

February 10, 2026

EICL Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term / Short-term – Fund based - Cash credit	32.50	27.50	[ICRA]BBB+(Stable)/[ICRA]A2; reaffirmed
Short-term – Fund based – Bills discounting	20.00	20.00	[ICRA]A2; reaffirmed
Short-term – Non fund based	5.00	5.00	[ICRA]A2; reaffirmed
Total	57.50	52.50	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of ratings for EICL Limited (EICL) factors in the expectation of continued steady earnings and healthy credit metrics for EICL, going forward, despite the continued impact of regulatory issues pertaining to the receipt of approvals for mining operations on the company's scale of operations. EICL has recorded an increase in earnings over the past three years, aided by an improvement in realisations and cost efficiency measures, helping the company record an operating profit of Rs. 18.7 crore and Rs. 12.2 crore, respectively, in FY2025 and H1 FY2026, after recording losses in FY2023. Improvement in profitability, coupled with funds received from monetisation of certain land parcels owned by the company, has aided in repaying a healthy portion of the company's debt. Expectation of steady operational performance of the company's Thonnakkal plant (Kerala) is likely to help the entity maintain healthy credit metrics, going forward. The realisations are further expected to be supported by a ramp-up in operations at the reopened Kochuveli plant (Kerala), which is expected to help the company offer an improved basket of products to its customers.

The ratings continue to factor in the established market position of EICL in the domestic processed clay market, its diversified customer base across various industries, and healthy financial flexibility as a part of the Karan Thapar Group. With over 50 years of experience in developing kaolin-based hydrous and calcined solutions, EICL has enjoyed a healthy market share in the domestic clay market over the years. The company caters to a reputed client base spanning industries as varied as paper, paint, rubber, ink, tyres, etc., of which the paint and paper industries constituted 65% of the company's revenues in H1 FY2026. Although about 60% of the company's revenue is driven by its top eight customers, many of them are market leaders in their respective sectors. EICL has enjoyed established relationships with them over the years. EICL's business profile has also remained supported by captive mines, which ensure the availability of quality and cost competitive raw materials and protect it from any major volatility in raw material pricing.

The company's market position in the domestic clay processing business, strong R&D capabilities, established relationships with customers, and captive mine reserves are expected to help improve its performance once mining approvals are received for the remaining mines.

EICL's business remains exposed to regulatory restrictions over the mining of kaolin clay. Apart from any significant change in royalty rates, these restrictions can considerably impact the availability of raw materials, affecting the company's scale of operations and profitability. The company's financial performance weakened considerably following an order from the High Court of Kerala to discontinue mining operations and secure environmental clearance (EC) and other regulatory approvals for its existing mining sites. While resumption of mining at two mines and the consequent availability of cost competitive raw materials aided revenue growth, operations at the company's Kochuveli plant (Kerala) remained suspended due to a shortage of raw materials until August 2024. Owing to a shortage of quality raw materials (in the absence of mining approval for the

Veiloor mine), EICL's ability to offer niche, value-added products to its customers remains impacted to an extent, leading to a reduction in capacity utilisation at the Thonnakkal plant. Aided by an improvement in capacity utilisation and a subsequent increase in realisations of products from the Thonnakkal plant, the company recovered from the operating losses incurred in FY2023 and has stabilised its operations over the past three years, resulting in a gradual improvement in coverage metrics; the company also commenced operations at its Kochuvelli plant in FY2025 in a limited manner. ICRA will continue to monitor the progress of the company in securing ECs for the remaining mines and the ramp-up of operations at the Kochuvelli plant, along with the impact of the same on EICL's financial and operational risk profiles. ICRA also notes that the company remains exposed to the imposition of penalties from regulatory authorities with regard to environmental degradation. Any imposition of a material penalty impacting the credit profile of the entity remains a sensitivity.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's revenue visibility will remain stable, supported by consistent operational performance and steady improvement in realisations. The promoters (belonging to the Karan Thapar Group) are expected to support the company in case of any funding gap.

