

EICL Limited

Condensed Financial Statements and Review Report

30 June 2014

Report on the Review of Interim Financial statements

To the Board of Directors of EICL Limited

1 Introduction

We have reviewed the attached Condensed Balance Sheet of EICL Limited, (the 'Company') as at 30 June 2014, and also the Condensed Statement of Profit and Loss and the Condensed Cash Flow Statement for the three months ended on that date, annexed thereto (collectively referred as the 'interim financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these interim financial statements based on our review.

2 Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3 Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the state of affairs of the Company as at 30 June 2014, and of its results of operations and its cash flows for the three month period then ended in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP')

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co.)

Chartered Accountants
Firm Registration No.: 001076N/N500013

per **B P Singh**
Partner
Membership No. 70116

Gurgaon
July 29, 2014

EICL LIMITED
Condensed Balance Sheet as at June 30, 2014

Particulars	As at June 30, 2014	As at March 31, 2014
	Unaudited	Audited
	₹	₹
I. Sources of Funds		
Shareholders' funds		
Share capital	400,552,026	400,552,026
Reserves and surplus	1,367,201,471	1,316,072,061
	1,767,753,497	1,716,624,087
Loan funds		
Non current liabilities		
Long term borrowings	358,855,847	332,693,735
Deferred tax liabilities (net)	228,763,561	236,262,520
Other long term liabilities	14,703,729	14,459,672
Long term provisions	14,760,405	13,249,970
	617,083,542	596,665,897
Current liabilities		
Short term borrowings	465,742,606	591,682,073
Trade payables	373,527,904	348,987,381
Other current liabilities	385,468,920	389,685,319
Short term provisions	91,158,689	104,147,471
	1,315,898,119	1,434,502,244
Total	3,700,735,158	3,747,792,228
II. Application of Funds		
Non current assets		
Fixed assets		
Tangible assets	2,416,353,641	2,461,339,353
Intangible assets	2,929,622	3,190,336
Capital work in progress	37,592,239	16,576,925
Non current investments	500,000	500,000
Long term loans and advances	50,587,533	56,862,780
Other non current assets	4,651,733	2,557,496
	2,512,614,768	2,541,026,890
Current assets		
Inventories	495,793,251	456,084,995
Trade receivables	583,734,070	613,761,741
Cash and bank balances	25,830,775	44,157,527
Short term loans and advances	68,026,672	76,530,490
Other current assets	14,735,622	16,230,585
	1,188,120,390	1,206,765,338
Total	3,700,735,158	3,747,792,228

Explanatory notes to the condensed financial statements

The notes referred to the above forms the integral part of this condensed balance sheet

This is the Condensed Balance Sheet referred to in our report of even date

For Walker Chandiook & Co LLP
(formerly Walker, Chandiook & Co)
Chartered Accountants

B P Singh
Partner

Place: Gurgaon
Date: July 29, 2014

For EICL Limited

Dr. Venkatesh Padmanabhan
Managing Director and
Chief Executive Officer

M K Gupta
Chief Financial Officer

EICL LIMITED**Condensed Statement of Profit & Loss Account for three-months ended June 30, 2014**

Particulars	Three-months ended on June 30, 2014	Three-months ended on June 30, 2013
	Unaudited	Unaudited
	₹	₹
Sales and other operational income (gross)	1,184,860,064	1,175,378,274
Less: Excise duty	(30,118,166)	(35,892,371)
Sales and other operational income (net)	1,154,741,898	1,139,485,903
Other Income	1,681,912	2,755,124
Total income	1,156,423,810	1,142,241,027
Raw material consumed	441,146,436	426,664,823
(Increase)/Decrease in inventories	(2,970,993)	52,098,304
Purchase of traded goods	1,677,173	10,528,277
Employee benefits expense	145,899,288	127,095,172
Finance costs	40,015,022	43,116,146
Depreciation and amortisation expense	34,745,520	33,773,564
Other expenses	404,110,817	397,920,251
Total expenses	1,064,623,263	1,091,196,537
Profit before tax and after exceptional items	91,800,547	51,044,490
Tax expense:		
- Current tax	33,925,000	16,951,000
- Tax earlier years	-	-
- Deferred tax (credit)/ charge	(2,657,058)	566,842
Profit for the period	60,532,605	33,526,648

