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### RESEARCH ARTICLE

#### PERFORMANCE TREND OF HESTER BIOSCIENCES LTD

Sayyam<sup>1</sup> and Dr. John Benedict<sup>2</sup>

1. Student, Department of Commerce, Loyola College, Chennai, Tamil Nadu, India.
2. Assistant Professor, Department of Commerce, Loyola College, Chennai, Tamil Nadu, India.

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#### Abstract

Today businesses have become more dynamic in nature and therefore it is important to conduct financial performance research to consider and tackle investment opportunities for investors in a remarkably manner. The present study is conducted based on secondary research to assess the financial health of Hester Biosciences Limited. The study on financial performance focuses on investigating the solvency ratio, profitability ratio and return ratio for Hester Biosciences Limited. The study also explores the company's efficiency using balance sheet and income statements historical data. The collected data is tested with statistical tools such as descriptive, percentage method and statistical excel software is used to derive the output. It is found that the company's financial performance is improving post pandemic impact. The company is successful in maintaining its financial performance parameters.

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#### Introduction:-

Hester Biosciences Limited is into manufacturing of healthcare products for animals. With its head quarter in Gujarat, the company is a listed on National Stock Exchange. The company is the 1<sup>st</sup> largest in manufacturing facility in Asia and 2<sup>nd</sup> largest in manufacturing poultry vaccine in India. The company has its presences globally and it has flourished in 30 major countries. Today Hester Biosciences Limited has its business presences in countries like Nepal, Tanzania, etc. The company operates in four major business verticals i.e. vaccination for poultry & animals and health products for poultry & animals.

#### Statement Of The Problem:-

It is observed that, most of the research work has been carried on popular sectors among investors' community such as banking, FMGC, etc. However, a very few research has been carried out on companies in pharmaceutical sector especially for poultry and animal segment. The present study is conducted based on secondary research to assess the financial performance of Hester Biosciences Limited. The study on financial performance focuses on investigating the solvency ratio, profitability ratio and return ratio for Hester Biosciences Limited. The study also explores the company's efficiency using balance sheet and income statements historical data.

#### Need for study:-

The main need for this study is finding out the solutions to the problems that a company faces during its lifespan.

**Corresponding Author:- Sayyam**

Address:- Student, Department of Commerce, Loyola College, Chennai, Tamil Nadu, India.

**Objectives of study:-**

1. To evaluate the financial performance of Hester Biosciences Limited with respect to profitability.
2. To assess the financial health of Hester Biosciences Limited with respect to solvency ratio
3. To investigate the return performance of Hester Biosciences Limited with respect to return ratio
4. To analyze the performance of pre and post pandemic impact on the overall financial performance of the company.

**Review Of Literature:-**

Mondal(2021) in their study on the performance of the Indian companies conducted analysis on the operational performance for the period of 4 years. The researcher concludes that the companies have improved their financial performance. Significant improvements were displayed by major financial indicators in the operating performance. The study revealed that the financial ratios on an average of the companies in India in terms of liquidity, leverage, shareholders wealth and profit parameters showed a remarkable improvement over the years.

Veena and Patti (2016) conducted a research on the Financial Performance Analysis with respect to by taking the reference of ICICI Bank Ltd. By assessing the leverage and growth ratios the research was aimed at analysing the performance of ICICI Bank. The data collected by the researchers was from secondary sources for 10 years starting from the FY 2007-08 to FY2016-17. T-test was applied for financial ratios and found that there were no significant differences seen between the performances of ICICI bank.

Patel (2018), in his research studied the financial performance pre and post-pandemic taking into account profitability ratio. The researcher has taken into consideration a total duration of 4 years and the data two years before the pandemic and two years after the pandemic. The data is evaluated in order to test the hypothesis that was established. Various variables were considered in order to evaluate the performance and it was found that the pandemic had a negative impact on the performance of the companies under study, specifically on the Net Profit Ratio and on the Return on equity (ROE).

Sethi and Acharya (2018) conducted a research on the performance of pharmaceutical companies in India. The research aimed at determining the technical efficiency through non parametric approach of all the companies during the period starting from the FY2005 to FY2016 which measured the effect using the paired T test on multiple ratios such as Earnings per Share (EPS), Market Price to Book Value (P/Bv), Price to Earnings ratio (P/E). The result depicted that the companies did not show a great performance during the study period.

