

## Hester Biosciences Limited

March 23, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	66.25 (Reduced from 95.18)	CARE BBB; Stable	Downgraded from CARE BBB+; Stable
Long-term / Short-term bank facilities	65.00	CARE BBB; Stable / CARE A3+	Downgraded from CARE BBB+; Stable / CARE A2
Short-term bank facilities	0.22	CARE A3+	Downgraded from CARE A2

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Hester Biosciences Limited (HBL) factors lower-than-envisaged growth in its scale of operations and subdued return on investments in the last few years. On a consolidated basis, HBL has undertaken multiple capital expenditure (capex) in the last few years, including expansion into the African region through its subsidiary, Hester Biosciences Africa Limited (HBAL) and capacity expansion in the domestic market. Delayed completion and ramp-up of the aforementioned capex constrains HBL's debt coverage indicators and return on investments.

Ratings continue to derive strength from experienced promoters, long and established track record of operations with strong position in the poultry vaccine industry, diversified product portfolio and its wide marketing and distribution network. Ratings continue to consider its comfortable capital structure, moderate debt coverage indicators and adequate liquidity.

However, ratings continue to remain constrained considering its moderate scale of operations and profitability, large working capital requirement due to inherently high inventory holding requirement and presence in the regulated vaccine industry.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained growth in the scale of operation with profit before interest, lease rentals, depreciation and tax (PBILDT) margin above 25% on a sustained basis.
- Improvement in the return indicators with return on capital employed (ROCE) above 15% along with total debt (TD) to PBILDT below 2x on a sustained basis.

#### Negative factors

- Lower-than-envisaged growth in the scale of operations or PBILDT margin below 20% on a sustained basis.
- Total debt to PBILDT above 4x on a sustained basis.
- Significant elongation in operating cycle, adversely affecting cash flow from operations and liquidity.

### Analytical approach: Consolidated

Consolidated financials comprising HBL (Standalone), its five subsidiaries and one joint venture (JV). Details of subsidiaries and JVs consolidated are listed under Annexure-6.

### Outlook: Stable

The stable outlook reflects CARE Ratings Limited (CareEdge Ratings) expectation that HBL would maintain its operational and financial risk profile supported by its strong presence in the vaccine segment in the Indian market and growing healthcare products segment.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters

HBL was founded by Rajiv Gandhi, CEO and Managing Director, who has an experience of over three decades in the vaccine industry and looks after the company's overall operations. He is also a member of the National Advisory Committee for Animal Husbandry and Dairying Sector, constituted by the Government of India. Promoters are supported by qualified second-tier management. Over the years, the company regularly launched new products and expanded its geographical presence across countries, including Tanzania and Nepal through its subsidiaries.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Long and established track record of operations**

HBL has over three decades of experience in manufacturing poultry vaccines and operates in two key segments—poultry healthcare and animal healthcare (including pet care). Its portfolio includes a range of viral and bacterial vaccines and healthcare products for poultry, livestock (sheep, goats, cows, and buffaloes), and companion animals.

The company expanded its global presence through manufacturing facilities in Nepal (through Hester Biosciences Nepal Private Limited (HBNPL)) and Tanzania (through HBAL), both engaged in veterinary vaccines. It also operates distribution subsidiaries in Africa, Hester Biosciences Tanzania Limited (HBTL) and Hester Biosciences Kenya Limited (HBKL), while Texas Lifesciences Private Limited (TLPL) manufactures pharmaceutical products for human and animal use, with a significant portion supplied to HBL (India).

**Diversified product portfolio with established marketing and distribution network**

As of March 31, 2025, HBL's portfolio includes over 50 vaccines and 70 healthcare products across therapeutics, feed supplements, herbal products, and disinfectants, covering key vaccines such as peste des petits ruminants (PPR), goat pox vaccine (GPV), brucella abortus vaccine, contagious bovine pleuropneumonia (CBPP) vaccine and lumpy skin disease (LSD) vaccine, among others.

The company strengthened its animal healthcare segment, increasing its revenue share from ~20% in FY22 to ~40% in FY25, though it moderated to 29% in H1FY26 due to tender-driven nature of business. In January 2026, HBL received marketing and manufacturing licenses for H9N2 Avian influenza vaccine, which is primarily used in poultry to prevent H9N2 infections and reduce viral shedding.

HBL has an established distribution network with a multi-locational cold chain, seven warehouses, and 10 agents, serving over 35 countries. It also holds a 50% stake in Thrishool Exim Limited (TIL) and collaborates with subsidiaries and local distributors to expand its export presence.

**Financial risk profile marked by comfortable capital structure and moderate debt-coverage indicators**

The company's capital structure marked by overall gearing remained comfortable and improved from 0.69x as on March 31, 2024, to 0.56x as on March 31, 2025, and 0.52x as on September 30, 2025, backed by accretion of profit and debt repayments.

Debt coverage indicators remain moderate marked by TD to gross cash accruals (TD/GCA) and PBILDT Interest coverage of 4.89x and 4.88x respectively as on March 31, 2025 (7.38x and 2.76x as on March 31, 2024). In H1FY26, debt coverage indicators improved on a y-o-y basis and over FY25 level, supported by improvement in profitability, while debt level remain stable.

