"Hester Biosciences Limited
Q1 FY27 Earnings Conference Call"

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Management: Mr. Rajiv Gandhi - Chief Executive Officer and Managing Director, Hester Biosciences Limited

Ms. Priya Gandhi - Executive Director, Hester Biosciences Limited

Mr. Ashish Desai - Chief Financial Officer, Hester Biosciences Limited

Moderator: Ladies and gentlemen, good day and welcome to Hester Biosciences Q1 FY27 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

From the management side, we have with us today Mr. Rajiv Gandhi – CEO and Managing Director; Ms. Priya Gandhi – Executive Director; and Mr. Ashish Desai – CFO.

I now hand the conference over to Ms. Priya Gandhi. Thank you and over to you, ma'am.

Priya Gandhi: Thank you. Good afternoon, everyone. This is Priya Gandhi. Thank you for joining us today to discuss our Q1 FY27 results. As always, we sincerely appreciate your continued engagement and long-term support.

At our annual general meeting earlier this month, we spoke about the theme of this year's report, which is building with intent, growing with science. We shared how our focus over the past year has been on strengthening Hester's scientific capabilities, manufacturing platform, operational discipline and long-term competitiveness. And the 1st Quarter of FY27 does give us some encouraging evidence that these efforts are beginning to translate into stronger operating performance. As our detailed financial results have already been published in the press note, I will focus my remarks today on the key highlights and developments during the quarter, rather than reiterating all the financial numbers.

On a standalone basis, our revenue from operations grew by 14% and the PAT increased by 88% over the corresponding quarter over the previous year. Gross margins improved from 69% to 78%, which was mainly supported by a favorable product mix and our continued efforts on operational efficiencies. EBITDA grew by 95%, reflecting stronger operating performance and disciplined execution across the business. At a consolidated level, our revenue from operations has declined by 8%, primarily due to lower revenues from Nepal and Africa operations. Consolidated profitability during the quarter includes an exceptional accounting gain arising from the amendment of the soft loan extended to Hester Africa by the Gates Foundation.

During the quarter, the outstanding loan was reduced from USD 12 million to USD 5 million. The accrued interest was waived and revised loan was made interest-free. This reflects the foundation's recognition of the geopolitical and operating challenges in the region and its continued support for Hester Africa's long-term mission and development.

Coming on to our division-wise performance, speaking of the Poultry Healthcare Division:
The Poultry Healthcare Division delivered an excellent quarter, recording 48% growth over the corresponding quarter of the previous year. The growth was supported by higher institutional business, deeper market penetration and continued strengthening of customer engagement across key markets. We are also encouraged by the early traction witnessed in the Poultry Health Products Portfolio introduced during the previous financial year, including feed supplements and disinfectant solutions. These products complement our

vaccine business by strengthening bird immunity, improving farm hygiene and supporting better disease prevention outcomes. As we discussed during the previous call, our approach to avian influenza extends beyond vaccination alone. We have developed a more holistic offering that combines vaccines with biosecurity, farm hygiene, gut health products and scientific advisory. Our objective is to provide poultry farmers with integrated health solutions that improve farm productivity and disease management, rather than viewing disease prevention through a single product approach. Alongside this, we continue to strengthen our poultry portfolio through scientific engagement, customer education and responsible commercialization of our products.

Coming to the Animal Healthcare Division:
The Animal Healthcare Division continued to be impacted by the timing of government-led immunization programs, particularly under the PPR eradication and the Lumpy Skin Disease Control Initiative, for which we supply our Goat Pox vaccine. As we have consistently maintained, this remains a timing-related issue rather than a reflection of any underlying demand issue. Preventive animal healthcare continues to offer a significant long-term opportunity and we remain committed to strengthening our portfolio while building a more balanced business across institutional, commercial as well as export markets.

