
	FY 18	FY 17	Growth	FY 18	FY 17	Growth
Net Sales	374.83	355.96	5%	1352.53	1255.79	8%
Net Profit	90.14	70.75	27%	305.58	249.40	23%
EPS (in INR)	10.59	8.32	27%	35.92	29.32	23%

Q4 Highlights

1. Hester has reported a Net Sales of INR 374.83 Mn in Q4FY18 as compared to INR 355.96 Mn for the previous corresponding period, thereby registering a growth of 5%.
2. Net Profit for Q4FY18 is recorded at INR 90.14 Mn as against INR 70.75 Mn for the previous corresponding period, thereby registering a growth of 27%.
3. Earnings Per Share for the Q4FY18 is at INR 10.59 as against INR 8.32 for Q4FY17.

12 Months Highlights

1. Hester has reported a Net Sales of INR 1,352.53 Mn in FY18 as compared to INR 1,255.79 Mn for the previous corresponding period, thereby registering a growth of 8%.
2. Net Profit for 12 months ended 2018 is recorded at INR 305.58 Mn as against INR 249.40 Mn for the previous corresponding period, thereby registering a growth of 23%.
3. Earnings Per Share for 12 months ended FY18 is at INR 35.92 as against INR 29.32 for the 12 months ended FY17.

Dividend

The board of directors had declared and paid an interim dividend of INR 4 per equity share (40%) on 09 November 2017. Further, the board has recommended a final dividend of INR 6 per equity share (60%) for the financial year 2017-18, subject to the approval of the shareholders. Total Dividend for the financial year 2017-18 will be INR 10 per equity share (100%) as against the INR 5.30 per equity share (53%) for the financial year 2016-17.

Hester India's Business Overview for Q4FY18

1. Got 2 additional products registered in Egypt
2. Got the manufacturing licence in India for 2 diagnostics kits
3. We completed the drug authorities audit from 2 African countries

Hester India's Business Overview for the year FY18

- Sales in the poultry divisions grew by 5.41%.
- Sales in the Large Animal divisions grew by 16.83%.
- The company improved its bottom line in the financial year. The main drivers for the improvement, like in last year, continued to be better inventory management, stricter credit controls and the shift in the product mix.
- Over all, the growth in sales was less than forecasted but we achieved our profitability target in terms of percentage. Various steps have been taken to ensure achievement of targets in this financial year.

Hester Nepal Business Overview for the year FY18

- Total Revenue for FY18 is recorded at INR 14.80Mn as against INR 13.14 Mn for FY17.
- Net loss for FY18 is INR 73.62 Mn as against INR 22.03 Mn for FY17.
- Accumulated losses of the company is INR 96.07 Mn as on 31 March 2018
- Total debt as on 31 March 2018 is INR 260.19 Mn as against INR 269.55 Mn as on 31 March 2017.

The year had a slow progress at Nepal. Worldwide PPR tenders were far less than anticipated, thereby directly impacting our performance. Nonetheless, the last quarter has seen a spurt in the tender business. We hope that the PPR worldwide tendering process meets its forecasted targets in this financial year.

Various approvals for locally produced vaccines have been received by us in the last few months, thereby indicating to have a sales beginning in the domestic market, which was not possible till last year.

Texas Lifesciences Overview for the year FY18

- In June 2017, Hester Biosciences India had acquired 55% stake of Texas Lifesciences Private Limited, a company in Mehsana, Gujarat, manufacturing and supplying pharma formulations, tablets, capsules, powder, and oral liquid for human and veterinary markets.
- The Main objective of acquiring a stake in Texas was to have an in-house control on the manufacturing and the quality of the range of animal health products marketed by Hester. The sourcing of all Hester health products is being systematically transferred to Texas.
- Total Revenue for FY18 is recorded at INR 14.69 Mn with 45% of the revenue being derived out of sales to Hester.
- Net profit for 12 month ended 2018 is recorded at INR 0.45 Mn.
- The business at Texas is slated to grow at a high rate.

Finalisation of Animal Vaccine manufacturing in Tanzania

The board has approved the setting up of an animal vaccine manufacturing unit in Tanzania.

Hester sees a very big potential in Africa for animal vaccines. More than 80% of the vaccines required in Africa are imported. Besides the common diseases, there are Africa-specific diseases, which currently remain unaddressed, thereby causing economical losses to poultry and livestock farmers.

The objective of the project is to bridge the quantitative and qualitative gap between demand and supply of animal vaccines among small holder farmers as well as amongst the commercial farmers in the African continent. The project would mainly manufacture vaccines against Africa-specific diseases, besides having the capability as well as the capacity to manufacture a bigger range of vaccines against other commonly occurring animal diseases.

Hester is also in the process of creating a strong distribution network in Africa. This network will service the backyard farmers, which constitute a big percentage of the animal population in Africa, as well as the organized poultry & livestock farmers.

Project Highlights

Name of entity:	Hester Biosciences Africa Limited
Ownership:	Wholly-owned subsidiary of Hester Biosciences Limited India
Type of company:	An export Oriented Unit registered under the Companies Act 2002 of Tanzania
Export Commitment:	80% of the sales
Location:	Kibaha Coast Region, Tanzania
Capacity:	1.5 billion doses of vaccines
Revenue:	USD 30 million per year at full capacity
Employment generation:	200 direct & 300 indirect employees at full capacity

Project cost in USD:

1	Land & Building	7,000,000
2	Plant & Machinery	7,000,000
3	Other Cost*	4,000,000
	Total	18,000,000

*Other Cost include preliminary & preoperative expenses, Technology adaption, Market survey and product Registration Costs

Source of Finance in USD:

1	Equity Share Capital	Hester Biosciences Limited	4,000,000
2	Secured Loan**	Bill & Melinda Gates Foundation, located in USA	10,000,000
3	Grant**	Bill & Melinda Gates Foundation, located in USA	4,000,000
	Total		18,000,000

** Total Sanctioned Secured loan is USD 12,000,000. Disbursement of both the loan and the grant are pending the execution of definitive loan agreements and the company's satisfaction of relevant closing conditions.

Timeline of Project:

- Completion of Construction: January 2020
- Validation of facility: April 2020
- First commercial batch: November 2020

Market size of Africa

In coming years, Africa is poised to become one of the major markets for animal vaccines. Tanzania, having the third largest herd of domestic livestock, will be the biggest market for animal vaccines in Africa.

Projected Sales for 4 years in USD:

Year	2021	2022	2023	2024
Projected Sales	1.5 Mn	4 Mn	7.5 Mn	11 Mn

Hester is Poised, Prepared & Positive to move further.


Rajiv Gandhi
Hester Biosciences Limited
CEO & Managing director