

September 30, 2025

## Oriental Rubber Industries Pvt. Ltd.: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund based – Term loan	30.00	30.00	[ICRA]BBB+(Positive); reaffirmed
Long-term/short-term – Fund based/non-fund based facilities	379.50	379.50	[ICRA]BBB+(Positive)/[ICRA]A2; reaffirmed
<b>Total</b>	<b>409.50</b>	<b>409.50</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The reaffirmation of ratings continues to draw comfort from the long experience of the promoter group of Oriental Rubber Industries Pvt. Ltd. (ORIPL) and strong position of the company in the conveyor belt industry. ICRA also notes ORIPL's diversified product portfolio, catering to different end-user industries, established relationships with a reputed clientele, a healthy order book position and presence across various geographical markets, which strengthens its business profile. Supported by its healthy market position in the conveyor belts segment for industrial applications, the company has witnessed a robust revenue growth momentum over the years, driven by strong demand from its key customers. Consequently, its return indicators have also improved on a consistent basis. While the company reported a moderate 12% YoY revenue decline in FY2025 mainly owing to the demand slowdown in key markets such as India, the US and South Africa due to the national elections in these territories, it witnessed a swift recovery in demand post the elections, as reflected in an 18% YoY revenue growth in 5M FY2026 on a consolidated level. The operating profit margin (OPM) moderated to 10.1% in FY2025 from 16.3% (in FY2024) owing to product mix as well as operating deleverage, although it is expected to improve gradually going forward, with steady revenue expansion and in line with the company's focus on high value-added products, which command higher margins vis-à-vis conventional conveyor belts.

Further, with limited capex outgo and debt levels, the company's credit metrics have also witnessed a gradual improvement, which are expected to sustain, going forward. The gross debt moderated sizeably through FY2025, with improved working capital profile resulting in lower requirement of working capital borrowings, and improvement in operational performance of the South African subsidiary (Oriental Rubber Industries SA Pty Ltd/ORSA) contributing to the deleveraging. The revenue decline in FY2025, coupled with improved working capital profile (as reflected in the reduction in working capital intensity to 39% in FY2025 from 44% in FY2024) also led to a reduced requirement of working capital borrowings, thus contributing to the deleveraging on a standalone level.

ICRA notes the strong share of replacement business in the overall revenue pie, providing stability to the company's revenues. Expectation of healthy demand from the end-user segments in various geographies, especially for replacement, is likely to continue to aid ORIPL's earnings growth prospects, going forward.

The operations are, however, working capital intensive in nature due to elongated receivables and longer lead time for imported raw materials, resulting in reliance on external borrowings to meet its working capital requirements. Nevertheless, the company is consciously attempting to reduce utilisation levels of working capital borrowings. Further, the company faces competition in the industry from large incumbents as well as small and mid-sized players. Nonetheless, ORIPL mainly caters to the organised segment, insulating it largely from competition arising from unorganised players and the resultant pricing pressure. The company's profitability remains susceptible to volatility in raw material prices (as evident from the recent steep hike in natural rubber prices) and forex rates, although it can pass on the increase in raw material costs to its customers to a

large extent and has a natural hedge in terms of imports as well. The operations are also prone to the cyclicity of the mining, steel and power industries, although ORIPL's established relationships and demonstrated ability to increase wallet share with its key customers mitigate the impact of cyclicity in some of its end-user industries.

While ICRA takes note of ORIPL's sizeable revenue exposure to the US (with US exports contributing to 15-20% of company's revenues) in view of the increased trade tariffs by the US Government, comfort is drawn from the company's well-established relations with its US customers globally, giving the company some flexibility to reroute these orders to the Group entities of its customers outside the US. Moreover, the company prioritised dispatches to the US in Q1 FY2026 to safeguard its business profile against any potential hike in the tariffs, resulting in minimal pending orders from the US in its scheduled dispatches over the next 2-3 months. ORIPL may also opt for supplying to its US customers through its South African subsidiary (ORSA), thereby bypassing the impact of elevated US tariffs for Indian exports.

The Positive outlook for the long-term rating continues to reflect ICRA's expectations that ORIPL's financial profile will continue to improve, backed by steady revenue growth momentum and margin expansion, in line with the company's focus on higher value-added products. While the increased trade tariffs by the US may have a bearing on ORIPL's exports from India to the US, the manufacturing presence in South Africa is expected to mitigate the said risk to a large extent and, thus, extend support to the company's operational metrics, going forward.

## Key rating drivers and their description

### Credit strengths

**Strong market position in the domestic conveyor belt industry** – ORIPL is positioned as the leading manufacturer of conveyor belts in the country, with an established presence in the textile reinforced conveyor belt segment, along with a rapidly growing presence in the steel reinforced conveyor belt segment. Its large scale and product diversity lend significant advantages over small/mid-sized players in garnering orders from reputed customers, in both the domestic and overseas markets. An established operational presence spanning over seven decades along with a reputed clientele also aids ORIPL in new customer acquisition.

**Healthy product, geographical and customer diversification** – ORIPL benefits from a diversified revenue profile, with presence across various product segments, and a reputed clientele across geographies. The company offers various products under both textile reinforced and steel reinforced conveyor belts, which have different applications. Further, with exports constituting 60-65% of its total sales, revenues are geographically well diversified, with limited dependence on any particular market. The company benefits from healthy customer diversification and low counterparty risk as it caters to reputed industrial houses in the domestic market, and mainly through distributors with long relationships in the export market. Such vast sales presence across the globe insulates ORIPL's business operations against any region-specific operational risks (the elevated trade tariffs by the US for Indian exports, for instance) to some extent.

