

Tab India Granites Private Limited

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	66.12 (Reduced from 108.00)	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	105.00	CARE BBB+; Stable / CARE A2	Reaffirmed
Short Term Bank Facilities	36.00	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Tab India Granites Private Limited (TIGPL) continue to derive strength from TIGPL's experienced promoters and long track record of operations in granite, mosaic and quartz-engineered stone segment and its established marketing as well as distribution network. The ratings also take cognizance of TIGPL's healthy profitability along with comfortable financial risk profile and adequate liquidity.

The above rating strengths, however, are partially offset by TIGPL's moderate scale of operations with geographical concentration of revenue, working capital intensive operations in an intensely competitive industry, susceptibility of its profitability to exchange rate fluctuations along with close linkages of its prospects to the cyclical real estate sector as well as global demand scenario for its products.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained and significant increase in scale of operations through diversification of its product profile while maintaining its profitability
- Improvement in capital structure with overall gearing improving below 0.50 times as well as improvement in debt coverage indicators on a sustained basis.
- Improvement in operating cycle to less than 200 days on a sustained basis.

Negative factors

- Decline in total operating income (TOI) by more than 15% from envisaged level or PBILDT margin going below 15% resulting in subdued debt protection metrics.
- PBILDT Interest coverage level below 3 times on a sustained basis.
- Any sharp increase in import duties by key consuming countries thus adversely impacting its competitive strength and overall credit profile.
- Deterioration in overall gearing to over 1.00 times on a sustained basis

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that TIGPL will continue to benefit from promoters' extensive experience and its association with reputed clientele and favourable long-term demand prospects for engineered-quartz slabs.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with an established marketing network

The promoters of TIGPL have an established track record of more than two decades in processing and export of granite blocks and slabs. TIGPL's engineered-quartz stone manufacturing facility at Hosur, Tamil Nadu is also certified by leading international agencies. While, Mr. Sumit Gupta, Managing Director, is the helm of production and overall operations, Mr Amit Gupta, Director and CEO, looks after sales and finance functions of the company. Over the years, TIGPL has set up a network of over 300 distributors of which around 148 distributors are based in USA to market its finished granite slabs, mosaics and engineered-quartz stone. The promoter group also manages M/s. Amsum and Ash (Mr Amit Gupta being the proprietor) headquartered in

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

Minneapolis, USA for trading of slabs and stones which provides marketing support (apart from marginal direct sales) to TIGPL in that region.

Healthy profitability albeit moderate scale of operations

During FY24, TGIPL's scale of operations marked by its total operating income (TOI) moderated to Rs. 230.99 crore as compared to Rs. 268.81 crore in FY23 on account of suspension of operations of quartz plant for 2.5 months due to structural issues in the on-going project, recessionary trend in major consuming nations along with disruption faced in the transportation of the containers with higher freight cost due to 'Red Sea Crisis'. However, sales realisation improved across the product portfolio in the range of 25% to 27% except the marginal moderation in quartz division. Despite improved sales realization, operating profitability of the company declined by 258 bps to 15.25% in FY24 (PY: 17.83%) on account of shift in sales mix with a reduced contribution from high-value quartz products along with under absorption of overheads in FY24. PAT margin continued to remain stable at 7.28% in FY24 (PY: 7.43%) with reported gross cash accruals of Rs. 28.97 crore in FY24 (PY: Rs. 32.16 crore).

As per provisional results for 9MFY25, TIGPL reported TOI of Rs. 178 crores (PY: Rs. 176 crore) with PBILDT margin and PAT margin of 19.94% and 7.74% respectively.

Comfortable capital structure and debt coverage indicators

The capital structure of TIGPL continues to be comfortable marked by overall gearing of 0.58 times as on March 31, 2024 (PY end: 0.45 times). The marginal moderation in the gearing level is on account of increase in term debt for recently concluded capacity expansion project. The debt coverage indicators also remained healthy with total debt to GCA of 5.17x (PY: 3.33 times) and PBILDT interest coverage of 5.08 times (PY: 4.79 times) during FY24. In 9MFY25 as well, TIGPL reported healthy PBILDT interest coverage of 5.57x and total debt/ GCA of 4.20x.

Furthermore, TGIPL has planned to acquire 51% stake in a UK Based entity which is engaged in the business of dealer and distributorship of natural stone and quartz. The acquisition is expected to be planned in phase manner by acquiring 30% in FY26 and balance stake of 21% in FY27. The total cost of acquisition is estimated at Rs. 24 crore which is to be funded by the internal accruals and free cash and balance of the company. Hence, capital structure is expected to continue to remain comfortable going forward. Also, TGIPL's abilities to derive the envisaged benefits (of increasing the market presence while achieving growth in scale of operations) from the above investments remains crucial from the credit perspective.

Key weaknesses

Geographically concentrated revenue

Exports remained largely stable at Rs.212.45 crore (i.e. 95% of the net sales) as compared to Rs. 245.33 crore (i.e. 98% of the net sales) during FY24. However, exports to USA constituted around 57% of its total sales during FY24 (54% during FY23), depicting geographical concentration of revenue. The revenue concentration from the top 5 customers constituted 37% of the TOI in FY24 as compared to 29% of TOI during FY23 depicting moderate customer concentration.