Speaking a little bit about research and development:
At Hester, innovation continues to remain central to our long-term strategy. During the quarter, we have submitted regulatory dossiers in the animal health segment, reflecting our continued investment in expanding our biological pipeline and creating future growth opportunities. Scientific innovation is a long-term process, requiring sustained investment, regulatory discipline as well as patience, and we remain committed to strengthening our research capabilities and building a differentiated portfolio across poultry and animal healthcare.

Coming to the international operations:
Internationally we continue to strengthen our long-term presence. While Nepal and Africa have reported low revenues during the quarter, our strategic direction remains unchanged. We continue to focus on registration, market development, and strengthening our commercial presence across international markets. We remain confident that the investments being made today will support sustainable long-term growth.

Looking ahead:
As we move through FY'27, our priorities remain unchanged. We will continue strengthening our biological portfolio, expanding market penetration across domestic and export markets, advancing our research and development pipeline, improving utilization of our manufacturing infrastructure, and maintaining our focus on operational excellence and disciplined execution. Many of these initiatives require time before they are reflected in financial performance. Product development, regulatory approval, registration, and market development are inherently long-term in nature. However, we remain confident that the investments made over the past several quarters and years have positioned Hester on a much stronger footing for sustainable long-term growth.

Thank you once again for your continued trust and support, and we look forward to taking your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit Kanodia from Zen Nivesh Advisors Pvt. Ltd. Please go ahead.

Ankit Kanodia: Thank you so much for taking my question and congratulations on a good set of numbers. Ma'am, my first question is related to a recent meeting of the Ministry regarding high pathogenic avian influenza and I think they also decided something related to importing of vaccines which will be used for testing. If you can throw some more light into it as to how it will create opportunities for us and how we are involved, that would be very helpful. Thank you. That is my first question.

Priya Gandhi: Yes, so at this point, it is really a little bit premature to comment on this. The first step is for the government to really determine a specific regulatory pathway for such a vaccine, whether it has to be imported or manufactured within the country. Unless and until there is more clarity on that front, it would really not be appropriate to comment on this at this point. Any such development will highly depend on the government's policy, regulatory framework and disease situation and we are also monitoring developments. But at this point, there is nothing that we can really speculate or comment.

Ankit Kanodia: Sure. And ma'am, there was a recent news article related to the compensation not being paid to the farmer association related to the culling operations which was there. This is related to H5N1 outbreak. Any clarity on that or any more color on that? That would be very helpful.

Rajiv Gandhi: Rajiv Gandhi here. Those questions or the answers for that would not be within our purview because that's something between the insurance company, the government and the farmers. So, that's something which we should not comment and we would not be able to comment.

Ankit Kanodia: Yes, sir. I understand that, sir. But my question related to that is, how do you see that delay being impacting the industry in general? That is what I wanted to know.

Rajiv Gandhi: I really don't think that is impacting the industry at this point of time. Yes, birds would have been culled or they would have died, etc. But no, there is no much impact on this. In fact, these discussions have not even come up in our manufacturers' meet or association meetings, etc.

Ankit Kanodia: Got it, sir. One last question. I think over the last one year or so, we have done a lot of efforts in terms of streamlining operations and improving the product mix, which is already reflecting not only the income statement but also on our balance sheet. And with all these things now looking very good, how do we see especially the demand scenario and how we think especially in terms of African operations? How do we see that? I am not asking for any guidance, but over the next few quarters, maybe four to six or eight quarters, how do we see that?

Priya Gandhi: I think the demand and our strategy in Africa is exclusive from what operational discipline and operational excellence activities that we undertake. That is something that regardless of anything, we want to continue maintaining this momentum for quarters and years to come. And with respect to the Africa operations, as already mentioned, we do have reasons to believe that the future is good, the opportunities are there, and we are working towards our long-term strategy in Africa.

Ankit Kanodia: But there would be volatility, as we mentioned in the previous calls. So, it would not be a steady state growth in Africa. Is that fair to assume?

Rajiv Gandhi: Today, the world is volatile, forget about other markets. This is too precise for us to answer. We will take it as it comes. And there is a demand, we will meet the demand. Sometimes demand is ability as well as willingness. Willingness is there, ability may not be there, etc., etc., because of these geopolitical reasons. We will take it forward.