Key rating drivers and their description

Credit strengths

Financial flexibility for being part of the Karan Thapar Group; experienced promoters and management team with over 30 years of business experience – EICL enjoys significant financial flexibility by virtue of being a part of the Karan Thapar Group, which has an established track record of managing diverse businesses such as industrial gear boxes, farm equipment, electric vehicles, and automotive engines, among others, through companies such as Greaves Cotton Limited, Greaves Electric Mobility Limited, and Premium Transmission Limited (rated [ICRA]AA-(Stable)/[ICRA]A1+). The Group had extended financial support to EICL in the form of inter-corporate deposits (ICDs) and preference shares during the crucial period when the latter's operations were impacted by restrictions on mining. In addition to the strong promoter group, EICL's management team has extensive experience in the clay mining and processing industry, supporting its business prospects and operations.

Established player in the processed clay sector with strong client profile in paint and paper industries – EICL has extensive experience in manufacturing a variety of processed clay. It has an established customer base comprising direct clients as well as dealers and distributors, through which it caters to a reputed clientele across various industries, especially paper, paint, and rubber.

Business profile supported by captive mining infrastructure and strong R&D capabilities – EICL sources its raw materials from captive clay mines in Kerala, which ensures the availability of quality raw materials and protection from any major volatility in raw material prices. Collectively, these mines have adequate reserves for the next 10-15 years of operations at a steady-state raw material requirement of 6 lakh tonnes p.a. The company's backward integrated operations also aid strong pricing power and margins. Owing to a lack of ECs, EICL's mining operations remain suspended at some of the major mines, impacting its earnings and revenues. Apart from access to captive mines, EICL also has a strong research and development (R&D) team for continuously improving the product mix and producing value-added products.

Credit challenges

Restrictions on mining operations continue to curtail scale of operations – With its mining operations disrupted since October 2018, the company had to source raw materials from external parties at a much higher cost. As a result, EICL's earnings and debt coverage indicators were severely impacted. While mining operations are currently running at two mines, the scale of operations continues to remain modest despite a gradual increase in revenues to Rs. 169.6 crore in FY2025 and Rs. 93.6 crore in H1 FY2026 from Rs. 105.2 crore in FY2021. Due to a shortage of quality raw materials (in the absence of mining approval for the Veiloor mine), EICL's ability to offer niche, value-added products to its customers continues to remain impacted, leading to modest capacity utilisation at the Thonnakkal plant. Improvement in capacity utilisation and realisations of products from the Thonnakkal plant have resulted in an improvement in operating profits over the past three years. However, going forward, a substantial improvement in EICL's financial profile will depend on the receipt of mining approvals for the remaining mines,

which remains monitorable. The management is positive with regard to the receipt of approvals in the near term and thus envisages an improvement in revenues and margins, going forward.

Exposed to regulatory risk associated with clay mining industry – EICL remains exposed to regulatory risk associated with the clay mining industry. Its mining operations were disrupted following an order from the High Court of Kerala in October 2018, which directed EICL to stop mining pending compliance with certain conditions. Although two of the company's mines are currently operational, it is yet to receive ECs for some of its mines, which has constrained its production levels, leading to a moderate scale of operations.

Liquidity position: Adequate

EICL's liquidity is expected to remain adequate, supported by a buffer in working capital limits (buffer of Rs. 14.7 crore in the fund-based working capital limits as of November 2025) and incremental proceeds from the sale of land parcels. Against this, the company does not have any external debt repayment obligations. The company will continue to incur Rs. 8-10 crore per annum for the expansion of operations and procurement of machinery, going forward. ICRA expects the company to meet its debt obligations and capex requirements through a mix of available lines of credit and internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if there is a material improvement in scale of operations besides sustained improvement in profitability, credit metrics and liquidity position. Timely receipt of approvals for reopening its mines, supported by improvement in demand and realisations will further help improve the ratings.

