

Orient Ceratech Limited

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	65.12 (Reduced from 71.33)	CARE BBB+; Stable	Downgraded from CARE A-; Negative
Short-term bank facilities	14.40	CARE A2	Downgraded from CARE A2+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings downgrade considers the continued elongation of the working capital cycle of Orient Ceratech Limited (OCL) and moderation in its debt coverage indicators owing to debt-funded acquisition and capex undertaken by the company in FY25. OCL's average inventory holding period increased to 151 days in FY25 against 121 days and 97 days in FY24 and FY23, respectively, translating into increase in its overall working capital cycle to 184 days in FY25, higher than threshold of 160 days expected earlier. Moreover, OCL incurred a capex of ~₹50 crore in FY25 for acquisition and expansion of the Chamotte plant from its Group entity, which was partly funded by borrowings of ~₹26 crore. Going forward, timely rationalisation of inventory, without material write-offs, and increased utilisation of the Chamotte plant translating into better cash accruals and debt coverage metrics remain a key monitorable.

Ratings continue to be supported by the company's established operational track record and competitive position in the abrasives grain and refractory industry. The company benefits from a diversified product portfolio and an established customer base. Ratings also factor in OCL's comfortable capital structure, with gearing of 0.27x as on March 31, 2025, and profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage ratio above 4x in FY25, despite some moderation. The company's operating income grew by 5% year-on-year to ~₹330 crore in FY25, but its profit after tax (PAT) margin declined sharply to 3.01% from 6.04% in FY24 due to adverse product mix, front-loaded operating expenses on newly acquired plant and higher selling costs. In Q1FY26, revenue remained stable year-on-year at ~₹98 crore, while PAT margins improved to 4.37% from 2.97% indicating partial recovery. CARE Ratings Limited (CareEdge Ratings) expects OCL's revenue to grow by 5-10% p.a. over the next one-two years, with PAT margins in the range of 3-4%, supported by improved capacity utilisation and synergies from the acquisition of the Chamotte plant. However, ratings remain constrained by the company's moderate scale of operations, high working capital intensity, vulnerability to raw material availability, past default history within the Ashapura Group, and exposure to cyclical end-user industries.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operations over ₹450 crore with sustenance of PAT margin above 5% translating into PBILDT interest cover above 8.0x on a sustained basis.
- Reduction in operating cycle below 150 days leading to improving liquidity position of the company.

Negative factors

- Substantial decline in revenue or deterioration in PBILDT margin below 7.50% on a sustained basis.
- Continuously stretching working capital cycle beyond 200 days.
- Significant support extended to its group entities, significantly increasing dividend payout ratio or higher-than-anticipated debt-funded capex adversely impacting the liquidity position or adjusted overall gearing above 0.5x.

Analytical approach: Consolidated

While arriving at ratings, CareEdge Ratings has considered the consolidated financial risk profile of OCL, and its subsidiaries, owing to the significant managerial, operational, and financial linkages between them, as detailed in Annexure-6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectations that OCL will continue to maintain an adequate financial risk profile while benefitting from its established market position and relations with customers.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Diversified product portfolio and established customer base

The company has a diversified product portfolio of refractory raw materials and abrasives, including calcined products, alumina fused products, chamotte, proppant, and castable, among others. Its product mix is dominated by relatively high-margin proppant and castable accounting for 20-25% of revenue each, followed by calcined products, chamotte and alumina-fused products with 10-15% revenue contribution each. Over the years, the company's product mix varied depending on market conditions, which enables it to serve a large set of customers. OCL benefits from established relations with key customers in iron, steel, and oil and gas industries with a history of repeat orders from large customers, which provides some revenue visibility. Its customer base is fairly diversified with top 10 customers accounting for 35-45% of revenue over the last three years.

