

## Tarsons Products Limited

June 20, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	516.02 (Enhanced from 496.02)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	25.00	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	39.00	CARE A1	Reaffirmed

Details of facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Tarsons Products Limited (TPL) considers improvement in scale of operation in FY25 (Abridged) (refers to April 01 to March 31) with recovery in operating margin in H2FY25. The margin exhibited recovery from 25.5% in Q2FY25 to 30.98% and 32.86% in Q3FY25 and Q4FY25, respectively. Ratings further consider comfortable capital structure and debt protection metrics despite slight moderation considering ongoing capex.

Ratings continue to derive strength from the long track record and established brand presence of TPL in the domestic plastic laboratory ware industry aided by its diversified product portfolio, strong distribution network, and low exposure to foreign exchange fluctuation risk.

Ratings continue to remain constrained by the modest scale of operations albeit expected improvement on back of acquisition and undergoing capex, which is expected to complete in FY26, susceptibility of its profitability to volatility in raw material prices, elongated working capital cycle and project implementation, and stabilisation risk in relation to the undergoing capex.

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

#### Positive factors

- Sustained increase in total operating income (TOI) above ₹500 crore while maintaining healthy profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 35% on a sustained basis.
- Improvement in return on capital employed (ROCE) to over 20% on a sustained basis.
- Improvement in capital structure with overall gearing ratio going below 0.30x on a sustained basis.

#### Negative factors

- Decline in TOI below ₹300 crore with PBILDT margin below 26% on a sustained basis.
- Deterioration in total debt/PBILDT beyond 3x from fiscal year 2026 onwards.
- Any significant delay in commencement of the project, leading to substantial time and cost overruns and delay in stabilisation in operation as envisaged.

### Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated view of TPL and its subsidiaries post-acquisition of the Nerbe Group, as TPL has strong operational, financial, and managerial linkages with its subsidiaries. List of entities consolidated is given under **Annexure-6**.

### Outlook: Stable

CareEdge Ratings believes that the company is expected to sustain its revenue profile and generate positive cash flows on back of healthy operating margins.

### Detailed description of key rating drivers:

#### Key strengths

#### Long track record and established brand in the domestic market

<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.

TPL has been in the business of manufacturing and trading of plastic laboratory-ware products for over four decades. It has established itself in the domestic market and has presence in the export market (mainly in Europe and USA). The company is promoted by the Sehgal family of Kolkata. The current promoters, Sanjive Sehgal and Aryan Sehgal, have significant experience in the business. In July 2018, Sachin Sehgal (one of the co-promoters) exited the company and sold his stake to a private equity investor, Clear Vision Investment Holding Pte Ltd (CVIHPL), Singapore. Currently, CVIHPL holds 23.42% stake in the company (post IPO) and the management control remains with Sanjive Sehgal and his son, Aryan Sehgal. The company came out with an IPO in November 2021 where it raised ₹150 crore of fresh equity. The company sells its products under the brand 'Tarsons', which is well accepted in the market.

### **Diversified product portfolio with strong distribution network**

TPL manufactures a wide range of products (comprising 2000 SKUs among 350 product lines) comprising consumables contributing ~55% of overall revenue, re-usable contributing ~40% of overall revenue and other scientific instruments accounting for balance 5% share of revenue. The major customers for these products include scientific research organisations, contract research organisations, hospitals, diagnostic centres, education institutions, and R & D centres of various industries, among others.

Majority sales are through an established distribution network of distributors. Currently, TPL has ~144 active domestic distributors and 45 active foreign distributors through which it catered to over 40 countries. TPL also sells directly through online channels; however, the share from the same remains relatively low. With the acquisition of the Nerbe group (a trading entity) based out of Germany, the company expects to further bolster its revenue profile from the export market with major penetration in the European countries considering significant demand.

### **Recovery in operating margin in H2FY25**

The TOI of TPL witnessed y-o-y growth of ~33% to ₹402.41 crore in FY25. The operating margin of the company witnessed a decline in FY25 compared to FY24 as was envisaged earlier on account of one-time provisioning of Rs.9.3 crore against a machine module which was damaged in transit for the capex. However, the PBILDT margin exhibited recovery from 25.50% in Q2FY25 to 30.98% and 32.86% in Q3FY25 and Q4FY25, respectively. Going forward, the PBILDT margin is expected to remain at ~35% from FY26 onwards.

With increased capex and reduction in profits, ROCE of the company witnessed moderation from 9.11% in FY24 to 6.68% in FY25.

### **Satisfactory capital structure and debt coverage indicators albeit moderation on account of capex**

With the company undertaking acquisition of Nerbe units and debt-funded capex, the capital structure has witnessed moderation, which though remains satisfactory. Overall gearing ratio witnessed moderation from 0.53x as on March 31, 2024, to 0.61x as on March 31, 2025. Going forward, the same is expected to moderate further on account of on-going debt funded capex, however, the peak overall gearing is not expected to go beyond 0.70x in the medium term.

