

OBL: HO: SEC:00:

New Delhi : 15.09.2020

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 Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that CRISIL has reaffirmed credit rating for the Company as follows:

Long-Term Rating	CRISIL A-/Negative
Short-Term Rating	CRISIL A2+

The rating re-affirmation by CRISIL reflects the Company's established market position in the tiles industry, diversified geographical and customer profiles and a comfortable financial risk profile despite challenging market conditions. Rating Rationale dated 11.09.2020 issued by CRISIL 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

# Ratings

## Rating Rationale

September 11, 2020 | 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-/Negative (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>CRISIL A2+ (Reaffirmed)</b>

1 crore = 10 million

Refer to annexure for Details of Instruments &amp; Bank Facilities

#### Detailed Rationale

CRISIL has reaffirmed its 'CRISIL A-/Negative/CRISIL A2+' ratings on the bank facilities of Orient Bell Limited (OBL).

The ratings continue to reflect the company's established market position in the tiles industry, its diversified geographical reach and clientele, and comfortable financial risk profile. These strengths are partially offset by vulnerability to cyclicalities in the end-user real estate industry and to fluctuations in gas and raw material prices, and exposure to intense competition.

The ratings take cognizance of the impact of the government measures, including a nationwide lockdown from March 25, 2020, to contain the spread of Covid-19 and the subsequent economic slowdown, on the company business risk profile. Partial easing of the lockdown measures from June 8, 2020, should limit the impact, with performance expected to recover in the second half of fiscal 2021.

#### Analytical Approach

Unsecured loan (Rs 15 crore as on March 31, 2020) extended by the promoters has been treated as neither debt nor equity as the loan is subordinated to bank debt and may remain in the business over the medium term.

#### Key Rating Drivers & Detailed Description

##### Strengths

##### \* Established market position

With capacity of 29 million square meters, OBL is one of the leading organised tiles manufacturers in India. After acquisition of Bell Ceramic Ltd in 2010, it has become a pan-India player with plants in the northern, southern, and western regions. OBL is focused on improving its brand presence across India and has thus increased the budget for marketing and branding spends.

##### \* Diversified geographical reach and clientele

Clientele is varied, comprising institutional buyers and over 4,000 dealers across the country. Thus, revenue and profitability remain insulated from adverse fluctuations in the preferences of any particular customer or region.

##### \* Comfortable financial risk profile

Gearing was healthy at 0.15 time as on March 31, 2020, driven by low debt at around Rs 36.16 crore as on March 31, 2020 and further got reduced to Rs 29 crore as on June 30, 2020. Interest coverage and net cash accrual to total debt ratios were 3.37 times and 0.72 time, respectively, in fiscal 2020 and are projected at 5.4-8.5 times and 0.6-1.1 time, respectively, over the medium term. The financial risk profile should remain adequate, supported by prudent working capital management leading to low debt.

##### Weaknesses

##### \* Vulnerability to cyclicalities in the end-user industry

The ceramic tiles industry reported a decline in fiscals 2019 and 2020 due to slowdown in the real estate market. OBL's turnover fell 18% to Rs 582.99 crore in fiscal 2019 and to Rs 501.81 crore in fiscal 2020 on account of the Covid-19 pandemic and the economic slowdown. Dependence on the real estate market should continue to constrain the business risk profile.

##### \* Exposure to intense competition

Intense competition from the unorganised sector and reputed brands of companies such as Kajaria Ceramics Ltd, Nitco Ltd, Somany Ceramics Ltd, and HR Johnson India may continue to restrict scalability and limit pricing power, thereby constraining profitability.

##### \* Susceptibility to fluctuations in gas and raw material prices

Raw materials (different types of clays, feldspar, silica, kaolin and carbonates) comprise 50-60% of total operating cost, while gas and power costs comprise 20-25%. Hence, even a slight variation in input prices will drastically impact profitability, as seen in fiscal 2018, when increase in gas prices led to a fall in operating margin to 7.3% from 8.4% in fiscal 2017.

#### Liquidity Strong

Expected net cash accrual of Rs 17.5 crore and Rs 26.5 crore will be sufficient to meet debt obligation of Rs 11.8 crore and Rs 9.03 crore in fiscals 2021 and 2022, respectively. Bank limit utilisation averaged 6% over the 12 months through July 2020. Current ratio was 1.67 times as on March 31, 2020.

### Outlook: Negative

CRISIL believes OBL's revenue and operating margin will remain under pressure over the medium term due to weakened demand.

