

## Pacific Industries Limited

September 08, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	81.00	CARE BBB- (RWN)	Placed on Rating Watch with Negative Implications
Long-term / Short-term bank facilities	48.00	CARE BBB- / CARE A3 (RWN)	Placed on Rating Watch with Negative Implications
Short-term bank facilities	23.00	CARE A3 (RWN)	Placed on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has placed ratings assigned to bank facilities of Pacific Industries Limited (PIL) on 'Rating watch with negative implications' following the recent imposition of a 50% tariff by the U.S. Government on select imported goods from India, including Quartz stones. The company derives a significant portion of its revenue from exports, with the U.S. being a key contributor to its total operating income (TOI). The credit watch reflects uncertainty around the sustainability of current export volumes, possible margin pressures due to pricing renegotiations, and the evolving U.S. trade policy landscape. CareEdge Ratings will continue to monitor the developments and assess the impact on the company's operational and financial performance once more clarity emerges on this.

Ratings assigned to bank facilities of PIL continues to derive strength from PIL's experienced promoters with strong group position, established track record of operations with diversified product portfolio and location advantage. Ratings also derive strength from PIL's moderate despite improving scale of operations in FY25, comfortable capital structure and adequate liquidity.

However, ratings continue to remain constrained considering moderation in profitability, moderate debt coverage indicators, profitability susceptible to fluctuations in forex exchange and its presence in highly competitive industry and prospects linked to real estate sector.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained improvement in scale of operations marked by TOI above ₹350 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 13% on a sustained basis.
- Sustained improvement in working capital cycle below 100 days.

#### Negative factors

- Decline in scale of operations with TOI below ₹140 crore or decline in PBILDT margin below 7.00% on a sustained basis.
- Deterioration in capital structure with overall gearing above 1.50x.
- Increase in working capital cycle above 180 days.
- Deterioration in financial/liquidity profile due to negative impact of IT search.

**Analytical approach:** Standalone

**Outlook:** Not applicable

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced and qualified management with strong group presence

Jagdish Prasad Agarwal, Chairman and Managing Director of PIL, has over three decades of experience and manages the company's overall affairs. He is assisted by Kapil Agarwal, Executive Director, who has ~15 years of experience in the industry. The promoters are supported by the experienced second-tier management. The company belongs to Udaipur-based Geetanjali Group and group concerns include Ojaswi Marbles and Granites Private Limited, Geetanjali Marble, Krishna Marble, Pacific Exports, Pacific Leasing and Research Limited, Yash Processors Private Limited, Pacific Iron manufacturing Limited, Chaitanya international Mineral LLP and Geetanjali University.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

As per the clarification submitted by PIL to stock exchange on February 21, 2023, income tax department has conducted inquiry under section 132 and 133 of Income Tax Act, 1961 from February 16, 2023, to February 21, 2023. After the search proceeding, demand of ₹368.02 lakh, 92.37 lakh, 46.99 lakh, 14.49 lakh, 2.61 lakh and 81.25 lakh has been raised for the AY 2015-16, 16-17, 19-20, 21-22, 22-23 and 23-24, respectively in income tax assessment, against which the company has filed an appeal before CIT (appeal) for all the years. CareEdge Ratings shall continue to monitor the case's developments and its impact on PIL's credit profile.

### **Established track record of operations and diversified product portfolio**

PIL was incorporated in 1989 and has a track record of over three decades in the industry having established relationship with its customers and suppliers. The company majorly exports its products to the USA, Europe, Indonesia, Vietnam and Middle East countries. Over the years, PIL received different awards and certification, such as "Star Export House" certification from the Ministry of Commerce and Industry, certificate of life member of All India Granite and Stone Association. It also has membership of Centre for Development of Stones and Confederation of Export Unit. The company offers diversified products which includes variety of North Indian and South Indian granites in different styles, color, size and pattern among others. It has flexibility to manufacture different varieties of quartz slabs by blending resins with quartz and other key materials to get slabs with desired colour, hardness and durability.

