

TARSONS PRODUCTS LIMITED

Gradual recovery ahead; Attractive valuations!

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Tarsons Products Limited (TPL) reported consolidated revenue of ₹1.1 bn for Q4FY25, marking a 7% YoY increase, with international sales contributing ₹460 mn and domestic revenue standing at ₹660 mn. Revenue from the recently acquired Nerbe business contributed ₹200 mn for the quarter. The company's standalone revenue reached ₹930 mn, while EBITDA came in at ₹370 mn, reflecting a 9% YoY growth, with EBITDA margin improving by 60 basis points to 39.7%. Consolidated EBITDA was ₹370 mn, up 22.4% YoY, with a margin expansion of 420 basis points to 32.9%. Standalone PAT for the quarter stood at ₹160 mn with a margin of 16.9%, impacted by increased depreciation and interest costs due to capacity expansion initiatives. Standalone cash PAT grew 34% YoY to ₹300 mn.

For the full year FY25, consolidated revenue reached ₹3.9 bn, including ₹780 mn from Nerbe, while standalone revenue grew 13.3% YoY to ₹3.1 bn. Export revenue totaled ₹1.8 bn, and domestic sales contributed ₹2.1 bn, rising 10% YoY. Standalone EBITDA was ₹1.2 bn with a robust margin of 36.5%, and PAT came in at ₹430 mn with a margin of 13.6%. Standalone cash PAT reached ₹970 mn, up 8% from the previous year. The company highlighted strategic investments, including the commissioning of Phase 1 of its new Panchla facility and anticipated commencement of cell culture product revenues in FY26, supported by a total installed capacity potential of ₹8 bn, setting the stage for long-term growth.

Outlook for FY26-FY27 Hinges on Capacity Utilization, Product Diversification, and Export Revival

Management's commentary during the concall was cautiously optimistic, projecting meaningful revenue contributions from the new Panchla facility and the ramp-up of cell culture product lines starting in H2FY26, with a significant impact expected in FY27 and FY28. The guidance indicates a focus on leveraging enhanced installed capacities (with a potential topline capacity of ₹8 bn) and product portfolio expansion to drive future growth. However, the muted near-term guidance for exports, combined with a flattish performance in Nerbe's European operations, underscores the need for greater execution in tapping new geographies and accelerating customer adoption of new offerings. Positively, the domestic market continues to provide a stable base for revenue growth, and the management's intent to pursue capacity-backed market share gains and operational scale benefits is encouraging. Still, achieving higher export growth and margin sustainability will be crucial, especially given rising competition, industry headwinds, and elevated capex-driven depreciation and financing costs. The balance between scaling up new facilities, maintaining high-quality delivery, and translating operational leverage into profitability will be key determinants of TPL's trajectory in FY26-FY27.

Key Financials	FY 23	FY 24	FY 25	FY 26E	FY 27E
Total Income (₹ mn)	2,832	2,964	3,924	4,608	5,191
EBITDA margins(%)	45.8%	33.7%	28.2%	31.6%	32.2%
PAT margins (%)	31.1%	14.8%	6.7%	9.7%	10.5%
EPS (₹)	15.6	8.0	5.6	8.4	9.9
P/E (x)	33.1	57.3	66.8	44.3	38.0
P/BV (x)	4.7	4.0	3.2	3.0	2.8
EV/EBITDA (x)	21.0	26.8	20.7	15.4	13.0
ROE (%)	14.2%	7.0%	4.7%	6.7%	7.4%
ROCE (%)	15.3%	7.8%	5.3%	7.1%	8.2%

BUY

Current Market Price (₹)	377
12M Price Target (₹)	453
Potential Return (%)	20

Stock Data

Sector	:	Medical Equipment
Face Value (₹)	:	2
Total MCap (₹ bn)	:	20
Free Float MCap (₹ bn)	:	6
52-Week High / Low (₹)	:	544 / 280
BSE Code / NSE Symbol	:	543399 / TARSONS
Bloomberg	:	TARSONS IN
Sensex / Nifty	:	81,451 / 24,751

Shareholding Pattern

(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	47.31	47.31	47.31	47.31
Clear Vision Invest.	23.42	23.42	23.42	23.42
FPIs	9.52	7.51	8.04	7.95
MFs	0.00	0.00	0.00	0.05
Bodies Corporate	2.74	4.59	6.68	6.33
Others	17.01	17.17	14.55	14.94

