Press Release

Exxaro Tiles Limited

March 05, 2026

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-term Bank Facilities	97.49	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	-	Rating assigned	Simple
Short-term Bank Facilities	16.48	IVR A3 (IVR A Three)	-	Rating assigned	Simple
	113.97 (Rs. One hundred thirteen crore and ninety-seven lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The ratings assigned to the bank facilities of Exxaro Tiles Limited (ETL) derives comfort from its healthy growth in scale and profitability in 9MFY26 (refers to period April 1st, 2025, to December 31st, 2025), comfortable capital structure and debt coverage indicators, experienced promoters and established presence in the vitrified tile industries and locational advantage and established market network. These rating strengths are partially offset by exposure to volatility in prices of raw materials and fuel prices, exposure to intense competition and cyclicality in real estate industry and working capital intensive nature of operations.

The outlook assigned on the long-term rating is Stable on the back of satisfactory growth outlook of the ceramic industry coupled with adequate financial risk profile.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of operations with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure leading to improvement in the debt protection metrics.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators and/or moderation in overall gearing.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Healthy growth in scale and profitability in 9MFY26**

Although turnover of the company remained range bound over last three financial years, profitability has been declining with the increase in operating costs and interruption in production for couple of months in H1FY25 (refers to period April 1st, 2024, to September 30th, 2024) for technology upgradation and change in plant design to improve production efficiency and thereby profitability. Subsequently, the company has achieved a turnover of Rs.205 crore in 9MFY26 with an operating profit of Rs.19.24 crore and PAT of Rs.2.63 crore, while EBITDA and PAT margin was at 9.38% and 1.28% respectively. With the improved efficiency and uninterrupted production along with proportionate increase of high margin sale of premium products helps to improve the profitability in current fiscal.

- **Comfortable capital structure and debt coverage indicators**

Capital structure of the company remained comfortable over the years where overall gearing ratio was at 0.33x as on March 31, 2025, improved from 0.35x as on March 31, 2024. Further, the same has improved to 0.32x as on September 30, 2025, on the back of accretion of profit to reserve and repayment of term loan. Interest coverage ratio was at 1.90x in FY25 (refers to period April 1st, 2024, to March 31st, 2025), improved from 1.73x in FY24 (refers to period April 1st, 2023, to Mar 31st, 2024) and further improved to 2.18x at the end of 9MFY26. DSCR was also adequate at 1.14x in FY25. Total indebtedness of the company marked by TOL/TNW was also comfortable at 0.77x as on March 31, 2025.

- **Experienced promoters and established presence in the vitrified tile industries**

The promoters, led by Mr. Mukeshkumar B. Patel, have over two decades of experience in the ceramic and vitrified tiles industries. The rich experience of the promoters has helped ETL maintains healthy relationship with the suppliers as well as customers. Furthermore, the

company commenced its operation since 2008 as a ceramic frit manufacturer and later diversified and expanded as a leading branded tiles manufacturer from western India, resulted in long and proven track record.

- **Locational advantage and established market network**

ETL's manufacturing facility is located in Talod, Sabarkantha and Padara, Vadodara in the state of Gujarat. The locations are within close proximity of one of the largest ceramic cluster of India, Morbi (Gujarat), which accords it locational advantage in terms of raw material sourcing and easy availability of skilled manpower. Further, proximity to major seaports also provides the necessary access for exports. The company has well established selling network throughout India and overseas market. The company covers around 26 states in India through over 800 dealers and distributors and around 2000 touch points. The company markets its tiles under the brand name if Exxaro and Aresta which is among the well established premium tiles brand in India.

Key Rating Weaknesses

- **Exposure to volatility in prices of raw materials and fuel prices**

Raw material and fuel are the two major cost components (~70%-80%) that determine the cost competitiveness in the ceramic industry. ETL has limited control over the prices of its key inputs such as different types of clays, feldspar, silica, natural gas etc. Hence, its profitability remains susceptible to fluctuations in raw material and fuel prices, given its limited ability to pass on the rise to customers amid intense competition in the industry.

- **Exposure to intense competition and cyclicality in real estate industry**

The tiles industry is intensely competitive with the presence of numerous organized as well as unorganized players. Intense competition restricts profitability, given the limited pricing flexibility. Apart from this, the real estate industry is the major end-user of ceramic tiles. Thus, the company's sales and cash flows are vulnerable to cyclicality in this segment.

- **Working capital intensive nature of operations**

Ceramic tile manufacturing sector is working-capital intensive nature owing to large inventory holding and elongated credit terms allowed to dealers/ distributors. ETL manufactures tiles of various designs and sizes to cater the market demand resulting in a sizeable inventory of the

finished goods. Furthermore, it also needs to maintain enough finished goods as inventory at the depots and at its display centres for better customer service and faster deliveries. The credit period allowed to dealers/ distributors also remains high at around 90 to 120 days due to intense competition in the domestic industry.

Analytical Approach: Consolidated

For arriving at the ratings, Infomerics has considered consolidated financial statement of Exxaro Tiles Limited which includes its subsidiary namely Exxaro Ceramic Limited. This is because these companies are under control of same promoters, have business and financial linkages. The company has prepared both standalone and consolidated financials.

