

Annual Report
2009-10



English Indian Clays Limited



English Indian Clays Limited

CHAIRMAN

MR. KARAN THAPAR

DIRECTORS

MR. S. N. DUA
MR. S. K. TOSHNIWAL
MR. J. K. JAIN
MR. VIJAY RAI

EXECUTIVE DIRECTOR

MR. RAHUL GUPTA

SR. VICE PRESIDENT

CORPORATE FINANCE ACCOUNTS &
ADMINISTRATION

MR. S. K. JAIN

COMPANY SECRETARY &

HEAD (CORPORATE LEGAL)

MR. P. S. SAINI

AUDITORS

M/S. PRICE WATERHOUSE
CHARTERED ACCOUNTANTS

BANKERS

AXIS BANK LIMITED
ORIENTAL BANK OF COMMERCE
STATE BANK OF INDIA
YES BANK LIMITED

REGISTERED OFFICE

TC-79/4, VELI,
THIRUVANANTHAPURAM-695 021
KERALA

CORPORATE OFFICE

801-803, TOWER-B, 8TH FLOOR,
GLOBAL BUSINESS PARK,
MEHRAULI-GURGAON ROAD,
GURGAON-122 001 (HARYANA)

WORKS

THIRUVANANTHAPURAM (KERALA)
YAMUNANAGAR (HARYANA)
PUDUCHERRY (U.T.)

THE SHARES OF THE COMPANY ARE LISTED ON BOMBAY STOCK EXCHANGE
LISTING FEE FOR THE YEAR 2010-2011 PAID TO BOMBAY STOCK EXCHANGE LTD.

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2010**

To,
The Members:

Your Directors are pleased to present the Annual Report with audited statement of accounts for the year ended 31st March, 2010.

(Rs. in Crores)

	31st March 2010	31st March 2009
Gross operating Profit (before interest and depreciation)	69.95	53.22
Less : Interest	13.60	13.94
Gross Profit before Depreciation	56.35	39.28
Less : Depreciation	11.85	10.26
Profit for the year	44.50	29.02
From which is deducted :		
- Provision for Taxation		
Current Tax	13.91	5.28
Fringe Benefit tax	—	0.25
Short (Excess) Provision adjusted	0.09	0.36
Deferred Tax	1.09	4.12
Profit after Tax	29.41	19.01
To which is added :		
- Balance brought forward from the previous year	18.33	17.37
Leaving a balance of	47.74	36.38
Which your Directors recommend to be appropriated As under :		
Interim Dividend Paid		
- @ Rs.Nil per Preference Share on 10% Preference Shares of Rs.100/- each (previous year Rs.10/- per Share on pro-rata)	—	0.83
- Rs.5.50 per Preference Share on 2000000 11% Preference Shares of Rs.100/- each (last year Rs.5.50)	1.10	1.10
- Rs.2.75 per Preference Share on 1000000 11% Preference Shares of Rs.100/- each on pro-rata basis (last year Nil)	0.28	—
- @ Rs.5/- per Equity Share of Rs.10/- each (last year Nil)	2.23	—
Proposed Dividend		
- @ Rs.5.50 on 2000000 11% Preference Shares of Rs.100/- each (last year Rs.5.50)	1.10	1.10
- Rs.2.75 per Preference Share on 1000000 11% Preference Shares of Rs.100/- each on pro-rata basis (last year Nil)	0.28	—
- @ Rs.5/- per Equity Share of Rs.10/- each (last year Rs.5/- per Share)	2.23	2.23
Tax on Dividend	1.21	0.89
Transfer to General Reserve	2.94	1.90
Transfer to capital redemption reserve	—	10.00
Carried forward to next year's account	36.37	18.33

DIVIDEND

During the year, your Directors had paid an interim dividend @ Rs. 5/- per Equity Share on 4468979 Equity Shares, face value Rs.10/- each, amounting to Rs.2,23,44,895/-, @ Rs.5.50 per Preference Share on 20,00,000 11% Cumulative Redeemable Preference Shares, face value of Rs.100/- each, amounting to Rs. 1,10,00,000/- and @ Rs.2.75 per Preference Share on 10,00,000 11% Cumulative Redeemable Preference Shares, face value of Rs.100/- each (allotted on 1-10-2009) amounting to Rs. 27,50,000/- (pro rata for 3 months).

Your Directors are pleased to recommend a final dividend @ Rs.5/- per Equity Share on 4468979 Equity Shares, face value Rs.10/- each, amounting to Rs.2,23,44,895/-, @ Rs.5.50 per Preference Share on 20,00,000 11% Cumulative Redeemable Preference Shares, face value of Rs.100/- each, amounting to Rs. 1,10,00,000/- and @ Rs.2.75 per Preference Share on 10,00,000 11% Cumulative Redeemable Preference Shares, face value of Rs.100/- each (allotted on 1-10-2009) amounting to Rs. 27,50,000/- (pro rata basis). The total outgo on account of dividend including dividend tax of Rs.1,21,29,238/- will be Rs.8,43,19,028/-.

