Hester Biosciences Limited

September 07, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	65.00	CARE BBB+; Stable / CARE A2	Upgraded from CARE BBB; Stable / CARE A3+
Long-term bank facilities	RBI	48.45 (Reduced from 66.25)	CARE BBB+; Stable	Upgraded from CARE BBB; Stable
Short-term bank facilities	RBI	0.22	CARE A2	Upgraded from CARE A3+

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 in significant strengthening in its overall financial risk profile, driven by favourable amendment in terms of soft loan extended by the Gates Foundation (formerly Bill & Melinda Gates Foundation). Pursuant to amendment, overall debt obligation of Hester Biosciences Africa Limited (HBAL; a subsidiary of HBL) reduced significantly, and the balance loan has been made interest-free. The reduction in debt, and elimination of interest burden on the outstanding soft loan, is expected to materially improve HBL's debt protection metrics and debt service coverage indicators, compared to the previous assessment. Revised terms are expected to provide greater financial flexibility and strengthen the company's liquidity and overall credit profile.

Ratings further continue to derive strength from experienced promoters, HBL's established track record of operations, strong position in the poultry vaccine industry, diversified product portfolio and wide marketing and distribution network. Ratings also factor in HBL's adequate liquidity.

However, rating strengths continue to remain constrained by HBL's moderate scale of operations, sizeable working capital requirements arising from inherently high inventory holdings, and its presence in the regulated vaccine industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total operating income (TOI) above ₹350 crore and profit before interest, lease rentals, depreciation and tax (PBILDT) margin above 25% on a sustained basis.
- Total debt to PBILDT below 2x on a sustained basis.
- Improvement in the return indicators with return on capital employed (ROCE) above 15%.

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 3.50x 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 four subsidiaries and one joint venture (JV). Details of subsidiaries and JVs consolidated are listed under Annexure-5.

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.

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[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

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.

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). In FY26, HBL undertook a partial divestment of its stake in Texas Lifesciences Private Limited (TLPL), following which TLPL ceased to be its subsidiary from March 27, 2026.

Diversified product portfolio with established marketing and distribution network

As on March 31, 2026, 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. Poultry healthcare segment contributed to ~71% of its revenue (FY25: 58%) while animal healthcare segment contributed to ~28% (FY25: 40%) in FY26. The animal healthcare segment further moderated to ~15% in Q1FY27 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 thirty-five countries. It also holds a 50% stake in Thrishool Exim Limited (TIL) and collaborates with subsidiaries and local distributors to expand its export presence.

Improving profitability

PBILDT margin improved by 726 bps to 27.17% in FY26 (FY25: 19.91%) due to increased share of relatively high margin poultry vaccines in overall sales mix. Consequently, profit after tax (PAT) margin too improved to 17.04% in FY26 (FY25: 9.25%). The momentum continued in Q1FY27 as well with improving profitability marked by PBILDT margins of 33.54% in Q1FY27 (Q1FY26: 30.29%). In Q1FY27, HBL reported a one-time exceptional gain of ₹85.35 crore at the consolidated level, arising from the remeasurement of HBAL's Gates Foundation loan following the revision of its funding arrangement.

Consequent to the improving profitability, gross cash accruals (GCA) also exhibited increasing trend and stood at ₹79.57 crore in FY26 (FY25: ₹43.64 crore) and ₹18.82 crore in Q1FY27 (Q1FY26: ₹21.48 crore).

Significant improvement in the financial risk profile

The company's capital structure marked by overall gearing remained comfortable and improved from 0.56x as on March 31, 2025, to 0.46x as on March 31, 2026, backed by accretion of profit and debt repayments. Its tangible net worth augmented substantially as on June 30, 2026, followed by one-time gain of ₹85.35 crore and accretion of profit. Going forward, with no major new debt availment plans, overall financial risk profile is expected to improve further.

Debt coverage indicators also improved marked by total debt (TD)/GCA and PBILDT Interest coverage of 2.45x and 8.39x respectively as on March 31, 2026 (4.89x and 4.88x as on March 31, 2025). In Q1FY27, debt coverage indicators improved on a y-o-y basis and over FY26 level, supported by improvement in profitability, and moderation in the debt level.

Key weaknesses

Moderate scale of operations and return indicators

HBL's TOI grew by ~8% on a y-o-y basis and stood moderate at ₹337.43 crore in FY26 (FY25: ₹311.62 crore), supported by growth in poultry healthcare segment. Overall, in consolidated TOI, HBL continues to contribute majority share (88% in FY26 whereas subsidiaries are operating at modest scale. For Q1FY27, HBL (consolidated) reported d TOI of ₹78.89 crore (Q1FY26: ₹86.42 crore). The de-growth in TOI was mainly considering no major contributions from the subsidiaries. HBL (on a consolidated level) has undertaken capex in the last 2-3 years which are completed (fully capitalised) in FY26, it is expected to support the growth in scale of operations going forward.