### **Improving albeit moderate scale of operations**

In FY25, PIL's TOI increased by 30% year-on-year (y-o-y) and stood at ₹246.08 crore (₹189.46 crore in FY24). This was considering higher export demand for quartz.

In 3MFY26, the company has generated revenue of ₹49.65 crore. In FY25, the company also bid for iron ore mines at Karauli, Rajasthan and has also provided performance guarantee for the same. However, the company expects revenue generation from mining would commence after 2-3 years, post completion of all legal, environmental and feasibility clearances.

### **Comfortable capital structure**

As on March 31, 2025, the capital structure continued to remain comfortable marked by overall gearing of 0.43x (0.36x as on FY24 end). Slight moderation was majorly considering higher utilisation of working capital borrowings as on year end.

The debt coverage indicators moderated during the year marked by PBILDT interest coverage of ₹2.83x (5.17x in FY24).

### **Location advantage with ease of availability of raw material and labour**

PIL's processing facility of granites is situated in Rajasthan and Karnataka which has the largest reserve of marbles and granites in India accounting over 91% of the country's total marble reserves. There are many units in the Rajasthan, Karnataka and Andhra Pradesh which are engaged in mining and processing marbles and granites. Skilled labour is also easily available being situated in the marble and granite belt of India.

### **Key weaknesses**

#### **Moderation in profitability**

The company's profitability marked by PBILDT margin declined by 279 bps and remained moderate at 7.25% in FY25 against 10.04% in FY24. The margin declined due to increased raw material costs and intense competition from other players, which hindered the company's ability to pass on higher prices to its customers. However, the PBILDT margin for Q1FY26 improved to 8.66%.

#### **Risk associated with susceptibility to fluctuations in foreign exchange**

PIL is exposed to foreign exchange fluctuation risk considering that the company generated ~94% of TOI from export in FY25. The company gets benefit of natural hedge to some extent through import of raw materials though the proportion of imports is very low. The company does not follow active hedging policy and hence, profitability is vulnerable to fluctuation in raw material prices and forex fluctuations.

#### **Presence in highly competitive industry**

Globally, granite production is dominated by China, Brazil, India, Saudi Arabia, Italy and Spain. India has abundant resources of granite, which makes it one of the top three granite producers and one of the top five granite exporters in the world. Geologically, the southern and western belts in India are abundant in granite deposits. Different shades of granites are available in abundance in Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Maharashtra, Assam, Bihar, Rajasthan, Odisha, Meghalaya and Madhya Pradesh. The presence of vast mineral resources and increasing demand globally has provided robust growth opportunities to players in the segment. Due to this, the industry is marked with presence of many unorganised players and the granite industry

is a fragmented industry which results in intense competition. The company is also in manufacturing and distributing Quartz stone which reduces the competition from unorganised players in the industry.

#### Prospects linked to cyclical real estate sector

As the entity is mainly involved in exports to the USA, it is exposed to the risk of slowdown in demand of its products which is directly related to real estate sector in USA. the real estate sector is cyclical in nature. imposition of anti-dumping duty going forward may also impact performance of players in this industry.

#### Liquidity: Adequate

The liquidity of PIL continued to remain adequate marked by no long-term debt repayment obligations. The operating cycle of the company improved to 87 days in FY25 (133 days in FY24) considering improvement in debtors and inventory days, driven by higher operational scale. The company maintains high inventory due to nature of the product necessitating storage of minimum level of stocks of different types/shades and partly due to nature of business being natural stones. Average utilisation of its working capital bank borrowings was high at 80% in last 12 months ended August 2025. PIL had outstanding receivables of ₹6.59 crore overdue for over six months as on March 31, 2025.