Comfortable capital structure and adequate debt coverage indicators

Financial risk profile remains comfortable characterised by overall gearing remaining range bound from 0.06x-0.27x from FY22-FY25. Its total debt increased to ₹75 crore as on March 31, 2025, compared to ₹58 crore as on March 31, 2024, owing to external borrowings (incl. unsecured loans from group entities) of ₹26 crore for completion of capex and higher utilisation of working capital limits. In Q1FY26, the company has repaid ~₹10 crore of the unsecured loan. The company has recently completed the capex of ₹50 crore, towards acquisition of Chamotte plant for ₹25 crore and capacity expansion for ₹25 crore, which is expected to double the installed capacity of one of the top four product lines. Currently, it is on trial run and will be commissioned in the near term. However, OCL's capital structure remained comfortable marked by overall gearing and at 0.27x (PY: 0.21) and total outside liabilities to total net worth (TOL/TNW) at 0.44x (PY: 0.43x) as on March 31, 2025. However, its debt coverage indicators moderated in FY25 with PBILDT interest coverage at 4.89x (PY: 8.62x) and TD/PBILDT at 2.06x (PY: 1.58x).

Operational efficiency considering captive bauxite mines and power plants

Major raw materials used by OCL are raw bauxite and calcined alumina (for white-fused alumina), prices of which are subject to market dynamics. Manufacturing abrasive grains is a power-intensive activity. OCL owns captive mines of raw bauxite at Bhatia, Jamnagar, and Bhuj in Gujarat. The company also sources raw bauxite from its group entities and from open market based on cost efficiency parameters and depending on the availability and quality of plant grade raw bauxite. OCL has its own captive thermal power plant of 9 MW at Porbandar. The company enjoys cost efficiency considering captive power plants and captive bauxite mines.

Experienced promoters and established track record of the company

OCL has an established track record in the abrasives industry of over four decades with operations across fused aluminium oxide grains (including calcined products, monolithic), proppant, and power generation. In July 2015, OCL's operations were acquired by Bombay Minerals Limited (BML, established in 1953) which is engaged in mining bauxite and manufacturing calcined bauxite. BML is a subsidiary of Ashapura Minechem Limited (AML), a part of the Ashapura Group, which is engaged in mineral processing and exporting bauxite and bentonite. Thus, the company derives benefit from the long-standing promoter experience in the industry. OCL's day-to-day operations are managed by a team of qualified and experienced managers. Going forward, OCL is expected to benefit from the experience of its promoters and managers.

Key weaknesses

Working capital intensive operations

The company's operations are working capital intensive due to the need to stock large quantities of raw materials and sizeable stores and spares inventory for plant maintenance. OCL's average working capital cycle remained elongated at 184 days in FY25 compared to 161 days in FY24, primarily driven by rise in inventory holding which increased to 151 days in FY25 compared to 121 days in FY24. The rise in inventory was partly driven by the recent acquisition of Chamotte plant, increase in product portfolio over the years, and sizeable stocking of stores and spares. Moreover, the company extends a credit period of ~90 days to its customers and receives a credit period of 50-60 days from its suppliers. The high working capital intensity of operations translate into blockage of sizeable funds, impacting the return metrics, pressurising the company's liquidity profile. While the company is expected to reduce its working capital cycle gradually, material elongation translating into deterioration in coverage metrics and liquidity buffer remain a key sensitivity.

Relatively moderate scale of operations and weak return metrics

The company undertakes manufacturing calcined bauxite, fused aluminium oxide abrasive grains, refractory castables monolithics, and proppant. Proppant, castables, calcined products, fused products, and chamotte are the major contributors in the operating income and some part of the income is derived from monolithics and wind power division. Though OCL reported improved total operating income of ₹331 crore in FY25, the scale of operations continues to be relatively moderate. Moreover, OCL's return

metrics remain constrained with return on capital employed at 6% and return on net worth at ~4% in FY25 indicating inability of the company to efficiently utilise its capital. CareEdge Ratings understands that a sizeable portion of the fixed capital remains blocked in the captive thermal power plant and old manufacturing facility at Porbandar, which impact the return ratios.