HBNPL's scale remains fluctuating, given its tender driven nature of business. It's TOI remained modest at ~₹12 crore and ~₹1 crore respectively in FY26 and Q1FY27. It has a debt-free operations and PBILDT margin remained at 47% in FY26 (FY25: 5%). HBAL reported TOI of ~₹32 crore in FY26 and ~₹4 crore in Q1FY27.

HBL's ROCE though remained moderate, improved form 8.58% in FY25 to 13.81% in FY26 against.

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 remained stable at 122 days in FY26 compared to 123 days in FY25. High inventory days are due to long manufacturing process and requirement to maintain sufficient stock across product categories. Consequently, operating cycle also remained elongated at 176 days in FY26 compared to 170 days in FY25.

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. On a consolidated level, HBL is expected to achieve GCA of ~₹80-85 crore against debt repayment obligation of ~₹36 crore in FY27. This includes repayment of soft loan availed by HBAL, for which HBL (parent) has given the corporate guarantee.

In Q1FY27, HBAL's funding arrangement with Gates Foundation was amended. Under revised terms, outstanding loan was reduced, accrued interest was waived, revised loan was made interest-free, and repayment schedule was extended. The transaction has supported HBL's consolidated financial profile. Average fund-based working capital limits utilisation stood at ~42% for 12 months ended June 2026. HBL (on a consolidated basis) had cash and bank balance of ₹2.77 crore (excluding margin money of ₹3.86 crore) as on March 31, 2026. Current ratio and quick ratio remained moderate at 1.35x and 0.86x respectively as on March 31, 2026.

Environment, social, and governance (ESG) risks

ESG	Risk factors
Environmental	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
Social	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 FY26, ₹0.82 crore was spent on CSR activities.
Governance	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

ESG	Risk factors
	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 9 Directors, which include five Independent Directors, two Executive Directors, and two 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 and 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). HBL has four subsidiaries (including one step-down subsidiary), HBKL, HBTL, HBNPL and HBAL and one JV, Thrishool Exim Limited (TEL).

Brief Financials- Consolidated (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	311.62	337.43	78.89
PBILDT*	62.05	91.69	26.46
Profit after tax (PAT)	28.83	57.48	96.73
Overall gearing (x)	0.56	0.46	NA
Interest coverage (x)	4.88	8.39	8.59

A: Audited; UA: Unaudited NA: Not available; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-External Commercial Borrowings	RBI	Simple	-	-	-	31-12-2027	37.87	CARE BBB+; Stable
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-05-2028	10.58	CARE BBB+; Stable
Fund-based - LT/ ST-Cash Credit	RBI	Simple	-	-	-	-	60.00	CARE BBB+; Stable / CARE A2
Non-fund-based - LT/ ST-Bank Guarantee	RBI	Simple	-	-	-	-	5.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Credit Exposure Limit	RBI	Simple	-	-	-	-	0.22	CARE A2

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 2026-2027	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
1	Fund-based - LT/ ST-Cash Credit	LT/ST	60.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB; Stable / CARE A3+ (23-Mar-26)	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)
2	Fund-based - LT-Term Loan	LT	10.58	CARE BBB+; Stable	-	1)CARE BBB; Stable (23-Mar-26)	1)CARE BBB+; Stable (27-Dec-24)	1)CARE BBB+; Stable (05-Jan-24) 2)CARE BBB+; Stable

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
								(07-Jul-23)
3	Non-fund-based - ST-Credit Exposure Limit	ST	0.22	CARE A2	-	1)CARE A3+ (23-Mar-26)	1)CARE A2 (27-Dec-24)	1)CARE A2 (05-Jan-24) 2)CARE A2 (07-Jul-23)
4	Fund-based - LT-External Commercial Borrowings	LT	37.87	CARE BBB+; Stable	-	1)CARE BBB; Stable (23-Mar-26)	1)CARE BBB+; Stable (27-Dec-24)	1)CARE BBB+; Stable (05-Jan-24) 2)CARE BBB+; Stable (07-Jul-23)
5	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB; Stable / CARE A3+ (23-Mar-26)	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: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Hester Biosciences Kenya Limited	100%	Wholly owned Subsidiary
2.	Hester Biosciences Tanzania Limited	100%	Step-down subsidiary
3.	Hester Biosciences Nepal Private Limited	65%	Subsidiary
4.	Hester Biosciences Africa Limited	100%	Wholly owned subsidiary
5.	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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