CAPITAL

During the year under review, the Company issued and allotted 10,00,000 11% Cumulative Redeemable Preference Shares of Rs.100/- each aggregating to Rs.10,00,00,000/- to M/s Karun Carpets Pvt. Ltd. on 1st October, 2009. The existing Issued, Subscribed and Paid up Capital is Rs.34,46,89,790/- consisting of Preference Share Capital of Rs.30,00,00,000/- and Equity Share Capital of Rs.4,46,89,790/.

PROPOSED CHANGES IN THE SHARE CAPITAL

With a view to boost liquidity of the shares in the market and make available more floating stock in the hands of shareholders of the Company, the Board of Directors of the Company has recommended;

- a) to sub-divide 1 (one) Equity Share of Rs.10/- each fully paid up into 5 (five) Equity Shares of Rs.2/- each fully paid up;
- b) to issue Bonus shares to the existing Equity Shareholders of the Company in the ratio of 5:4 i.e. 5 (five) Bonus Equity Shares of Rs.2/- each for every 4 (four) Equity Shares of Rs.2/- each held as on the Record Date/Book Closure.

In view of the aforesaid proposal and considering the plans of the Company to raise money through Equity Shares for its future capital expenditure requirement, the Authorised Share Capital of the Company is proposed to be increased from Rs.38,00,00,000/- to Rs.48,00,00,000/- by creation of additional 1,00,00,000 Equity Shares of Rs.10/- each.

More detail in respect of the aforesaid proposals is provided in the notice of the Annual General Meeting.

OPERATIONS

The year under review witnessed sustained recovery from the global economic recession and the overall performance of the company was impacted positively. Your Company registered a sales growth of 18% with a turnover of Rs.343 Crores as against Rs.290 Crores in the previous year. The Profit from operations (PBDIT) excluding other income has increased significantly from Rs.53

Crores to Rs. 70 Crores, an increase of 32% over the previous year. Profit after tax increased from Rs.19 Crores to Rs. 29 Crores an increase of 53%. A detailed review of the operation and performance of clay and starch business is contained in the Management Discussion & Analysis Report which is appended to the Directors' Report and forms part of it.

EXPORTS

The value of exports of your company has increased from Rs.31 Crores to Rs.36 Crores, an increase of 16% over the previous year, in line with the global recovery from recession. In terms of volume, exports increased to 17634 MT from 16555 MT, registering an increase of about 6%.

NEW PLANT

Starch Plant

The Speciality Starch Project at Shimoga which was put on hold during 2009-10 due to the global economic recession, is under continuous review of the Company and may be revived during the next financial year in view of the improved economic conditions. As reported earlier, the Company has already taken possession of 66 Acres of land at Shimoga and has so far incurred an expenditure of about Rs.10.83 Crores on the project.

RESEARCH & DEVELOPMENT ACTIVITIES

Your Company continues to lay emphasis on R&D activities. The Company's R&D units continue to play a defined role in new product development, application support to the customer, as well as technical support to plant operations.

Particulars with respect to R&D activities carried out, benefits derived, and the expenditure incurred thereon during the year under review are provided in Form B annexed to this report and form part of this report.

FIXED DEPOSITS

On 31st March, 2010 fixed deposit amounting to Rs. 15,95,000/- which became due for repayment had remained unclaimed by 39 depositors.

CORPORATE GOVERNANCE

The Company has complied with the code on corporate governance as prescribed by the Securities & Exchange Board of India (SEBI) and had taken all necessary steps to ensure that the guidelines prescribed by SEBI in this regard are fully complied with. A compliance report alongwith Auditor's Certificate and the management discussion and analysis is appended herewith.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy and detail of Technology absorption in respect of Starch Division is annexed herewith in Form A.

The company has recorded export earnings of Rs. 17.16 Crores and remittance of foreign currency equivalent to Rs. 22.97 Crores towards various purposes details of which have been incorporated in the Notes to Accounts No. 3 to 5 of Schedule 23(B).

DIRECTORS

Mr. S.K. Toshniwal and Mr. Vijay Rai, Directors being longest in the Office, are liable to retire by rotation and are eligible for reappointment. Their appointments are recommended for your approval. The Profile of Mr. S.K. Toshniwal and Mr. Vijay Rai seeking reappointment, forms part of the Corporate Governance Report.