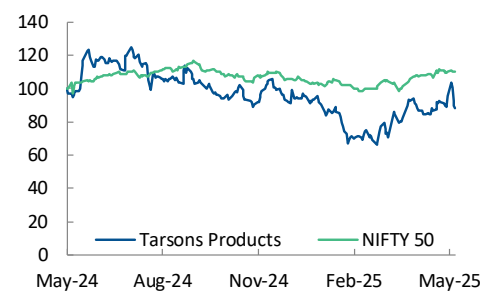
Source: BSE

Price Performance

(%)	1M	3M	6M	12M
TARSONS	4.1%	23.7%	-10.3%	-11.9%
Nifty 50	1.7%	11.9%	2.6%	10.1%

* To date / current date : May 30, 2025

TARSONS vs Nifty 50



Capex & Net Debt Update

TPL has committed approximately ₹3.8 bn in total capex for its Panchla and Amta facilities, with about ₹1.8 bn already executed or capitalized as of FY25-end. Revenue from Panchla is expected to start in H2FY26, with a ramp-up in FY27–FY28, while Amta, focused on cell culture and consumables, is also slated to contribute from H2FY26. Additionally, Tarsons is pursuing CDMO opportunities in life sciences and diagnostics, leveraging its scale and quality to capture demand in the rapidly growing plastic labware and consumables CDMO market. Execution of the capex plan, export recovery, and cost management will be crucial for growth in FY26–FY27.

TPL's net debt increased to approximately ₹1.8 bn as of FY25-end, reflecting ongoing capex investments for the Panchla and Amta facilities. Total finance costs surged to ₹52 mn in Q4FY25 and ₹194 mn for FY25, more than double the previous year, driven by elevated borrowings and working capital usage. While peak debt and interest costs are expected to remain high through FY26, they are likely to moderate from H2FY26 as new capacity utilization ramps up and revenue contributions from Panchla and Amta begin.

Quarterly Consolidated

(₹ mn)	Q4FY25	Q3FY25	QoQ	Q4FY24	YoY
Sales	1127	957	18%	1057	7%
Raw Material	219	196	12%	163	34%
Employee Cost	168	164	3%	156	8%
Other expenses	370	301	23%	399	-7%
Total Operating expenses	757	660	15%	719	5%
EBITDA	370	296	25%	338	9%
EBITDA Margin (%)	33%	31%	200 bps	32%	100 bps
Depreciation	200	174	15%	123	62%
EBIT	170	122	39%	215	-21%
Other Income	38	8	345%	34	12%
Interest	52	50	3%	43	22%
Exceptional items	0	0	-	28	-
Profit Before Tax	156	80	93%	178	-13%
Tax	54	28	92%	33	65%
Tax rate (%)	34.5%	34.7%	(18 bps)	18.2%	1600 bps
Adj.PAT	102	53	94%	146	-30%
Reported PAT	102	53	94%	103	-1%
PAT Margin (%)	9%	5%	356 bps	14%	(475 bps)
Adj EPS (₹)	1.92	0.99	94%	2.74	-30%
Reported EPS (₹)	1.92	0.99	94%	1.94	-1%

Source: Company, LKP Research

Outlook

The plastic labware industry has witnessed a slowdown over the past 18 months, but Tarsons is beginning to see early signs of recovery, with increasing customer inquiries both domestically and internationally. The company, leveraging over 40 years of experience and a reputation for high-quality, cost-efficient manufacturing, is positioned to capture market share as demand normalizes. Recent participation in global RFQs, tenders, and expos has expanded its visibility to new clients, though meaningful order conversions may take time. The upcoming Panchla facility, set to contribute from H2FY26, will enhance capacity and diversify the product portfolio, while the Amta plant will strengthen offerings in cell culture and high-value consumables. Despite steady domestic business and growing exports, Q4FY25 faced margin pressures from higher export contributions, wage increases, and low-margin Nerbe integration. However, with Nerbe production shifting to India and new capacity coming online, management anticipates margin stabilization in the 8–12% range, setting the stage for a gradual recovery and sustained growth in FY26 and beyond. We expect TPL to post Revenue/EBITDA/PAT CAGR of 15%/23%/44% respectively over FY25-27E, therefore, We maintain our 'BUY' rating, with a target price of ₹453 (46x FY27 EPS of ₹9.9).