Weak credit profile of group entities

The company is owned by the Ashapura Group, whose entities have defaulted on debt repayment obligations in the past and continue to have a weak credit profile. As on March 31, 2025, Bombay Minerals Limited (BML) and Ashapura International Limited (AIL) hold ~27% and ~5% shareholding, respectively, in Orient Cement Limited (OCL). BML continues to exhibit a weak financial risk profile, with total operating income of ₹72 crore and PAT margin of ~3.9% in FY24. CareEdge Ratings will continue to monitor substantial financial support extended by OCL to its group entities and significant increase in dividend payouts.

Cyclical nature of end-user industries

Abrasives grains division manufactures calcined bauxite and fused aluminium oxide abrasive grains. These products are used in the manufacturing refractories, grinding wheels, and coated abrasives. Refractory monolithic division manufactures refractory castable and monolithic. These products have nature of capital goods and major customers for these products are companies in the steel and cement sector. Proppant caters the demand from oil and gas industry. Thus, the demand for OCL's products is closely linked to the demand emanating from industries, such as steel, cement, and abrasives (which in turn depend on industrial growth in the economy). Demand of steel and cement is driven by government spending on infrastructure development, growth in real estate sector and demand from other steel-consuming sectors, such as automobiles, and consumer durables, among others. Steel and cement industry is sensitive to shifting business cycles including changes in general economy and seasonal changes in demand and supply conditions in market thus exposing OCL's performance to economic cycles.

Liquidity: Adequate

OCL's liquidity is adequate marked by comfortable expected gross cash accruals (GCA) of ₹25-35 crore p.a. over the next 2-3 years against scheduled debt repayments of ₹3-6 crore p.a. and maintenance capex requirements of ₹3-5 crore p.a. Average utilisation of fund-based limits for the last 12 months ending July 2024 was ~46% of the sanctioned limits, providing liquidity buffer. With a gearing of 0.27x as on March 31, 2025, OCL has sufficient gearing headroom, to raise additional debt. OCL's current ratio stood at 2.42x and quick ratio at 1.22x as on March 31, 2025.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[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
Diversified	Diversified	Diversified	Diversified

Incorporated in 1971, OCL (erstwhile Orient Abrasives Limited) was acquired by the Ashapura Group of Companies in 2015 and is among India's largest producers of ceramic proppants, castables, and refractory raw materials including chamotte and fused alumina products. It operates in two segments, fused aluminium oxide grains (including calcined products, monolithic) and power generation. It was initially setup in a technical collaboration with Karborundum, Bentueky, Czechoslovakia by the Rajgarhia Group of industries. It offers a wide range of refractory and monolithic products for the iron and steel industry. It is headquartered in Mumbai with manufacturing facilities in Porbandar and Bhuj, Gujarat. The company is listed on the NSE and BSE.

Consolidated – Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	314.76	329.65	98.45
PBILDT	36.39	34.34	9.30
PAT	19.02	9.93	4.30
Overall gearing (times)	0.21	0.27	NA
Interest coverage (times)	8.62	4.26	6.41

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-Working Capital Limits	-	-	-	-	53.81	CARE BBB+; Stable
Non-fund-based-Short Term	-	-	-	-	14.40	CARE A2
Term Loan-Long Term	-	-	-	05-03-2029	11.31	CARE BBB+; Stable

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	Term Loan-Long Term	LT	-	-	-	-	-	1)Withdrawn (07-Oct-22)
2	Non-fund-based-Short Term	ST	14.40	CARE A2	-	1)CARE A2+ (09-Oct-24)	1)CARE A2+ (18-Sep-23)	1)CARE A2+ (07-Oct-22)
3	Fund-based - LT-Working Capital Limits	LT	53.81	CARE BBB+; Stable	-	1)CARE A-; Negative (09-Oct-24)	1)CARE A-; Negative / CARE A2+ (18-Sep-23)	1)CARE A-; Stable (07-Oct-22)
4	Term Loan-Long Term	LT	11.31	CARE BBB+; Stable	-	1)CARE A-; Negative (09-Oct-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/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-Working Capital Limits	Simple
2	Non-fund-based-Short Term	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Orient Advanced Materials Private Limited (OAMPL)	Full	Wholly owned subsidiaries
2	Orient Advanced Material FZE- UAE (OAM-FZE)	Full	Wholly owned subsidiaries

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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