Qlar Technology India Private Limited

April 02, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	175.00	CARE A-; Stable / CARE A2+	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

For arriving at the rating, CARE Ratings Limited (CARE Ratings) has combined the business and financial risk profiles of QLAR Technology India Private Limited (QTIPL) and QLAR India Private Limited (QIPL), considering its managerial, operational and financial linkages. Together they are referred as QLAR India Group (QIG). Both entities form the Indian operations of a Germany-based QLAR group (earlier known as Schenck Process Group).

The rating assigned to bank facilities of QTIPL derive strength from QIG's operational and financial synergies with its ultimate parent, QLAR Group, GmBH. These synergies include the use of technological and product patents in exchange for licensing fees and the marketing of products under 'QLAR' and 'Redler' brands in domestic and international markets. This collaboration has facilitated steady revenue growth and the generation of healthy profitability for the Indian operations. Ratings also factor in established market presence of QIG in the capital goods engineering industry, long-standing relationship with diversified and reputed clientele base, healthy financial risk profile and adequate liquidity.

However, rating strengths are partially offset by working capital intensive QTIPL's operations due to long gestation period of projects, exposing QIG's profitability to volatility in input prices and exposure of the company's growth to cyclicality in the end-user industry. CARE Ratings also takes cognisance of increase in dividend payout by QTIPL, which has led to increase in reliance on debt to fund its working capital requirements.

CARE Ratings also takes note of the fact that Blackstone, majority shareholder of QIG's ultimate parent company QLAR Group, GmBH, is planning to liquidate its entire stake in the QLAR group. CARE Ratings does not expect material impact on the Indian operations post change of ownership at the ultimate parent level, as the Indian operations are largely self-sustainable with no financial support from the parent.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in total operating income (TOI) while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 14% on a sustained basis leading to healthy accretion to reserves and improvement in its liquidity.
- Improvement in the gross current asset days (GCA) below 200 days on a sustained basis.

Negative factors

- Any adverse impact on the company's credit risk profile consequent to change in hands at the ultimate parent level
- Decline in TOI below ₹500 crore with PBILDT margin below 10% on a sustained basis.
- Increase in working capital intensity leading to deterioration in QIG's financial risk profile marked by higher reliance on W/c borrowings and total outside liability to total net worth (TOL/TNW) above 1.50x on a sustained basis.

Analytical approach: Combined

For arriving at ratings, CARE Ratings has combined the business and financial risk profiles of QTIPL and QIPL, considering its managerial, operational and financial linkages. (Details of entities combined is placed in Annexure - 6)

Outlook: Stable

Stable outlook reflects CARE Ratings expectations that QIG shall continue to benefit from established brand presence of 'QLAR' and 'Redler' in domestic and international market which shall continue to drive its revenue and profitability in near term.

Detailed description of key rating drivers:

Key strengths

Part of Europe-based QLAR group with technological support from the ultimate parent

QIG, acquired by QLAR Europe GmBH in 2006 (erstwhile, Schenck Process, Europe GmBH) specialises in manufacturing Weighing, feeding, conveying, pulverising equipment and automation solutions for end-user industries. The group benefits from the technical

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

support from its parent, which holds over 300 patents. This strong technical backing, and the group's established brand presence should continue to drive QIG's revenue growth and profitability over the medium term. As a consideration, QIG pays royalty and trademark charges to the parent, structured on lines of QIG's performance.
Along with the technical support, the parent had extended financial support in terms of subscribing compulsory convertible debentures, now held by QIPL. QIG significantly contributes to the overall operations of the QLAR group, accounting for ~30% of the group's global revenue.

Established brand presence catering to a reputed clientele base
QIG undertakes manufacturing engineered capital goods, and turnkey bulk material handling projects for diverse end-user industries such as power plants, infrastructure, marines and oil refineries, metals and mining, among others and sells its products under 'QLAR' and 'Redler' brands.
Over two decades, the group has established relationships with renowned companies including NTPC Limited, Tata Steel Limited, JSW Steel Limited, Arcelor Mittal Nipon Steel Limited, TATA Projects and Megha Engineering Limited among others. The top 10 customers contribute ~30% to the FY24's TOI (reduced from ~41% in FY23). As on February 28, 2025, QIG had an orderbook of ₹436 crore to be executed in next 12 - 18 months.