Applicable Criteria:

Rating Methodology for Manufacturing Companies.
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities
Consolidation of Companies

Liquidity – Adequate

ETL has earned a gross cash accrual of Rs.10.20 crore in FY25. Further the company is expected to earn a gross cash accrual in the range of ~ Rs. 14 to 23 crore as against its debt repayment obligations around ~ Rs.8 crore per year during FY26-28. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term. However, average fund-based utilisation of the company remained high at ~96% during the past 12 months ended December 2025. With moderate debt repayments along with an unencumbered cash balance of Rs.2.16 crore as on March 31, 2025, the company has sufficient liquidity to comfortably meet any short-term financial needs.

About the Company

Exxaro Tiles Limited (ETL) was incorporated during January 2008 as Ricasil Ceramic Industries Private Limited (RCIPL) in Nadiad, Gujarat by a Patel family to initiate a ceramic

products trading and manufacturing business. Later, in 2018, RCIPL rechristened as Exxaro Tiles Private Limited (ETPL) and subsequently in December 2020, ETPL converted into a public limited company and renamed as ETL. In August 2021, the company got listed on BSE and NSE. Since inception, the company was into manufacturing of ceramic frit, which uses as raw material in ceramic industry. In later period, with various diversification and expansion, the company currently engaged in manufacturing of single and double charged vitrified tiles and Glazed Vitrified Tiles and appeared as a distinguished player in the industry. The company markets its products under the brand name of Exxaro and Aresta and covers most of the Indian states through dealers-distributors and touch points. The company also into export of a small portion of its turnover to Europe and Gulf region on a regular basis. Currently the company has initiated a capex program to install 5MW solar power project at Gorol in Sabarkantha district of Gujarat, to enhance energy efficiency and promote sustainability with substantial savings on power costs, thereby improved efficiency. Mr. Mukeshkumar B. Patel, Chairman & Managing Director, looks after day-to-day affairs of the company along with other six directors and a team of experienced personnel.

Financials (Consolidated):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025	31-12-2024	31-12-2025
	Audited	Audited	Unaudited	Unaudited
Total Operating Income	301.68	304.21	209.23	205.00
EBITDA	24.52	22.71	13.00	19.24
PAT	2.25	-0.12	-3.63	2.63
Total Debt	97.45	92.17	-	-
Tangible Net Worth	276.72	276.77	-	-
EBITDA Margin (%)	8.13	7.47	6.21	9.38
PAT Margin (%)	0.74	-0.04	-1.73	1.28
Adjusted Overall Gearing Ratio (x)	0.35	0.33	-	-
Interest Coverage (x)	1.73	1.90	1.43	2.18

* *Classification as per Infomerics' standards.*

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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025	31-12-2024	31-12-2025
	Audited	Audited	Unaudited	Unaudited
Total Operating Income	301.68	299.63	208.55	198.63
EBITDA	24.53	21.27	12.30	18.07
PAT	2.28	-0.78	-3.75	1.80
Total Debt	97.45	90.04	-	-
Tangible Net Worth	276.80	276.18	-	-
EBITDA Margin (%)	8.13	7.10	5.90	9.10
PAT Margin (%)	0.75	-0.26	-1.79	0.90
Adjusted Overall Gearing Ratio (x)	0.35	0.33	-	-
Interest Coverage (x)	1.73	1.78	1.35	2.05

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Brickwork Ratings through its press release dated August 11, 2025 continued ETL's rating under 'Issuer not Cooperating' category on account of inadequate information to carry out the review.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Term Loan	Long Term	16.49	IVR BBB-/ Stable	-	-	-
2.	ECLGS	Long Term	11.00	IVR BBB-/ Stable	-	-	-
3.	Cash Credit	Long Term	70.00	IVR BBB-/ Stable	-	-	-
4.	Bank Guarantee	Short Term	11.70	IVR A3	-	-	-
5.	Letter of Credit	Short Term	4.60	IVR A3	-	-	-
6.	CEL	Short Term	0.18	IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Annexure 1: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan 1	-	-	-	Jan 2033	12.66	IVR BBB-/ Stable
Term Loan 2	-	-	-	Dec 2027	3.83	IVR BBB-/ Stable
ECLGS	-	-	-	Jan 2028	11.00	IVR BBB-/ Stable
Cash Credit 1	-	-	-	-	35.00	IVR BBB-/ Stable
Cash Credit 2	-	-	-	-	35.00	IVR BBB-/ Stable
CEL	-	-	-	-	0.18	IVR A3
Letter of credit	-	-	-	-	4.60	IVR A3
Bank Guarantee 1	-	-	-	-	11.40	IVR A3
Bank Guarantee 2	-	-	-	-	0.30	IVR A3

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/LEN_Exxaro_Tiles05_March26_225714ff8e.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Company	Relationship	Shareholding as on March 31, 2025	Consolidation Approach
Exxaro Tiles Limited	Holding Company	-	Full Consolidated
Exxaro Ceramic Limited	Subsidiary	100%	Full Consolidated

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.