Q-Line Biotech Limited

August 25, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	20.00	CARE A-; Stable	Assigned
Long-term / Short-term bank facilities	RBI	61.55	CARE A-; Stable / CARE A2+	Assigned
Long-term / Short-term bank facilities	RBI	123.75	CARE A-; Stable / CARE A2+	Assigned
Short-term bank facilities	RBI	16.00	CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Q-Line Biotech Limited (Q-Line; erstwhile Poct Services Private Limited) derive strength from the company's experienced promoter group with over three decades of industry experience, established presence in the domestic in-vitro diagnostics (IVD) industry, and diversified revenue profile with a large contribution from recurring reagent sales. Ratings take comfort from the company’s healthy profitability and comfortable financial risk profile supported by the recent equity infusion through initial public offer (IPO). The successful completion of the IPO in May 2026 has strengthened the company's net worth position and financial flexibility. Ratings also factor prepayment of a substantial portion of its term debt in June 2026, which is expected to improve leverage indicators going forward. However, these strengths are constrained by the working capital intensive operations, reflected by an elongated operating cycle. Ratings are also constrained by customer concentration risk arising from significant revenue dependence on group-linked entities, and the company's dependence on imported raw materials and diagnostic components, which exposes it to foreign exchange fluctuation risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in total operating income (TOI) beyond ₹600 crore while maintaining profit before interest, lease, depreciation and tax (PBILDT) margin at current levels.
- Efficient working capital management, resulting in improvement in the operating cycle to below 120 days on a sustained basis and lower reliance on working capital borrowings.

Negative factors

- Decline in TOI below ₹300 crore with margin below 17% on a sustained basis.
- Further elongation in the working capital cycle beyond 170 days and sustained high dependence on bank borrowings, resulting in moderation in liquidity.
- Any higher-than-envisaged debt-funded capex which adversely impacts the company’s solvency position, resulting in moderation in debt ratios.
- Any sizeable increase in exposure towards group entities, or extension of additional corporate guarantees, resulting in weakening of the company's financial flexibility, liquidity position, or overall credit profile on a sustained basis.

Analytical approach: Consolidated

Financials of Q-Line Innovations Private Limited (QIPL; subsidiary of Q-line) have been considered, being in the same line of business and has operational and financial linkages. Group companies and subsidiaries considered for consolidated financial statements in FY26 are mentioned in Annexure-5.

Outlook: Stable

CareEdge Ratings believes that Q-Line will continue to benefit from its established position in the domestic IVD industry and the company will maintain healthy business growth and comfortable credit metrics.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited’s publications.

Detailed description of key rating drivers

Key strengths

Experienced promoter group

Q-Line benefits from the longstanding experience of its promoter group and senior management team, which has enabled the company to establish a strong presence in the Indian IVD industry. The company is led by Saurabh Garg, Chairman & Managing Director, who has over three decades of experience in the healthcare and diagnostics sector. He is responsible for the company's overall strategic direction, business development initiatives, and performance management. He is supported by Ajay Kumar Mahanty, Promoter and Whole-Time Director, who possesses over two decades of experience, and oversees manufacturing operations, and Research & Development initiatives. Kuldeep Chowdhry, Whole-Time Director, brings ~29 years of industry experience and is responsible for operations, sales and marketing, production, quality control, and product development.

Diversified revenue profile

Q-Line has a diversified business profile with revenue contributions from diagnostic reagents, diagnostic instruments, consumables/spares, and after-sales service and maintenance activities. In FY26 (refers to April 01 to March 31), reagents contributed 70% to the revenue, followed by diagnostic instruments at 24%, consumables and spares at 5% and service income at 1%. The company operates across multiple IVD segments, including clinical chemistry, haematology, immunodiagnostics, molecular diagnostics, rapid/ Enzyme-Linked Immunosorbent Assay (ELISA) testing and Point-of-Care Testing (POCT). The diversified revenue profile, and a broad customer base spanning distributors, diagnostic laboratories, and government procurement agencies, supports business stability.

Growing scale of operations and healthy profitability

Q-Line has demonstrated growth in its scale of operations over the last two fiscals. The company reported a relatively high operating income of ₹304.18 crore in FY22, primarily driven by elevated demand for diagnostic products, rapid testing kits, and healthcare consumables in the COVID-19 pandemic period. Subsequently, revenues moderated in FY23 and FY24 as pandemic-driven demand normalised across the diagnostics industry. Thereafter, the company witnessed a recovery in business operations, with TOI increasing to ₹313.64 crore in FY25 and further to ₹341.74 crore in FY26, supported by manufacturing of instruments and expansion in its reagent portfolio.

Despite fluctuations in revenue, the company has maintained a healthy profitability profile, with PBILDT margin stood in the range of 21%-29% in FY22-FY26. PBILDT margin improved to 28.69% in FY26 (PY: 22.68%) supported by the increasing share of high-margin reagent sales, which accounted for nearly 70% of FY26 revenues (PY: 56%). Going forward, the company is expected to benefit from ramp-up of newly commissioned capacities and recurring reagent demand from its installed analyser base, supporting healthy growth in scale and profitability over the medium term.

Comfortable financial risk profile with improved net worth following IPO and reduction in total debt due to prepayment

Q-Line's financial risk profile remains comfortable despite undertaking significant debt-funded capital expenditure over the last few years to establish and expand its manufacturing capabilities. Overall gearing slightly moderated to 1.01x as on March 31, 2026 (PY: 0.98x) due to increased debt availed for setting up of fourth manufacturing unit for new products, such as glucometer strips, and glucometer devices among others. The debt coverage indicators remained moderate, as reflected by a total debt/gross cash accruals (TD/GCA) of 3.39x and PBILDT interest coverage of 5.05x in FY26.

