

Jyothi Quartz Surfaces

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	48.00	CARE B+; Stable	Downgraded from CARE BB-; Stable
Long Term / Short Term Bank Facilities	10.00	CARE B+; Stable / CARE A4	LT rating downgraded from CARE BB-; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in long term ratings and reaffirmation in short term ratings assigned to the bank facilities of Jyothi Quartz Surfaces (JQS) takes into account continued loss at net level, short track record of operations, leveraged capital structure, exposure to a highly competitive and fragmented industry, susceptibility of raw material prices to volatility, geographical and customer concentration risk, and working capital intensive nature of operations.

However, the ratings derive comfort from the experienced promoters with established relationships in the market, infusion of funds by the promoters in FY25 and Q1FY26, and the firm's moderate scale of operations coupled with satisfactory operating margins.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the total operating income (TOI) to Rs. 70 crores with PBILDT margin above 15% on a sustained basis.
- Overall gearing improving to less than 2x.

Negative factors

- Overall gearing deteriorating above 3.75x on a continuous basis.
- Decline in the total operating income (TOI) or continued net losses resulting in further stretch on firm's liquidity.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that JQS will benefit from extensive experience of its promoters in the industry

Detailed description of key rating drivers:

Key weaknesses

Short track record of operations and constitution as a partnership concern: JQS was incorporated as a partnership entity in 2018 and commenced its commercial operations in 2022. With a limited track record of operations and reliance on unsecured funds from promoters and related parties, monitoring the entity's future performance remains crucial from a rating perspective. Additionally, as a partnership firm, it also faces the inherent risk of partners withdrawing capital, and the firm being dissolved upon the retirement, insolvency, or demise of a partner. The firm also has limited financial flexibility due to the nature of its constitution. However, it is observed that the partners are resourceful and have been infusing funds into the entity year after year.

Leveraged capital structure: The capital structure of the entity remains leveraged, with an overall gearing ratio of 3.13x as on March 31, 2025 (PY: 3.31x). The marginal improvement is attributable to a reduction in debt levels. Going forward, the financial profile of the entity is expected to improve, supported by healthier profitability and a scaling up of operations. The interest coverage ratio remained moderate at 1.28x in FY25, compared to 1.64x in FY24.

Increasing competitive pressure in industry with regulatory risk: Engineering quartz business is highly fragmented and competitive, with presence of large number of organised and unorganised players, resulting in intense competition. As the entity is primarily exports to the USA, it also faces geographical concentration risk and regulatory risks, such as increase in import duties imposed by the USA govt. Although presently, higher antidumping and countervailing duties on Chinese manufacturers have provided Indian quartz manufacturers with greater export opportunities in the US market.

Susceptibility of margins to volatility in raw material prices and foreign exchange rate fluctuations: Raw material is the major cost component in quartz slab manufacturing, forming approximately 60% of its Total Operating Income (TOI), and determines the cost competitiveness of operations. The major raw materials include ground quartz (grains), polyester resins, and

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

titanium dioxide, whose prices are volatile in nature. Therefore, any adverse movement in these prices can put pressure on the company's profit margins. Furthermore, JQS is a net exporter and does not have an active hedging policy, which exposes its profits to fluctuations in foreign exchange rates.

High working capital intensity: The entity's operations are working capital intensive, as reflected by an elongated working capital cycle of 287 days in FY25 (PY: 214 days). The increase in the cycle is primarily attributable to a rise in both inventory holding and receivable periods. The inventory holding period was significantly high at 327 days in FY25 (PY: 213 days), with raw materials and finished goods constituting 43% and 57% of total inventory, respectively. The company typically maintains three months of finished goods inventory and two to three months of raw material stock. The impact of the Red Sea crisis led to longer turnaround times for products to reach end consumers while the typical shipment duration ranges from 30 to 45 days, it extended to nearly three months for certain consignments during FY25. The receivable period also increased to 83 days (PY: 63 days). However, the credit period availed from suppliers was relatively high at 122 days (PY: 62 days), providing some cushion to working capital requirements

Geographical and customer concentration of revenue: JQS's top 5 customers accounted for 80% of its net sales in FY25, reflecting a concentrated customer base primarily consisting of traders and merchant exporters. The firm derives the majority of its net sales from exports, due to the higher acceptance of quartz slabs as the preferred material for countertops in the export market, particularly in the USA. This also exposes the company to geographical concentration of revenue. However, the company plans to expand its market by catering to demand in other regions, such as Canada and European countries, in the near future.

Key strengths

Infusion of funds by partners by way of unsecured loans: The partners infused ₹1.60 crore as unsecured loans in FY25, increasing total outstanding unsecured loans to ₹6.28 crore as on March 31, 2025. These loans are subordinated to bank debt and are expected to be retained in the business. Additionally, the partners have infused ₹5.70 crore as equity in Q1FY26. The firm plans to utilise this funds to meet their debt obligations and support business operations.

