

March 26, 2025

Transasia Bio-medicals Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Short-term – Fund Based/ Non-Fund Based Limits – Working capital Facilities	92.00	92.00	[ICRA]A+(Stable)/[ICRA]A1; reaffirmed
Total	92.00	92.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation on Transasia Bio-medicals Limited's (TBML or the company) favourably factor in its established business position and extensive experience of its promoters in the diagnostic equipment and domestic in-vitro diagnostics (IVD) industry. The ratings continue to draw comfort from the company's strong distribution network with a pan-India presence along with its widened geographical reach through its various overseas acquisitions, which enhanced its research and development (R&D) capabilities for instruments and its reagent production. Moreover, TBML's capital structure and coverage indicators remain comfortable, supported by stable accruals on a standalone basis and no long-term debt obligations. ICRA notes the company's effort towards R&D, wherein it intends to launch new products in the near term. TBML's ability to successfully commercialise such launches and scale-up its operations through product diversification remain key monitorable. For FY2024, TBML has shared the provisional financials for consolidated business. ICRA will review the consolidated profile upon receipt of the audited consolidated financials. In FY2024, on a standalone basis, the company's revenue witnessed a modest decline due to discontinuation of Sysmex distributor business, as TBML focused to promote in-house manufactured products, also lower execution of Government orders partially impacted revenue during the period. The growth remained modest through 11M FY2025 on a standalone basis. Nonetheless, the company's operating margins on a standalone basis remained stable at 26-27%. On a consolidated basis, the company earned an aggregate revenue of Rs. 1,464 crore in FY2024, witnessing a modest YoY growth of 1.3%, primarily driven by overseas operations, though the company's operating margins moderated to ~19% due to continued losses reported by international subsidiaries. Further, net profit margins remained negative in FY2024 due to the recognised loss from the closure of overseas subsidiaries. Notwithstanding, TBML has remained focused on simplifying its organisation structure by carrying out closure of its dormant and loss-making subsidiaries over the past 2-3 years and expects rest of its subsidiaries to turn profitable over the medium term.

However, the ratings remain constrained due to moderation in financial profile on the back of continued losses in its international operations, adversely impacting margins and coverage indicators at consolidated levels. Over the last three fiscals, the company has created significant provisions for its loss-making subsidiaries. The liquidity profile over the years has also moderated due to the extended credit as well as funding for the working capital requirement and R&D at the subsidiaries' level. TBML's overseas operations, primarily acquisitions, are yet to yield substantial scale and profitability, thus impacting the consolidated financial profile. Despite implementing various strategic measures to mitigate the losses such as closure, dissolution and selling off entities, has moderated the overall financial profile. Going forward, performance improvement of the international subsidiaries and higher growth and earnings of the domestic business will remain key for TBML's credit profile. The ratings also factor in the company's dependence on imports for its trading operations, resulting in the susceptibility of earnings to fluctuations in foreign exchange rates.

The Stable outlook on the long-term rating reflects ICRA's opinion that TBML's credit profile will be supported by steady earnings, comfortable capital structure and its adequate liquidity position.

Key rating drivers and their description

Credit strengths

Among the largest players in the Indian IVD segment; extensive experience of promoters in diagnostic instruments and reagent business -TBML enjoys a strong presence across IVD segments such as biochemistry and hematology, while it is improving its visibility in the immunology segment. The company's wide range of offerings and extensive distribution reach in the Indian market give it a competitive edge. The extensive experience of around four decades of its promoter in the IVD space supports its established market position.

Standalone business continues to report healthy cash accruals, reflecting superior product offerings – The cash accruals of TBML remain strong on the back of its established position in the domestic IVD market and superior product offerings, leading to a healthy operating profit margin of 26.6% in FY2024 on a standalone basis. However, there has been some moderation over the years. On a consolidated basis, the operating profit margin is relatively lower at ~19.1% in FY2024 (on provisional basis), primarily on account of its loss-making international operations. Going forward, the company's ability to leverage its R&D investments in international subsidiaries through meaningful recovery in those businesses, will remain a key rating monitorable.