Mr. D. Kohli, Managing Director of the Company ceased to be the Managing Director/ Director w.e.f. 31-03-2010 as per the terms of his appointment. Mr. D. Kohli had been associated with the Company in different positions over a period of 20 years. The Board places on record its appreciation for the invaluable service rendered by Mr. D. Kohli during his association with the Company.

PROMOTER GROUP

The Company is a part of B.M. Thapar Group. The Promoter Group holding in the Company currently is 79.91% of the Company's Equity Capital. The Members may note that B.M. Thapar Group, inter alia, comprise of the following Companies (1) Greaves Cotton Ltd., (2) Premium Energy Transmission Ltd., (3) Pembril Industrial & Engineering Company Pvt. Ltd., (4) DBH International Pvt. Ltd. (5) Karun Carpets Pvt. Ltd., (6) Greaves Leasing Finance Ltd., (7) Bharat Projects Pvt. Ltd., (8) Dee Greaves Ltd., (9) KCT Chemicals & Electricals Ltd., (10) Standard Refinery & Distillery Ltd., (11) Bharat Starch Products Ltd., (12) DBH Global Holdings Ltd., (13) DBH Investments Pvt. Ltd., (14) Greaves Farymann Diesel GmbH (15) DBH Consulting Ltd. (16) Greaves Auto Ltd. and (17) Greaves Cotton Netherlands B.V.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

Name of the employees as covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 as amended upto date are attached herewith and form part of Directors' Report, as Annexure 'A'.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, the existing Auditors retire and are eligible for reappointment. Their appointment is recommended for your approval.

RESPONSIBILITY STATEMENT

Pursuant to the requirements of section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed;

- a) That the Company has followed the applicable accounting standards in the preparation of the Annual Accounts for the year ending 31-03-2010 and there is no material deviation from the previous year.
- b) That the Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the year ended 31st March, 2010 and of the profit of the year ended 31.03.2010.
- c) That the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;

d) That the Annual Accounts are prepared on a going concern basis.

CORPORATE SOCIAL RESPONSIBILITY

Your Company continued to pursue its agenda on social responsibility through rain water harvesting scheme under which water is provided free of cost to neighbouring villages around Thonnakkal mines. The Company also conducts regular medical camps for the nearby villagers.

HUMAN RESOURCES

Your Company has successfully aligned human capital with business and organizational objectives. The emphasis has been on team work, skill development and management labour relations.

INDUSTRIAL RELATIONS

The Board of Directors places on record their deep appreciation of the dedicated efforts and valuable contribution made by employees of the Company at all levels. The Industrial relations were cordial at all units of the Company.

ACKNOWLEDGEMENT

The Board of Directors takes this opportunity to sincerely express their appreciation for the continued support and confidence received from Banks/Financial Institutions viz. Axis Bank Ltd., Oriental Bank of Commerce, State Bank of India, State Bank of Indore, Yes Bank Ltd. and Life Insurance Corporation of India, and Central and State Governments and other Government authorities.

The Directors are also thankful to the stakeholders for their continued support to the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Gurgaon
Date : 18-05-2010

**Sd/-
(RAHUL GUPTA)
Executive Director**

**Sd/-
(VIJAY RAI)
Director**

ENERGY CONSERVATION STATEMENT
STARCH UNIT (YAMUNANAGAR & PUDUCHERRY)
FORM – A

Power & Fuel Consumption	Current Year ended 1/4/2009 to 31/3/2010	Previous Year ended 1/4/2008 to 31/3/2009
1. Electricity		
a. Purchased		
Units (KWH)	11,378,820	13,631,493
Total amount (Rs. Lacs)	467.72	574.66
Rate/Unit	4.11	4.22
b. Own Generations		
(i) Through Diesel Generator sets		
Units (KWH)	1,311,161	2,142,949
Units/ Ltr of diesel	3.03	3.21
Cost/unit (Rs)	10.15	9.93
(ii) Through CO-Generation Power Plant (Units)	3,376,602	1,240,583
2. Fuel		
a. Coal and Lignite		
Quantity (MT)	1,277	3,498
Total Cost (Rs. Lacs)	73.05	188.31
Average rate/MT (Rs.)	5,721	5,383
b. Agro waste - Husk, Wood waste etc.		
Quantity (MT)	33,626	14,785
Total Cost (Rs. Lacs)	676	308
Average rate/MT (Rs.)	2,011	2,083
c. Furnace Oil		
Quantity (per '000 KL)	220	495
Total Cost (Rs. Lacs)	62.08	141.04
Average rate (Per KL) (Rs)	28,240	28,499
Consumption/MT of production		
i) Electricity (UNITS/MT)	267	288
ii) Fuel		
a. Coal and Lignite (Kg)	21.2	59.2
b. Agro waste - Husk, Wood waste etc. (Kg)	558.6	250.3
c. Furnace Oil (KL)	3.7	8.4

F O R M – B

1. Specific Areas in which R & D Carried out by the Company.

Clay Division

- a) New process route developed for improving the clay recovery.
- b) Developed new products for paint and rubber applications.
- c) Developed new cost effective bleaching technique

Starch Division

- a) Developed of new surface sizing starch for writing / printing application.
- b) New Process route developed for quality improvement in wet end starch manufacture.
- c) Developed emulsifier for ASA sizing.

