

Walker Chandiook & Co LLP

Report on the Review of Interim Financial statements

To the Board of Directors of EICL Limited

Walker Chandiook & Co LLP
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1 Introduction

We have reviewed the attached Condensed Balance Sheet of EICL Limited, (the 'Company') as at 31 December 2014, and also the Condensed Statement of Profit and Loss and the Condensed Cash Flow Statement for the nine 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 are not prepared, in all material respects, in accordance with Accounting Standard 25 - Interim Financial Reporting, as notified under the Companies (Accounting Standard) Rules, 2006, read with Rule 7 of the Companies (Accounts) Rules, 2014, in respect of section 133 of the Companies Act, 2013.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co.)

Chartered Accountants

Firm Registration No.: 001076N/N500013

Ashish Gupta
per Ashish Gupta

Partner

Membership No. 504662

Place : Bangalore

Date : February 27, 2015



EICL LIMITED

Condensed Balance Sheet as at December 31, 2014

Particulars	As at Dec 31, 2014	As at March 31, 2014
	Unaudited	Audited
	₹	₹
I. Sources of Funds		
Shareholders' funds		
Share capital	40,05,52,026	40,05,52,026
Reserves and surplus	1,46,00,81,506	1,31,60,72,061
	<u>1,86,06,33,532</u>	<u>1,71,66,24,087</u>
Loan funds		
Non current liabilities		
Long term borrowings	27,12,91,191	33,26,93,735
Deferred tax liabilities (net)	22,05,00,844	23,62,62,520
Other long term liabilities	1,45,18,160	1,44,59,672
Long term provisions	1,16,57,177	1,32,49,970
	<u>51,79,67,372</u>	<u>59,66,65,897</u>
Current liabilities		
Short term borrowings	58,48,71,328	59,16,82,073
Trade payables	40,65,34,932	34,89,87,381
Other current liabilities	30,06,35,104	38,96,85,319
Short term provisions	7,00,88,026	10,41,47,471
	<u>1,36,21,29,390</u>	<u>1,43,45,02,244</u>
Total	<u><u>3,74,07,30,294</u></u>	<u><u>3,74,77,92,228</u></u>
II. Application of Funds		
Non current assets		
Fixed assets		
Tangible assets	2,36,90,94,016	2,46,13,39,353
Intangible assets	35,39,465	31,90,336
Capital work in progress	4,83,62,843	1,65,76,925
Non current investments	5,00,000	5,00,000
Long term loans and advances	6,13,43,837	5,68,62,780
Other non current assets	30,22,542	25,57,496
	<u>2,48,58,62,703</u>	<u>2,54,10,26,890</u>
Current assets		
Inventories	58,56,51,564	45,60,84,995
Trade receivables	54,92,16,018	61,37,61,741
Cash and bank balances	2,15,78,247	4,41,57,527
Short term loans and advances	8,35,29,554	7,65,30,490
Other current assets	1,48,92,208	1,62,30,585
	<u>1,25,48,67,591</u>	<u>1,20,67,65,338</u>
Total	<u><u>3,74,07,30,294</u></u>	<u><u>3,74,77,92,228</u></u>

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

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

Ashish Gupta
Ashish Gupta
Partner



Place: Bangalore
Date: February 27, 2015

For EICL Limited

Dr. Venkatesh Padmanabhan
Dr. Venkatesh Padmanabhan
Managing Director and
Chief Executive Officer

M K Gupta
M K Gupta
Chief Financial Officer

Particulars	Three-months ended on Dec 31, 2014	Three-months ended on Dec 31, 2013	Nine-months ended on Dec 31, 2014	Nine-months ended on Dec 31, 2013
	Unaudited	Unaudited	Unaudited	Unaudited
	₹	₹	₹	₹
Sales and other operational income (gross)	1,12,44,79,646	1,18,85,52,106	3,59,21,19,613	3,54,87,83,670
Less: Excise duty	(2,69,44,949)	(3,25,24,709)	(8,64,75,745)	(10,20,62,499)
Sales and other operational income (net)	1,09,75,34,697	1,15,60,27,397	3,50,56,43,868	3,44,67,21,171
Other Income	58,67,961	(1,44,656)	1,04,40,241	45,97,288
Total income	1,10,34,02,658	1,15,58,82,741	3,51,60,84,109	3,45,13,18,459
Raw material consumed	45,68,63,604	45,56,29,210	1,33,10,06,227	1,31,21,75,387
(Increase)/Decrease in inventories	(8,73,66,509)	(3,44,39,591)	(7,33,31,100)	2,75,33,974
Purchase of traded goods	67,08,608	1,11,35,534	1,32,80,171	2,80,38,607
Employee benefits expense	13,77,11,818	13,42,25,703	42,77,97,833	39,05,75,764
Finance costs	3,68,78,761	4,35,63,750	12,09,25,266	13,19,27,362
Depreciation and amortisation expense	3,36,36,668	3,39,90,166	10,10,90,177	10,15,55,937
Other expenses	42,82,55,543	45,37,01,733	1,28,19,57,865	1,28,59,25,395
Total expenses	1,01,26,88,493	1,09,78,06,505	3,20,27,26,439	3,27,77,32,426
Profit before tax and after exceptional items	9,07,14,165	5,80,76,236	31,33,57,670	17,35,86,033
Tax expense:				
- Current tax	3,41,08,000	2,19,24,000	11,22,16,000	6,07,53,000
- Tax earlier years	-	-	-	-
- Deferred tax (credit)/ charge	(17,62,836)	(15,40,236)	(42,62,322)	(7,38,508)
Profit for the period	5,83,69,001	3,76,92,472	20,54,03,992	11,35,71,541

