



HESTER

**“Hester Biosciences Limited  
Q2/H1 FY26 Earnings Conference Call”  
12 November 2025**



HESTER



**ICICI Securities**



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**MODERATOR: MS. NISHA SHETTY – ICICI SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Hester Biosciences Q2 H1 FY26 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 this 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 Ms. Nisha Shetty from ICICI Securities. Please go ahead.

**Nisha Shetty:** Thank you. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all on Q2 and H1 FY26 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. Ashish Desai, Group Finance Controller; and Mr. Divyesh Maru, CFO, India.

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

**Rajiv Gandhi:** Good afternoon, everybody. This is Rajiv Gandhi. As always, it's been nice to take this call and to interact with all of you. I now pass it on to Priya Gandhi to take the proceedings further.

**Priya Gandhi:** Good afternoon, everyone. This is Priya Gandhi. Thank you all for joining us on this investor call for Hester's Q2 and H1 FY26 results. As always, we really appreciate your continued interest and belief in our journey, one that's built on science, purpose and long-term value creation.

The first half of FY26 has been a mixed period for us, marked by a weaker performance in our India business, but a stronger profitability at a consolidated level, supported by various internal plus external reasons. Internal reasons being improved cost control and stability in our overall operations.

Coming to our stand-alone business. Our standalone divisional product sales for Q2 stood at INR64 crores, making a 12% decline over the same quarter last year. For H1 FY26, the sales were at INR128 crores, also down by 13%. Profitability was impacted correspondingly with EBITDA NPAT declining by 13% and 15%, respectively, on an H1 basis.

While the overall top line was subdued, we've kept our focus on protecting margins through process standardization, efficient manpower deployment and a more balanced product mix. These measures are not a short-term fix, but a part of our sustained effort to make Hester structurally stronger and less dependent on any external variability.

On the capital front, many of you have asked about our INR182 crore capital work in progress at our India plant. We expect this to be fully capitalized by March, post which the plant will start contributing meaningfully to our future growth. Over the next few years, we expect this facility to be a key growth driver, enabling a significant scale-up in our vaccine production.

Coming on to our divisional performances. The Poultry Healthcare division remained to be on a positive trajectory, recording an 18% growth in Q2 and 10% growth in H1. This growth was largely a volume led, supported by strong demand for our core strength, vaccine. We also achieved a significant regulatory milestone this quarter wherein we received the market authorization for our H9N2 vaccine.

This vaccine is not only important scientifically but also commercially as it strengthens our poultry vaccine portfolio and opened export opportunities across regions where avian influenza preparedness is a growing priority. Apart from the vaccine itself, we are trying to bring a holistic solution by addressing bird immunity and farm biosecurity, together by launching Healthcare Solutions to complement our vaccine for better performance. This will be launched in this quarter.

To answer a question we received in advance, sales of avian influenza vaccine are expected to begin post-receipt of our manufacturing license, which we anticipate by December. Export sales will follow soon after, supported by clear regulatory pathway we've now achieved in India.

Coming on to the Animal Healthcare division. We saw a 50% degrowth in Q2 and a 41% decline in H1, largely due to the delay in the government-led immunization program for PPR and Lumpy Skin Disease. These programs have experienced lower rollout across several states, but we anticipate the pickup in the activity in the large part of the year, particularly in Q4 as execution time lines normalize. Importantly, this is a timing-related delay and not a demand issue. And we continue to see our readiness to cater to this rollout once it begins.

Meanwhile, the therapeutic and nutritional segment have remained steady, helping maintain customer engagement and market presence. We've also received questions about the large animal and dairy segment, particularly about the opportunities and challenges that we are seeing.

The Lumpy Skin Disease outbreak in 2022 did cause temporary disruptions in the productivity and overall industry dynamics. But the sector continues to grow at around 5 - 6% annually. We are focused on introducing targeted solutions in both vaccines and health products that help address post-outbreak challenges and productivity gaps in the dairy sector.

In Pet Care, our efforts to build a presence in key urban markets are continuing steadily. We're seeing better engagement from veterinarians and distributors, and we expect this to translate into measurable growth over the next few quarters. A question we often get is about the vaccine manufacturing for pets when sales might begin whether existing facilities can be leveraged.

We plan to introduce Pet vaccines in India and Africa using our existing facilities without any major additional capex. At this stage, we are also exploring potential licensing opportunities ahead of establishing a dedicated manufacturing setup. While it's early to share time line, the groundwork is already in motion.