Ankit Kanodia: That was very helpful, sir. Thank you so much and all the best. And I will come back into the queue if I have more questions. Thank you so much.

Moderator: Thank you, sir. The next question is from the line of Dhruv Bajaj from Growthsphere Ventures. Please go ahead.

Dhruv Bajaj: Yes, congratulations on a great set of numbers. Considering I am fairly new in this company, so pardon me if some of the questions have been answered in the previous phone calls. So, sir, my first question was more to do with the poultry division. Based on my understanding, this was supposed to be a mature business for us considering we are among the market leaders in this segment. But in this particular year, especially in the past two, three quarters, this division is growing at a very fast pace versus a historical track record. So, is it mainly due to some cyclical recovery or is there some structural change like if you can provide some sort of breakup on the value and volume terms? Because I understand we have gotten some marketing approvals as well. So, if you can share more on that, sir, that will be very helpful.

Rajiv Gandhi: You see, we are overall in the veterinary biologicals and health products, poultry as well as cattle, sheep, swine, goat, swine, these are the species, all production animals. It is our endeavor that both these divisions grow hand in hand and we get equal revenues, top line, bottom line, etc. But sometimes the market dynamics are such that it forces business in one of the divisions. And therefore, it has so happened at this point of time, government vaccine tender business got delayed. So, therefore, the animal health vaccine sales could not happen as planned, but it will come up into the next quarter. In poultry, we got the opportunities, we have taken it in our hand and we have pushed the sale. When we make more sales in one division, we really don't worry that why is the other less, so we do this less or do that more. We keep doing all those and increasing our business.

Dhruv Bajaj: Fair enough. Anyways, poultry is a very higher margin business for us. So, as a shareholder, it's always good to see that business scaling up. Coming to the second question, like I understand that given the tender basis or the nature of the animal health care business, that business has always been pretty volatile in nature. And I understand that some of our past capex decisions in global market like that in Nepal didn't work for us. And we were very hopeful on this Africa one, considering the sheer time and the higher relations that we can generate from that market. However, we have faced some sort of challenges in terms of scaling that Africa division, considering the exception of one quarter wherein we reported some positive profitability. So, sir, I am just trying to understand like, is it natural gestation period that we are witnessing in this division considering we have gone into a new geography or has there been some sort of troubles on the tendering front as well, which has led to slightly lower scale up, which is what we were earlier envisaging in our previous con-call.

Rajiv Gandhi: Everything is combined, new territory, a virgin continent, a continent where economies are struggling financially, politically, there we are trying to create demand. So, all these things added up, come together. And then, therefore, these things happen, gestation period, I don't think we could call it as a gestation period. It is a formative period, I would say. And we are working on it. And we are seeing positive results and things will happen. It will take off.

Dhruv Bajaj: So, what are the directional guidance on that, for like are we seeing some sort of green shoots in near future?

Rajiv Gandhi: I tell you, we would not want to get into any directional guidance or anything. Our quarter-to-quarter work, we are working, everybody is putting their efforts into the organization to build sales, top line, bottom line, etc. We are doing it, it is slowly happening and it will happen in some time. There is no guidance or anything of this.

Dhruv Bajaj: Fair enough, sir. And just one last question for my end. I think when we started this human vaccine vertical at the peak of this COVID, that didn't work out well for us, that capital efficient decision. And we have, I think, repurposed the entire BSL3 facilities for full-finished capacity. And I think that also came live in a couple of quarters back. So, can you provide us some understanding on the current utilization of those capacity and how will we ramp up that going forward? Any directional guidance on that front, maybe?

Priya Gandhi: Again, difficult to give a directional guidance or give you a number as to how much percent we are utilizing. Yes, it is a BSL3 biosafety level 3 facility, which we are very proud of. In whichever circumstance we did build it, but we really believe that it is a requirement, a regulated requirement in years to come for all organizations. And we are just glad that we built it for something else. But, we are quite sure about the fact that this will get utilized. And given the product pipeline also that we have and our efforts into operational excellence, we will be fully utilizing it for the products, the veterinary products that we have in our pipeline. At this point, really cannot give you a capacity utilization percentage, but we are working towards optimum utility of our manufacturing facility.

