

Aro Granite Industries Limited

September 17, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long Term Bank Facilities	RBI	34.41	CARE BB-(RWN)	Placed on Rating Watch with Negative Implications
Short Term Bank Facilities	RBI	115.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to Aro Granite Industries Limited (Aro) have been placed on Rating Watch with Negative Implications (RWN) following the company's announcement to divest its granite processing unit located in Jaipur, Rajasthan, through a slump sale for a consideration of ₹67 crore. The proposed transaction is subject to receipt of the necessary approvals, including approval from the shareholders.

While the expected sale proceeds are likely to provide some liquidity support, the company's ability to improve its business risk profile remains a key rating monitorable. Aro's business risk profile has weakened over the past few years, as reflected in sustained losses and a stretched operating cycle. Furthermore, the implications of the proposed divestment on the company's overall business and financial profile are yet to fully emerge. Accordingly, CARE Ratings Limited (CareEdge Ratings) will continue to monitor developments and resolve the Rating Watch once greater clarity is available regarding the transaction and its impact on the company's credit profile.

nonetheless, the ratings continue to derive support from the company's long operational track record in the granite industry, established customer relationships across export markets and experienced promoters. However, the ratings remain constrained by its modest scale of operations, weak financial risk profile, working capital intensive operations, high inventory holdings and exposure to demand fluctuations in export markets.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in operating performance with revenue recovering above ₹125 crore and PBILDT margin improving above 13% on a sustained basis.
- Successful sale of Jaipur unit and utilisation of sale proceeds towards repayment of debt, leading to a significant reduction in leverage and improvement in liquidity and debt coverage indicators.

Negative factors

- Further decline in scale of operations with revenue remaining below ₹75 crore and continued cash losses. Deteriorating liquidity profile.

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of key rating drivers

Key Weaknesses

¹SEBI: 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

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Subdued financial performance

Company's revenue declined to ₹81.19 crore in FY26 from ₹131.53 crore in FY25 and net losses widening to ₹11.82 crore due to subdued demand, tariff-related disruptions and weak profitability. While the company has announced the sale of its Jaipur unit for ₹67 crore, which is expected to provide liquidity support, the company's ability to turnaround the performance remains to be seen. As such, the utilization of the majority of sale proceeds is yet to be finalized.

Moderate capital structure, albeit with weakening debt servicing metrics

The capital structure remained moderate with overall gearing of 0.91x as on March 31, 2026 (PY: 0.86x). Total debt stood at ₹158.65 crore against a tangible net worth of ₹173.81 crore. However, despite a moderate gearing profile, debt coverage indicators weakened materially due to subdued profitability and negative cash accruals. PBILDT interest coverage declined to 0.61x in FY26 from 1.15x in FY25, while gross cash accruals turned negative at ₹1.79 crore. The company's debt servicing ability continues to remain vulnerable to any further deterioration in operating performance. Nevertheless, successful completion of the proposed Jaipur unit divestment and utilization of proceeds towards debt reduction could provide some improvement in its financial risk profile.

Working capital intensive nature of operations

The company continues to operate in a working capital intensive business environment characterised by high inventory holding requirements. Inventory levels remained elevated at ₹212 crore as on March 31, 2026, resulting in average inventory holding of more than 3 years. The nature of the granite business necessitates maintaining a wide variety of inventory to cater to customer requirements and ensure timely availability of products. The prolonged slowdown in demand and lower sales volumes have further exacerbated inventory holding levels, leading to continued reliance on working capital borrowings and resulting in stretched liquidity.

Intense competition and exposure to cyclicity in the granite industry

The company operates in a fragmented and highly competitive granite and engineered stone industry, characterised by the presence of numerous organised and unorganised players. Demand remains dependent on export market conditions, particularly in developed economies, making the business susceptible to global economic cycles, geopolitical developments, and trade-related disruptions. Further, the company remains exposed to fluctuations in demand from key overseas markets and competitive pressures affecting realizations and profitability.

Exposure to foreign exchange fluctuation risk

Being a predominantly export-oriented company, Aro remains exposed to foreign exchange fluctuation risk arising from the mismatch between export receivables and import payables. Although the company benefits from a degree of natural hedge due to imports and foreign currency debt servicing, any adverse movement in exchange rates could impact profitability and cash flows.

Key strengths**Long track record of operations and experienced promoters**

Established in 1988, Aro has an operating track record of over three decades in the granite processing industry. The promoters possess extensive experience in the sector, which has enabled the company to establish long-standing relationships with customers across multiple geographies and navigate industry cycles over the years.

Diversified customer base and product portfolio

The company exports its products to over 50 countries and has an established presence across key international markets. Its product portfolio includes granite slabs, granite tiles, cut-to-size granite tiles, and quartz slabs and tiles, providing a degree of diversification. The company continues to benefit from repeat orders from longstanding customers, supporting business continuity despite the current challenging operating environment.

Liquidity: Stretched

The company's liquidity remains stretched, albeit expected to receive support from the proposed monetisation of its Jaipur unit. Liquidity continues to be constrained by high inventory levels, reflected in an elevated inventory holding period of 1,142 days and an elongated operating cycle of 1,089 days as on March 31, 2026, resulting in continued elevated borrowing levels.

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

Aro, incorporated in the year 1988, is engaged in processing of granite tiles and slabs and exports to more than 50 countries across the world. The company is 100% EOU located in Hosur, Tamil Nadu. In 2019, Aro started a new EOU unit in Jaipur, Rajasthan. With the commissioning of its quartz plant in January 2021 in its existing facility in Hosur, the company currently offers engineered stone. Aro has a wide product portfolio of granite slabs, granite tiles, cut-to-size granite tiles and quartz slabs and tiles. The company has an installed capacity of 7.35 lakh sq. mtr per year for granite slabs and 3.60 lakh sq. mtr for granite tiles. Quartz processing capacity is 1.8 lakh square metres per year. Its major export markets are USA, Poland, Germany, Italy, and Australia.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026(A)
Total operating income	131.53	81.19	20.62
PBILDT*	14.82	9.17	-1.50
Profit after tax (PAT)	-6.42	-11.82	-7.47
Overall gearing (x)	0.91	0.91	NA
Interest coverage (x)	1.15	0.61	NM

A: Audited; UA: Unaudited; NA: Not available, NM: Not meaningful; Note: these are latest available financial results

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	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-		-	30-09-2028	34.41	CARE BB-(RWN)
Fund-based - ST-Packing Credit in Foreign Currency	RBI	Simple	-		-	-	115.00	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 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-Term Loan	LT	34.41	CARE BB-(RWN)	-	1)CARE BB-; Negative (02-Dec-25) 2)CARE BB-; Negative (26-May-25)	1)CARE BB+; Stable (23-Sep-24)	1)CARE BB+; Stable (12-Sep-23)
2	Fund-based - ST-Packing Credit in Foreign Currency	ST	115.00	CARE A4	-	1)CARE A4 (02-Dec-25) 2)CARE A4 (26-May-25)	1)CARE A4+ (23-Sep-24)	1)CARE A4+ (12-Sep-23)

LT: Long term; ST: 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](#)

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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