2. Benefits derived as a result of the above Research & Development :-

Clay Division

- a) Raw matrix saving.
- b) New Business Development.

Starch Division

- a) New Business Development.
- b) Manufacturing cost reduction and quality improvement.
- c) Import substitution.

3. Future Plan of Action :-

Clay Division

- a) Conservation of raw matrix.
- b) Development of products for new applications.

Starch Division

- a) Development of import substitute products for Pharma and Poultry industry.
- b) Development of alternative process route for improving efficiency of Starch Syrup manufacturing.

4. Expenditure on R & D :-

	31st March, 2010	31st March,2009
	(Rs.)	(Rs.)
a) Capital	23,10,157	56,75,998
b) Recurring	1,28,30,110	1,10,42,624
c) Total	1,51,40,267	1,67,18,622
d) Total R&D Expenditure as a percentage of total turnover	0.44%	0.58%

ANNEXURE 'A'

Information pursuant to Section 217 (2A) read with the Companies (Particulars Of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the financial year ended March 31, 2010.

Sr. Number	Name	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Last Employment held
1	Mr.Dellinder Kohli*	Managing Director	11,201,077	B.A.	20 Years	01.04.1993	64	DBH International Pvt.Ltd.
2	Mr.Rahul Gupta	Executive Director	6,984,000	B.Tech (IIT, Delhi) MS(Cheical Engg.)	36 Years	02.03.2009	57	Usha Martin Limited

* Ceased to be Managing Director on 31-03-2010.

Notes

- All appointments are contractual.
- Gross Remuneration includes Salary, Allowances, Performance Incentive, Leave Travel Concession, Company's Contribution to Provident Fund and Superannuation Fund, Leave Salary, Gratuity paid if any. Where it is not possible to ascertain the actual expenditure incurred by the Company in providing perquisites, the monetary value of such perquisites has been calculated in accordance with the Income Tax Act, 1961 and the Rules made thereunder.
- None of the employees listed above, is a relative of any Director of the Company.

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company believes that the essence of Corporate Governance is transparency, accountability, investor protection, better compliance with statutory laws and regulations, value creation for its various constituents such as stakeholders, customers, employees and creditors. The Company recognize the importance of strong Corporate Governance which is an important mechanism to achieve its objectives. During the year under review your Company has followed all mandatory requirements provided under Clause 49 of the Listing Agreement with the Stock Exchange.

2. BOARD OF DIRECTORS

2.1 Composition of Board of Directors

The Board of Directors comprises of a Non-Executive Chairman, an Executive Director and four Non-Executive/independent Directors as on 31-03-2010. Mr. D. Kohli who was the Managing Director superannuated on 31-03-2010. The composition of the Board, attendance of the Directors at the Meetings and also other directorships/memberships of the Committees, are as follows :

Name of the Directors	Category of Director	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	Committee Memberships	
					As a Member	As a Chairman
Mr. Karan Thapar	Chairman (Non-Executive Promoter)	5	No	8	2	—
Mr. S.N. Dua	Non-Executive Independent	4	No	6	2	—
Mr. S.K. Toshniwal	Non-Executive Independent	5	Yes	3	-	1
Mr. Vijay Rai	Non-Executive Independent	5	Yes	9	3	1
Mr. J.K. Jain	Non-Executive Independent	3	No	3	7	1
Mr. D. Kohli *	Managing Director	5	No	2	1	—
Mr. Rahul Gupta	Executive Director	5	No	-	-	—

As on 31-03-2010, the Directors of the Company are not related to each other and are independent of each other.

* Mr. D. Kohli ceased to be a Managing Director/Director of the Company as on 31-03-2010.

2.2 Board Meetings

The meetings of the Board of Directors of the Company are usually held at Company's Corporate Office at Gurgaon and generally chaired by Mr. Karan Thapar, Chairman of the Company. During the year, the Company held five Board Meetings on 20th May, 2009, 24th July, 2009, 26th October, 2009, 27th January, 2010 and 29th March, 2010.

3. AUDIT COMMITTEE

3.1 Composition

The Audit Committee comprises of three Independent Directors viz. Mr. Vijay Rai, Mr. J.K. Jain and Mr. S.N. Dua. Mr. Vijay Rai is appointed by the Committee as the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The Executive Director and Senior Vice President (Corporate Finance, Accounts & Administration) are the permanent invitees at the Committee Meetings.