Experienced and resourceful partners: JQS was incorporated by Mr. Sidda Raghava Rao and Mr. Sidda Sudheer Kumar. Mr. Raghava Rao has over three decades of experience in the surface stone industry, while Mr. Sudheer Kumar is well-versed in the latest processes and technologies. Both partners have been associated with numerous firms, bringing a deep understanding of market dynamics and exposure to various industries. They are also involved in the day-to-day operations of another company, Jyothi Granite Exports India Private Limited, which operates in the surface stone business as well. The family owns six quarries in Andhra Pradesh and were pioneers in mining and extraction in the state. They possess granite reserves that will last for more than three decades. Their long-established market relationships will also add value to JQS. The promoters also infused unsecured loans to support the business. As of March 31, 2025, total unsecured loans outstanding stood at Rs.6.28 crore which are subordinated to bank debt, hence expected to be retained.

Advanced manufacturing facility: JQS commissioned Pedrini, Italy – the world's leading equipment company – to install a highly compact, customized AVANTGARDE machinery, the first of its kind in the world. This advanced installation enabled end-to-end integrated processing of engineered quartz surfaces with greater precision and efficiency. Pedrini's customized 145-meter long single line facilitates high precision calibration, polish transversal, and transpositional trimming of slabs, significantly increasing manufacturing capacity. The facility also features two fully automated casting lines, ensuring high efficiency and minimal errors.

Sustainable manufacturing processes: JQS's processes are energy-efficient and align with the Government of India's sustainable development goals. To ensure optimal energy usage and an uninterrupted 24x7 power supply, the company has installed solar panels at their facility in Ongole, Andhra Pradesh. This initiative strengthens the company's commitment to zero waste, as they reuse up to 98% of water in the manufacturing of quartz.

Modest scale of operations and satisfactory operating margin: The Total Operating Income (TOI) moderated by 12.22% to ₹45.33 crore in FY25 over FY24, primarily due to the Red Sea crisis and subdued customer demand. JQS's operating profitability margin stood healthy at 16.75% in FY25, although it moderated by 242 bps year-on-year due to an increase in overheads, which could not be fully passed on to customers amid subdued demand. Consequently, the company reported net losses during the year, primarily on account of higher depreciation and interest expenses. Going forward, starting from the current financial year, TOI is expected to further improve due to exports to other geographic regions, and the entity is anticipated to achieve positive net profit after tax. PBILDT margins are expected to remain stable, in the range of 15-20%.

The firm mainly exports its granite slabs to the USA market. With the 26% reciprocal tariff currently on suspension till August 01, 2025, a final imposition of the tariff could hamper exports and have an adverse effect on JQS's overall business.

Liquidity: Stretched

The liquidity position of Jyothi Quartz Surfaces (JQS) remains stretched, marked by tightly matched cash accruals against its scheduled debt obligations. The firm is expected to generate gross cash accruals (GCA) of ₹6–7 crore in FY26, as against repayment obligations of ₹5.89 crore. The debt servicing capability is dependent on the timely infusion of funds by the partners

in case of any shortfall in the envisaged accruals. Liquidity is further constrained by the high utilization of working capital limits and a leveraged capital structure. However, this is partly offset by the promoters' demonstrated support, as reflected by a capital infusion of ₹5.7 crore in FY26.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks:

Parameters	Risk factors
Environmental	Nil. Company has implemented sustainable manufacturing processes, and zero waste policy.
Social	The company always been on harbouring a safe and inclusive work environment for all their employees
Governance	Complied with all the regulatory and govt. regulations. Management has no unfair trade practices

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

Jyothi Quartz Surfaces (JQS), based in Ongole, Andhra Pradesh, was established as a partnership firm in December 2018 under the leadership of Mr. Sidda Raghava Rao and Mr. Sudheer Kumar. JQS is engaged in the manufacturing and export of engineered quartz slabs, primarily to the USA. The company has the largest facility for engineered quartz surfaces in India, with an installed capacity of 60,000 slabs per annum.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	51.64	45.33
PBILDT	9.90	7.59
PAT	-4.00	-4.46
Overall gearing (times)	3.31	3.13
Interest coverage (times)	1.64	1.28

A: Audited UA: Unaudited; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE B+; Stable
Fund-based - LT-Term Loan		-	-	June 28, 2031	38.00	CARE B+; Stable
Fund-based - LT/ ST-Packing Credit in Foreign Currency		-	-	-	10.00	CARE B+; Stable / CARE A4

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 2025-2026	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
1	Fund-based - LT/ ST-Packing Credit in Foreign Currency	LT/ST	10.00	CARE B+; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (26-Jun-24)	-	-
2	Fund-based - LT-Cash Credit	LT	10.00	CARE B+; Stable	-	1)CARE BB-; Stable (26-Jun-24)	-	-
3	Fund-based - LT-Term Loan	LT	38.00	CARE B+; Stable	-	1)CARE BB-; Stable (26-Jun-24)	-	-

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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Packing Credit in Foreign Currency	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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