In May 2026, Q-Line completed its SME IPO and raised ~₹214.48 crore through a fresh issue of equity shares. The IPO proceeds have substantially augmented the company's net worth increasing to over ₹400 crore on a post-IPO basis. The company has utilised a portion of the IPO proceeds towards debt reduction, which is expected to result in a meaningful improvement in leverage and debt protection metrics going forward. Supported by healthy cash generation, a strengthened equity base and reduced debt levels, the company's financial flexibility is expected to remain comfortable, with improvement in debt coverage indicators over the medium term.

Key weaknesses

Customer concentration risk and sizeable exposure to group-linked entities

The company's revenue profile remains exposed to concentration risk, with a significant portion of revenues being generated from a limited number of customers, particularly group-linked entities. POCT Services (a partnership firm belonging to promoter group) alone accounted for ~44% of company's total sales. Although these entities form part of the group ecosystem and support market access, deterioration in their financial profile, business relationships, or procurement volumes could adversely impact Q-Line's revenue generation.

Working capital intensive operations

The company operates in a working capital intensive industry, driven by the need to maintain adequate inventory levels to support prompt order fulfilment, mitigate supply chain disruptions, and cater to requirements under long-term government contracts and reagent supply commitments. Accordingly, the average inventory holding period, although improved, remained elevated at 137 days in FY26 (PY: 167 days). The receivables cycle remains stretched due to supplies made to government agencies, where payment realisation generally takes longer. Average collection period increased to 110 days in FY26, due to higher sales made in March 2026. Owing to the sizeable working capital requirements, the company's reliance on bank financing remains relatively high, as reflected in the average utilisation of sanctioned working capital limits of ~87% in the 12 months ended April 2026. However, the company's liquidity position is expected to improve going forward, as a portion of the IPO proceeds, amounting to ₹93.50 crore has been earmarked towards working capital requirements, which is expected to reduce reliance on bank borrowings and reduce working capital utilisation levels over the medium term.

Dependence on imported raw materials exposes the company to foreign exchange fluctuation risk

The company partially depends on imported raw materials, reagents, components, and diagnostic equipment sourced from overseas suppliers. Import purchases increased to ₹56.49 crore in FY26 from ₹19.49 crore in FY24, resulting in exposure to foreign exchange fluctuations, global supply chain disruptions, and regulatory changes. However, the company has entered forward contracts to hedge a portion of its foreign currency exposure, which mitigates the forex risk to some extent.

Liquidity: Adequate

The company's liquidity profile is expected to remain adequate, supported by healthy cash generation, improvement in capital structure following the IPO, and availability of liquid balances. The company is expected to generate GCA of over ₹80 crore in FY27 against scheduled debt repayments of ~₹40 crore. The company has already utilised a portion of the IPO proceeds towards repayment/prepayment of borrowings, with ₹76.44 crore repaid by June 30, 2026 and unutilised IPO proceeds remained at ₹115.10 crore as on June 30, 2026, lying in the Monitoring Account. The company has lien-free fixed deposits of ₹32.77 crore and free cash and bank balances of ~₹8 crore as on March 31, 2026. Its working capital utilisation is moderately high at ~87% for the last 12 months ending April 2026. The company is expected to incur ~₹25-30 crore towards further additions in the new plant and development of new products, which are expected to be largely funded through internal accruals and available liquidity. Accordingly, the company is not envisaging significant incremental debt for its near-term capex requirements.

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
Healthcare	Healthcare	Healthcare equipment & supplies	Medical equipment & supplies

Incorporated in 2010, Q-Line is a Lucknow-based integrated IVD company engaged in the development, manufacturing, and marketing of diagnostic reagents, test kits, consumables, point-of-care (POC) devices, and diagnostic instruments. The company operates multiple manufacturing facilities in Uttar Pradesh and Delhi and is supported by an in-house R&D team focused on product development and indigenous manufacturing.

Particular (Consolidated)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	313.64	341.74
PBILDT	71.14	98.05
PAT	19.31	55.72
Overall gearing (times)	0.98	1.01
Interest coverage (times)	5.30	5.05

A: Audited; Note: these are latest financial results available
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Particular (Standalone)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	313.57	341.65
PBILDT	72.06	99.60
PAT	47.40	56.95
Overall gearing (times)	0.94	0.95
Interest coverage (times)	5.40	5.51

A: Audited; Note: these are latest financial results available
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	123.75	CARE A-; Stable / CARE A2+
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-	-	-	-	61.55	CARE A-; Stable / CARE A2+
Non-fund-based - ST-BG/LC	RBI	Simple	-	-	-	-	16.00	CARE A2+
Term Loan-Long Term	RBI	Simple	-	-	-	30-11-2030	20.00	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 2026-2027	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
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	123.75	CARE A-; Stable / CARE A2+				
2	Term Loan-Long Term	LT	20.00	CARE A-; Stable				
3	Non-fund-based - ST-BG/LC	ST	16.00	CARE A2+				
4	Fund-based/Non-fund-based-LT/ST	LT/ST	61.55	CARE A-; Stable / CARE A2+				

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

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

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Q-Line Innovations private Limited	Proportionate	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.

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