### Rating Sensitivity Factors

#### Upward Factors

- \* Increase in operating income by more than 20% and in operating margin by 250 basis points
- \* Reduction in the working capital cycle

#### Downward Factors

- \* Decline in operating income by more than 20%
- \* Fall in operating profitability by 200 basis points
- \* Larger-than-expected, debt-funded capital expenditure, 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, and promoted by Mr. Daga and his family members. It manufactures glazed ceramic wall, floor, and vitrified tiles under the Orient Bell brand. Facilities are in at Sikanderabad in Uttar Pradesh, Dora in Gujarat, and Hoskote in Karnataka.

### Key Financial Indicators

Particulars	Unit	2020	2019
Revenue	Rs.Crore	501.81	582.99
Profit After Tax (PAT)	Rs.Crore	6.22	8.90
PAT Margin	%	1.24	1.53
Adjusted debt/adjusted networkth	Times	0.15	0.37
Interest coverage	Times	3.4	4.3

**Any other information:** Not applicable

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

CRISIL 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. For more details on the CRISIL complexity levels, please visit [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels).

### Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate	Maturity date	Issue size (Rs.Cr)	Complexity level	Rating assigned with outlook
NA	Letter of credit & Bank Guarantee	NA	NA	NA	80	NA	CRISIL A2+
NA	Long Term Loan	NA	NA	Mar-2023	49.15	NA	CRISIL A-/Negative
NA	Working Capital Facility	NA	NA	NA	107	NA	CRISIL A-/Negative

### Annexure - Rating History for last 3 Years

Instrument	Type	Current		2020 (History)		2019		2018		2017		Start of 2017
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	156.15	CRISIL A-/Negative			26-11-19	CRISIL A-/Negative	07-08-18	CRISIL A-/Stable	24-07-17	CRISIL A-/Stable	CRISIL BBB+/Positive
								30-07-18	CRISIL A-/Stable			
Non Fund-based Bank Facilities	LT/ST	80.00	CRISIL A2+			26-11-19	CRISIL A2+	07-08-18	CRISIL A2+	24-07-17	CRISIL A2+	CRISIL A2
								30-07-18	CRISIL A2+			

All amounts are in Rs.Cr.

### Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Letter of credit & Bank	80	CRISIL A2+	Letter of credit & Bank	80	CRISIL A2+

Guarantee			Guarantee		
Long Term Loan	49.15	CRISIL A-/Negative	Long Term Loan	49.15	CRISIL A-/Negative
Working Capital Facility	107	CRISIL A-/Negative	Working Capital Facility	107	CRISIL A-/Negative
<b>Total</b>	<b>236.15</b>	<b>--</b>	<b>Total</b>	<b>236.15</b>	<b>--</b>

#### Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

[Rating Criteria for Construction Industry](#)

[CRISILs Approach to Recognising Default](#)

[CRISILs Criteria for rating short term debt](#)

#### For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Saman Khan</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 3895 B: +91 22 3342 3000 <a href="mailto:saman.khan@crisil.com">saman.khan@crisil.com</a></p> <p><b>Naireen Ahmed</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 1818 B: +91 22 3342 3000 <a href="mailto:naireen.ahmed@crisil.com">naireen.ahmed@crisil.com</a></p>	<p><b>Nitin Kansal</b> Director - CRISIL Ratings <b>CRISIL Limited</b> D:+91 124 672 2154 <a href="mailto:nitin.kansal@crisil.com">nitin.kansal@crisil.com</a></p> <p><b>Himank Sharma</b> Associate Director - CRISIL Ratings <b>CRISIL Limited</b> D:+91 124 672 2152 <a href="mailto:Himank.Sharma@crisil.com">Himank.Sharma@crisil.com</a></p> <p><b>Kishan Gupta</b> Rating Analyst - CRISIL Ratings <b>CRISIL Limited</b> D:+91 124 672 2177 <a href="mailto:Kishan.Gupta@crisil.com">Kishan.Gupta@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. However, CRISIL alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

**About CRISIL Limited**

CRISIL is a leading agile and innovative, global analytics company driven by its mission of making markets function better. We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 1,00,000 customers.

We are 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](#)

**About CRISIL Ratings**

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets 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 24,500 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 1,10,000 MSMEs have been rated by us.

**CRISIL PRIVACY**

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 forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of 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 providing or intending to provide any services in jurisdictions where CRISIL 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 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 or otherwise 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 Rating 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 assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL 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 or its associates may have other commercial transactions with the company/entity.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL 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 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 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. CRISIL's public ratings and analysis 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 web sites, [www.crisil.com](http://www.crisil.com) (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: [www.crisilratings.com](http://www.crisilratings.com).

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, [www.crisil.com](http://www.crisil.com). For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING 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 a prior written consent of CRISIL.

All rights reserved @ CRISIL