On the international front, our consolidated division product sales stood at INR155 crores, marking a 7% degrowth over the previous year, with a net profit up by 99% primarily due to favourable forex, foreign exchange movements. Central Africa continued to deliver a positive momentum, recording a net profit of INR4.8 crores in Q2 and INR10.32 crores in H1 on a top line of INR6 crores and INR23 crores, respectively.

The turnaround that began earlier this year has helped supported by stable operations at our Tanzania plant and stronger execution discipline.

We've also marked an important collaborative initiative with GALVmed, which is the GALVmed-led VITAL program, which stands for veterinary, innovation, transforming, animal health and livelihood. This program aims to increase vaccine access and adoption for ruminant diseases across Africa.

Hester's participation covers Tanzania, Kenya and Nigeria and reinforces our role as a regional partner in improving animal health and livelihood. We remain on track to achieve breakeven in our Africa operations by FY'28 as mentioned earlier. The overall environment in Africa remains uneven due to political and delays in institutional orders, but our long-term positioning in the continent continues to strengthen over time.

Coming to Hester Nepal. Hester Nepal reported a net loss of INR1.1 crores in Q2 though it maintained a profit of INR0.8 crores for H1 on a top line of INR0.5 crores and INR5.6 crores, respectively. The quarter was impacted by the timing of institutional orders and temporary disturbances in Nepal during August, which affected logistics and field movement.

However, we continue to maintain a strong market presence and expect institutional execution to resume by the second half of this year. At a consolidated level, our margins remained stable, driven by operational discipline and cost control. On recombinant vaccine, as you have asked about the pace of development and whether there have been any delays. I'd just like to clarify that there are no delays.

Recombinant vaccine naturally take longer to develop and validate due to the complexity of the technology. Work is progressing well, and we expect meaningful outcomes over midterm to long term. As we move ahead, the current financial year and particularly this quarter has been a period of consolidation and strengthening for us at Hester.

Our strategic focus is clear. We want to strengthen the business fundamentals and reduce dependency on tender-based revenues, thereby creating a more balanced and resilient portfolio. To deepen our presence across commercial, private and export markets, supported by operational discipline and process

standardization, put H9N2 now commercialize to leverage export opportunities that open up across markets where avian influenza control is a priority and to continue driving innovation, margin stability and sustainable growth through product diversification and geographic expansion.

We remain confident that the groundwork laid over the past two quarters will begin to reflect in stronger performance in the second half of this financial year. Hester continues to be driven by science, sustainability and purpose, strengthening animal health while building lasting value across markets.

Thank you all for hearing me out and for your time and continued support. And we now look forward to your questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Harshal Mehta from Zennivesh.

**Harshal Mehta:** Am I audible?

**Moderator:** Mr. Harshal please unmute your line and go ahead.

**Harshal Mehta:** Am I audible?

**Moderator:** Yes, you are audible, sir.

**Harshal Mehta:** Good afternoon, sir. So sir in FY25 annual report, you have shared the capacities of all three plants, right? So on a conservative basis, can we assume that inflows will be roughly accounting for 2 times just on an average case that we can consider?

**Moderator:** Sorry, can you repeat your question? It's not clear. We're not able to hear you.

**Harshal Mehta:** Am I audible now?

**Rajiv Gandhi:** There was muffing in your voice. Maybe you are on speaker or something.

**Harshal Mehta:** Is it better now?

**Rajiv Gandhi:** Yes.

**Harshal Mehta:** Okay. So sir, in FY25 annual report, we have shared the capacity of all three plants, right?

- Rajiv Gandhi:** Okay.
- Moderator:** Mr. Harshal, you're not audible. The line from Mr. Harshal has got disconnected. The next question - we'll move on to our next question. The next question comes from the line of Madhur Rathi from Counter Cyclical Investments.
- Madhur Rathi:** I wanted to understand regarding how do we decide on allocating which vaccines to manufacture and an allocation policy? Because it seems that this business is lumpy. So we need to have the right kind of vaccine at the right time. So if you can help us understand that whenever the next outbreak comes out, can we expect Hester to like benefit from that?
- Priya Gandhi:** So you are referring to our allocation of vaccine products in our three plants, is it?
- Madhur Rathi:** Yes.
- Priya Gandhi:** See, with vaccines, country-specific strains are very different. So we try not to duplicate whatever vaccines that are required in India. And sometimes, the strains which we produce in Africa are not allowed in India and vice versa. So depending on the regulatory approval of which strain is approved, where and what the higher demand is for which product, that's how we have allocated. And our aim is to minimize as much as duplication, which is not even the case at this point.
- Rajiv Gandhi:** Or if you are referring to how do we manage at each of the plants, the answer is there is a demand, there is a market need and there is a study done on the cost and the time taken for each vaccine. So any decision to what to produce depends upon all these factors based on which we decide the product mix at each of the plants.
- Madhur Rathi:** Sir, so I'm trying to understand that our poultry vaccine has over the past 5 years, there has been not much growth, like it was INR150 crores in FY21 to it's INR170-odd crores in FY25. So there is not much growth per se, but there might have been some of the other cases of either poultry outbreak or some kind of disease that is happening in poultry.

