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Q1FY27 Result Update
12th August, 2026

Orient Bell Ltd

Margins expected to remain healthy, aided by better ASP's and demand recovery

CMP: INR 365

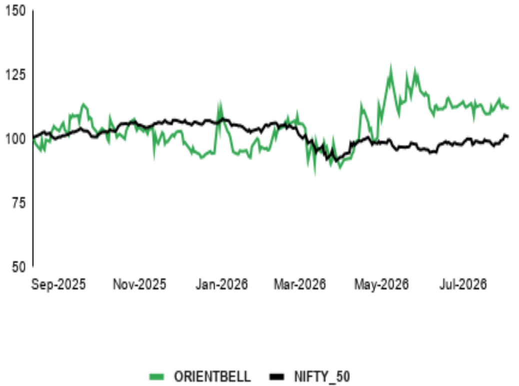
Rating: HOLD

Target Price: INR 410

Stock Info	
BSE	530365
NSE	ORIENTBELL
Bloomberg	OBL:IN
Sector	Ceramics
Face Value (INR)	10
Mkt Cap (INR Mn)	5,285
52w H/L (INR)	368/239
Avg Daily Volume (in 000')	18.1

Shareholding Pattern %	
Promoters	65.92
Public & Others	34.08

Stock Performance (%)	1m	6m	12m
NIFTY	0.3	-5.9	-0.9
OBL	+12.0	+22.0	+26.2



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Orient Bell Ltd(OBL) reported Q1FY27 numbers revenue stood at INR 2,029 Mn (+43% YoY/-5% QoQ); above our estimates of INR 1926 Mn. EBITDA for the quarter stood at INR 166 Mn (+234% YoY/+11% QoQ); above our estimates of INR 122 Mn. EBITDA margin stood at 8.2% (+468bps/115bps) above our estimate of 6.3%.PAT stood at INR 83 Mn from INR -4 Mn YoY and INR 62 Mn (+33%) sequentially. PAT Margin reported at 4.1% above our estimate of 2.4% (+436bps YoY/117bps QoQ).

Investment Rationale:

Similar ASP Trend expected to continue: With price hikes implemented across the industry after a prolonged discounting tenure, we believe ASP to hover in its current range, with demand picking up and some uncertainty in gas costs still looming we expect ASP's to sustain but gas volatility to remain, skewed to fall below current levels.

Strong Q1 performance signals operating leverage: OBL delivered a strong Q1 with revenue growth of 42.8% YoY to INR 2,030 Mn, driven by 22.9% volume growth and 15.9% ASP growth. Overall improvement in numbers is driven by improving volumes, price hikes and manufacturing mix are driving a meaningful profitability recovery. The company implemented phased price hikes of ~20-25% to offset a sharp ~30% increase in blended gas costs. Despite concerns around demand elasticity, management indicated that nearly the entire increase has been passed on, with no immediate requirement for further hikes unless gas prices witness another upward spike. Current blended gas cost stands at ~INR60/SCM, with procurement continuing through a mix of spot and formula-linked contracts.

Morbi Disruptions acts as an Advantage: The ongoing disruptions in the Morbi ceramic cluster, driven by elevated gas prices, labor shortages and liquidity stress among smaller manufacturers, are creating structural opportunities for organized players such as Orient Bell. The shutdown of smaller units and moderation in industry-wide capacity additions are aiding supply rationalization and improving pricing discipline across the sector. OBL's diversified manufacturing footprint and outside-factory stocking model continue to provide superior product availability and design assortment compared to Morbi-centric peers.

Valuation:
With an improving mix towards vitrified tiles and sufficient capacity headroom, we expect OBL to benefit from the recovery in real estate and infrastructure demand. Improving exports have also reduced dumping by unorganized players in the domestic market, supporting better pricing discipline across the industry. We believe the margin recovery seen in Q1FY27 is largely sustainable. While H1FY27 may witness some near-term pressure due to elevated gas costs and seasonality, margins are expected to remain healthy over FY27E, supported by i) volume recovery ii) better ASP's and iii) better penetration in Tier 2/3 markets through distribution. We revise our Target Price to INR 410, based on 25x FY29E EPS of INR 16.4, with a HOLD rating.

