



Press Release
MQS TECHNOLOGIES PRIVATE LIMITED
November 12, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	15.00	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	30.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 30.00 Cr. bank loan facilities of MQS Technologies Private Limited (MQS). The outlook is '**Stable**.'

Rationale for rating

The rating assigned takes into account the average financial risk profile and intensive working capital nature of operations of MQS technologies. However, the rating assigned draws comfort from the extensive experience of the management, presence of high entry barriers and positive outlook on the aerospace and defence segment. Moreover, while the operating revenues moderated in FY2025 owing to challenges at customer's end, the outstanding orderbook provides a sound visibility of improvement going forward.

About the Company

Incorporated in 2020 by Dr. K. Srinivasa Rao, MQS Technologies Private Limited is a Hyderabad based company engaged in manufacturing of non-destructive testing equipments and inspection solutions. The company caters to aerospace, defence, automotive and heavy engineering sectors. The product portfolio consists of industrial X-ray systems, automated test equipment, data acquisition systems, sub-assemblies and sub systems for armoured vehicles and missiles. It also serves the healthcare sector as a nationwide service partner of Philips Respironics and is also engaged in trading Fuji X-ray films.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of MQS Technologies Private Limited to arrive at the rating.

Strengths

Extensive experience of management

MQS Technologies Private Limited was initially incorporated in 1994 as a proprietorship under the name "Medequip services" to provide repair and maintenance for healthcare equipments. Over the years, the business has diversified into offering maintenance service to aerospace and defence sector, which further led to manufacturing of custom-built testing equipment for the sector (contributing ~40 – 60 % of revenue & order book). The promoter, Dr. K Srinivasa Rao has an experience of more than three decades in the industry, which has enabled the business to establish its presence in the market and build healthy relationships with reputed private & government players and suppliers.

High entry barriers and positive industry outlook

The aerospace and defence industry rely heavily on non destructive testing equipment (NDT) to ensure the safety and performance of the products. Further, being a complicated and critical division to the govt, the entry barriers are high thereby keeping competition in check. Moreover, with increasing focus on the aerospace and defence sector (Rs. 6.81 lakh Cr. budget for FY2025-26) and major push towards capacity expansion and indigenisation, the demand for NDT is expected to increase. Further, the government's push for domestic sourcing in defence programs and expanding maintenance, repair, and overhaul volumes is also expected to boost orders for sub-assemblies and subsystems for armoured vehicles and missile systems, thereby enhancing revenue visibility of the company.

Weaknesses

Modest scale of operations

The operating revenue of the company moderated to Rs. 48.34 Cr. in FY2025 (Prov.) from Rs. 62.14 Cr. in FY2024, majorly on account of delay in order completion due to unavailability of site and licenses at the customer's end. The EBITDA margin also moderated marginally to 8.78 percent in FY2025 (Prov.) from 9.29 percent in FY2024 due to increase in employee costs and other expenses. Further, the PAT margin stood at 3.17 percent in FY2025 (Prov.) as against 3.85 percent in FY2024 due to increased finance cost.

Till 5M FY2026, the company has generated revenue of Rs. 12.31 Cr. as against Rs. 11.55 Cr. for the corresponding period in the previous years.

However, the company has an outstanding orderbook position of Rs. 103.54 Cr. as on August 31, 2025 and is expected to materialize major portion of this in FY2026, which shall remain a key rating monitorable.

Average financial risk profile

The financial risk profile is marked by low networth, high gearing and moderate debt protection metrics. While the tangible networth stood increased at Rs. 11.09 Cr. on March 31, 2025 (Prov.) from Rs.9.83 Cr. on March 31, 2024 owing to accretion of profit, the gearing stood increased at 2.00 times on March 31, 2025 as against 0.96 times in the previous year on account of increase in the overall debt (especially working capital) of the company. Further, the increase in the debt has also led to deterioration of Debt-EBTDA levels and TOL/TNW levels to 5.23 times and 3.49 times on March 31, 2025 (Prov.) as against 1.63 times and 2.05 times respectively on March 31, 2024. However, the coverage indicators stood moderate with interest coverage ratio at 2.53 times and debt service coverage ratio at 2.21 times in FY2025 (Prov.).

Going forward, the financial risk profile is expected to remain average, as the company plans to enhance their working capital limits by Rs. 10 Cr. and also plan to avail long term debt for research & development purposes.

Intensive working capital operations

The intensive operations of the company are evident from gross current assets of 326 days in FY2025 (Prov.) from 143 days in FY2024. The significant increase is attributable to rise in inventory and debtors to 121 days and 168 days in FY2025 (Prov.) respectively from 49 days and 76 days in the previous year. The increase is attributable to higher sales and inventory levels on the year end. This has led to higher reliance on the bank limits for working capital management with average bank limit utilization standing at ~90 percent for the last six months ending March 31, 2025.

Rating Sensitivities

- Improvement in scale of operations through regular inflow of orders and timely execution
- Restriction of further elongation in working capital cycle
- Deterioration in financial risk profile leading to stretch in liquidity position

Liquidity Position Adequate

The adequate liquidity position is supported by generation of sufficient net cash accruals of Rs. 1.75 Cr. in FY2025(Prov.) against no repayment obligations in the same period. Going forward, NCAs are expected to remain in the range of Rs. 3 – 3.5 Cr. in FY2026 and FY2027 against maturing repayments of Rs. 0.14 Cr. respectively. The current ratio stood moderate at 1.29 times on March 31, 2025 (Prov.). The fund based bank limit utilization stood high at ~90 percent and non-fund based utilization stood moderate at ~81 percent for the last six months ended March 31, 2025. Further, the company had an unencumbered cash and bank balance of Rs. 4.27 Cr. on March 31, 2025 (Prov.).

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	48.34	62.14
PAT	Rs. Cr.	1.53	2.39
PAT Margin	(%)	3.17	3.85
Total Debt/Tangible Net Worth	Times	2.00	0.96
PBDIT/Interest	Times	2.53	2.63

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A4+ Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+ Stable Assigned

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