

Dated: 19th August 2025

To, BSE Limited Corporate Relations Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Security Code: 543327	To, National Stock Exchange of India Ltd. Corporate Relations Department Exchange Plaza, Block G,C/1, Bandra Kurla Complex, Bandra (E), Mumbai –400 051 Symbol: EXXARO
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Dear Sir/Madam,

Subject: Intimation in respect of Credit Ratings under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”)

Pursuant to the provisions of Regulation 30 (read with Schedule III) of the SEBI Listing Regulations, we wish to inform you that, after due consideration, CRISIL Ratings Limited (“CRISIL”) has assigned as below rating.

Facilities	Amount (Rs. Cr)	Rating Assigned	Rating Action
Long Term/short term Bank Facilities (Fund Based)	106	Crisil BB+/Stable	(Downgraded from 'Crisil BBB- / Negative' and outlook revised to 'Stable')
Short Term Bank Facilities (Non Fund Based)	16	CRISIL A4+	Downgraded from CRISIL A3
Total	122		

Company has received the same on 14th August 2025 at 02:09 PM.

Thanking You

Yours Faithfully

For Exxaro Tiles Limited

Mr. Mukeshkumar B. Patel
Managing Director
DIN: 01944968

Encl: Rating Letter from CRISIL

EXXARO TILES LIMITED

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Exxaro Tiles Limited

Ratings downgraded to 'Crisil BB+ / Crisil A4+ '; outlook revised to 'Stable'

Rating Action

Total Bank Loan Facilities Rated	Rs.122 Crore
Long Term Rating	Crisil BB+/Stable (Downgraded from 'Crisil BBB- / Negative' and outlook revised to 'Stable')
Short Term Rating	Crisil A4+ (Downgraded from 'Crisil A3')

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 downgraded its ratings on the bank facilities of Exxaro Tiles Ltd (ETL; part of the ETL group) to '**Crisil BB+/Stable/Crisil A4+**' from '**Crisil BBB-/Negative/Crisil A3**'.

The rating downgrade reflects the stretched liquidity and working capital cycle impacting financial flexibility. The company's operations continue to be working capital intensive, characterized by prolonged receivables and inventory levels. As a result, the gross current assets (GCAs) have remained elevated, standing at 359 days as of March 31, 2025. This trend has been consistent over the last two years, ending FY25, and is expected to persist at similar levels over the medium term. The group's payables have also increased due to extended credit terms availed of from the suppliers, indicating reliance on vendor funding to support its stretched working capital cycle. This has impacted liquidity, with high bank limit utilisation of 98.55% in the seven months through July 2025, constraining the credit risk profile. With further debt-funded capital expenditures planned for FY26, the generation of sufficient net cash accruals to serve its repayment obligation will remain a key monitorable factor. Over the medium term, improvement in profitability with better liquidity through reduced dependency on bank lines and improvement in the working capital management will remain monitorable.

The ratings reflect an established market presence and comfortable capital structure. These strengths are partially offset large working capital requirement and average debt protection metrics and susceptibility to volatile raw material and gas prices, intense competition and cyclicity in the end-user industry.

Analytical Approach

Crisil Ratings has revised its analytical approach and has combined the business and financial risk profiles of ETL and Exxaro Ceramic Ltd (ECL; wholly owned subsidiary), collectively referred to herein as the ETL group. This is because the entities have operational integration and financial interlinkage with each other and are being promoted by similar promoters.

Please refer to Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Established market presence: The ETL group has an established market presence, benefiting from the two-decade experience of the promoters, their strong understanding of market dynamics and healthy distribution network. The company has a network of over 800 dealers and more than 2,000 touch points where its products are sold under the Exxaro brand. It benefits from its production being almost totally in-house and sales in its own brand with presence in large-sized tiles. Revenue stood at Rs 304 crore in fiscal 2025, Rs 64.93 crores in first quarter of fiscal 2026 and is expected to improve with capacity utilisation, new arrangements made by the company with launch of its new brand and shift in focus towards high value products; however, it will remain monitorable.