Prospects linked to cyclical real estate sector

Demand for quartz tiles/ slabs is directly linked with the demand from its end-user industry i.e. real estate sector in its key market (USA). Thus, slowdown in demand due to adverse macroeconomic environment or inherent cyclicity remains crucial from the credit perspective.

Working capital intensive nature of operations:

The companies operating in the granite / stone industry usually have elongated working-capital cycle. This is due to the nature of the product necessitating storage of stocks of different types/shades as required by the clients and maintaining adequate level of inventory to meet the demand of customers on timely basis. Further during rainy season, the production at the quarries drops which in turn requires the company to store raw material and finished goods for a longer period. These factors lead to high inventory holding (average of 191 days) which along with an elongated credit period (average of 42 days) to its customers (distributors) results in high working capital intensity. Thus, TGIPL's operating cycle elongated albeit remained stable at 270 days in FY24 (PY: 256 days).

Liquidity: Adequate

TIGPL's liquidity remains adequate marked by sufficient cushion in cash accruals vis-à-vis debt repayment obligations. Further, on account of healthy cash accruals, the reliance on working capital limits remained moderate marked by average utilisation of around 72% during trailing 12 months ended February 2025 (Corresponding period previous year: 60%). The company has free cash and bank (including liquid investments in debt/equity mutual funds) of Rs. 28.25 crore as on March 2024 (PY: Rs.21.55 crore) and Rs. 36 crores as December 31, 2024, which provides additional cushion for debt repayments. The company has generated net cash flow from operating activities of Rs. 55.08 crore in FY24 as compared to Rs. 36.07 crores during FY23. Going

forward, TGIPL's cash accruals is envisaged to be in the range of Rs.34-45 crore, which would be adequate for its debt repayment obligations and routine capex/acquisition requirements.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks : Not applicable

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](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Granites & Marbles

Tab India Granites Private Limited (TIGPL), incorporated in 2002, is promoted by Mr Sumit Gupta and Ms Vijaya Gupta. The company is into the manufacturing of granite, quartz slabs and mosaic in Hosur (Tamil Nadu) and Bagru (Rajasthan). The company has installed capacity of 10,91,765 square meter per annum (SMPA) at Hosur plant for granite processing, 1,02,192 SMPA at Bagru (Jaipur) plant for mosaic/granite processing and 3,00,000 SMPA at Hosur plant for quartz slab manufacturing as on March 31, 2024. Further, in August 2024, the company has commercialised the operations of its new plant in Hosur with a total capacity addition of 5,00,000 MTPA (with this the installed capacity in quartz plant stands at 7,00,000 MTPA).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov)
Total operating income	268.81	230.99	178.00
PBILDT	47.92	35.22	35.50
PAT	19.97	16.81	13.83
Overall gearing (times)	0.45	0.58	0.55
Interest coverage (times)	4.79	5.08	5.57

A: Audited Prov: Provisional; Note: these are latest available financial results

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

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- Foreign Currency Non Resident Bank Loan		-	-	June 2028	44.79	CARE BBB+; Stable
Fund-based - LT- Working capital Term Loan		-	-	January 2028	21.33	CARE BBB+; Stable
Fund-based - LT/ ST- EPC/PSC		-	-	-	105.00	CARE BBB+; Stable / CARE A2
Fund-based - ST- Standby Line of Credit		-	-	-	13.00	CARE A2
Non-fund-based - ST- BG/LC		-	-	-	23.00	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	Fund-based - LT/ ST-EPC/PSC	LT/ST	105.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (04-Mar-24)	1)CARE BBB+; Stable / CARE A2 (24-Mar-23)	1)CARE BBB+; Stable / CARE A2 (04-Mar-22) 2)CARE BBB; Positive / CARE A3+ (01-Apr-21)
2	Fund-based - LT- Foreign Currency Non Resident Bank Loan	LT	44.79	CARE BBB+; Stable	-	1)CARE BBB+; Stable (04-Mar-24)	1)CARE BBB+; Stable (24-Mar-23)	1)CARE BBB+; Stable (04-Mar-22) 2)CARE BBB; Positive (01-Apr-21)

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
3	Non-fund-based - ST-BG/LC	ST	23.00	CARE A2	-	1)CARE A2 (04-Mar-24)	1)CARE A2 (24-Mar-23)	1)CARE A2 (04-Mar-22) 2)CARE A3+ (01-Apr-21)
4	Fund-based - ST-Standby Line of Credit	ST	13.00	CARE A2	-	1)CARE A2 (04-Mar-24)	1)CARE A2 (24-Mar-23)	1)CARE A2 (04-Mar-22) 2)CARE A3+ (01-Apr-21)
5	Fund-based - LT-Working capital Term Loan	LT	21.33	CARE BBB+; Stable	-	1)CARE BBB+; Stable (04-Mar-24)	1)CARE BBB+; Stable (24-Mar-23)	1)CARE BBB+; Stable (04-Mar-22)

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: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Foreign Currency Non Resident Bank Loan	Simple
2	Fund-based - LT-Working capital Term Loan	Simple
3	Fund-based - LT/ ST-EPC/PSC	Simple
4	Fund-based - ST-Standby Line of Credit	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

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

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About us:

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