PE (x) mean and standard deviation



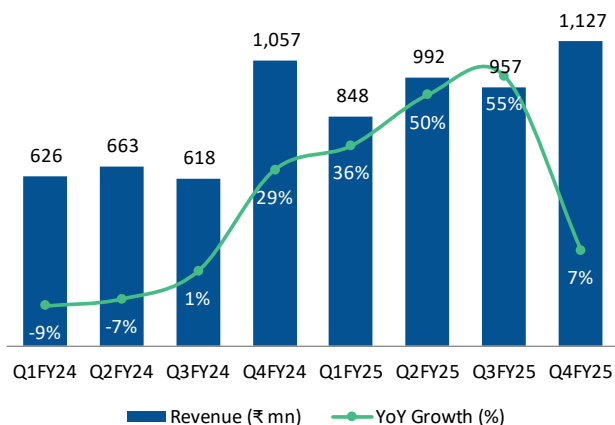
Source: ACE Equity, LKP Research

EV/EBITDA (x) mean and standard deviation



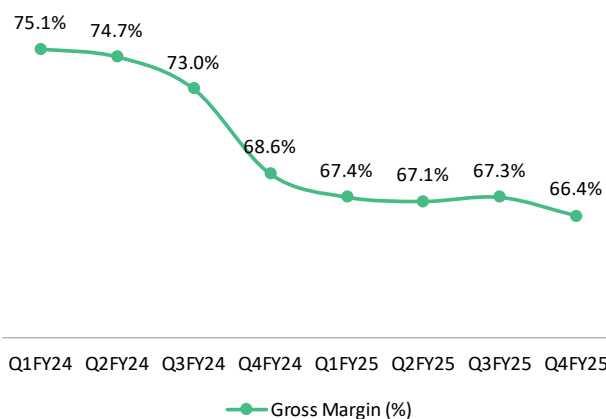
Source: ACE Equity, LKP Research

Gradual recovery led by exports; Domestic to pick up in H2FY26



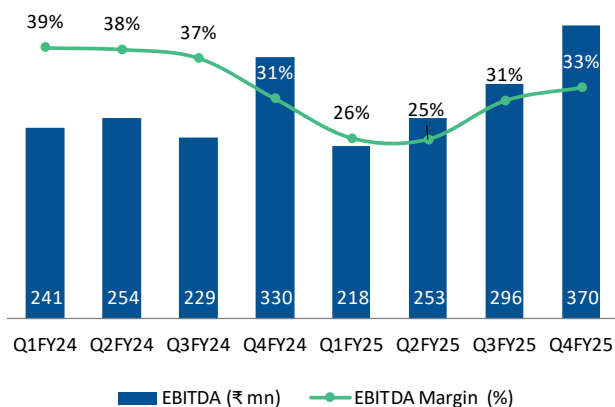
Source: Company, LKP Research

Gross Margin likely to bottom out from hereon



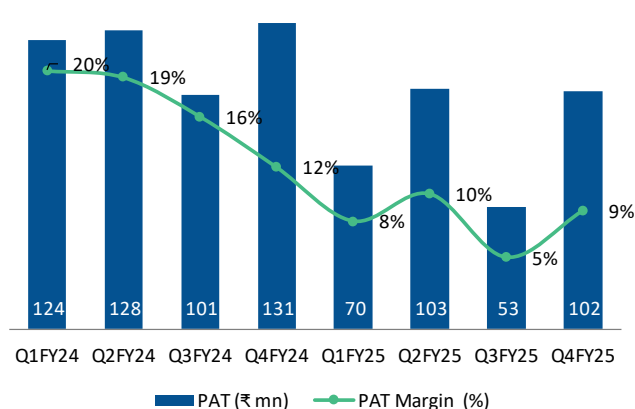
Source: Company, LKP Research

Consol EBITDA margins likely to improve by export growth



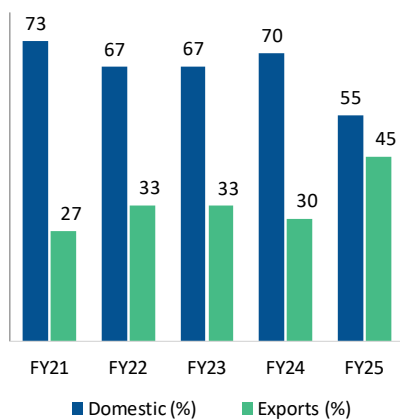
Source: Company, LKP Research

PAT margin continues to be under recovery mode



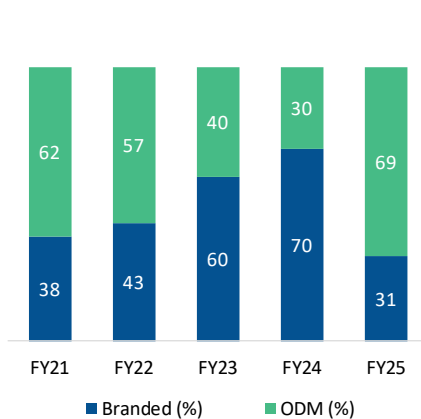
Source: Company, LKP Research

Domestic vs Export Split

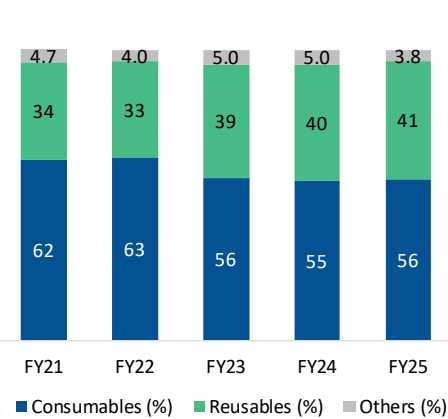


Source: Company, LKP Research

Branded vs ODM split



Segmental Breakup as of FY25



Income Statement

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
Revenue from Operations	2,964	3,924	4,608	5,191
Raw Material Cost	822	1,294	1,392	1,557
Employee Cost	443	654	737	820
Other Exp	701	869	1,023	1,142
EBITDA	998	1,107	1,456	1,671
EBITDA Margin(%)	33.7%	28.2%	31.6%	32.2%
Depreciation	404	625	821	943
EBIT Margin(%)	20.0%	12.3%	13.8%	14.0%
Other Income	115	160	175	182
Interest	101	194	178	162
PBT	621	414	629	769
PBT Margin(%)	21.0%	10.5%	13.7%	14.8%
Tax	181	150	183	225
Adjusted PAT	440	263	446	544
APAT Margins (%)	14.8%	6.7%	9.7%	10.5%
Exceptional items	0	0	0	0
PAT	440	263	446	544
PAT Margins (%)	14.8%	6.7%	9.7%	10.5%

Key Ratios

YE Mar	FY 24	FY 25	FY 26E	FY 27E
Per Share Data (Rs)				
Adj. EPS	8.0	5.6	8.4	9.9
CEPS	15.6	17.3	23.9	27.6
BVPS	115.2	118.4	125.2	133.1
Growth Ratios(%)				
Revenue	4.6%	32.4%	17.4%	12.6%
EBITDA	-23.1%	10.9%	31.5%	14.8%
EBIT	-41.3%	-18.8%	31.6%	14.8%
PAT	-47.2%	-30.2%	50.7%	16.8%
Valuation Ratios (X)				
PE	57.3	66.8	44.3	38.0
P/CEPS	29.4	21.6	15.7	13.6
P/BV	4.0	3.2	3.0	2.8
EV/Sales	9.0	5.8	4.9	4.2
EV/EBITDA	26.8	20.7	15.4	13.0
Operating Ratios (Days)				
Inventory days	156.4	115.6	115.0	115.0
Receivable Days	94.6	73.0	80.0	80.0
Payables day	17.8	14.4	13.0	13.0
Debt to Equity (x)	0.42	0.52	0.49	0.41