Dhruv Bajaj: Fair enough, sir. Thank you so much.

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

Manish Jain: Yes. Hi. Congratulations on great numbers, but more importantly, the way you are creating a big platform for growth going ahead. So, just wanted initial market feedback of your low pathogen avian influenza, which you got approval in March this year. How has been the market response for it?

Rajiv Gandhi: Yes. The market response has been very good, I would say. And we are selling this vaccine. And I think, I mean, to answer your question, in one sentence, the market response is very good. You might say that why isn't the sale picked up so much? But it has picked up. You see the business that has taken place in the poultry division, it has really, I mean, that vaccine has contributed towards some of the jumps that we have taken at this point of time.

Manish Jain: Beautiful, beautiful. And in your pet care business, when do you expect to launch vaccines in that business segment?

Priya Gandhi: Yes, Mr. Manish, so we are gradually expanding the portfolio in the pet division. But, with respect to vaccines right now, I mean, a little premature for us to say, we will share the development as the products progress to appropriate development and regulatory stages. And at this point in time, a little early to really say something because the regulatory timelines and the regulatory demands are very stringent and rightfully so. But yes, we are working towards it and we are progressing well.

Rajiv Gandhi: I would like to add in this that while there are some opportunities to import and to sell, but we are reasonably clear, make in India, produce in India and sell from India. This is taking a little longer time, but we do not want to be dependent on foreign buying, importing and selling over here. In fact, we want to sell abroad.

Manish Jain: Beautiful. And two housekeeping questions for Ashish. One is post this debt reduction, what is the consolidated debt as of 30th June now?

Ashish Desai: The consolidated debt as on 30th June is Rs. 103 crores.

Manish Jain: Wow. And the Africa entity is entitled for, I think, 10 years tax-free status of your profits. So, that is still, which year will that be available to you all?

Ashish Desai: It is till 2030.

Manish Jain: Perfect. I have few more questions. I will join back the queue.

Moderator: Thank you, sir. The next question is from the line of Prarit Chopra from Investor Shoppe Pvt. Ltd. Please go ahead.

Prarit Chopra: So, my first question is, are you guys dependent upon the government tenders? Because this makes very unpredictable scenarios. So, how do you guys overcome with this?

Rajiv Gandhi: If we need to deal with government, we will, because we are very proud to be the producers of vaccines, which are immunizing the cattle, which are improving the milk yield in the country. And we feel very proud that we are one of the big contributors to the dairy industry and now also to the sheep and goat and soon in the swine. These things are tender business. Sometimes it will be in urgency, sometimes lates. At the end of the day, if you look at a broader period of time, say one year, two years, three years, then the variation is there for supplies during times. But overall, if you take longer periods, there is a steady business and it goes on. Your next question may be, what happens if we don't get the tender business? Then what will we do? We as a company, we are also trying hard and working towards creating demand with the dairy farm directly also. And as now the dairy farms and institutes are becoming bigger, less and less they start depending on the free vaccine for the government. It is a long process. We are doing it. And on the flip side, you could be rest assured that there is not a single year that we will go without gaining one tender. Today if this is this product, tomorrow it will another or the other, or may be all the three. But it will go on.

Priya Gandhi: Our core strength and our core focus is in biologicals and preventive healthcare, whether in poultry or in large animals, will always be, the importance of it is unquestionable. And like I mentioned, our other R&D pipeline products are also vaccines, biologicals, which are, which will be needed by the government of India for tender. Yes, there is a timing led issue, but I mean, we are aware of the risks involved, the timing delays involved, but at the same time, our focus is going to be on strengthening the biologicals division.