**Research Methodology:-****Data collection :-**

This study is conducted using secondary data from the balance sheet and profit and loss account of Hester biosciences ltd for the years 2017, 2018, 2019, 2020, 2021. The financial statements have been obtained from the official website of BSE INDIA([www.bseindia.com](http://www.bseindia.com)) and ([www.trendlyne.com](http://www.trendlyne.com))

**Tools Of Analysis:-****Ratio analysis**

Ratio analysis is a quantitative method of gaining insight into a company's liquidity, operational efficiency, and profitability by studying its financial statements such as the balance sheet and income statement. Ratio analysis is a cornerstone of fundamental equity analysis.

1. Ratios used for the study
2. Return on capital employed ratio
3. Price to sales ratio
4. Price earnings ratio
5. Return on investment ratio
6. Earnings before interest and tax margin
7. Fixed assets turnover ratio
8. EBITDA ratio
9. Earnings per share ratio
10. Debt equity ratio
11. Current ratio

12. Proprietary ratio
13. Capital gearing ratio
14. Return on equity ratio
15. Return on assets ratio

**Design of the Study:-**

To examine the data in this study, descriptive and quantitative metrics were used.

**Design of Sampling**

In this investigation, a non-biased sampling technique was used. This parameter required logical selection based on the sample's purpose.

**Choosing the Sample Units:-**

The pharma industry is one of the most quickly growing industries. Hester Biosciences was chosen for this investigation using this logical sampling technique. Hester bioscience was chosen because of their extraordinary growth over the years.

**Obtaining information:-**

Data was collected through an annual report from secondary data sources such as the Internet to analyze and interpret Hester Biosciences performance.

**Studying Period**

Hester Biosciences' comprehensive research spans five years, from FY 2016-17 to FY 2020-2021.

**Applicable Tool**

Percentages and ratios are the most common methods used in data analysis.

**Data Analysis:-****Return on capital employed ratio:**

**Formula :-**Return on Capital Employed= (Net Profit/Total Capital Employed) x100.

PARTICULARS	2017	2018	2019	2020	2021
NET INCOME	24	26	42	29	34
OTHER LONG TERM BORROWINGS	66	69	90	12	10
EQUITY SHARE CAPITAL	9	9	9	9	9
RATIO	20%	20%	27%	16%	18%

**Interpretation:-**

The trend of return on capital employed has been declining which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 20% which was on target from 2017-2019 with a massive peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Net Profit Ratio:-**

**FORMULA:**Net profit Ratio= (Net profit (or) Earnings After Tax /Sales) x100

02	2017	2018	2019	2020	2021
NET PROFIT AFTER TAX	24	26	42	29	34
TOTAL REVENUE	123	136	178	183	214
RATIO	19.5	19.11	23.5	15.8	15.8

**Intepretation:-**

The trend of net profit has been quite unstable which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 20% which was on target from 2017-2019 with a massive peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Price To Sales Ratio:-**

FORMULA: Price To Sales Ratio = Market capitalization/Sales

PARTICULARS	2017	2018	2019	2020	2021
MARKET VALUE	756	1585	1933	1910	1916
SALES	123	136	178	183	214
RATIO	6.14	11.65	10.8	10.4	8.95

**Interpretation:-**

The trend of price to sales has been stable but still more than the base year 2017 which is a indication of managerial efficiency and probably the business is holding its share in market. The ideal ratio is 10% which was on target from 2017-2019 with a peak in 2018 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Price Earning Ratio:-**

FORMULA:- Price To Earnings Ratio = Market Price/Earnings Per Share

PARTICULARS	2017	2018	2019	2020	2021
MARKET PRICE	756	1585	1933	1910	1916
EARNINGS PER EQUITY	46.9	36.7	51.55	35.92	29.32
RATIO	16.11	43.18	37.49	53.17	65.34