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

Walker Chandiook & Co

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

Ashish Gupta
Ashish Gupta
Partner



Place: Bangalore
Date: February 27, 2015

For EICL Limited

Dr. Venkatesh Padmanabhan
Dr. Venkatesh Padmanabhan
Managing Director and
Chief Executive Officer

M K Gupta
M K Gupta
Chief Financial Officer

EICL LIMITED

Condensed Cash Flow Statement for the period ended December 31, 2014

Particulars	Nine-months ended on Dec 31, 2014	Nine-months ended on Dec 31, 2013
	Unaudited	Unaudited
	₹	₹
Cash flows from operating activities	40,49,83,224	37,33,63,584
Cash flows used in investing activities	(7,31,45,366)	(9,37,54,308)
Cash flows used in financing activities	(35,44,71,497)	(27,83,33,787)
Net decrease in cash and cash equivalents	(2,26,33,639)	12,75,489
Cash and cash equivalents at the beginning of the period	2,95,15,531	1,06,76,225
Cash and cash equivalents at the end of the period	68,81,892	1,19,51,714
Components of cash and cash equivalents		
Cash on hand	12,33,588	14,00,187
Savings account with post office	272	272
Deposit accounts (other than pledged)	8,67,682	-
Balance with scheduled banks in current accounts	47,80,350	1,05,51,255
Cash and Cash equivalents	68,81,892	1,19,51,714

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

Walker Chandiook

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

Ashish Gupta
Ashish Gupta
Partner



Place: Bangalore

Date: February 27, 2015

For EICL Limited

Dr. Venkatesh Padmanabhan
Dr. Venkatesh Padmanabhan
Managing Director and
Chief Executive Officer

M K Gupta
M K Gupta
Chief Financial Officer

EICL Limited

Explanatory notes to Condensed Financial Statements for the nine months ended December 31, 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) Significant Accounting Policies

(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 nine months ended 31 December, 2014 are the same as those used to prepare the annual financial statements for the year ended 31 March, 2014.

The Condensed Financial Statements for the nine months ended 31 December, 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 nine months ended 31 December, 2014 are the same as those used to prepare the annual financial statements for the year ended March 31, 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) 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.

Particulars	CLAY		STARCH		TOTAL	
	Dec 31, 2014 ₹	Dec 31, 2013 ₹	Dec 31, 2014 ₹	Dec 31, 2013 ₹	Dec 31, 2014 ₹	Dec 31, 2013 ₹
- Segment revenue						
Gross sales to external customers	2,12,30,95,688	2,02,66,25,587	1,46,90,23,925	1,52,21,58,083	3,59,21,19,613	3,54,87,83,670
Other income	41,47,872	35,08,800	38,61,544	(8,17,502)	80,09,416	26,91,298
					3,60,01,29,029	3,55,14,74,968
- Segment result (Operating profit)	37,20,03,611	33,61,54,276	7,08,24,489	(2,37,82,350)	44,28,28,100	31,23,71,926
<i>Less:</i>						
Un-allocated (income) / expenses					85,45,164	68,58,531
Interest expense (net)					12,09,25,266	13,19,27,362
Exceptional items					-	-
Income taxes (net)					10,79,53,678	6,00,14,492
					20,54,03,992	11,35,71,541
Net profit as per Statement of Profit and Loss						
- Total carrying amount of segment asset	2,32,40,11,737	2,20,64,82,794	1,34,68,21,835	1,39,32,04,998	3,67,08,33,572	3,59,96,87,792
Un-allocated					6,98,96,722	6,49,46,115
					3,74,07,30,294	3,66,46,33,907
- Segment liabilities	26,79,37,944	24,10,00,898	23,16,48,279	19,52,24,671	49,95,86,223	43,62,25,569
Un-allocated					1,38,05,10,539	29,84,27,778
					1,88,00,96,762	73,46,53,347
- Capital expenditure during the year	6,60,93,394	4,71,19,738	3,74,781	1,71,14,234	6,64,68,175	6,42,33,972
Un-allocated					59,72,575	1,51,10,049
					7,24,40,750	7,93,44,021
- Depreciation/Amortisation	5,83,89,596	6,03,38,453	3,86,22,417	3,81,30,852	9,70,12,013	9,84,69,305
Un-allocated					40,78,164	30,86,632
					10,10,90,177	10,15,55,937