Healthy capital structure and coverage indicators – The company's capital structure remains healthy with further moderation in gearing to 0.04 times as on March 31, 2024 (provisional) from 0.12 times as on March 31, 2023, at a consolidated level, owing to the decline in short term debt, given improvement in overall inventory days. The company's consolidated coverage indicators remain healthy with interest coverage at 19.7 times in FY2024 (provisional) compared to 17.9 times in FY2023, supported by healthy operating profit and modest dependence on external financing. The capital structure and coverage indicators are expected to remain healthy with no significant rise in debt levels going forward.

Credit challenges

International operations remain a drag on earnings at a consolidated level, subsidiaries yet to achieve meaningful scale and profitability – TBML's international operations, carried out through its overseas subsidiaries in Europe, Middle East and Asia are yet to achieve meaningful scale and profitability. At present, international operations are making losses and remain a drag on the Group's earnings. However, over the past two years TBML has been carrying out internal restructuring at a consolidated level to simplify its group structure to minimise losses at a consolidated level.

Continued support to be extended to overseas subsidiaries to fund R&D expenses – In FY2024, the company extended ~Rs. 200 crore to its overseas subsidiary Erba Lachema to mainly support R&D initiatives conducted by its step-down subsidiaries. ICRA expects the company to continue to provide financial support to its subsidiaries over the near to medium term, as carrying out R&D is essential for the company to maintain its market share. However, the annual impact of impairments related to these R&D expenses on the company's overall operations will remain a key monitorable.

Return indicators remain suppressed at consolidated level, driven by losses in most subsidiaries – The company's RoCE at the consolidated level remains suppressed on the back of losses of its international subsidiaries over the last few years. The turnaround of its international operations by scaling up through better reach and acceptance of products remains critical at a consolidated level. The overseas entities are also involved in R&D, wherein the gestation period of launches and commercialisation remains long. The company's ability to leverage its R&D strength and successfully launch and commercialise products in the near to medium term remain critical from a credit perspective.

Working capital-intensive nature of operations – The company's operations are working capital-intensive, driven by high inventory days of 194 as on March 31, 2024 (provisional). TBML has multiple instruments and reagents (including manufactured and traded), requiring multiple stock keeping units, resulting in higher inventory days. As on March 31, 2024, receivable days were 100, as the credit period extended by the company to its different customers range from 30-90 days. Nonetheless, the working capital cycle is partly supported by creditor days of 77 as on March 31, 2024 (provisional).

Profitability vulnerable to volatility in foreign exchange rates – TBML derives ~15-20% of its revenue from the trade of imported instruments and reagents, making its profitability susceptible to fluctuations in foreign exchange rates. In addition, restatement of the company's investments in overseas operations also subject it to exchange volatility.

Liquidity position: Adequate

TBML's liquidity position is adequate, considering the satisfactory levels of free cash and bank balances and liquid investments of ~Rs. 113 crore and cushion available in the form of undrawn working capital limits of Rs. 70.2 crore at a standalone level as of January 2025. The company does not have any large debt repayments or debt-funded capex plans in the near term. However, it will continue to extend support to its overseas subsidiaries.

Rating sensitivities

Positive factors – ICRA could upgrade TBML's ratings if the company demonstrates any sustained and profitable growth at the consolidated level, with a meaningful and sustained turnaround of its international operations. Improvement in liquidity profile through better working capital management would also be a positive trigger.

Negative factors – The inability to materially turn around the operations of its overseas subsidiaries, which continues to weaken the credit profile at a consolidated level, will continue to exert pressure on the company's ratings. The debt-funded acquisition or any large capital expenditure or material support for its subsidiaries leading to weakening of credit metrics, or further pressure on the liquidity profile would pose a downward pressure on TBML's ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. As on March 31, 2023 (audited), TBML had multiple subsidiaries which are enlisted in Annexure II.