Prarit Chopra: Okay, I got it. My question is, I see your reports, there is some weak cash conversion, reported profit is not supported by operating cash flow. So…

Rajiv Gandhi: Can you explain what you're trying to say again?

Prarit Chopra: Basically, I am saying there is a weak cash conversion, the cash flow is not like you guys reported profit again and again, but the number of cash flow is not, we are able to see.

Ashish Desai: No, it is there, there is a positive cash flow. I think probably the cash flow is not part of this, but there is a cash flow which is generated from the operating activities.

Rajiv Gandhi: No, no, there is, your question doesn't seem to make us understand, but there is a cash flow, there is a positive cash flow in the organization.

Prarit Chopra: No, I saw the report, it's showing that you guys have a weak cash conversion.

Ashish Desai: I think, see, we have improved on the conversion and the receivables are a little bit there, but comparatively, we'll see the impact.

Rajiv Gandhi: Receivables are a little higher. Sometimes this is due to seasonal issues and all. It's a trend which goes on, but we don't see this as a concern at all. And it's not even a red flag or anything of a concern to us. It's going on perfectly, manageable.

Prarit Chopra: That's my main question. I am saying that it will be a concern for you. That's why I am asking. The cash flow is not concerning. Okay.

Rajiv Gandhi: No, no, there is no concern.

Moderator: Thank you. The next question is from the line of Ankit Kanodia from Zen Nivesh Advisors Private Limited. Please go ahead.

Ankit Kanodia: Thank you so much for allowing me a follow-up. Ma'am and sir, I just have a very simple question. I am not asking for any guidance, any future forecast, but any rough understanding of how much is the capacity today and roughly how much is being utilized, so that we have just some idea as to how much expansion can be done, as in how much sales can be done without any new capacity. That's the only reason to ask.

Rajiv Gandhi: These questions have been answered in the past also, and our capacity utilization over here at the plant, it is at around 60% to 65%. Now, these terms, again, are very subjective. Poultry vaccines are being produced, large animals are being produced, 1000 doses are being produced, 25 doses are being produced, pet vaccines are being produced, single dose, 5 doses, 1000, 2000 doses of poultry. So, this is a very subjective thing. At the moment, the way we are progressing, at an average, you can say we have around 65% utilization, and that's about it.

Ankit Kanodia: I understand, sir. Thank you so much, sir, for giving this answer.

Moderator: Thank you, sir. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please proceed.

Madhur Rathi: Thank you for the opportunity. I just wanted to understand what has led to the step up, jump in our revenue from the poultry segment from Rs. 45 crores, Rs. 48 crore revenue levels to close to 60 plus crores. Is it due to higher placement, or is it due to new product addition or something else altogether?

Rajiv Gandhi: Everything put together, the placement of poultry is good. Our market penetration has been more aggressive. None of this is attributed to increasing in prices, because our prices of vaccines have not gone up. So, they have marginally gone up. But most of it, it is getting hold of a bigger market share.

Priya Gandhi: And I think we've mentioned it in the annual report as well as our previous transcripts and press notes that we've been focusing on strengthening overall deeper market penetration, scientific engagement in the field, expansion of health products portfolio as well. So, these things have collectively contributed in the poultry growth over the last few quarters. And this has been mentioned in the report as well.

Madhur Rathi: Got it. So, one of the questions was, can we leverage our existing network in the poultry segment to either cross-sell some feed supplement or any other? I think there's some...

Rajiv Gandhi: It is being done. We have animal health products, feed supplements, medicine. So, it is being done.

Moderator: So, the line for the current participant has been dropped. Can we proceed with the next question?

Rajiv Gandhi: Yes.

Moderator: Okay, sir. The next question is from the line of Gunit Singh from Counter Cyclical PMS. Please proceed.

Gunit Singh: So, you mentioned that the capacity utilization is about 60% or something. So, I want to understand, does that include the fill-and-finish capacity and the BSL3 facility that came up recently?

Priya Gandhi: Can you please repeat your question?

