

CENTURY ENKA LIMITED

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23rd January, 2014

National Stock Exchange of India Ltd.

Listing Department
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051.

Dear Sirs,

The Company has received an order from Commissioner of Central Excise, Raigad for Central Excise duty demand of Rs.229.27 Crores and an equal amount of penalty and interest at appropriate rate on demand amount of Central Excise. The demand was raised pursuant to the show cause notices issued by the Central Excise Department during the years 2001 to 2004. The alleged demand relates to bifurcation in the year 2000 of two units of the company at Mahad Site. The Department of Central Excise, prior to issue of show cause notices approved bifurcation of two units and issued separate licences for each unit. The Department later on cancelled the licences which was challenged by the company. The issue of two licences was decided by Commissioner of Central Excise (Appeal) as well as Central Excise and Service Tax Appellate Tribunal (CESTAT) in favour of the company. The Department of Central Excise went into appeal against the order of CESTAT before Hon'ble Bombay High Court which was dismissed for delay in filing the appeal. As the issue of bifurcation of two units has been settled in favour of the company, the question of demand of excise duty on the company does not arise. However, Excise Department has ignored the existence of two units which entitled the company to a specific rate of excise duty on sales and raised the alleged demand of excise duty (a) on an abnormally exaggerated notional sales value; (b) inflated sales quantity; and (c) without legitimate deduction of expenses and CENVAT Credit.

The Company has been advised by legal experts, that it has strong case and will challenge the alleged demand of the Excise Department in the appropriate forum.

This is for your kind information.

Thanking you,

Yours faithfully,
For CENTURY ENKA LIMITED

(C B Gagrani)
Company Secretary

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