And we keep on hearing that Bharat Biotech has been taking on various vaccine approvals or tech know-how from the government. So I'm trying to understand that how is Hester placed versus any other vaccine manufacturer in the country, where whenever the next outbreak happens, we can expect Hester at least gain some portion of the incremental demand whatever comes in?

**Rajiv Gandhi:**

Yes. We are not here to actually comment on what another competing or another vaccine manufacturer is doing. From our side, it is on record that the highest number of technologies taken by any company on the veterinary sphere from the government of India is Hester Biosciences. And our preparedness is as much there absolutely all the time to take on new challenges.

We had the Lumpy Skin Disease outbreak 2 years ago. We were the 100% supplier for Lumpy Skin Disease immunization via the Goat Pox vaccine. Likewise, as far as H9N2 is concerned in poultry, there have not been -- now that government has given the license and all companies together had taken the license and a little before or after all companies have been or will launch the vaccine.

So by no means that there is any delay or anything by our side. And there has been no such major outbreak or anything that has come up in the poultry industry, which has put 1 company ahead of the other or anything of that sort.

**Madhur Rathi:**

And sir, just a final question. Sir, is it fair to assume that the distribution network for the animal health vaccine would be different from our poultry vaccine distribution or can we leverage more commercial opportunity that we have from that to the poultry distribution network?

**Rajiv Gandhi:**

The distribution network up to a distributor level is common between the two in some cases. While there are specific distributors for poultry, there are specific distributors for ruminant large animal vaccines, end users are absolutely different, and our marketing and sales team are different between the two divisions.

**Moderator:**

The next question is from the line of Manish Jain from GormalOne LLP. Please go ahead.



- Manish Jain:** Thank you, Priya, for very insightful opening remarks. Just wanted to know that you all have been keen to launch Lumpy Skin Disease vaccine instead of Goat Pox in India. You have already launched outside India. So when is that likely to happen? And what kind of advantage will it provide to you all?
- Priya Gandhi:** Yes, Mr. Manish. At the moment, the government of India is using the Goat Pox vaccine to immunize against lumpy skin. We are in process of also working towards launching our lumpy skin, but that's going to take some time. It's going to happen in the middle of the next financial year. And I mean, at the moment, in terms of advantage, right now, we are anyway supplying our Goat Pox vaccine against the LSD vaccine. Once we receive the regulatory authorization is when we will be supplying the LSD vaccine.
- Rajiv Gandhi:** I would like to add on to this that as what Priya mentioned, today, there is not a loss of even INR1 in the business are to Hester Biosciences and the government of India. Even as of today, even as on yesterday, they are buying the Goat Pox vaccine to immunize the Lumpy Skin Disease. And by next year when the companies have all registered and they are able to sell, that is the time when government would look at shifting over. For the moment, it is Goat Pox vaccine.
- Manish Jain:** Beautiful. And Priya made a very powerful statement that for your Pet Care, the vaccines, your existing capacities will suffice. Just came to get an insight on the approx capex that you are planning for the current year and next year?
- Priya Gandhi:** So right now, as mentioned already with respect to Pet, there is no additional capex that is required. As you all know, our capital work in progress is something which will fully get commercialized in March and that will anyway double up our capacity pretty much depending on the product mix. Over and above that is just certain routine capex investments that we are doing in the coming year, and that's pretty much what we have planned for the coming years.
- With respect to - just a little insight from our side with respect to our Pet vaccines in terms of the opportunities that we see. One is, of course, the rabies vaccine and one is the canine vaccine, which is the technical term called the 9-in-1 vaccine, which is quite in demand. A lot of vaccine right now get

imported, and we are trying to compete in a way that we have a locally manufactured and indigenized vaccine.

