

FEBRUARY 16, 2016

CARE REVISES THE RATING ASSIGNED TO BANK FACILITIES OF TARSONS PRODUCTS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long Term Bank Facilities	67.51 (enhanced from 61.81)	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)
Total Facilities	67.51 (Rupees Sixty Seven crore and Fifty One lakh only)		

Rating Rationale

The revision in the rating assigned to the bank facilities of Tarsons Products Private Limited (TPPL) takes into account the consistent increase in the scale of operation and improvement in profitability and capital structure. The rating continues to draw strength from the rich experience of the promoters, satisfactory track record of the company, wide product portfolio with established brand in the domestic market, strong distribution network and high growth potential for the plastic laboratory ware products industry.

The rating, however, continues to be constrained by the relatively small size of the company, exposure to volatility in raw material prices, working capital intensive nature of operations with stretched operating cycle, moderate debt coverage indicators and dependence of company's prospects on Government spending on research work.

Maintaining profitability amidst volatile input prices, effective management of working capital, maintaining capital structure and venturing into any debt funded capex in the medium term are the key rating sensitivities.

Background

TPPL, promoted in July 1983 by Sehgal family of Kolkata (with late Mr. Satish Kumar Sehgal being the main promoter), is engaged in manufacturing and trading of plastic laboratory products and certain scientific instruments, with five manufacturing facilities (two added post completion of a group company in March 2014) in West Bengal. The products find usage in laboratories engaged in research on molecular biology, cell culture, genomics, proteonomics, immunology, etc.

On total operating income of Rs.106.06 crore, TPPL reported PAT (after deferred tax) of Rs.10.17 crore in FY15 (refers to the period April 1 to March 31) vis-à-vis PAT (after deferred tax) of Rs.1.45 crore on total operating income of Rs.86.91 crore in FY14.

In H1FY16, the company achieved net profit of Rs.6.30 crore on total operating income of Rs.56.77 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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