Gunit Singh: So, I am saying we came up with the fill-and-finish and the BSL3 facility currently, right? So, our fixed assets have gone up by around Rs. 200 Cr. in FY'26. So, I want to understand the 60% utilization you mentioned, does that take into account the new capacity that came up as well because, I mean, there was not much step-up in the revenues, whereas the fixed assets increase.

Priya Gandhi: Yes, it comprises of the entire manufacturing setup, the number that we gave, which is an approximate number, but yes, keeping into mind the entire manufacturing setup.

Gunit Singh: Got it. So, is the manufacturing set up fungible between poultry and healthcare?

Rajiv Gandhi: Between poultry vaccines and large animal vaccines.

Gunit Singh: Right.

Rajiv Gandhi: Yes.

Gunit Singh: So, I want to understand with the new fill-and-finish and BSL3 facilities, are they similar to our existing facilities or do they bring in some new capabilities or some new products for us? And it was mentioned in the annual report that some specialized biological products are being developed there. So, I want to understand what kind of products are being developed and what is the market potential for that, for those?

Priya Gandhi: The fill-and-finish is obviously different because it's a fill-and-finish facility to manufacture the finished product. That is, of course, different. And the BSL3 is also different from the existing infrastructure in terms of the biosafety level. So, it is different as far as the pipeline products are concerned, it won't be appropriate for me to really give you what are the products under development and what the market for that is. As and when there is any development or progress, we will be announcing any launches that happen subsequently.

Gunit Singh: Got it. And in terms of our foreign operations in Nepal and Africa, what kind of a demand environment do we see currently? And by when do we expect them to be profitable?

Priya Gandhi: So, I also covered this in our notes, in our transcripts and in our report. The continent of Africa, in terms of opportunities, is extremely positive. Overall, in healthcare, human healthcare, veterinary healthcare, the primary basis for us to set up a base over there. The Nepal plant is, to some extent, dependent on the eradication program of PPR for the world. And the opportunity for that remains the way it is. PPR is a very important disease, not only in India, but in the world. And we will be utilizing our plants outside of India, because India right now does not recognize this change that the world recognizes. So, we will be utilizing these facilities to cater to that demand. So, the opportunities are huge.

Gunit Singh: Got it. My last question would be regarding our pet care division. So, currently, what kind of revenues are we doing in that division? And is it profitable for us? And also, is it a purely a B2C business? Or what kind of a model is it? If you can throw some lights on that, that would be really helpful.

Priya Gandhi: Pet division is our new division. It's right now emerging. Of course, as we all know, pet care in general, pet healthcare, has many segments to it. There is quite a bit of competition also. At this point in time, we do not report it separately. It is a part of our animal health business. Once it reaches a scale that is meaningful, it will be reported separately for us to give you any separate revenue-related information. Right now, we have products in various categories in pet care, which is antibiotics, anti-parasites, grooming products. These are the kinds of products that we are selling it in our brand name and they are doing very well. Right now, it is a small portion of our animal health division, but we are making quite a few investments and we will take that division forward.

Gunit Singh: Got it. So, what is the current size of the distribution network for them in terms of, say, veterinaries or dealers or distributors? And what plan do you envisage for this division, say, in the coming few years?

Priya Gandhi: I think I have already answered the question what my plan is with pet division in my previous answer and I really cannot give you a number in the distribution network. As mentioned, it is a part of our animal health division. Nationally, it is very well regarded because Hester enjoys the old credibility of an old veterinary healthcare company and with our previous division's help, we have tried to build a distribution network and it is right now a part of our animal health business division.

Moderator: Thank you, sir. The next question is from the line of Samarth from Janak Merchant Securities. Please go ahead.

Samarth: So, two questions from my side. One is the recombinant variant, the recombinant Brucella vaccine was under development. So, what is the update on same? And second is in Nepal and Africa, I understand there are no, it is a tender dependent business for animal vaccines, but we earlier had plans for selling poultry vaccines also in both these regions. So, any thoughts on that?