Negative factors – ICRA could downgrade EICL's ratings in case of any material deterioration in its financial and liquidity profiles due to further delays in securing ECs, or any cessation of operations.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of EICL Limited. As on March 31, 2025, the company had one subsidiary, which is enlisted in Annexure-II.

About the company

EICL mines clay (kaolin) and manufactures processed clay, which finds applications in various industries, especially in the paper and paint industries. The company's manufacturing plants are located in Kerala with a combined production capacity of around 2,00,000 MT annually. EICL also has a manufacturing facility in Bhuj (Gujarat) through its 100% subsidiary, Kaolin India Private Limited (KIPL), which started production in May 2021 and has a manufacturing capacity of ~42,000 MT p.a.

EICL enjoys established relationships with many of the leading paint and paper companies and derives its business strength from the availability of captive mines and regular investments in new product introductions. The company's captive mines are spread across five locations in Kerala. Following an order from the Kerala High Court, which placed certain conditions on mining, EICL's mining operations were suspended in October 2018, pending ECs. While the company has received the requisite approvals for two of its mines at Thonnakkal, Kerala, ECs for the rest of its mines are awaited.

Incorporated in November 1963, the company is a part of the Karan Thapar Group, which operates diverse businesses such as industrial gear boxes, farm equipment, electric vehicles, automotive engines, and clay processing, among others, through companies such as Greaves Cotton Limited, Greaves Electric Mobility Pvt. Limited (erstwhile Ampere Vehicles Private Limited), Premium Transmission Limited (rated [ICRA]AA-(Stable)/[ICRA]A1+), and EICL Limited. Karun Carpets Private Limited is the

promoter company of EICL, holding a 91.7% stake in it. EICL was a listed entity until FY2014, but its shares were eventually delisted.

Key financial indicators: (audited)

EICL Consolidated	FY2024	FY2025
Operating income	152.1	169.5
PAT	3.7	5.4
OPBDIT/OI	10.8%	11.0%
PAT/OI	2.4%	3.2%
Total outside liabilities/Tangible net worth (times)	0.4	0.6
Total debt/OPBDIT (times)	0.9	2.9
Interest coverage (times)	4.1	5.7

Source: Company's annual reports, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)			Chronology of rating history for the past 3 years							
		Amount Rated (Rs. crore)	FY2026		FY2025				FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long-term/ Short term	27.50	Feb 10, 2026	[ICRA]BBB+ (Stable)/ [ICRA]A2	Feb 03, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jan 07, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	Nov 15, 2023	[ICRA]BBB+ (Stable)/ [ICRA]A2	Dec 22, 2022	[ICRA]BBB+ (Negative)/ [ICRA]A2
Non fund based – BG	Short-term	5.00	Feb 10, 2026	[ICRA]A2	Feb 03, 2025	[ICRA]A2	Jan 07, 2025	[ICRA]A2	Nov 15, 2023	[ICRA]A2	Dec 22, 2022	[ICRA]A2
Fund based – Bill discounting	Short-term	20.00	Feb 10, 2026	[ICRA]A2	Feb 03, 2025	[ICRA]A2	-	-	-	-	-	-
Fund based - Term loans	Long-term	-			-	-			-	-	Dec 22, 2022	[ICRA]BBB+ (Negative)
Unallocated	Long-term / Short-term	-			-	-			-	-	Dec 22, 2022	[ICRA]BBB+ (Negative)/ [ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term / Short-term – Fund based facilities	Simple
Short-term – Fund based facilities	Simple
Short term – 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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based limit	NA	NA	NA	27.50	[ICRA]BBB+(Stable)/[ICRA]A2
NA	Bill Discounting	NA	NA	NA	20.00	[ICRA]A2
NA	Non fund based limits	NA	NA	NA	5.00	[ICRA]A2

Source: Trust

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

Annexure II: List of entities considered for consolidated analysis:

Company Name	EICL Ownership	Consolidation Approach
EICL Limited	100.00% (rated entity)	Full Consolidation
Kaolin India Private Limited	100.00%	Full Consolidation

Source: EICL annual report FY2025

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Branches



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