Comfortable capital structure: The group has a comfortable capital structure, with networth of Rs 277 crore. The gearing was 0.33 time and the total outside liabilities to tangible networth (TOLTNW) ratio was 0.77 time in fiscal 2025. Despite the debt-funded capital expenditure (capex) planned in fiscal 2026 for installation of solar plant, the peak TOLTNW ratio is expected to remain below 1.0 time over the medium term. In the absence of debt-funded capex over the medium term from fiscal 2027 onwards, the capital structure is expected to remain comfortable with accretion to reserve and scheduled debt repayment.

Weaknesses:

Large working capital requirement and average debt protection metrics: Gross current assets have been sizeable at ~359 days in fiscal 2025, driven by huge inventory of 213 days on account of a wide range of designs and continuous changes in the same with production being largely in-house. The company has over 1,000 types of design which necessitates high stocking to cater demands of domestic markets leading to higher inventory days. Also, the company had receivables of around 138 days in fiscal 2025 and expected to remain over similar range, led by extension of large credit to dealers as of March 2025. The working capital is partially supported by extended credit received from suppliers of ~306 days as of March 31, 2025, however, indicating reliance on vendor funding to support its stretched working capital cycle. While ETL is undertaking measures to control the working capital cycle, the extent and sustenance of the improvement remains monitorable.

Debt protection metrics are average, with interest coverage ratio of 1.9 times and net cash accrual to total debt ratio of 0.10 time in fiscal 2025 (1.74 times and 0.12 time, respectively, for the corresponding period of the previous fiscal). Moderate profitability, high borrowing and interest costs/burden restrained interest coverage. With expected revival in business and better profitability, the interest coverage ratio should improve over the medium term, but will remain monitorable.

Susceptibility to volatile raw material and gas prices, intense competition and cyclicity in the end-user industry: Raw materials (different types of clay, feldspar, silica, kaolin and carbonates) comprise 35–40% of the total operating cost, while the cost of gas and power forms 35–40%. Hence, even a slight variation in the input prices will drastically impact profitability. Furthermore, the group caters to end-user segments such as real estate, construction and infrastructure, wherein business activity is strongly correlated to economic cycles. The construction segment has faced slowdown due to economic recession in the past, with several projects getting delayed or cancelled, which in turn impacted the performance of the ceramic tiles industry.

Besides, the ceramic tiles industry is intensely competitive and dominated by unorganised entities. Despite being an established player in the ceramic tiles industry, the company faces intense competition from unorganised entities and reputed brands. The ability to pass on any increase in raw material cost, amid 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. However, with changes such as closure of ceramic units running on coal gasifiers, and implementation of the GST and Real Estate (Regulation and Development) Act, 2016, organised

players have gained higher market share than the small, unorganised entities and also benefited in value terms over the last few fiscals.

The operating margin remained at 7.47% in fiscal 2025 (8.21% in fiscal 2024), though it increased to 9.4% in the first quarter of fiscal 2026 backed by improvement in sales and change in product mix. Furthermore, with installation of solar plant and with premium pricing of new brand products, the same is expected sustain the current operating profitability. Improvement and sustenance of the margin will remain monitorable.

Liquidity: Stretched

Bank limit utilisation (fund-based limits) was high at 98.55% on average for the seven months through July 2025. Net cash accrual is expected to remain sufficient though tightly match to cover the debt obligation of Rs 7.5 crore in fiscal 2026. The current ratio was moderate at 1.47 times as on March 31, 2025. The promoters are likely to extend equity and unsecured loans to meet the working capital requirement and debt obligation.

Outlook: Stable

Crisil Ratings believes ETL will continue to benefit from the extensive experience of its promoters.

