



Hester Biosciences reports net profit of Rs 3.56 Cr in Q1 FY23

24 August 2022 | News

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One of the India's leading poultry and animal vaccine manufacturing company, Hester Biosciences Limited has reported consolidated net profit of Rs. 3.56 crore and Revenue from Operations of Rs. 50.70 crore for the Q1FY23. Individually, the gross margins of the vaccines and the health products have been in line with the corresponding quarter, however, the overall margins have reduced due to the increase in the proportion of health products sales which have lower gross margins compared to vaccines. Health Products sales constituted 34 per cent of the total sales in Q1 FY23, versus 20 per cent in Q1 FY22.

Highlights of Q1 FY23

On the vaccine side:

The recent outbreak of Lumpy Skin Disease (LSD) in certain parts of the country since July 2022 is expected to result in additional sales in Q2 FY23.

The Company was a successful bidder in a government tender for PPR vaccine for sheep & goat, the supplies for which are likely to start from September 2022.

Vaccine sales declined by 30 per cent in Q1 FY23 compared to the corresponding quarter, largely due to two reasons:

The comparative period last year had hugely benefited from one-off sales on account of the then prevailing poultry disease outbreak. Our sales were near to a record high due to the outbreaks.

The decline was in the sales of poultry vaccines in Q1 FY23. The poultry industry continued to face strong headwinds on account of increased cost of inputs (mainly feed) and pricing pressure on eggs and broiler birds. Consequent to severe margin pressure, the poultry industry sharply reduced new bird placements along-with initiatives towards input cost optimisation.

Relative increase in marketing expenses in Q1 FY23 as against in Q1 FY22 which were significantly lower due to Covid travel restrictions (notwithstanding the higher sales in Q1 FY22 due to disease situation in poultry)

Increased market development cost in Animal Health and Petcare Divisions on account of company's continuous efforts in expansion activities. These are expected to moderate over next few quarters as growth in sales picks up in new territories.

Petcare division

The Company launched a new division for Petcare during Q1 with 10 products. Activities related to market development, field force establishment and product pipeline are ongoing. Petcare Division will emerge as a steady long term growth driver, given the increasing adoption of pets in the country.

The Company is strengthening its new product vaccine pipeline by developing new vaccines like Classical Swine Fever (CSF), Sheep Pox and an improved version of Brucella vaccines. Bulk antigen production capacity expansion project is completed and trial runs are ongoing. Expansion of Fill-Finish line capacity is expected to be completed by Q4FY23. These 2 expansions will double the production capacity in vaccines. The recent notification by Government of India to allow the manufacture and sale of Avian Influenza Inactivated vaccine, H9N2 strain, will contribute to our sales from Q3.