Growing scale of operations with healthy profitability
QIG's operations grew at a compound annual growth rate (CAGR) of 21% in the last five years ended FY24. QIG's TOI grew at ~25% on year-over-year (y-o-y) basis to ₹719 crore in FY24 against ₹576 crore in FY23, majorly attributable to execution of high value turnkey contracts in the fiscal. QIG's trading sales has increased to ~32% in FY24 against 24% in FY23. However, with expansion of the capacity and commencement of in-house production of certain spare parts, the group's trading portion is likely to reduce in the medium term. CARE Ratings expects QIG to achieve a TOI of ~₹650 crore for full year of FY25 with a sustained growth of 8%-10% going forward.
QIG's PBILDT margin has fluctuated in the last five years, with a decline in FY21 and FY22 to 3.08% and 7.87%, respectively, due to the impact of Covid-19. With scaling up of operations, execution of turnkey project and better fixed costs absorption due to economies of scale, QIG's profitability has improved in last two years to 14.89% in FY24. CARE Ratings expects the profitability to remain stable at ~12% - 13% in the projected period.

Healthy financial risk profile
QIG has a conservative debt structure marked by low reliance on external debt to support operations or meet capex requirements till March 2024. Its entire debt consists of bank guarantee backed interest-free customer advances, resulting in comfortable overall gearing and TOL/TNW of 0.24x (FY23: 0.24x) and 0.82x (FY23: 1.03x), respectively, as on FY24-end. Debt coverage indicators, including PBILDT interest coverage and total debt to PBILDT (TD/PBILDT), remained healthy at 17.88x (FY23: 10.45x) and 0.64x (FY23: 0.78x), respectively, at the end of FY24.
Owing to up-streaming of profits to the parent through dividend payments, the group has started utilising LC backed bill discounting limits, leading to moderation in PBILDT/interest coverage to 6.63x, respectively, in 10MFY25 on a standalone basis. With no major capex plan and incremental working capital gap, QIG's financial risk profile is expected to remain comfortable in the medium term.

Key weaknesses
Working capital intensive operations
QIG's operations remains working capital intensive due to lead time of 19-20 weeks required for manufacturing goods. Receivables are elongated due to long execution period of projects, milestone-based billing, elongated credit period of 90-100 days and the retention money requirement of ~10%, which is released post the defect liability period. Milestone-based billing and extensive trials and testing for technically critical products before the final acceptance results in high unbilled revenue.
As on March 31, 2024, the unbilled revenue was significantly high owing to execution of turnkey projects for which testing was pending as on the balance sheet date. Consequently, average receivable days and GCA days remained high at 167 days and 229 days, respectively, as on FY24-end. Efficient management of working capital requirements while maintaining low dependence on external borrowings shall remain a key monitorable.

Susceptibility of operating performance to cyclical demand in end-user industries and tender-based business
The demand for the company's manufactured products and sustenance of operating performance is mainly linked with the capex cycle of end-user industries, exposing QIG's scale to the investment plans of its customers. QIG undertakes manufacturing engineered capital goods under engineering, and turnkey bulk material handling projects by submitting bids for tenders floated by government or private entities. Hence, revenue and profitability depend on ability to bid successfully for tenders

Profits vulnerable to raw material price volatility
The execution period of projects undertaken by QIG, usually ranges from 6-18 months. Thus, its profitability remains susceptible to fluctuations in input pricesof steel, copper, iron, plate and welding wires, among others. Considering the long gestation period and fixed price contracts, the company's ability to maintain its profitability shall remain a key monitorable.