Priya Gandhi: So, Brucella recombinant vaccine development is going in proper timeline. There is significant progress as and when we have appropriate information to give up in the public domain, we will give it. But yes, there is quite a bit of progress on that front. In Africa and Nepal, yes, we are supplying the poultry vaccines and we manufacture in Africa plus India and Nepal, poultry vaccines are manufactured across all three facilities and the poultry market is huge in all these countries.

Samarth: So, have we already started because it is not visible in our sales. That is the reason why I am asking.

Rajiv Gandhi: Poultry vaccines, we are already selling.

Samarth: Nepal is a 100-crore market, if I am not wrong.

Priya Gandhi: Yes, so we are selling. I am not sure if I mean the Rs. 100-crore market, I am not sure about that.

Rajiv Gandhi: No, no, you are saying Nepal is a Rs. 100-crore market?

Samarth: Yes, means for the poultry vaccines.

Rajiv Gandhi: So, send us the statistics, we will also study and see if it is Rs. 100 crore. Because, according to us, it is not Rs. 100 crore. If it is, then it is good.

Samarth: No, it is from India or it is from the Hester Nepal entity only.

Rajiv Gandhi: No, you are asking us or?

Samarth: Is it from India or Nepal, that is what I am trying to understand.

Priya Gandhi: In India, our export of poultry, that is a part of our poultry top line. The consolidated revenue that you see between India, Nepal and Africa.

Samarth: Understood, understood, got it.

Moderator: Thank you, sir. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please proceed.

Madhur Rathi: Sir, thank you for the opportunity, sir. I think I got cut. So, coming to the previous question, feed supplements, cross-selling products to our poultry divisions. So, what percentage have we penetrated currently and how much can we expect to further increase maybe over the next one or two years? And what kind of improvement in our revenue can we expect from that? If you would give a direction, not numbers, but the direction would be very helpful.

Priya Gandhi: See, honestly, I mean, we cannot give really a breakup that how much of it is supplements and disinfectant in vaccine. But our philosophy is, to position vaccination not as a standalone intervention, but disease prevention is effective and vaccination is combined with our biosecurity, hygiene, health products, etc. And that is the kind of positioning that we have done. There isn't any bifurcation or segregation within this, but we are looking at a very holistic disease prevention approach, which requires us to complement our vaccines along with these supportive health care products.

Madhur Rathi: Right. My question was more about, I think I misquoted it. So, how much of the network, the poultry segment network that we have of dealers and distributors or either veterinary people, have we currently been cross-selling these feed supplements, anything on the poultry health side?

Rajiv Gandhi: No, there is no different network. It is the same network, which sells vaccines and health products. So, it is one distribution network all across.

Madhur Rathi: And so now coming up to the animal vaccine division. So, what I understand is vaccine is a business where wherever there is some kind of issue or there is some kind of breakout, you require a sudden demand. So, what are we trying to do to increase the geographical presence? I know that we are not trying to get into the regulatory markets, but either semi-regulatory markets or emerging markets, whenever there is an outbreak, Hester should be the one who is supplying. So, how is the management?

Priya Gandhi: So, there is nothing that when there is a breakout, we are rushing there with our vaccines. It is a preventive solution. So, just like in human health, how we have to take vaccines based on the schedule that is there. It is very similar to that in veterinary. So, there is a specific schedule. Government of India is also very serious in disease control and immunization program. It's just that the execution of that, there are certain delays based on certain administrative or policy reasons. We don't have much control over that, but it is not only dependent that if there is an outbreak, we run over there with the vaccines. It is very well planned. The scheduling is planned and the vaccines that have to be, the diseases for which, against which the vaccines have to go is also very much there and it is planned. So, I don't know if I answered your question, but that's the thought that I have after hearing you.

Moderator: Thank you, sir. As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Priya Gandhi: So, thank you all once again for continued trust and thoughtful questions and your interest in Hester Biosciences. We value your engagement. We value the engagement we have with our shareholders and the investment community and we look forward to updating you all on any progress that we make in the coming quarters and thank you all.

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

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