During the year, the Committee met four times, on 20th May, 2009, 24th July, 2009, 26th October, 2009 and 27th January, 2010.

Attendance of the Members at the Committee Meetings was as under :-

Name	Number of Meetings attended
Mr. Vijay Rai	4
Mr. S.N. Dua	2
Mr. J.K. Jain	3

3.2 Terms of Reference

The terms of reference of the Audit Committee inter alia, include the following :

- To discuss with the Auditors both Internal Auditors as well as Statutory Auditors on adequacy of internal controls in systems and procedures.
- Adherence to significant Accounting Policies and compliance with the Accounting Standards.
- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Internal as well as Statutory Auditors and the fixation of audit fees and fees for other services rendered by the Auditors.
- To review periodic financial results before submission to the Board with particular reference to;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by Management.
 - Any qualification in draft audit report.
 - Compliance with Accounting Standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.

- Review of financial reporting system.
- Review of Company's financial and risk management policies.
- Ensuring regulatory compliances.
- To review the related party transactions.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To investigate any activity within its terms of reference.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders Grievance/Share Transfer Committee comprises of Mr. S.K. Toshniwal as Chairman of the Committee and Mr. Karan Thapar, Mr. D. Kohli (since retired on 31-03-2010) and Mr. S.N. Dua as other members of the Committee.

The Committee deals in matter relating to transfer and transmission of shares, issue of duplicate share certificates, redressing of investor's complaint such as non receipt of shares/dividends etc. and other matters related to shares of the Company.

Mr. P.S. Saini, Company Secretary is the Compliance Officer of the Company. During the year, the Company did not receive any physical shares for transfer nor any complaint from the shareholders. Hence, no meeting of the Committee was held.

The Directors in their meeting held on 29th March, 2010 appointed Mr. Rahul Gupta, Executive Director as the member of the Committee w.e.f. 1-04-2010 in place of Mr. D. Kohli.

5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of following three Directors;

1. Mr. J.K. Jain, Chairman
2. Mr. Vijay Rai, Member
3. Mr. D. Kohli, Managing Director (since retired on 31-03-2010)

During the financial year 2009-10, the Committee met two times. The Company has well defined Risk Assessment and Minimization Policy duly approved by the Board of Directors of the Company. The Committee evaluated the anticipated risks associated with the affairs of the Company and the necessary steps had been taken to mitigate/ minimize the risks.

The Directors in their meeting held on 29th March, 2010 appointed Mr. Rahul Gupta, Executive Director as the member of the Committee w.e.f. 1-04-2010 in place of Mr. D. Kohli.

6. REMUNERATION TO DIRECTORS**A. Managing Director****(Amount in Rs.)**

	Salary	Perquisites	Retirement Benefits	Commission	Total
MR. D. KOHLI	51,30,000/-	2,80,000/-	57,91,077/-	--	1,12,01,077/-

B. Executive Director**(Amount in Rs.)**

	Salary	Perquisites	Retirement Benefits	Commission	Total
MR. RAHUL GUPTA	62,76,000/-	60,000/-	6,48,000/-	--	69,84,000/-

C. Non-Executive Directors**I.****(Amount in Rs.)**

Name	Sitting Fees
Mr. Karan Thapar	50,000/-
Mr. S.N. Dua	50,000/-
Mr. S.K. Toshniwal	55,000/-
Mr. Vijay Rai	1,40,000/-
Mr. J.K. Jain	85,000/-

II.**(Amount in Rs.)**

Chairman	Commission
MR. KARAN THAPAR	47,92,519/-

The members of the Company in their Annual General meeting held on 08-09-2009 approved the payment of Commission @ 1% per annum, in aggregate, to the Non-Executive Directors of the Company u/s 309 of the Companies Act, 1956 on the Net Profit of the Company as calculated u/s 349 and 350 of the Companies Act, 1956. Keeping in view of the overall involvement of Shri Karan Thapar, Chairman of the Company in the affairs of the Company's business, the Directors resolved to give 1% commission to Shri Karan Thapar.

III. Director's Shareholding

The following non-executive directors are holding shares in the Company as on 31-03-2010 :-

	No.of Shares
1. Mr. Karan Thapar	6400
2. Mr. Vijay Rai	700
3. Mr. S.N. Dua	200
4. Mr. S.K. Toshniwal	1500

7. GENERAL MEETINGS

Last three Annual General Meetings were held as under :-

Financial year ended	Date of Meeting	Time	Venue
31 st March, 2009	8 th September, 2009	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala
31 st March, 2008	9 th September, 2008	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala
31 st March, 2007	30 th July, 2007	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala

A Special resolution under Section 309 read with Section 198 of the Companies Act, 1956 approving payment of 1% Commission to Non-Executive Directors on net profit of the Company as calculated U/s 349 & 350 of the Companies Act, 1956 for a period of 5 years commencing from 1st April, 2009 was unanimously passed in the Annual General Meeting held on 8th September, 2009.