About the company

Transasia Bio-medicals Limited was founded by Mr. Suresh Vazirani in 1985 to provide services to the IVD space. At present, the company is a leading player in the diagnostic instruments and reagents industry in India. It has one of the largest sales and installation bases with over 94,000 installations all over the country. In collaboration with leading international companies, it offers an extensive range of products in the IVD space. The company manufactures a wide range of clinical chemistry analysers, ELISA readers and microplates. Its manufacturing operations facilities are in Daman, SEEPZ (Mumbai), Baddi (Himachal Pradesh), Visakhapatnam (Andhra Pradesh) and Sikkim. It also has a manufacturing facility in the Czech Republic. All its facilities are ISO 9001:2000 certified. TBML's offices are spread across India, with its headquarters in Mumbai.

Key financial indicators (audited)

TBML's - Consolidated	FY2023	FY2024*
Operating income	1,445.6	1,464.5
PAT	-87.2	-52.5
OPBDIT/OI	21.1%	19.1%
PAT/OI	-6.0%	-3.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDIT (times)	0.6	0.2
Interest coverage (times)	17.9	19.7

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

TBML's – Standalone	FY2023	FY2024
Operating income	1,177.5	1,122.8
PAT	-154.5	134.0
OPBDIT/OI	27.6%	26.6%
PAT/OI	-13.1%	11.9%
Total outside liabilities/Tangible net worth (times)	0.2	0.1
Total debt/OPBDIT (times)	0.3	0.0
Interest coverage (times)	48.8	55.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2025)			Chronology of rating history for the past 3 years					
		Type	Amount Rated (Rs. crore)	Mar 26, 2025	FY2024		FY2023		FY2022	
					Date	Rating	Date	Rating	Date	Rating
1	Fund-based / Non-fund Based Limits – Working capital Facilities	Long term and short term	92.00	[ICRA]A+ (Stable)/ [ICRA]A1	Dec 28, 2023	[ICRA]A+ (Stable)/ [ICRA]A1	Sept 29, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+	June 17, 2021	[ICRA]AA- (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short-term – Fund Based/ Non-Fund Based Limits – Working capital Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Working capital facilities	-	NA	-	92.00	[ICRA]A+(Stable)/[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	TBML's Ownership	Consolidation approach
Transasia Diagnostic Private Limited	100.00%	Full Consolidation
Care Data Informatics Private Limited	100.00%	Full Consolidation
Erba Diagnostics Mannheim GmbH, Germany	100.00%	Full Consolidation
Erba Diagnostics UK Ltd, UK	100.00%	Full Consolidation
Erba Diagnostics Holdings Limited	100.00%	Full Consolidation
Biomedical Production Limited	100.00%	Full Consolidation
Erba Diagnostics Limited	100.00%	Full Consolidation
Erba Corporate Services Limited	100.00%	Full Consolidation
Erba USA Inc., USA	100.00%	Full Consolidation
Calbiotech Inc	100.00%	Full Consolidation
Calbiotech Veterinary Diagnostics, Inc	100.00%	Full Consolidation
Microplate Dispensers, Inc	100.00%	Full Consolidation
Immuno Vision Inc, USA	100.00%	Full Consolidation
Erba Lachema s r o . Czech Republic	100.00%	Full Consolidation
Cabiotech Export	100.00%	Full Consolidation
AO Erba RUS	100.00%	Full Consolidation
Erba Diasis Diagnostik Sistemler Ticaret VE Sanyyi A.S , Turkey	100.00%	Full Consolidation
Erba Diagnostics France S.A R.L , France	100.00%	Full Consolidation
Erba Polska sp.z o.o, Poland	100.00%	Full Consolidation
Erba Diagnostics Ukraine LLC	100.00%	Full Consolidation
Lumora Ltd	100.00%	Full Consolidation
Erba Technologies Austria GmbH	100.00%	Full Consolidation
Erba Diagnostics Brazil	100.00%	Full Consolidation
Erba Diagnostics DMCC	100.00%	Full Consolidation
Erba Diagnostics FZ LLC, Dubai	100.00%	Full Consolidation
Erba Diagnostics Limited, Bangladesh	100.00%	Full Consolidation
Sysmex Transasia Services Pvt. Ltd, India	49.00%	Equity Method

Source: Company; Consolidated Audited Financials FY2023

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