With increase in total debt, debt coverage indicators witnessed moderation. Interest coverage ratio also witnessed moderation from 10.40x in FY24 to 6.23x in FY25, however, continued to remain satisfactory. The total debt to gross cash accruals (TDGCA) also witnessed slight moderation from 3.50x as on March 31, 2024, to 3.76x as on March 31, 2025, on account of increase in total debt.

### **Low exposure to foreign exchange fluctuation risk**

TPL's exposure to foreign exchange fluctuation risk is largely mitigated, as the company enjoys natural hedge with exports and imports of finished goods and raw materials. On a standalone basis, the company imported goods of ₹118.70 crore and exported goods of ₹82.94 crore in FY24 (imported goods of ₹113.91 crore and exported goods of ₹92.38 crore in FY23). The company had outstanding un-hedged foreign currency payables of ₹21.15 crore as on March 31, 2024, against un-hedged foreign currency receivable of ₹24.50 crore as on March 31, 2024, on a consolidated basis. However, the expected global slowdown in the US and European markets may have an impact on the company's export potential.

### **Key weaknesses**

#### **Modest scale of operations, albeit acquisition of the Nerbe group and undergoing capex expected to boost the revenue profile**

TPL's TOI witnessed y-o-y growth of ~33% to ₹402.41 crore in FY25. The same is attributable to increase in revenue in Indian business and from Germany business, ie, newly acquired Nerbe units (subsidiary company). As guided by the management, it is one of the largest players in its addressable market in India. The company is continuously growing through the addition of new products and is currently in the process of capacity expansion of its existing products and new products to be launched, which is expected to further provide a growth to its revenues.

On January 01, 2024, the company completed the acquisition of the Nerbe group (based out of Germany), where TPL acquired two entities through its wholly owned subsidiary, Tarsons Life Science Pte Ltd, at a total consideration of ~₹98 crore. The acquisition is expected to improve overall revenue of Tarsons, on back of stronger penetration in the European markets.

### **Elongated working capital cycle**

TPL's operations are working capital intensive in nature on account of high inventory and collection period. The company has nearly 350 products (2000 SKU) and must maintain stocks of major moving products throughout the year. It is also required to maintain raw material inventory given the lead time in procurement. This results in high inventory period. Average inventory period continued to remain on the higher side at 163 days in FY25. However, non-moving stock is reviewed regularly, and write-offs are made as and when required as indicated by the management.

Average collection period is on the higher side, being a usual phenomenon as the sales are relatively skewed towards the year end when the research institutes and laboratories, the major end users of the products of TPL, places bulk orders and the distributors also purchase in large quantities to meet their targets. The average collection period remained at 72 days in FY25.

Operating cycle is expected to remain high considering high average inventory period, and currently the company is also facing uncertainties related to imports due to implementation of BIS norms, and low credit period from suppliers over the medium term. However, the working capital bank limit utilisation remains moderate as a large part of the working capital requirement is met through internal generations.

### **Susceptibility to fluctuation in raw material prices**

Raw material consumption is a major cost component for TPL constituting ~28.41% of total cost of sales in FY25 (48.17% in FY24). Plastic granule is the primary raw material required for manufacturing plastic laboratory products, which is a derivative of crude and adverse movement in the price of the underlying can have a significant impact on the overall profitability of the company. Majority raw materials are imported from Singapore, Europe, and the US.

### **Project implementation and stabilisation risk**

The company is undertaking a capex of ~₹800 crore, which is expected to complete by FY26 (in phases). The same is funded out of proceeds from IPO, internal accruals, and term loan. As on December 31, 2024, the company has incurred ~₹652 crore, of which ₹323 crore was funded through internal accruals, ₹62 crore from IPO proceeds and ₹267 crore from term debt. The balance amount is expected to be expended by FY26 with a mix of debt and internal accruals. The company through this capex is building two plants in West Bengal, under which the company is coming with increase in capacity of existing products in Amta (such as filter tips, Serrological pipette, Cryo vial), entering new products (like cell culture, roller bottle & others), and is also shifting its manufacturing of PET bottles from one of its existing plants. Apart from the same, the company is also setting up a radiation plant in Amta, which shall be used for sterilisation purposes and has also manufactured a large-size warehouse.

Timely completion of the projects and deriving the envisaged benefits of the same remains crucial.

### **Liquidity: Strong**

Liquidity is strong, marked by sufficient accruals to cover the debt repayment obligations. The company had repayment amounting ₹58 crore, against which the company generated accruals of ~₹92.44 crore in FY25. The cash and bank balance stood at ₹25.65 crore as on March 31, 2025, providing liquidity comfort. The CFO remained healthy at ₹164 crore in FY25. The debt repayments are expected to increase going ahead on back of increase in term loans used for funding a large-sized capex. However, the company is expected to generate sufficient cash accruals against the same.

The average fund-based working capital limit utilisation stood at 63% in the last 12 months ended November 2024.