A Special resolution approving issue of 10,00,000 11% Cumulative Redeemable Preference Shares of Rs.100/- each u/s 81(1-A) of the Companies Act, 1956 was unanimously passed in the Annual General Meeting held on 8th September, 2009.

There is no special resolution passed through postal ballot during the last year.

8. DISCLOSURES

a. Related Party Transactions

With respect to the detail of related party transactions of material nature, a suitable disclosure as required by Accounting Standard (AS-18) has been made in the Annual Report. All the directors have disclosed their interest in Form 24AA pursuant to section 299 of the Companies Act, 1956 and as and when any changes in their interest take place, they are placed before the Board at its meetings.

The Company did not have any material significant related party transaction which may have potential conflict with the interest of the Company.

b. Compliance by the Company

There were no instances of non-compliance of any requirements of the Stock Exchange, SEBI and other statutory authorities on any matters relating to capital market during the last 3 years ending March 31,2010.

c. Code of Conduct

The Company's Code of Conduct as adopted by the Board of Directors of the Company at its meeting held on 28th October, 2005 is a comprehensive Code laying down in detail the standards of business conduct, ethics and governance. The Code is available on the Company's Website: www.eicl.in

The Code has been circulated to all the members of the Board and the Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Executive Director of the Company is given below :

"I hereby confirm that all Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2010".

Place : Gurgaon
Date : 18-05-2010

Sd/-
Rahul Gupta
Executive Director

d. Executive Director/CFO Certification

The Executive Director and Senior Vice President (Corporate Finance & Accounts) have signed a joint certificate accepting responsibility for the financial statements and confirming the effectiveness of the internal control systems, as required in Clause 49 of the Listing Agreement as per Annexure 1.

9. MEANS OF COMMUNICATION

The Company usually publishes quarterly, half-yearly and annually, its financial results in Cochin edition of *Financial Express* in English and *Mangalam* in Malayalam Language and are also uploaded on the Electronic Data Information Filing And Retrieval System of the SEBI as required by the Listing Agreement.

Apart from the financial results, the Company also files, inter alia, the following information, statement, and reports on EDIFAR, as required by Stock Exchange :

- a. Full version of the Annual Report including Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report, Cash Flow Statement and Report on Corporate Governance.
- b. Shareholding Pattern.

Information about the Company in general, management, its financials, its products etc. can be accessed at the Company's website.

Management Discussion and Analysis Report is appended and form part of the Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

10.1 Disclosures regarding re-appointment of Directors

a. Mr. Vijay Rai

Mr. Vijay Rai aged 64 years is B.Tech in Mechanical Engineering from I.I.T., Kharagpur. He has rich experience of over 39 years in different Industries including Industrial Chemicals, Pharmaceuticals and Engineering. He was the Vice President of Bombay Chamber of Commerce & Industry and member of several industry associations. He has been associated with the Company from the year 2000. He holds 700 Equity Shares in the Company.

Other Directorships

1. Punjab Chemicals and Crop Care Ltd.
2. Akola Chemicals (India) Ltd.
3. Greaves Cotton Ltd.
4. Greaves Leasing Finance Ltd.
5. Princeware International Pvt. Ltd
6. Navneet Publication India Ltd.
7. Sri Biotech Laboratories India Ltd.
8. Polygel Industries Pvt. Ltd.
9. Tech Pak Industries Ltd. (Nairobi, Kenya)

Committee Memberships

Audit Committee

1. English Indian Clays Ltd. - Chairman
2. Greaves Cotton Ltd.
3. Punjab Chemicals and Crop Care Ltd.

Shareholders Grievance Committee

1. Greaves Cotton Ltd.

b. S.K. Toshniwal

Mr. S.K. Toshniwal aged 65 years, is a Commerce Graduate having working experience of over 37 years in different lines and segments such as production, quality control, marketing and administration in different companies. He is member of different trade organizations and holds directorship in various companies. He holds 1500 equity shares in the company.

Other Directorships

1. Standard Refinery & Distillery Ltd.
2. Toshniwal Drugs & Pharmaceuticals Ltd.
3. Toshniwal Son (P) Ltd.

Committee Memberships

Shareholders/Investors - English Indian Clays Ltd. (Chairman)

Grievance Committee

10.2 Forthcoming Annual General Meeting

The Forty Sixth Annual General Meeting of the Company is scheduled to be held on Tuesday, 29th June, 2010 at TC-79/4, Veli, Thiruvananthapuram, Kerala at 11.00 a.m. inter-alia, to consider and adopt the Annual Accounts for the year ended 31st March, 2010.