Liquidity: Adequate
The group's liquidity position remained adequate with nil debt repayment obligation, lower dependence on external debt for funding its working capital requirement and free cash and liquid investments of ₹12.10 crore as on FY24-end.
Average utilisation of FB limits remained nil in the trailing 12 months ended January 2025. The group is required to submit advance BGs for availment of customer advances and performance BG, leading to average month-end utilisation of non-fund limits at ~81% in the trailing 12 months ended January 2025.
Cash flow from operations remained positive at ₹17.01 crore in FY24 (FY23: -ve) owing to healthy profitability in FY24.
CARE Ratings also takes note of consistent dividend payout by the group to its holding company since FY23, leading to lower accretion of profits to reserves. From Q4FY24, the group paid dividend of ₹45 crore till February 28, 2025. Hence, accumulation of surplus to ensure liquidity cushion in need shall remain a key monitorable.

Applicable criteria

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
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Other industrial products

QTIPL
Incorporated in 2003, QTIPL, (formerly known as Stock Redler India Private Limited and Schenck Process Solutions India Private Limited) engaged in design and manufacturing / assembling of weighing, feeding, conveying, material handling, pulverizing equipment for different industries such as steel, cement, power, chemicals, petrochemicals and plastics.
The company's manufacturing unit is in Peenya Industrial Area in Bangalore, Karnataka. QTIPL has also set-up another unit in the same area for in-house fabrication of certain parts required for manufacturing capital goods which commenced operations from June 2023.
QTIPL is currently a subsidiary of QLAR Europe, GmBH and step-down subsidiary of QLAR Group, GmBH.

QIPL
QIPL was incorporated in 1996 and was formerly known as SCHENCK Jenson and Nicholson Limited and was a part of Jenson and Nicholson group. It became a part of QLAR Group in 2006 and got the name of Schenck Process India Private Limited. QIPL is engaged in design and manufacturing load cells and weigh bridges for weighing, feeding, conveying, material handling, pulverizing equipment. The company's head office is in Bangalore and manufacturing unit is in Naurangpur, Gurugarm (Haryana). QIPL is currently a subsidiary of QLAR Europe, GmBH and step-down subsidiary of QLAR Group, GmBH.

Combined

Brief Financials (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)
Total operating income	576.01	719.09
PBILDT	69.87	107.07
PAT	96.65#	80.16
Overall gearing (times)	0.24	0.24
Interest coverage (times)	10.45	17.88

UA: Unaudited (CARE Ratings has combined standalone audited financials); Note: these are latest available financial results
#Profit after tax (PAT) remains higher than operating margins in FY23 due to reporting of extra-ordinary income of ₹62.60 crore in FY23. This pertains to revenue derived from sales of mining division at the parent level to Sandvik Aktiebolag group

Standalone (QTIPL)

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	January 31, 2025 (UA)
Total operating income	541.12	666.26	504.47
PBILDT	64.03	103.62	55.56
PAT	83.97#	71.68	36.81
Overall gearing (times)	0.28	0.27	0.25
Interest coverage (times)	8.05	12.63	6.63

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

#Profit after tax (PAT) remains higher than operating margins in FY23 due to reporting of extra-ordinary income of ₹62.60 crore in FY23. This pertains to revenue derived from sales of mining division at the parent level to Sandvik Aktiebolag group

Status of non-cooperation with previous CRA: None

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 instruments/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/ ST-Working Capital Limits		-	-	-	27.00	CARE A-; Stable / CARE A2+
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	148.00	CARE A-; Stable / CARE A2+

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	148.00	CARE A-; Stable / CARE A2+				
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	27.00	CARE A-; Stable / CARE A2+				

LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	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	QLAR Technology India Private Limited	Full	Part of same group, having operational, financial and managerial linkages
2	QLAR India Private Limited	Full	Part of same group, having operational, financial and managerial linkages

Note on complexity levels of rated instruments: CARE 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Ujjwal Manish Patel Associate Director **CARE Ratings Limited** Phone: 079-40265649 E-mail: ujjwal.patel@careedge.in Vanshika Jain Lead Analyst **CARE Ratings Limited** E-mail: Vanshika.Jain@careedge.in

About us:

Established in 1993, CARE 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 RBI. With an equitable position in the Indian capital market, CARE 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, CARE 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. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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