**Key weaknesses****Lower-than- envisaged growth in scale of operations**

HBL's total operating income (TOI) largely remained stable on a y-o-y basis at ₹311.62 crore (FY24: ₹305.42 crore). In FY25, TOI remained lower-than- envisaged level due to shortfall in the revenue at standalone level given some moderation in the animal healthcare segment as well as delay in completion of the capacity expansion capex. HBNPL's revenue was also impacted amidst temporary regional disturbances affecting logistics and field movement.

HBL (India) continues to contribute majority share in consolidated TOI (93% in FY25; 94% in FY24). HBNPL's scale remains fluctuating, given its tender driven nature of business. It's TOI remained modest at ~₹10 crore and ~₹8 crore respectively in FY25 and 9MFY26. While it has a debt-free operations, PBILDT margin remained moderate at 5% in FY25 (FY24: 45%).

TLPL has a stable operation with TOI of ~₹28 crore in FY25. HBTL is the group's trading arm in the African market. For 9MFY26, HBL reported consolidated TOI of ₹232.49 crore (9MFY25: ₹229.18 crore).

**Improving profitability although subdued return indicators**

PBILDT margin improved by 206 bps to 19.91% in FY25 (FY24: 17.85%) and further to 24.45% in 9MFY26 due to increased share of vaccines in overall product mix and benefit of economies of scale. Consequent to improving PBILDT margins, profit after tax (PAT) margin too improved to 9.25% in FY25 (FY24: 6.93%) and 17.61% in 9MFY26.

HBL has undertaken multiple debt-funded capex in the last 3-4 years, at standalone level and under its subsidiaries. HBL India's expansion project of vaccine manufacturing capacity (from 6.25 billion doses to ~13.90 billion doses) with cost outlay of ~₹63 crore, was commercialised in December 2025, against earlier estimate of June 2025 (initially estimated by March 2024). The delay was due to late delivery of few equipment and delay in regulatory approval.

The company's BSL-3 facility, which was earlier designated for the Covaxin project, is now being repurposed to manufacture animal vaccines and is expected to commercialise on or before Q1FY27.

HBAL completed capex of US\$18 million (~₹130 crore) and commenced operations in FY22. There was no meaningful operation in FY23. In FY25, it reported TOI of ~₹16 crore (PY: ₹5 crore), PBILDT of ~₹4 crore (PY: ₹2 crore) and net losses of ₹10 crore (PY: ₹18 crore), reflecting modest scale of operations against the capital expenditure incurred for the facility.

While its TOI grew to ~₹27.50 crore with PBILDT of ~₹6 crore in 9MFY26, its scale and profitability remained lower-than-expected level. since its operations are yet to materially scale-up due to issues pertaining to regulatory approval, dependency on the tender business and on-going geo-political issues.

Hence, despite improving profitability, HBL's return indicators continue to remain subdued marked by return on capital employed (ROCE) of 8.58% in FY25 (FY24: 7.67%). Given the significant production capacity augmentation at a group level, there exists a saleability risk in the competitive industry landscape.

#### **Large working capital requirement due to inherently high inventory holding requirement**

HBL's operations remained working capital intensive with high inventory requirements considering the nature of its products. Average inventory days, though improved, remained stable at 123 days in FY25 compared to 130 days in FY24. High inventory days are due to long manufacturing process and requirement to maintain sufficient stock across product categories. Consequently, operating cycle also improved but remained elongated at 170 days in FY25 compared to 184 days in FY24.

#### **Presence in regulated industry and risk related to the poultry industry**

The vaccine industry has very high entry barriers and is a highly regulated market in terms of intellectual property rights (IPR) and other regulatory requirements. The poultry industry is exposed to risks of disease outbreaks, which could affect the poultry vaccine industry. Such instances cause a severe reduction in the consumption of poultry products, causing a cascading effect on profitability of poultry companies. Demand for HBL's products depends on the farmer's ability to spend on poultry vaccines and healthcare products. In case of rise in the cost of animal feed, farmers may be forced to cut expenditure on healthcare products.

#### **Liquidity: Adequate**

HBL has adequate liquidity marked by moderate GCA against its debt repayment obligation and some cushion available from unutilised working capital limits. Average fund-based working capital limits utilisation stood at ~61% for 12 months ended September 2025.

On a consolidated level, HBL has debt repayment obligation of ~₹45-47 crore each in FY26 and FY27. This includes repayment of ~₹20 crore for soft loan availed by HBAL from 'The Bill and Melinda Gates Foundation' (BMGF), for which HBL (parent) has given the corporate guarantee. Given the limited scale-up of operations, HBAL availed deferment on interest and principal repayments till June 2025, which was further extended till December 2025. As articulated by the management, the company has applied for further deferment, which is currently under consideration with BMGF. Though HBL (on a standalone) has adequate financial flexibility, HBAL's modest scale of operations and cash accruals against higher repayment obligation would entail significant support from HBL.