Y/E Mar, INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	6,698	6,915	7,358	8,178	8,272
EBIDTA	281	395	428	493	539
EBITDA Margin	4.2%	5.7%	5.8%	6.0%	6.5%
PAT Adj	28	136	159	207	240
Diluted EPS	1.9	8.4	10.9	14.2	16.4
PER, x	181.3	41.5	32.2	24.7	21.3
EV/EBIDTA, x	18.6	12.9	10.9	9.4	8.1
P/BV, x	1.7	1.6	1.5	1.5	1.4
ROIC, %	1.5%	4.6%	5.2%	6.3%	6.7%
ROE, %	0.9%	4.1%	4.6%	5.7%	6.2%
Debt/Equity (x)	0.15	0.09	0.06	0.04	0.02

Exhibit: Quarterly Data (Consol, INR Mn):

	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Total Operating Revenues	**2,038.20**	**2,146.42**	**1,429.04**	-5%	43%
Growth (%)	*42.63%*	*8.27%*	*-3.53%*		
Total Raw Material Cost	715.48	1,032.56	617.70		
Gross Profit	**1,322.72**	**1,113.86**	**811.35**	19%	63%
GP Margins	**64.90%**	**51.89%**	**56.78%**	13.0	8.1
bps*Growth (%)*	*63.03%*	*16.01%*	*-0.69%*		
Employee Cost	300.17	266.14	246.69		
Growth (%)	*21.68%*	*4.77%*	*-0.65%*		
Power & Fuel	507.15	379.07	284.19		
Growth (%)	*78.45%*	*34.16%*	*-1.73%*		
Other Expenses	349.42	318.40	230.76		
Growth (%)	*51.42%*	*-5.43%*	*-2.10%*		
EBITDA	**165.99**	**150.24**	**49.71**	10%	234%
EBITDA Margins	**8.14%**	**7.00%**	**3.48%**	1.1	4.7
Other Income	10.21	12.38	6.09		
Growth (%)	*67.67%*	*6.40%*	*10.75%*		
Depreciation	54.92	61.41	53.86		
Growth (%)	*1.97%*	*11.70%*	*-5.34%*		
Finance Cost	7.14	6.83	10.17		
Growth (%)	*-29.77%*	*-36.02%*	*-20.52%*		
PBT	**111.54**	**83.84**	**-5.75**	33%	-2041%
Tax	28.35	21.39	-2.00		
Adjusted PAT	**83.19**	**71.17**	**-3.75**	17%	-2320%
Adjusted PAT Margins	**4.06%**	**3.30%**	**-0.26%**	0.8	4.3
EPS	5.70	4.88	-0.26	17%	-2320%

Orient Bell Ltd - Q1FY27 Concall Highlights
Mcap: INR 5,325 Mn | CMP: INR 362

Volume-led growth: Q1FY27 volumes grew ~22.9% YoY, while revenue increased 42.8% YoY to INR 2,030 Mn, supported by ~15.9% ASP growth. EBITDA rose 48% YoY to INR 176 Mn, with margin expanding 480bps YoY to 8.7%. Sell-out improved to ~40% of primary sales vs 26% last year, indicating healthier channel inventory.

Retail Outlook: Retail continues to outperform enterprise, with South and West retail volumes growing 37% and 60% YoY, respectively. Management remains focused on scaling these underpenetrated markets while rebuilding enterprise volumes.

Utilization-led margin upside: Blended utilization improved to 73% in Q1FY27 vs 60% in FY26. The company plans to convert ~1 Mn metres of ceramic capacity into GVT capacity with ~INR 100 Mn capex, targeted for Q3/Q4FY27. Further volume growth should provide operating leverage without significant near-term greenfield capex.

FY27 outlook: Management expects FY27 to perform better, supported by improving demand generation, dealer engagement and market development. However, no specific volume or margin guidance has been provided.

Margins Outlook: OBL intends to retain recent price increases as long as market conditions remain supportive. Management remains willing to adjust pricing if demand weakens, prioritizing competitiveness alongside margin protection.