Rating sensitivity factors

Upward factors

- Considerable rise in revenue, with operating margin over 10%, leading to high net cash accrual
- Decline in the working capital intensity and subsequently improvement in the financial risk profile, especially liquidity

Downward factors

- Decline in revenue or operating profitability, resulting in lower-than-expected net cash accrual
- Working capital cycle at more than 370 days, constraining the debt servicing ability of the company
- Deterioration in liquidity with narrowing cushion in the bank limit

About the Group

ETL manufactures and markets vitrified tiles that are primarily used as flooring solutions. It was set up in fiscal 2008 as a partnership firm that manufactured frit, a raw material used in tile manufacturing and have over the years, diversified, expanded and evolved into a manufacturer of vitrified tiles. It has two manufacturing units in Gujarat (Unit 1 - Padra in Vadodara and Unit 2- Talod in Sabarkantha) and has total installed capacity of 146 lakh square metre. The company is listed on the Bombay Stock Exchange and National Stock Exchange.

ECL (wholly owned subsidiary of ETL) was incorporated in July 2024 and is a trading arm of ETL.

Key Financial Indicators - consolidated - Crisil Ratings adjusted numbers

As on/for the period ended March 31		2025	2024
Operating income	Rs crore	304.21	301.86
Reported profit after tax (PAT)	Rs crore	(0.12)	2.25
PAT margin	%	(0.04)	0.74

Adjusted debt/adjusted networkth	Times	0.33	0.35
Interest coverage	Times	1.90	1.74

Status of non cooperation with previous CRA: ETL had previously not cooperated with Brickwork Ratings India Pvt Ltd, which had published its ratings as an issuer not cooperating vide a release since August 16, 2024. The reason provided by Brickwork Ratings India Pvt Ltd was non furnishing of information by ETL for monitoring the ratings.

Any other information: Not applicable

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.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	11.40	NA	Crisil A4+
NA	Cash Credit	NA	NA	NA	70.00	NA	Crisil BB+/Stable
NA	Credit Exposure Limits / Loan Exposure Risk Limits	NA	NA	NA	0.50	NA	Crisil A4+
NA	Letter of Credit	NA	NA	NA	4.60	NA	Crisil A4+
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	5.67	NA	Crisil BB+/Stable
NA	Term Loan	NA	NA	29-Feb-28	7.83	NA	Crisil BB+/Stable
NA	Working Capital Term Loan	NA	NA	29-Feb-28	22.00	NA	Crisil BB+/Stable

Annexure - List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Exxaro Tiles Limited	100	100

Exxaro Ceramic Limited	100	100
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Annexure - Rating History for last 3 Years

Instrument	Current		2025 (History)		2024		2023		2022		Start of 2022	
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Fund Based Facilities	ST/LT	106.0	Crisil A4+ / Crisil BB+/Stable		--	30-12-24	Crisil A3 / Crisil BBB- / Negative	20-11-23	Crisil BBB+/Stable / Crisil A2	10-08-22	Crisil BBB+/Positive / Crisil A2	Crisil BBB+/Stable
			--		--	21-08-24	Crisil BBB/Negative / Crisil A3+	13-10-23	Crisil BBB+/Stable		--	--
Non-Fund Based Facilities	ST	16.0	Crisil A4+		--	30-12-24	Crisil A3	20-11-23	Crisil A2	10-08-22	Crisil A2	Crisil A2
			--		--	21-08-24	Crisil A3+	13-10-23	Crisil A2		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders/Facilities

Facility	Amount (Rs. Crore)	Name of Lender	Rating
Bank Guarantee	11.4	State Bank of India	Crisil A4+
Cash Credit	35	Axis Bank Limited	Crisil BB+/Stable
Cash Credit	35	State Bank of India	Crisil BB+/Stable
Credit Exposure Limits / Loan Exposure Risk Limits	0.5	State Bank of India	Crisil A4+
Letter of Credit	4.6	State Bank of India	Crisil A4+
Proposed Fund-Based Bank Limits	5.67	Not Applicable	Crisil BB+/Stable
Term Loan	7.83	Axis Bank Limited	Crisil BB+/Stable
Working Capital Term Loan	22	Axis Bank Limited	Crisil BB+/Stable

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