



OBL:HO:SEC:00:

New Delhi : 25.09.2023

BSE Limited  
Corporate Relation Department  
1st Floor, New Trading Ring  
Rotunga Building Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai - 400 001

**Stock Code - 530365**

National Stock Exchange of India Ltd.  
Exchange Plaza,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E)  
Mumbai-400 051

**Stock Code: ORIENTBELL**

**Sub: Intimation under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 – Credit Rating**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, this is to inform you that CRISIL has reaffirmed the Long Term as well as the Short Term Ratings on the bank loan facilities of Orient Bell Limited as under:

<b>Long Term Rating</b>	<b>CRISIL A/Stable (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>CRISIL A1 (Reaffirmed)</b>

The re-affirmation of the credit ratings by CRISIL reflects the unique positioning of Orient Bell Limited within the tiles industry.

The Rating Rationale dated 25<sup>th</sup> September, 2023 issued by CRISIL in this regard is attached herewith.

You are requested to take this information on your record.

Yours faithfully,  
For Orient Bell Limited

Yogesh Mendiratta  
Company Secretary & Head - Legal

Encl: as above

Orient Bell Limited



## Rating Rationale

September 25, 2023 | Mumbai

### Orient Bell Limited

*Ratings Reaffirmed*

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.236.15 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL A/Stable (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>CRISIL A1 (Reaffirmed)</b>

*Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL A/Stable/CRISIL A1' ratings on the bank facilities of Orient Bell Ltd (OBL).

The ratings continue to reflect the established market position of OBL in the tiles industry, its diversified geographical reach and clientele, and comfortable financial risk profile. These strengths are partially offset by exposure to risks posed by intense competition, cyclicity in the end-user real estate industry and fluctuations in prices of raw materials and gas.

#### Key Rating Drivers & Detailed Description

##### **Strengths:**

**Established market position in the domestic tiles industry, backed by a strong pan-India distribution network:** With capacity of 33.6 million square meters (including associated entities), OBL is one of the leading organised tile manufacturers in India. Further, the company is likely to add another 3.3 million square meters to its capacity in the current fiscal. After acquisition of Bell Ceramic Ltd in 2010, the company has become a pan-India player, with plants across northern, southern and western regions. The diversified client base comprises 356 tile boutiques, institutional buyers and over 3,000

dealers, across the country with market leadership in the north. The company derives around 55% of revenue from the northern market, followed by the southern and eastern parts, which contributed around 20% each, during fiscal 2023. Thus, revenue and profitability remain insulated from any sharp changes in preferences of buyers in any particular region. Given its focus on improving its brand presence across India, the company has increased its budget for marketing and branding activities. Sustained improvement in operating performance and timely ramp-up of capital expenditure (capex) are key monitorables.

**Improving financial risk profile and robust debt protection metrics:** Steady reduction in debt and absence of any large, debt-funded capex will continue to support the capital structure. As on March 31, 2023, gearing was healthy at 0.01 time, driven by low (adjusted) debt of Rs 1.87 crore. Debt protection metrics were robust, marked by comfortable interest coverage and net cash accrual to total debt ratios of 20.5 times and 22.1 time, respectively, in fiscal 2023. The financial risk profile should remain adequate, supported by prudent working capital management and low debt.

**Moderate working capital cycle:** Gross current assets (GCAs) stood at 107 days as on March 31, 2023, led by receivables and inventory of 57 days and 47 days, respectively. The company maintains sizeable inventory, given the large product portfolio, comprising multiple sizes and designs. Operations are partly supported by payables of 131 days as on March 31, 2023.

**Weaknesses:**

**Vulnerability to intense competition and cyclicality in the end-user industry:** OBL caters to the real estate, construction and infrastructure industries, whose performance is strongly correlated with economic cycles. Due to economic recessions in the past, the construction sector faced a slowdown, with several projects getting delayed or cancelled, restraining the performance of ceramic tiles manufacturers. Besides, the industry is intensely competitive and dominated by unorganised entities. However, with changes such as closure of ceramic units running on coal gasifiers, and implementation of the Goods and Services Tax (GST) and Real Estate (Regulation and Development) Act, 2016 (RERA), organised players have gained market share in value terms.