Profitability Ratios (%)				
ROCE	7.8%	5.3%	7.1%	8.2%
ROE	7.0%	4.7%	6.7%	7.4%

Balance Sheet

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
Equity and Liabilities				
Equity Share Capital	106	106	106	106
Reserves & Surplus	6,022	6,196	6,555	6,974
Total Networth	6,129	6,302	6,661	7,080
Long term Borrowings	1,020	2,049	1,499	949
Deferred tax liability	92	94	94	94
Other Non-Current liabilities	348	596	647	742
Total non-current liab & provs	1,460	2,739	2,239	1,784
Current Liabilities				
ST Borrowings & Provisions	1,574	1,290	1,795	2,004
Trade Payables	146	157	166	187
Other current liabilities	413	312	323	371
Total current liab and provs	2,133	1,759	2,285	2,562
Total Equity & Liabilities	9,722	10,800	11,186	11,427
Assets				
Gross Block	4,351	6,979	8,085	9,269
Net block	3,033	5,036	5,320	5,562
Capital WIP	2,670	2,329	1,429	579
Goodwill	325	325	325	325
Other non current assets	1,341	685	808	927
Total fixed assets	7,369	8,375	7,882	7,392
Inventories	1,287	1,260	1,472	1,658
Trade receivables	779	796	1,024	1,154
Cash & Bank Balance	226	257	678	1,074
Other current assets	61	113	129	148
Total current Assets	2,353	2,426	3,304	4,034
Total Assets	9,722	10,800	11,186	11,427

Cash Flow

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
PBT	608	448	632	749
Depreciation	404	625	821	943
Interest	99	188	178	162
Other Adjustments	14	-	-	-
Operating CF before WC changes	1,125	1,261	1,631	1,853
Changes in working capital	86	-10	-503	-281
Tax paid	-184	-158	-183	-225
Cash flow from operations (a)	1,027	1,093	945	1,347
Capital expenditure	-1,843	-1,517	-206	-334
Other investing activities	-1,006	62	-	-
Cash flow from investing (b)	-2,850	-1,455	-206	-334
Free cash flow (a+b)	-1,823	-362	739	1,013
Proceeds from LT borrowings	855	1,634	-	-
Repayment of LT borrowings	-417	-587	-550	-550
Proceeds from Working Capital demand	1,432	14,025	500	200
Other financing activities	-514	-14,577	-178	-162
Dividend Announced/To be Paid	-	-106	-90	-105
Cash flow from financing (c)	1,356	389	-318	-616
Net chng in cash (a+b+c)	-466	27	422	396
Closing cash & cash equivalents	171	251	673	1,069

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