So these are the two vaccines, which we are working. But it's at a very, very nascent stage at this point in time. I will not really be able to give any time line. And maybe specifically, the opportunities are many in India as well as in Africa. So these are vaccines which are currently lying in our R&D, and we are focused on these vaccines, but a long way to go for that still.

**Manish Jain:** Beautiful. And 1 last housekeeping question is on debt repayment. Given that capex is not happening, all the cash generation, can we expect debt repayment to continue the way it happened in last fiscal year?

**Ashish Desai:** Yes, Manish bhai this is Ashish. So the debt repayment will definitely happen as per the schedule. We already paid in the current year and in the coming years, the repayment is done, and it will be done as per the schedule.

**Rajiv Gandhi:** I would like to add on to this is that while repayment, fast repayment is, of course, an endeavor that we would want to embark on. At the same time, we have been producing vaccines since 1997. We have got totally four manufacturing units in Ahmedabad at our plant in Kadi. Something minor comes up, some renovation, some changes due to the drug authorities. So et cetera, all these things do come up. So there will be a small portion that would be diverted to that but it has not been pinpoint that we will give INR10 to this or INR100 or something, but that's what it is.

**Moderator:** Thank you. The next question is from the line of Jay Vekariya from Samarth Capital.

**Jay Vekariya:** I have two questions. In the FY25 annual report the capacity which you have told of all the three capacities, can you share the per dose average price and second question is that in India 6.2 billion dosage facility in that BS 5 facility we have approved?

**Rajiv Gandhi:** We can't say average price. If you are a Gujarati, I'll explain it to you in Gujarati.

**Jay Vekariya:** Yes, Gujarati.

- Rajiv Gandhi:** In vaccine does not have an average price because we sell the vaccine for INR5 to INR6 and cheaper vaccine sell for INR0.04. So, we do it according to the demand and requirement.
- Jay Vekariya:** Okay. So, will you be able to assume 0.02 cents per dose?
- Rajiv Gandhi:** No, we can't make any assumptions in this because as I said, it's more than INR5 or even than INR5 if it's from Africa, it's INR15 to INR20 there is a dose of INR15 and there is a dose of INR0.04 here.
- Jay Vekariya:** Okay. Thank you, sir. And sir, what facility is this BS5?
- Rajiv Gandhi:** BSL-3.
- Jay Vekariya:** So, it's the same for humans?
- Rajiv Gandhi:** Yes, for humans. We have got the permission from the government for repurposing and we will start animal vaccines here and our production capacity will increase there.
- Jay Vekariya:** Okay. Thank you, sir.
- Rajiv Gandhi:** We are trying our own vaccines Rabies or whatever is available.
- Jay Vekariya:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Harshal Mehta from Zennivesh. Please go ahead.
- Harshal Mehta:** Sir, just a follow-up to the previous participant's question. You said that we have already got the approvals regarding that BSL-3 human vaccine facility. So the capacity that we are having for that particular objective, was that already included in our 6.25 billion doses capacity of India or that will be over and above?
- Priya Gandhi:** No, we've not yet received. We've received a permit to repurpose it from human to veterinary use. While the commercialized- I mean, the manufacturing license now we are yet to receive, which is anticipated to be received in the next quarter or early Q1 next year. And no, whether the 1

billion -- the doses that we have already mentioned, it doesn't factor for that. So this will be an additional calculation.

**Harshal Mehta:** Okay. Got it. And just 1 more thing. As we are having huge capacities in all the geographical locations that we have already done the capex, and we have a huge runway in front of us just on the basis of demand. So can we assume that for next 2 to 3 years, at least, we won't require any kind of further capex in this particular segment that we are catering?

**Rajiv Gandhi:** In a way, yes, I just answered Mr. Manish Jain on the capex requirement that things come up as we progress in the existing plants. So there, definitely we would be making some capex towards that. But by and large, on a major scale or something like that, no, there will be no.

**Harshal Mehta:** Okay. Got it, sir. Thank you so much.

**Moderator:** Thank you. As that was the last question for the day. I will now hand the conference over to the management for the closing comments. Over to you, sir.

**Priya Gandhi:** Thank you all for joining and your continued support and trust. We are always happy to also receive questions off the line and give answer. I did try to answer as many questions in my opening remarks. Yes, this quarter has been a little bit damp relatively, if we compare it to the previous quarter, but we do have the next half of the year to cover up and we are at it. And yes, we are here to grow and fulfil all the commitments that we make to all of you. 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.

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