### **Applicable criteria**

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### **About the company and industry**

#### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Plastic products - Industrial

Promoted in July 1983 by Sehgal family of Kolkata, TPL is engaged in manufacturing and trading plastic laboratory products and certain scientific instruments, with six manufacturing facilities in West Bengal. The company is coming up with unit in Amta in West Bengal for capacity addition and new product launch and warehousing facility, fulfilment centre and radiation plant. The products find usage in laboratories engaged in research on molecular biology, cell culture, genomics, proteomics, and immunology, among others.

TPL came up with an IPO in November 2021 post which it got listed on BSE and NSE. The company raised funds of ₹150 crore from IPO in its books and CVIHPL and promoters (Sanjive Sehgal and Aryan Sehgal) offered a part of its shareholding for sale against which they received ₹827 crore and ₹47 crore, respectively.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	302.04	402.41
PBILDT	105.56	120.73
PAT	42.64	29.77
Overall gearing (times)	0.53	0.61
Interest coverage (times)	10.40	6.23

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

**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 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-Cash Credit		-	-	-	121.00	CARE A; Stable
Fund-based - ST-Working Capital Demand loan		-	-	-	29.00	CARE A1
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	10.00	CARE A; Stable / CARE A1
Non-fund-based - LT-Letter of credit		-	-	-	60.00	CARE A; Stable
Non-fund-based - LT-Standby Letter of Credit		29-07-2024	-	-	100.00	CARE A; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	15.00	CARE A; Stable / CARE A1
Non-fund-based - ST-Letter of credit		-	-	-	10.00	CARE A1

Term Loan-Long Term		-	-	December 2030	235.02	CARE A; Stable
---------------------	--	---	---	---------------	--------	----------------

**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-Cash Credit	LT	121.00	CARE A; Stable	-	1)CARE A; Stable (03-Feb-25)	1)CARE A+ (RWD) (02-Jan-24)	1)CARE A+; Stable (07-Nov-22)
2	Term Loan-Long Term	LT	235.02	CARE A; Stable	-	1)CARE A; Stable (03-Feb-25)	1)CARE A+ (RWD) (02-Jan-24)	1)CARE A+; Stable (07-Nov-22)
3	Fund-based - LT-Bank Overdraft	LT	-	-	-	-	1)Withdrawn (02-Jan-24)	1)CARE A+; Stable (07-Nov-22)
4	Fund-based/Non-fund-based-Short Term	ST	-	-	-	-	1)Withdrawn (02-Jan-24)	1)CARE A1+ (07-Nov-22)
5	Non-fund-based - LT-Letter of credit	LT	60.00	CARE A; Stable	-	1)CARE A; Stable (03-Feb-25)	1)CARE A+ (RWD) (02-Jan-24)	1)CARE A+; Stable (07-Nov-22)
6	Non-fund-based - LT/ ST-BG/LC	LT/ST	15.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (03-Feb-25)	1)CARE A+ / CARE A1+ (RWD) (02-Jan-24)	1)CARE A+; Stable / CARE A1+ (07-Nov-22)
7	Non-fund-based - ST-Letter of credit	ST	10.00	CARE A1	-	1)CARE A1 (03-Feb-25)	1)CARE A1+ (RWD) (02-Jan-24)	1)CARE A1+ (07-Nov-22)
8	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	10.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (03-Feb-25)	1)CARE A+ / CARE A1+ (RWD) (02-Jan-24)	-
9	Fund-based - ST-Working Capital Demand loan	ST	29.00	CARE A1	-	1)CARE A1 (03-Feb-25)	1)CARE A1+ (RWD) (02-Jan-24)	-
10	Non-fund-based - LT-Standby Letter of Credit	LT	100.00	CARE A; Stable	-	1)CARE A; Stable (03-Feb-25)	-	-

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

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

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

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Working Capital Demand loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - LT-Letter of credit	Simple
5	Non-fund-based - LT-Standby Letter of Credit	Simple
6	Non-fund-based - LT/ ST-BG/LC	Simple
7	Non-fund-based - ST-Letter of credit	Simple
8	Term Loan-Long Term	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	Tarsons Life Science Pte. Ltd.	Full	Wholly owned subsidiary
2	Nerbe plus GmbH & Co. KG	Full	Step down subsidiary
3	Nerbe R&D GmbH	Full	Step down subsidiary

**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.

## Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Arindam Saha Director <b>CARE Ratings Limited</b> Phone: +91-33-4018 1631 E-mail: <a href="mailto:arindam.saha@careedge.in">arindam.saha@careedge.in</a></p> <p>Kamal Mahipal Assistant Director <b>CARE Ratings Limited</b> Phone: +91-33-4018 1628 E-mail: <a href="mailto:kamal.mahipal@careedge.in">kamal.mahipal@careedge.in</a></p> <p>Tridib Kundu Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Tridib.Kundu@careedge.in">Tridib.Kundu@careedge.in</a></p>
--	--

### About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CareEdge Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CareEdge Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**