Explanatory notes to the Condensed Financial Statements

The notes referred to the above forms the integral part of this Condensed Statement of Profit & Loss

This is the Condensed Statement of Profit & Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

B P Singh
Partner

Place: Gurgaon
Date: July 29, 2014

For **EICL Limited**

Dr. Venkatesh Padmanabhan
Managing Director and
Chief Executive Officer

M K Gupta
Chief Financial Officer

EICL LIMITED

Condensed Cash Flow Statement for the period ended June 30, 2014

Particulars	Three-months ended on June 30, 2014	Three-months ended on June 30, 2013
	Unaudited	Unaudited
	₹	₹
Cash flows from operating activities	179,880,031	108,749,689
Cash flows from investing activities	(14,873,740)	(23,549,950)
Cash flows from financing activities	(178,334,467)	(89,981,969)
Net increase/(decrease) in cash and cash equivalents	(13,328,176)	(4,782,230)
Cash and cash equivalents at the beginning of the period	29,515,531	10,676,225
Cash and cash equivalents at the end of the period	16,187,355	5,893,995
Components of cash and cash equivalents		
Cash on hand	735,396	1,627,731
Savings account with post office	272	272
Deposit accounts (other than pledged)	3,256,110	-
Balance with scheduled banks in current accounts	12,195,577	4,265,992
Cash and Cash equivalents	16,187,355	5,893,995

Explanatory notes to the Condensed Financial Statements

The notes referred to the above forms the integral part of this condensed Cash Flow Statement

This is the Condensed Statement of Cash Flow Statement referred to in our report of even date

For Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Chartered Accountants

B P Singh
Partner

Place: Gurgaon
Date: July 29, 2014

For EICL Limited

Dr. Venkatesh Padmanabhan
Managing Director and
Chief Executive Officer

M K Gupta
Chief Financial Officer

EICL Limited

Explanatory notes to Condensed Financial Statements for the quarter ended June 30, 2014

1) Background

EICL Limited, a Company incorporated in India in 1963, under the Companies Act, 1956, was a part of the erstwhile Thapar Group. The Company is engaged in the business of mining of clay (Kaolin) and manufacturing of processed clay, starch and allied products.

2) (a) Basis of Preparation of Condensed Financial Statements

The Condensed Financials Statements have been prepared and presented under the historical convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP"). The Accounting policies used to prepare the condensed financial statements for the quarter ended 30 June, 2014 are the same as those used to prepare the annual financial statements for the year ended 31 March, 2014.

(b) Use of Estimates

In preparing the Company's Condensed Financial Statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by the management in preparation of these financial statements includes estimates of the economic useful lives of the fixed assets, provision for doubtful debts and advances and accrual for employee benefits.

3) Significant Accounting Polices

The Condensed Financial Statements for the quarter ended June 30, 2014 are prepared in accordance with AS 25 'Interim Financial Reporting', prescribed by the Companies (Accounting Standard) Rules, 2006. These condensed financial statements include selected explanatory notes and hence does not include all disclosures as regards for a complete set of financial statements. The accounting policies used to prepare the condensed financial statements for the quarter ended June 30, 2014 are the same as those used to prepare the annual financial statements for the year ended March 31, 2014.

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4) SEGMENT INFORMATION

A. Primary Segment reporting (by business segments)

i. Composition of Business segments

The Company's business segments are organised as under:

a) **Clay products:** Segment manufactures and supplies the clay products to various industries like paper, paint, rubber and fibreglass etc.,

b) **Starch products:** Segment comprising starch/ speciality starch, syrups and modified starch, manufactures and supplies the starch products to various industries like paper, textile, food and pharma etc.,

The accounting policies applicable to the reportable segment are the same as those used in the preparation of Financial Statements to record revenue and expenditure in individual segments. Segment revenue and expenses include amounts which are directly identifiable to a segment or allocable on a reasonable basis. Segment assets include all operating assets used by the segment and consists primarily of debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consists primarily of Creditors and Statutory Liabilities.