Gas costs stabilizing: Management indicated that most gas-cost inflation was absorbed in Q1, with July prices broadly stable. Northern operations currently face gas prices of ~INR 60-62/unit vs INR 44-45/unit pre-war. Stable gas prices should support margin recovery alongside higher volumes and utilization.

Exports remain a headwind: Industry exports declined to ~INR 8,000 Mn/month in April-May from ~INR 15,000-16,000 Mn previously, amid geopolitical issues and elevated freight costs. A normalization in exports could provide incremental upside to domestic-led growth.

Capex: OBL has ~INR 750 Mn cash and plans ~INR 150 Mn of capex over the next 4-5 months, funded through internal accruals. Management is evaluating the next phase of manufacturing expansion and expects to finalize the plan within 2-3 months.

Adhesives: No plans to enter new building-material categories; management remains focused on scaling the existing tile-adhesive business.

Other Key takeaways: 1) South/West expansion is translating into meaningful market-share gains. 2) 73% utilization provides scope for further operating leverage. 3) Gas-cost inflation appears to be stabilizing, supporting margin recovery.4) New capacity/product expansion could be announced over the next 2-3 months. 5) Export normalization remains a potential upside trigger.

Income Statement (Consolidated, INR Mn)

Income Statement					
Y/E Mar, Rs mn	FY25	FY26	FY27E	FY28E	FY29E
Net sales	**6,698**	**6,915**	**7,358**	**8,178**	**8,272**
Growth, %	**-0.7%**	**3.2%**	**6.4%**	**11.2%**	**1.1%**
Other income	27	30	31	33	34
Raw material expenses	3,161	3,059	3,192	3,514	3,514
Employee expenses	1,002	1,031	1,104	1,227	1,241
Other Operating expenses	2,254	2,429	2,634	2,944	2,978
EBITDA (Core)	**281**	**395**	**428**	**493**	**539**
Growth, %	34.20%	40.80%	8.24%	15.21%	9.33%
Margin, %	4.19%	5.72%	5.81%	6.03%	6.51%
Depreciation	225	223	223	237	251
Interest paid	48	36	42	35	27
Other Income					
Non-recurring Items					
Pre-tax profit	**38**	**164**	**206**	**268**	**311**
Tax provided	9	39	47	62	72
Profit after tax	**28**	**124**	**159**	**207**	**240**
PAT Adj.	**28**	**136**	**159**	**207**	**240**
Growth, %	209.98%	378.06%	16.87%	30.05%	16.12%
Unadj. shares (m)	15	15	15	15	15

Balance Sheet (Consolidated, INR Mn)

Balance Sheet					
As at 31st Mar, Rs mn	FY25	FY26	FY27E	FY28E	FY29E
PPE	2,781	2,615	2,543	2,507	2,456
CWIP	8	4	0	0	0
Financial Assets	135	147	153	160	167
Other Non Current Assets	31	28	31	34	37
Total Non current Assets	**2,956**	**2,795**	**2,728**	**2,701**	**2,660**
Inventories	616	652	933	1,031	952
Receivables	1,306	1,127	1,222	1,350	1,247
Cash & CE	344	301	564	611	855
Other Current Assets	73	71	69	73	76
Total Current Assets	**2,339**	**2,443**	**2,789**	**3,064**	**3,129**
Total assets	**5,295**	**5,238**	**5,517**	**5,765**	**5,790**
Total Equities	**3,161**	**3,288**	**3,475**	**3,729**	**3,892**
Non current borrowings	303	167	164	114	65
Other Non current liabilities	324	327	325	324	324
Total Non current liabilities	**627**	**493**	**489**	**438**	**389**
Current borrowings	156	145	28	28	28
Trade Payables	1,114	1,063	1,267	1,301	1,201
Other Current Liabilities	237	248	258	268	279
Total Current Liabilities	**1,507**	**1,456**	**1,553**	**1,597**	**1,509**
Total equity & liabilities	**5,295**	**5,238**	**5,517**	**5,765**	**5,790**

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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