**Interpretation:-**

The trend of price earning has been increasing 2017 which is a indication of efficiency in management and probably the business is conquering more share in market. The ideal ratio is 30 % which was on target from 2017-2019 with a peak in 2021 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Return on investment ratio:**

Formula :- Roi = Ebit/Total Investment

PARTICULARS	2017	2018	2019	2020	2021
NET INCOME	24	26	42	29	34
TOTAL ASSETS	213	244	299	387	411
RATIO	11.26	10.65	14.04	7.49	8.27

**Interpretation:-**

Trend of ROI has been unstable but still less than the base year 2017 which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 10% which was on target from 2017-2019 with a peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Earnings before interest and tax ratio:-**

Ebitda margin ratio = (ebitda/sales) x100

PARTICULARS	2017	2018	2019	2020	2021
EBIT	33	44	60	41	55
REVENUE	123	135	171	169	208
RATIO	26.8	32.5	35.08	24.2	26.44

**Interpretation:-**

Trend of EBIT has been unstable but still in range of the base year 2017 which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 20 % which was on target from with a peak in 2019 followed by a steady range from 2020 possibly due to impact of the pandemic.

**Fixed Assets Turnover Ratio:-**

FORMULA:- Asset Turnover Ratio = Net Sales / Average Total Assets

PARTICULARS	2017	2018	2019	2020	2021
NET SALES	123	135	171	169	208
AVERAGE ASSETS	292	228	271	343	399
RATIO	0.42	0.59	0.63	0.49	0.52

**Interpretation:-**

The trend of Fixed assets turnover has been unstable but still more than the base year 2017 which is an indication of mismanagement and probably the business is losing its share in market. The ideal ratio is 0.5% which was on target from 2017-2019 with a peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Ebitda ratio:-**

**Formula:-** EBITDA MARGIN RATIO= (EBITDA/SALES) x100

PARTICULARS	2017	2018	2019	2020	2021
EBITDA	41	47	68	55	69
REVENUE	123	136	178	183	214
RATIO	33.33	34.5	38.2	30.05	32.24

**Interpretation:-**

The trend of EBITDA has been a bit steady but still more than the base year 2017 which is an indication of mismanagement and probably the business is losing its share in market. The ideal ratio is 30% which was on target from 2017-2019 with a peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Eps ratio:**

**Formula :-**EPS= Net Profit/Total Number of Common Share Outstanding

PARTICULARS	2017	2018	2019	2020	2021
NET INCOME	23.55	25.61	41.57	29.18	34.42
PREFERENCE SHARE CAPITAL	0	0	0	0	0
COMMON SHARE OUTSTANDING	0.851	0.851	0.851	0.851	0.851
RATIO	27.67	30.09	48.84	34.2	40.44

**Interpretation:-**

The trend of EPS RATIO has been unstable but still more than the base year 2017 which is an indication of mismanagement and probably the business is losing its share in market. The ideal ratio is 0.5% which was on target from 2017-2019 with a peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Debt equity ratio:-**

**Formula :-** Debt to Equity Ratio= Total Debt/ Total Equity

PARTICULARS	2017	2018	2019	2020	2021
TOTAL LONG TERM DEBTS	44.62	36.54	58.35	76.48	82.84
SHAREHOLDERS FUNDS	121.95	140.63	77.46	201.07	228.31
RATIO	0.36	0.25	0.75	0.38	0.36

**Interpretation:-**

The trend of debt equity ratio has been stable but still more than the base year 2017 which is an indication of mismanagement and probably the business is losing its share in market. The ideal ratio is 0.5% which was on target with a peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Current ratio:-**

**Formula :-** Current Ratio = Current Assets/ Current Liabilities

PARTICULARS	2017	2018	2019	2020	2021
CURRENT ASSETS	80	98.4	141.7	159.3	161.5
CURRENT LIABILITIES	38	54.6	48.7	83.5	61.4
RATIO	2.1	1.8	2.9	1.9	2.6

**Interpretation:-**

The trend of Current ratio has been unstable but still more than the base year 2017 which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 1.5 which was on target from 2017-2019 and in 2021 with a peak in 2019 followed by a steady increase from 2020 possibly due to impact of the pandemic.