Primary segment

Particulars	CLAY		STARCH		TOTAL	
	June 30, 2014 ₹	June 30, 2013 ₹	June 30, 2014 ₹	June 30, 2013 ₹	June 30, 2014 ₹	June 30, 2013 ₹
- Segment revenue						
Gross sales to external customers	698,021,919	668,340,128	486,838,145	507,038,145	1,184,860,064	1,175,378,274
Other income	518,422	2,651,023	(249,795)	(68,450)	268,627	2,582,573
					1,185,128,691	1,177,960,847
- Segment result (Operating profit)	118,733,727	117,533,728	15,210,187	(20,935,473)	133,943,915	96,598,256
<i>Less :</i>						
Un-allocated (income) / expenses					2,128,345	2,437,620
Interest expense (net)					40,015,022	43,116,146
Exceptional items					-	-
Income taxes (net)					31,267,942	17,517,842
Net profit as per Statement of Profit and Loss					60,532,605	33,526,648
- Total carrying amount of segment asset	2,265,275,913	2,165,929,410	1,376,338,104	1,493,117,384	3,641,614,017	3,659,046,795
Un-allocated					59,121,141	44,641,004
					3,700,735,158	3,703,687,799
- Segment liabilities	245,034,621	249,547,473	241,009,125	230,369,061	486,043,746	479,916,534
Un-allocated					1,446,937,915	1,578,957,562
					1,932,981,661	2,058,874,096
- Capital expenditure during the year	23,246,460	12,586,678	24,780	(25,155,406)	23,271,240	(12,568,728)
Un-allocated					1,779,369	57,698
					25,050,609	(12,511,030)
- Depreciation/Amortisation	19,820,755	20,182,422	13,187,753	12,565,145	33,008,508	32,747,567
Un-allocated					1,737,012	1,025,997
					34,745,520	33,773,564

EICL LIMITED**Explanatory notes to the condensed financial statements****5) EARNINGS PER SHARE**

The earnings considered in ascertaining the Company's Basic EPS comprises of net profit after tax. The number of shares used in computing basic EPS is weighted average number of shares outstanding during the period. The earnings considered in ascertaining the Company's dilutive EPS comprises of net profit after tax as adjusted for expenses and income that would result from the conversion of the dilutive potential equity shares. The number of shares used in computing diluted EPS is the weighted average number of shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares.

The computation of Basic and Diluted earning per share is as follows:

Particulars	Three-months ended on June 30, 2014 ₹	Three-months ended on June 30, 2013 ₹	Year ended March 31, 2014 ₹
a) Weighted average no of Equity Shares of ₹2 each			
Number of Equity Shares at the beginning of the year	50,276,013	50,276,013	50,276,013
b) Net profit after tax	60,532,605	33,526,648	160,991,512
Less : Dividend on 11% Redeemable preference shares	9,652,087	9,652,088	38,608,350
Net profit after tax available to equity shareholders	50,880,518	23,874,560	122,383,162
c) Potential Number of Equity Shares at the end of the year			
Total Number of Equity Shares as per (a) above	50,276,013	50,276,013	50,276,013
Number of Equity shares deemed converted at the beginning of the year	-	-	-
	50,276,013	50,276,013	50,276,013
d) Net profit after tax available for potential equity shareholders			
Net profit after tax available to equity shareholders	50,880,518	23,874,560	122,383,162
Income on dilutive potential Equity shares	-	-	-
	50,880,518	23,874,560	122,383,162
e) Basic EPS	1.01	0.47	2.43
f) Diluted EPS	1.01	0.47	2.43
g) Nominal Value of Equity Share	2.00	2.00	2.00

6) CONTINGENT LIABILITIES AND COMMITMENTS

Estimated amounts of contracts remaining to be executed on capital account (net of advances) ₹ 420,944 (2013-14 : ₹ 23,880,226).

The other contingent liabilities for the quarter ended June 30, 2014 are the same as those disclosed in the annual financial statements for the year ended March 31, 2014.