

English Indian Clays Limited

[AN ISO 9001: 2000 COMPANY]



Karan Thapar
Chairman

Dear Shareholder(s),

The shares of your Company have been listed on the Bombay Stock Exchange (BSE) since 1994. Recently you witnessed an unprecedented movement in the price of the shares of the Company. On 12-02-2008 it closed at Rs.1,690/- per share and on 13-02-2008 the trading price was shown at Rs.185/- per share which was bound to shock the esteemed shareholders of the Company.

Let me first assure all of you that your Company is doing very well, implementing the growth plans of the company which inter alia includes the establishment of a starch project at Shimoga, Karnataka for which your Company is coming up with a Right Issue at Rs.1000/- i.e. one Share of Rs.10/- each at a premium of Rs.990/- per share. The expected earning per share for the year 2007-08 is about Rs.45/- per share and the intrinsic value of shares of the Company has strengthened substantially.

As you are aware, a Scheme of Arrangement and Demerger was implemented by the Company; amongst the various documents your company filed with the BSE, at their request, was a certificate of fair value of the share, post demerger, duly certified by the Merchant Banker. This fair value merely represents the Net Asset Value (N.A.V.)/Book Value of the Company's share, post demerger, at Rs.179/-per share. Unfortunately, and inadvertently, the BSE, without informing the Company of its intentions replaced the market price of the share with the Book value ignoring the recent trading history of the share, thereby causing enormous concern and confusion amongst all the shareholders of the Company.

The matter was taken up on an emergency basis with the Bombay Stock Exchange and Securities & Exchange Board of India (SEBI) for taking necessary corrective measures to reinstate the market price of the share which is under their consideration.

I reassure all of you that the growth plans of the Company are under active implementation, as earlier mentioned, and invite your whole hearted support to the forthcoming Rights issue of the Company.

Sincerely yours

A handwritten signature in black ink, appearing to read 'Karan Thapar', is written over a light blue circular stamp.

KARAN THAPAR

Date: 25th February, 2008

Place: Gurgaon

Regd. Office : TC-79/4, Veli, Thiruvananthapuram – 695 021 (Kerala)

Corporate Office: 801-803, Tower-B, Global Business Park, M.G. Road, Gurgaon – 122 001 (Haryana)

Phone: (0124) 2803379 – 83, Fax: (0124) 2803372