Despite being a leading player in the ceramic tiles industry, the company faces intense competition from unorganised entities and reputed brands. Ability to pass on the increase in raw material cost, amidst the competitive scenario, remains a key rating sensitivity factor. Any moderation in demand from the real estate sector and its impact on pricing and offtake will be closely monitored.

**Suceptibility to fluctuations in gas and raw material prices leading to fluctuating operating margins:** Raw materials (different types of clay, feldspar, silica, kaolin and carbonates) comprise 50-60% of the total operating cost, while cost of gas and power form 20-25%. Hence, even a slight variation in input prices will drastically impact profitability. Operating margin has declined to 6.7% in fiscal 2023 from 8.7% in fiscal 2022. Improvement and sustenance of the margin is a key monitorable.

**Liquidity: Strong**

Liquidity is supported by healthy cash accrual, minimal bank limit utilisation and adequate financial flexibility. Expected cash accrual of over Rs 37 crore should suffice to meet the debt obligation of Rs 1.9 crore in fiscal 2024. Utilisation of the bank limit of Rs 165 crore only averaged 14% in the 12 months through May 2023. Current ratio was healthy at 1.56 times as on March 31, 2023.

**Outlook: Stable**

CRISIL Ratings believes OBL will continue to benefit from its established market position in the ceramic tile industry and its comfortable financial risk profile.

**Rating Sensitivity Factors****Upward factors**

- Sustained improvement in revenue or operating margin, leading to higher cash accrual of around Rs 63 crore
- Stable working capital cycle with GCAs less than 100 days

**Downward factors**

- Decline in operating income or operating margin below 6% leading to lower cash accruals
- Any large debt-funded capex or stretched working capital cycle, weakening the financial risk profile

**About the Company**

OBL (formerly, Orient Ceramics and Industries Ltd) is a public limited company, listed on the Bombay Stock Exchange and National Stock Exchange. Mr. Daga and his family members are the promoters. It manufactures glazed ceramic wall, floor and vitrified tiles under the Orient Bell brand. Facilities are at Sikandarabad in Uttar Pradesh, Dora in Gujarat, and Hoskote in Karnataka.

**Key Financial Indicators**

<b>As on/for the period ended March 31</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>
<b>Operating income</b>	<b>Rs crore</b>	<b>718.1</b>	<b>667.2</b>
<b>Reported profit after tax (PAT)</b>	<b>Rs crore</b>	<b>21.7</b>	<b>31.0</b>
<b>PAT margin</b>	<b>%</b>	<b>3.0%</b>	<b>4.7%</b>
<b>Adjusted debt/adjusted networkth</b>	<b>Times</b>	<b>0.01</b>	<b>0.03</b>
<b>Interest coverage</b>	<b>Times</b>	<b>20.49</b>	<b>16.05</b>

**Any other information:** Not applicable

**Note on complexity levels of the rated instrument:**

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Annexure - Details of Instrument(s)**

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating assigned with outlook
NA	Letter of credit & Bank Guarantee	NA	NA	NA	7	NA	CRISIL A1
NA	Long Term Loan	NA	NA	June-2028	50	NA	CRISIL A/Stable
NA	Non-Fund Based Limit&	NA	NA	NA	50	NA	CRISIL A1
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	21.15	NA	CRISIL A/Stable
NA	Working Capital Facility^	NA	NA	NA	35	NA	CRISIL A/Stable
NA	Working Capital Facility%	NA	NA	NA	33	NA	CRISIL A/Stable
NA	Working Capital Facility&	NA	NA	NA	40	NA	CRISIL A/Stable

&100% fungibility in between fund based limit and non fund based limit

^100% fungibility between fund-based limit and non fund based limit

%One way 100% interchangeability from Fund based limit to Non-fund based limit

### Annexure - Rating History for last 3 Years

Instrument	Type	Current		2023 (History)		2022		2021		2020		Start of 2020
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	179.15	CRISIL A/Stable	05-05-23	CRISIL A/Stable	01-07-22	CRISIL A/Stable	06-09-21	CRISIL A2+ / CRISIL A- /Stable	11-09-20	CRISIL A- /Negative	CRISIL A- /Negative
			--	--	27-06-22	CRISIL A/Stable	--	--	--	--		
Non-Fund Based Facilities	ST	57.0	CRISIL A1	05-05-23	CRISIL A1	01-07-22	CRISIL A1	06-09-21	CRISIL A2+	11-09-20	CRISIL A2+	CRISIL A2+
			--	--	27-06-22	CRISIL A1	--	--	--	--		

All amounts are in Rs.Cr.

### Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Letter of credit & Bank Guarantee	7	Axis Bank Limited	CRISIL A1
Long Term Loan	50	Axis Bank Limited	CRISIL A/Stable
Non-Fund Based Limit <sup>&amp;</sup>	50	Standard Chartered Bank Limited	CRISIL A1
Proposed Fund-Based Bank Limits	21.15	Not Applicable	CRISIL A/Stable
Working Capital Facility <sup>^</sup>	35	ICICI Bank Limited	CRISIL A/Stable
Working Capital Facility <sup>%</sup>	33	Axis Bank Limited	CRISIL A/Stable
Working Capital Facility <sup>&amp;</sup>	40	Not Applicable	CRISIL A/Stable

<sup>&</sup>100% fungibility in between fund based limit and non fund based limit

<sup>^</sup>100% fungibility between fund-based limit and non fund based limit

<sup>%</sup>One way 100% interchangeability from Fund based limit to Non-fund based limit

## Criteria Details

<b>Links to related criteria</b>
<b>CRISILs Approach to Financial Ratios</b>
<b>Rating criteria for manufacturing and service sector companies</b>
<b>CRISILs Bank Loan Ratings - process, scale and default recognition</b>
<b>Rating Criteria for Construction Industry</b>
<b>CRISILs Criteria for rating short term debt</b>

<b>Media Relations</b>	<b>Analytical Contacts</b>	<b>Customer Service Helpdesk</b>
<p><b>Aveek Datta</b> Media Relations <b>CRISIL Limited</b> M: +91 99204 93912 B: +91 22 3342 3000 <a href="mailto:AVEEK.DATTA@crisil.com">AVEEK.DATTA@crisil.com</a></p> <p><b>Prakruti Jani</b> Media Relations <b>CRISIL Limited</b> M: +91 98678 68976 B: +91 22 3342 3000 <a href="mailto:PRAKRUTI.JANI@crisil.com">PRAKRUTI.JANI@crisil.com</a></p> <p><b>Rutuja Gaikwad</b> Media Relations <b>CRISIL Limited</b> B: +91 22 3342 3000 <a href="mailto:Rutuja.Gaikwad@ext-crisil.com">Rutuja.Gaikwad@ext-crisil.com</a></p>	<p>Nitin Kansal Director <b>CRISIL Ratings Limited</b> B:+91 124 672 2000 <a href="mailto:nitin.kansal@crisil.com">nitin.kansal@crisil.com</a></p> <p>Gaurav Arora Associate Director <b>CRISIL Ratings Limited</b> B:+91 124 672 2000 <a href="mailto:gaurav.arora@crisil.com">gaurav.arora@crisil.com</a></p> <p>Jayesh Ghosh Manager <b>CRISIL Ratings Limited</b> B:+91 124 672 2000 <a href="mailto:Jayesh.Ghosh@crisil.com">Jayesh.Ghosh@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>

### Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

### **About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)**

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit [www.crisilratings.com](http://www.crisilratings.com)

### **About CRISIL Limited**

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit [www.crisil.com](http://www.crisil.com)

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

---

#### **CRISIL PRIVACY NOTICE**

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com](http://www.crisil.com).



## DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses

(including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, [www.crisilratings.com](http://www.crisilratings.com) (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: [www.crisilratings.com](http://www.crisilratings.com).

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, [www.crisilratings.com](http://www.crisilratings.com). For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at [crisilratingdesk@crisil.com](mailto:crisilratingdesk@crisil.com), or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>