



Eastern Investment Ltd.

Overview of the company

Eastern Investments Limited (EIL), is a **Non-Banking Financial Company (NBFC)**, was incorporated in the year, **1927**.

It was **nationalized** by the Government of India through the **Bird & Company Ltd.** in the year 1980 and it became a PSU w.e.f 19th March, 2010.

EIL is **holding company** of The Orissa Minerals Development Company Limited (**OMDC**) and The Bisra Stone Lime Company Limited (**BSLC**).

RINL acquired **51%** equity in EIL and this helped RINL to reduce the production cost of Visakhapatnam (VSP) to some extent. Hence EIL became a subsidiary of RINL on 5th January, 2011, so **OMDC** is also a **subsidiary company** of RINL.

OMDC operates **six** Iron Ore and Manganese Ore mining leases at **Barbil** in the district of Keonjhar, **Odisha**. The lease rights of all the six mines have expired and the six mines are inoperative for want of Statutory Clearances, for which necessary actions is taken by the company to start mining.

The company is meeting its expenses from the interest earnings. The mines of OMDC together have an **estimated reserve** of about **206 million tonnes** of **Iron Ore** and **44 million tonnes** of **Manganese Ore**.

Corporate plan of **OMDC** for **2012-22** envisages production of **10 million tons** of Iron Ore and **1 million tons** of Manganese Ore and **2 MTPA** beneficiation and **2 MTPA** pellet plant at Barbil, Odisha.

The main activities of **BSLC** is mining and marketing of limestone and dolomite. The mines are located at Birmitrapur in the district of Sundargarh, Orissa. The BSLC is having reserves of about **287 million tons of dolomite & 367 million tons of limestone**. The main buyers of BSLC products (Dolomite & Limestone) are Steel Authority of India Limited (**SAIL**) Steel Plants. The company has received **Environment Clearance (EC)** for enhancing production to **5.26 Million Tons** of Dolomite and Limestone.

The **paid up capital** of the Eastern Investment Limited is **Rs.1.44 crores** consisting of 14,44,387 shares of Rs. 10 each.

The income of the company is mainly derived from the (i) Dividends from investments in shares of various companies including subsidiary company OMDC (ii) Interest on term deposits with banks and deposits in bonds.

Board of Directors

Shri. Pradosh Kumar Rath- Chairman

Shri. Prabir Raychaudhury- Managing Director

Smt. Pally Kundu- Director

Urmi Chaoudhury- Company Secretary

Promoters Holding

Particulars	% of Holding
Promoter and Promoters Group	68.55%
Public	31.45%

The promoter's shares are not pledged as per the information given by the company.

SWOT Analysis

1. Strengths

- It is the Subsidiary of RINL and Holding Company of OMDC (The Orissa Minerals Development Company Limited) and BSLC (The Bisra Stone Lime Company Limited).

2. Weaknesses

- Shortage of manpower and specific area of operations.

3. Opportunities

- Since EIL is holding 50.01% shares of OMDC, there is a scope of earning good dividend from OMDC.
- This is because on renewal of mining leases of OMDC, it is expected that production and sale of OMDC will increase substantially and EIL may earn dividends of substantial amount from OMDC.
- BSLC has permission from MOEF, GOI for enhancement of production from 0.96 MTPA to 5.26 MTPA.

4. Threats

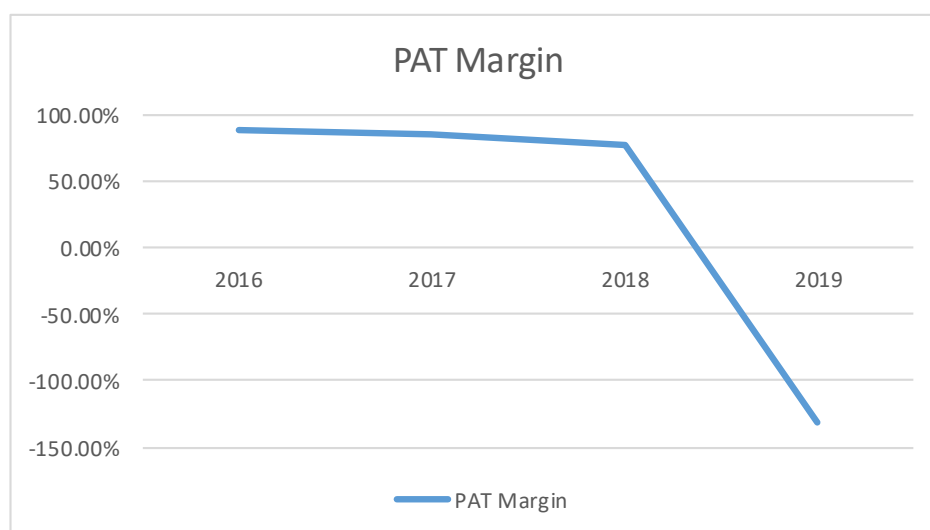
- All mining leases of its subsidiary OMDC have expired and their renewal prospects will determine its future growth.
- BSLC facing financial constraint and inconsistency in market demand.

Financial Overview

As per FY 2018-19, no dividend was declared by the directors of the company. This could be due to no dividend income earned by the company in the FY 2018-19.

Income and Expenditure Performance

Year End (figures in crores)	Mar 2019	Mar 2018	Mar 2017	Mar 2016	Mar 2015
Inc / Exp Performance					
Net Sales	0.02	0.45	1	1.62	0.61
Total Income	0.82	1.19	1.69	2.24	1.22
Total Expenditure	0.71	0.52	0.52	0.53	13.83
PBIDT	0.11	0.67	1.18	1.72	-12.62
PBIT	0.11	0.67	1.18	1.71	-12.62
PBT	0.10	0.67	1.17	1.71	-12.62
PAT	-0.02	0.35	0.85	1.44	-12.72
Cash Profit	-0.02	0.35	0.85	1.44	-12.71



(figures in crores)

Sources of Funds					
Equity Paid Up	1.44	1.44	1.44	1.44	1.44
Reserves and Surplus	268.56	268.58	268.32	267.68	266.58
Net Worth	270.01	270.03	269.76	269.12	268.03
Total Debt	0	0	0	0	0
Application of Funds					
Gross Block	0.09	0.09	0.09	0.09	0.09
Investments	258.68	258.68	258.68	261.68	261.93
Cash and Bank balance	7.98	5.98	9.03	2.72	6.16
Net Current Assets	10.23	7.7	11.56	3.16	1.7
Total Current Liabilities	0.23	0.4	0.61	1.02	4.8
Total Assets	270.8	270.97	270.89	270.66	273.37

Key Ratios

Current Ratio	44.76	20.13	20.04	4.09	1.35
ROCE	0.04	0.25	0.44	0.64	-4.6
RONW	-0.01	0.13	0.31	0.54	-4.63
PBIDT Margin (%)	629.34	147.3	117.24	105.72	2058.69
PAT Margin (%)	-131.14	76.74	84.43	88.75	2074.96

Market Cues (figures in crores)

Enterprise Value	-6.54	-4.54	-7.58	-1.27	-4.71
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Findings

- The total income of the company fell from 1.19 crores in FY2018 to 0.82 crores in the FY 2019
- The PAT margin has reduced to 131.14% due to the increase in the total expenses in the last one year.
- We see their capital structure to be almost the same throughout in the last FY 2018-19 with zero debt in sources if funds.
- The enterprise value has decreased to -6.54 crores in FY 2019 due to the increase in cash in this year. This is a good signal for the company.
- The current ratio of the company is 44.76 times which shows EIL is having a good liquidity position required in the short run duration.