**Proprietary ratio:-**

**Formula:-** Proprietors' Funds or Shareholders' Funds/total assets

PARTICULARS	2017	2018	2019	2020	2021
SHAREHOLDERS FUNDS	121.9	140.6	177.5	201.1	228.3
TOTAL TANGIBLE ASSETS	101.8	109.4	144.1	141.9	132.3
RATIO	1.19	1.28	1.23	1.41	1.72

**Interpretation:-**

The trend of proprietary ratio has been steady but still more than the base year 2017 which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 1% which was on target from 2017-2019 with a peak in 2021 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Capital Gearing Ratio:-**

**Formula:-** Long Term Loan +Debentures+Preference Share Capital

PARTICULARS	2017	2018	2019	2020	2021
LONG TERM LOAN +DEBENTURES+PREFERENCE SHARE CAPITAL	23.6	11.4	0.6	0.1	0.1
SHAREHOLDERS FUNDS	121.95	140.63	77.46	201.1	228.31
RATIO	0.19	0.08	0.01	0.01	0.01

**Interpretation:-**

The trend of Capital gearing has been unstable which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 0.2% which was on not on target from with a peak in 2017 followed by a steady decline and consolidation from 2020 possibly due to of the pandemic.

**Return On Equity Ratio:-**

**Formula:-** Return on Equity= Net Profit/Shareholder's Equity

PARTICULARS	2017	2018	2019	2020	2021
NET INCOME	24	26	42	29	34
SHAREHOLDERS EQUITY	122.1	146.1	179.4	203.1	237.6
RATIO	19.6	17.7	23.4	14.2	14.3

**Interpretation:-**

The trend of ROE has been steady but still less than the base year 2017 which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 15% which was on target from 2017-2019 with a peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**Return on asset ratio:-**

**Formula:-** ROA= NET PROFIT/TOTAL ASSETS

PARTICULARS	2017	2018	2019	2020	2021
EARNINGS AFTER TAX	23.55	25.61	41.57	29.18	34.42
TOTAL ASSETS	212.9	244	299.5	386.6	411
RATIO	11.06	10.49	13.87	7.54	8.37

**Interpretation:-**

The trend of ROA has been stable but still more than the base year 2017 which is a indication of mismanagement and probably the business is loosing its share in market. The ideal ratio is 10% which was on target from 2017-2019 with a peak in 2019 followed by a steady decline from 2020 possibly due to impact of the pandemic.

**The end result**

1. When compared to its counterparts, Hester Biosciences' profitability statistics demonstrate underperformance.
2. According to the valuation ratio, Hester Biosciences is undervalued.
3. The Liquidity Ratio indicates that the company is extremely illiquid.
4. Hester Biosciences is significantly insolvent, according to the Solvency Ratio.

**Discussions:-**

1. The net profit ratio peaked at 23.5 percent, which falls short of the optimal ratio.
2. The Return on Capital Employed (ROCE) reached a high of 27 percent.
3. EPS peaked at 48.84 compared to a peer average of roughly 37
4. Return on Equity reached an all-time high of 23.4 percent
5. Return on Investment peaked at 14.04 percent.
6. Return on Assets peaked at 13.87percent
7. The PE ratio is currently high
8. The current ratio of Hester Biosciences is at a high of 2.9%

**Suggestions:-**

Hester Biosciences should improve its sales conditions in order to attract more investors; the company's EPS has been significantly low in comparison to peers, necessitating a lot of attention from the board members; and the company's EPS has been significantly low in comparison to peers, necessitating a lot of attention from the board members.

In order to protect against economic instabilities, Hester Biosciences should lower the debt ratio in its capital structure.

**Conclusive Recommendations:-**

After a thorough examination of the financial statements and interpretation in ratios, the primary conclusion is that Hester Biosciences is not particularly appealing to value fundamental investors, with capital gains being the most common benefit. Hester Biosciences is also not appealing to dividend-seeking investors

**Limitations Of Study:-**

1. Due to market price fluctuations, the valuation ratio may change from other sources.
2. Because the data was obtained from WWW.MONEYCONTROL.COM, any deviations or corrections may be subject to the website editor's approval. • Because all decimals have been rounded, some differences in values may exist.

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