#### 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 company and industry

##### Industry classification

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

Udaipur (Rajasthan) based Pacific Industries Limited (PIL) was incorporated in 1989 by Jagdish Prasad Agarwal and other family and in 2001, the shares of the company were listed on Bombay Stock Exchange. Further, in FY17, the company formed two 100% wholly owned subsidiary namely, Gaze Fashiontrade Limited (GFL) and Gist Minerals & Technologies Limited (GMTL). In November 2020, PIL incorporated a wholly owned subsidiary in USA in the name of Taanj Quartz INC for marketing of quartz. Presently PIL has three wholly owned subsidiaries GMTL, GFL and Taanz Quartz INC.

Initially, PIL was engaged in processing of granite from its processing plant at Udaipur and Bangalore (Karnataka). Subsequently, to diversify its product portfolio and to cope up with increasing demand of quartz slabs (engineered stone), the company set up a plant in FY20 for manufacturing of quartz slabs in Udaipur. The plants of the company have total installed capacity of 12,000 Tonnes Per Annum (TPA) to process granite and 6,00,000 square meter per annum for quartz slabs. The company sells granite in domestic market and export to the U.S., Europe, Indonesia, Vietnam and Middle East, whereas it sells entire quartz slabs and tiles to the U.S. and European countries.

To diversify the business operations, PIL has secured an iron ore mining site in Karauli, Rajasthan through a bidding auction for a 50-year period. Lease agreement for this is pending and is expected to be finalised in the next few years.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	189.46	246.08	49.65
PBILDT	19.02	17.85	4.30
PAT	9.15	6.36	0.61
Overall gearing (times)	0.36	0.43	NA
Interest coverage (times)	5.17	2.83	4.03

A: Audited UA: Unaudited NA: Not Available; 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/ ST-EPC/PSC		-	-	-	48.00	CARE BBB- / CARE A3 (RWN)
Non-fund-based - LT-Bank Guarantee		-	-	-	81.00	CARE BBB- (RWN)
Non-fund-based - ST-Forward Contract		-	-	-	5.00	CARE A3 (RWN)
Non-fund-based - ST-Letter of credit		-	-	-	18.00	CARE A3 (RWN)

**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-Term Loan	LT	-	-	1)Withdrawn (08-Apr-25)	1)CARE BBB-; Stable (01-Apr-24)	1)CARE BBB-; Stable (03-Apr-23)	1)CARE BBB-; Stable (05-Apr-22)
2	Fund-based - LT/ST-EPC/PSC	LT/ST	48.00	CARE BBB- / CARE A3 (RWN)	1)CARE BBB-; Stable / CARE A3 (08-Apr-25)	1)CARE BBB-; Stable / CARE A3 (01-Apr-24)	1)CARE BBB-; Stable / CARE A3 (03-Apr-23)	1)CARE BBB-; Stable / CARE A3 (05-Apr-22)
3	Non-fund-based - ST-Letter of credit	ST	18.00	CARE A3 (RWN)	1)CARE A3 (08-Apr-25)	1)CARE A3 (01-Apr-24)	1)CARE A3 (03-Apr-23)	1)CARE A3 (05-Apr-22)
4	Fund-based - LT-Working capital Term Loan	LT	-	-	1)Withdrawn (08-Apr-25)	1)CARE BBB-; Stable (01-Apr-24)	1)CARE BBB-; Stable (03-Apr-23)	1)CARE BBB-; Stable (05-Apr-22)
5	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	-	1)Withdrawn (03-Apr-23)	1)CARE A3 (05-Apr-22)
6	Non-fund-based - ST-Forward Contract	ST	5.00	CARE A3 (RWN)	1)CARE A3 (08-Apr-25)	1)CARE A3 (01-Apr-24)	1)CARE A3 (03-Apr-23)	1)CARE A3 (05-Apr-22)
7	Non-fund-based - LT-Bank Guarantee	LT	81.00	CARE BBB- (RWN)	1)CARE BBB-; Stable (08-Apr-25)	-	-	-

LT: Long term; ST: 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-EPC/PSC	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple
3	Non-fund-based - ST-Forward Contract	Simple
4	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: Lender details**

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

**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](mailto:care@careedge.in) for clarifications.

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