HBL (on a consolidated basis) had cash and bank balance of ₹7.94 crore as on September 30, 2025. Current ratio and quick ratio of HBL deteriorated from 1.97x and 1.25x respectively as on March 31, 2024, to 1.51x and 0.95x respectively as on March 31, 2025.

#### **Environment, social, and governance (ESG) risks**

ESG	Risk factors
<b>Environmental</b>	HBL conducts sustainable manufacturing by optimising energy and water usage through regular audits, efficient water-recycling systems, and on-site solar power installations. It is actively reducing scope 1 and scope 2 greenhouse gas emissions by transitioning to renewable energy sources and enhancing process heat recovery mechanisms. The company's quality and environment practices follow ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. India plant continues to operate with a Zero Liquid Discharge (ZLD) system, complemented by a 40 KLD Sewage Treatment Plant to ensure environmental sustainability.
<b>Social</b>	HBL implemented corporate social responsibility (CSR) policy and undertakes initiatives such as education & healthcare, environment sustainability, homes and workshop for persons with intellectual disabilities among others. It regularly plans training for employees and workers. In FY25, ₹0.89 crore was spent on CSR activities.
<b>Governance</b>	HBL has complied with all rules, regulations, directions, and guidelines issued by the local, state, and national governments, and international authorities. The company has required committees and policies in place, which include corporate social responsibility, a code of conduct, and a whistle blower mechanism, among others. The company's Board of Directors comprise 10 Directors (excluding an alternate director), which include five Independent Directors, two Executive Directors, and three Non-Executive Directors. HBL has two women Directors on its Board.

## Applicable criteria

- [Consolidation](#)
- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Pharmaceuticals](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Incorporated in 1987, HBL (CIN: L99999GJ1987PLC022333) was promoted by Rajiv Gandhi as a private limited company and was subsequently converted into a public limited company in 1993. HBL is one of the largest poultry vaccine manufacturers in the country. It also manufactures animal vaccine and health products for animal and poultry. HBL is currently the largest manufacturer of PPR vaccine and Goat Pox Vaccine in India.

HBL's manufacturing facility is at Kadi (Mehsana, Gujarat) with installed capacity of 13.90 billion doses per annum as on December 31, 2025 (increased from 6.25 billion doses per annum post completion and commercialization of capex in December 2025). HBL has five subsidiaries (including one step-down subsidiary), namely, TLPL, HBKL, HBTL, HBNPL and HBAL and one JV, TEL.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	286.75	288.54	232.49
PBILDT*	48.94	53.50	56.85
Profit after tax (PAT)	27.16	31.84	40.94
Overall gearing (x)	0.43	0.31	-
Interest coverage (x)	9.61	9.97	7.51

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-External Commercial Borrowings	-	-	-	December 2027	48.97	CARE BBB; Stable
Fund-based - LT-Term Loan	-	-	-	May 2028	17.28	CARE BBB; Stable
Fund-based - LT/ ST-Cash Credit	-	-	-	-	60.00	CARE BBB; Stable / CARE A3+
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	5.00	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	0.22	CARE A3+

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-Cash Credit	LT/ST	60.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A2 (27-Dec-24)	1)CARE BBB+; Stable / CARE A2 (05-Jan-24) 2)CARE BBB+; Stable / CARE A2 (07-Jul-23)	1)CARE BBB+; Stable / CARE A2 (07-Feb-23)
2	Fund-based - LT-Term Loan	LT	17.28	CARE BBB; Stable	-	1)CARE BBB+; Stable (27-Dec-24)	1)CARE BBB+; Stable (05-Jan-24) 2)CARE BBB+; Stable (07-Jul-23)	1)CARE BBB+; Stable (07-Feb-23)
3	Non-fund-based - ST-Credit Exposure Limit	ST	0.22	CARE A3+	-	1)CARE A2 (27-Dec-24)	1)CARE A2 (05-Jan-24) 2)CARE A2 (07-Jul-23)	1)CARE A2 (07-Feb-23)
4	Fund-based - LT-External Commercial Borrowings	LT	48.97	CARE BBB; Stable	-	1)CARE BBB+; Stable (27-Dec-24)	1)CARE BBB+; Stable (05-Jan-24) 2)CARE BBB+; Stable (07-Jul-23)	1)CARE BBB+; Stable (07-Feb-23)
5	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A2 (27-Dec-24)	1)CARE BBB+; Stable / CARE A2 (05-Jan-24) 2)CARE BBB+; Stable / CARE A2 (07-Jul-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-External Commercial Borrowings	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Cash Credit	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Credit Exposure Limit	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr. No.	Name of the Entity	Extent of Consolidation	Rationale for consolidation
1.	Texas Lifesciences Private Limited	54.81%	Subsidiary
2.	Hester Biosciences Kenya Limited	100%	Wholly-owned Subsidiary
3.	Hester Biosciences Tanzania Limited	100%	Step-down subsidiary
4.	Hester Biosciences Nepal Private Limited	65%	Subsidiary
5.	Hester Biosciences Africa Limited	100%	Wholly-owned subsidiary
6.	Thrishool Exim Limited	50%	Joint Venture entity

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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