10.3 Financial Calendar

The financial year – 1st April to 31st March

Announcement of financial results

For year ended 31st March, 2010 on 18-05-2010.

The Board of Directors had declared an interim dividend @ 5/- per equity share on 4468979 Equity Shares of Rs.10/- each and Rs.5.50/- per preference share on 11% 30,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each respectively for the year ended 31st March, 2010

(pro rata dividend on 10,00,000 11% Cumulative Redeemable Preference Shares out of 30,00,000 11% Cumulative Redeemable Preference Shares). The said interim equity dividend was paid on 15-02-2010.

The Board of Directors have also recommend a final dividend @ 5/- per equity share on 4468979 Equity Shares of Rs.10/- each and Rs.5.50/- per preference share (Rs.5.50 per preference share as an interim dividend is already paid) on 11% 30,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each (pro rata dividend on 10,00,000 11% Cumulative Redeemable Preference Shares) respectively for the year ended 31st March, 2010. The dividend declared by shareholders will be paid within 30 days from the date of Annual General Meeting.

The quarterly/half yearly results for the financial year 2010-11 will be announced as follows :-

First Quarter ending 30th June, 2010 by 14th August, 2010
 Half yearly ending 30th September, 2010 by 14th November, 2010.
 Third Quarter ending 31st December, 2010 by 14th February, 2011.
 Annual audited results by 30th May, 2011.

10.4 BOOK CLOSURE

The Board of Directors, which include any Committee thereof, shall decide the dates of Book Closure/Record date after the Annual General meeting to be held on 29th June, 2010.

10.5 LISTING ON STOCK EXCHANGE & SHARE CODE NO.

The Shares of the Company are listed on the Bombay Stock Exchange Ltd. as per details given below ;-

Name	Address	Stock Code
Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400 001	526560

10.6 MARKET PRICE DATA – The Stock Exchange Mumbai

MONTH	HIGHEST (Rs.)OF THE MONTH	LOWEST (Rs.)OF THE MONTH
April, 2009	378.75	268.00
May, 2009	502.95	319.95
June, 2009	560.00	385.85
July, 2009	460.00	326.60
August, 2009	536.00	370.05
September, 2009	504.50	431.00
October, 2009	546.10	457.10
November, 2009	561.90	462.20
December, 2009	567.20	494.15
January, 2010	815.00	530.00
February, 2010	745.00	573.00
March, 2010	668.00	584.00

10.7 REGISTRAR AND SHARE TRANSFER AGENT

RCMC Share Registry Pvt. Ltd.
 B-106, Sector -2, Noida 201 301, U.P.
 Phone : 0120-4015880 Fax : 0120-4015839
 Email : shares@rcmcdelhi.com

10.8 SHARE TRANSFER SYSTEM

Share lodged in physical form for transfer, are usually transferred within 15 days, if the documents are clear in all aspects. Requests received for dematerialization of shares are processed and the confirmation is given by the Registrar & Transfer Agent to the Depositories within 21 days.

10.9 DISTRIBUTION OF EQUITY SHAREHOLDING PATTERN AS ON MARCH 31, 2010

CATEGORY	NO. OF SHARES OF Rs. 10/- EACH	PERCENTAGE
Promoters	3571077	79.91
Indian Institutional Investors	-	-
Other Bodies Corporate	112483	2.52
Foreign Institutional Investors	300798	6.73
NRIs/OCBs	8561	0.19
Mutual Funds	—	—
General Public	470360	10.52
Directors & Relatives	5700	0.13
TOTAL	4468979	100.00

10.10 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

Shareholding of Nominal value (Rs.)	No. of Share holders	Percentage	No. of Shares	Percentage
Upto 5000	14597	99.15	370668	8.29
5001-10000	74	0.50	57075	1.28
10001-20000	28	0.19	43165	0.97
20001-30000	4	0.03	10565	0.24
30001-40000	5	0.03	17396	0.39
40001-50000	4	0.03	18088	0.40
50001-100000	3	0.02	21400	0.48
100001 & above	7	0.05	3930622	87.95
TOTAL	14722	100	4468979	100

10.11 DEMATERIALISATION OF SHARES

The Equity Shares of the Company can be traded on the Stock Exchange only in dematerialized form.

The ISIN Number allotted to Equity Shares is INE 267F01016.

As on March 31, 2010 4422717 being 98.96% of the total Equity Shares Capital are in dematerialized form with NSDL/CDSL.