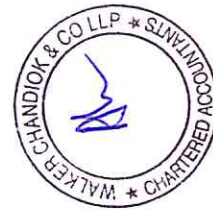
EICL LIMITED
Explanatory notes to the condensed financial statements

4) 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 December 31, 2014	Three-months ended on December 31, 2013	Nine-months ended on December 31, 2014	Nine-months ended on December 31, 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	5,02,76,013	5,02,76,013	5,02,76,013	5,02,76,013	5,02,76,013
b) Net profit after tax	5,83,69,001	3,76,92,472	20,54,03,992	11,35,71,541	16,09,91,512
Less : Dividend on 11% Redeemable preference shares	99,39,163	96,52,088	2,95,30,413	2,89,56,263	3,86,08,350
Net profit after tax available to equity shareholders	4,84,29,838	2,80,40,384	17,58,73,579	8,46,15,278	12,23,83,162
c) Potential Number of Equity Shares at the end of the year					
Total Number of Equity Shares as per (a) above	5,02,76,013	5,02,76,013	5,02,76,013	5,02,76,013	5,02,76,013
Number of Equity shares deemed converted at the beginning of the year	-	-	-	-	-
d) Net profit after tax available for potential equity shareholders	5,02,76,013	5,02,76,013	5,02,76,013	5,02,76,013	5,02,76,013
Net profit after tax available to equity shareholders	4,84,29,838	2,80,40,384	17,58,73,579	8,46,15,278	12,23,83,162
Income on dilutive potential Equity shares	4,84,29,838	2,80,40,384	17,58,73,579	8,46,15,278	12,23,83,162
e) Basic EPS	0.96	0.56	3.50	1.68	2.43
f) Diluted EPS	0.96	0.56	3.50	1.68	2.43
g) Nominal Value of Equity Share	2.00	2.00	2.00	2.00	2.00



5 CONTINGENT LIABILITIES AND COMMITMENTS

1) Contingent liabilities

Particulars	As at December 31, 2014 ₹	As at March 31, 2014 ₹
a) Outstanding bank guarantees and letter of credits	2,08,76,710	1,99,74,041
b) Excise and sales tax matters:		
i) Demand received from Commissioner of Central Excise, Panchkula on account of misclassification of plain maize starch against which stay has been granted by CESTAT, New Delhi (including penalty of ₹ 31,747,298; (March 31, 2014: ₹ 31,747,298) against which an amount of ₹ 507,000 (March 31, 2014 : ₹ 507,000) deposited under protest (note 3).	-	6,34,94,596
ii) Entry tax levied by the Government of Kerala on Special Kerosene Oil (SKO), pending before Hon'ble Supreme Court of India against which an amount of ₹ 15,133,588 (March 31, 2014 : ₹ 15,133,588) deposited under protest.	1,51,33,588	1,51,33,588
c) Income tax matters	13,46,91,876	14,00,52,056

2) Estimated amounts of contracts remaining to be executed on capital account (net of advances) ₹ 8,838,471 (March 31, 2014 : ₹ 23,880,226).

3) a) Contingent liabilities with respect to excise and sales tax matters referred in paragraph 1 above excludes as demands aggregating to ₹ 107,369,734 for the year 2000 to 2004 relating to inputs used in manufacturing of excisable and as well as exempted goods and cenvat credit of service tax, pending with Central Excise and Service Tax Appellate Tribunal (CESTAT) were set aside and remitted to the relevant authorities for a fresh decision and revision in demand. Consequently amount deposited under protest amounting to ₹ 1,241,379 have been considered good and recoverable and no provision for the same has been considered necessary. Further, till the time demands are received by the Company amounts of contingent liabilities, if any, is not ascertainable.

Based on above, the management is of the opinion that the appeals will be allowed in favour of the Company and hence no provision is required for the above.