**Healthy revenues from the replacement segment; focus on high value-added products to support margin expansion** – The replacement cycle for textile reinforced conveyor cables, which constitutes most of ORIPL's sales, is about three to four years, whereas for steel reinforced conveyor belts, the same is longer at five to seven years. A healthy replacement order book signifies strong customer relationships and more stable revenue streams than project revenues, which are generally irregular in nature. The company derives a large portion of its revenues from the replacement segment, signifying healthy revenue stability and visibility. Steady profitability and expanding scale of operations are expected to reflect positively in healthy accruals generation, going forward. Moreover, the company's focus on high value-added products is expected to support margin expansion over the medium term.

### Credit challenges

**Working capital-intensive nature of operations** – Owing to high proportion of export sales (resulting in longer receivable cycle) and longer lead time in procuring imported raw materials (resulting in high inventory), the company's working capital cycle is

elongated in nature. Consequently, the company has to rely on bank borrowings to fund its working capital requirement to an extent. However, focus on improving inventory management initiatives by the company has resulted in a moderation in the inventory holding in the recent past. Besides, steady cash flow generation reduced the working capital borrowing from Q1 FY2025, with the company reporting a moderate 18% average working capital utilisation in FY2025. With the reduction in the company's dependence over working capital borrowings, the working capital intensity moderated to 39% in FY2025 from 44% in FY2024.

**Pricing flexibility remains limited because of competition** – The conveyor belt industry is characterised by the presence of some large competitors, including subsidiaries of global tyre majors, in the overseas markets, and from small and mid-sized players in the domestic market. Consequently, the company's pricing flexibility remains limited. ORIPL, however, commands premium in the value-added product segments such as fire-resistant and other constructions of conveyor belts, where the competitive intensity is relatively lower.

**Exposure to volatility in raw material prices and forex rates** – ORIPL remains exposed to the risk of volatility in raw material prices, mainly rubber, its key raw material. The company runs an advance order book and endeavours to protect expected margin on sales through prudent buying of raw materials, thereby mitigating some impact of raw material price volatility. Procuring through domestic as well as overseas suppliers, based on the prevailing market conditions, provides some comfort to the input cost management. Nevertheless, ORIPL's ability to safeguard its margins amid elevated input costs remains a key rating monitorable. Further, the company is susceptible to fluctuations in forex rates as it derives a major proportion of its revenues from exports. However, it has a natural hedge in the form of imports as well.

### Liquidity position: Adequate

The company's liquidity profile is adequate, supported by expectations of healthy cash flow generation (Rs. 35-40 crore annually over the medium term), along with entire buffer available in the form of undrawn working capital lines of Rs. 210 crore as on August 31, 2025 (with average working capital utilisation being 18% for FY2025). The cash and liquid investment balance stood healthy, at Rs. 71 crore as on August 31, 2025. Against these sources of funds, the company has limited debt repayments of Rs. 3-4 crore per annum over the next two years, and capex plans of Rs. 12-15 crore in FY2026 towards augmentation of its capacity, which are expected to be funded comfortably from the existing liquid funds.

### Rating sensitivities

**Positive factors** – Maintaining a steady growth in the scale of operations, coupled with improvement in margins while maintaining present coverage metrics and liquidity profile might lead to ratings upgrade.

**Negative factors** – ICRA could revise the outlook for ORIPL's ratings to Stable if there is a sharp deterioration in the operating profits, weakening its liquidity profile and credit metrics on a sustained basis. Specific credit metrics that could lead to a rating downgrade include an interest coverage of less than 4.0 times on a sustained basis.

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ORIPL. The list of subsidiaries is enlisted in Annexure-2.

## About the company

Oriental Rubber Industries Pvt. Ltd. was established in 1949 and was one of the first producers of rubber-moulded articles in independent India. The company primarily manufactures textile and steel conveyor belts for steel, coal, cement, power, fertiliser and mining sectors. The company also exports to North America, Europe, Australia, Southern Africa and West Asia. ORIPL is a professionally managed, family-owned company that has been in the business for the past 75 years. At present, the operations of the company are managed by the third-generation promoter, Mr. Vishal Makar.

## Key financial indicators

ORIPL - Consolidated	FY2024 Audited	FY2025 Audited
Operating income (Rs. crore)	941.9	827.6
PAT (Rs. crore)	95.6	61.6
OPBDIT/OI (%)	16.3%	10.1%
PAT/OI (%)	10.2%	7.4%
Total Outside Liabilities/Tangible Net Worth (times)	0.7	0.4
Total Debt/OPBDIT (times)	1.1	0.6
Interest Coverage (times)	8.5	8.0

PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: ORIPL, ICRA Research

## Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	September 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term Loans	Long-term	30.00	[ICRA]BBB+(Positive)	30-Jul-24	[ICRA]BBB+(Positive)	24-Apr-23	[ICRA]BBB+(Stable)	-	-
Long-term/Short term- Fund-based/Non-fund-based facilities	Long-term / Short-term	379.50	[ICRA]BBB+(Positive)/ [ICRA]A2	30-Jul-24	[ICRA]BBB+(Positive) / [ICRA]A2	24-Apr-23	[ICRA]BBB+(Stable)/ [ICRA]A2	-	-

Source: Company

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple
Long-term/Short term- Fund-based/Non-fund-based facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

**Annexure-1: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	Mar 2018	NA	Dec 2026	30.00	[ICRA]BBB+(Positive)
NA	Long-term/Short term-Fund-based/Non-fund-based facilities	NA	NA	NA	379.50	[ICRA]BBB+(Positive)/[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure-2: List of entities considered for consolidated analysis**

Company Name	ORIPL Ownership	Consolidation Approach
Oriental Rubber Industries Private Limited	NA	Full consolidation
Innovention International, Mauritius	51.00%	Full consolidation
Oriental Rubber Industries (SA) Pty Ltd (SA)	99.99%	Full consolidation

Source: Company

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