10.12 PLANT LOCATIONS

UNIT	ADDRESS
Clay Unit	TC-79/4, Veli, Thiruvananthapuram – 695 021, KERALA
Corn Wet Milling Unit	Radaur Road, P.O. Yamunanagar 135 001, HARYANA
Bio-Polymer Unit	Kalitheerthalkuppam, Madagadipet Post, Mannadipet Commune, 605 107 PUDUCHERRY

10.13 ADDRESS FOR CORRESPONDENCE

English Indian Clays Ltd.
TC-79/4, Veli, Thiruvananthapuram – 695 021, KERALA
Phone : (0471) 741133, 741833, Fax : (0471) 742233
Email : sect@eicl.in

English Indian Clays Ltd.
Global Business Park, 801-803, Tower-B,
M.G. Road, Gurgaon – 122 001, Haryana
Phone : (0124) 280 3379-83 Fax : (0124) 280 3372 Email : sect@eicl.in

11. NON MANDATORY REQUIREMENT

The Company has provided and maintained a Chairman's Office with requisite facilities, for use by its Non-Executive Chairman, at the Company's expense. The Company also reimburse all expenses incurred in his furthering the Company's business interest.

For & on behalf of the Board

Place : Gurgaon
Date : 18-05-2010

Sd/-
RAHUL GUPTA
Executive Director

Sd/-
VIJAY RAI
Director

The Board of Directors
English Indian Clays Ltd.

ANNEXURE-I

EXECUTIVE DIRECTOR AND CFO CERTIFICATION

We, Rahul Gupta, Executive Director and S.K. Jain, Sr. Vice President (Corporate Finance & Accounts), responsible for the finance function certify that :

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2010 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standard's, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any in the design or operation of such internal controls, of which we are aware, and the steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference.
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system with respect to financial reporting.

Place : Gurgaon
Date : 18-05-2010

Sd/-
Rahul Gupta
Executive Director

Sd/-
S. K. Jain
Sr. Vice President (Corpt. F&A)

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

TO THE MEMBERS OF ENGLISH INDIAN CLAYS LTD.

We have examined the compliance of conditions of Corporate Governance by English Indian Clays Ltd, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Gurgaon
May 18, 2010

Sd/-
Anupam Dhawan
Partner
Membership No. : F084451

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I OVERALL VIEW

1. The Clay Business of the Company recovered fully from the economic slowdown of the Indian economy in the first half, while the recovery of the Starch business happened in the second half. The growth momentum is expected to sustain during 2010-11.

Turnover increased to Rs. 343 cr. showing a growth of 18% over the previous year. EBIDTA at Rs. 70 cr. grew by 32%, and PAT at 29 Cr. by 53%.

2. Various projects that were commissioned in the second half of 2008-09 reached stable operation during the year under review. The Cogen plant at Yamuna Nagar not only helped in contributing to the bottom line, but also mitigated the negative impact of poor grid power availability in Haryana.

No new capacity addition took place during 2009-10. The Flash Dryer for increasing hydrous Clay Capacity will be commissioned during Q1 of 2010-11.

In 2010-11, about Rs. 10 Crores is planned to be spent towards capacity debottlenecking in the various operating plants.

3. The thrust on exports continued with growth of 49% in value terms for the Clay Business. Initiatives taken during 2009-10 are expected to result in sustaining this growth rate during next few years.
4. The speciality Starch Project at Shimoga, which was put on hold during 09-10 due to global economic recession, is under continuous review of the Company and may be revived during the next financial year in view of the improved economic conditions.
5. The Company's R&D Unit continued to play a stellar role in defining the business through new product development, application support to customers, and technical support to plant operations.
6. The SAP based ERP, commissioned in 2007, is operating efficiently and has been extended to cover all 8 modules at all locations. The back-up Disaster Recovery Server is in the process of being installed at Noida.
7. The 3 year Business Plan for the period 2010-11 onwards has been drawn up with doubling of turn over. Main thrust is on exports, which are expected to reach Rs. 100 crores in the terminal year.

II SEGMENT-WISE BUSINESS PERFORMANCE

	2008-09 (Rs. in crores)			2009-10 (Rs. in crores)		
	CLAY	STARCH	TOTAL	CLAY	STARCH	TOTAL
Turnover	140.93	149.14	290.07	178.45	164.27	342.72
EBIDTA	38.50	9.45	47.95	59.61	12.61	72.22
EBIT	32.59	5.70	38.29	52.40	8.58	60.98

The cash unallocable expenses for the year were Rs. 1.89 crores as against Rs.0.56 crores in the previous year. The income from sale of mined out land of Rs.5.80 crores in F.Y.2008-09 has not been considered in figures above.

III CLAY

1. Due to the strong recovery of the paint industry during the financial year under review, and the general pickup in all user industry segments other than fiberglass, the sales of the clay business registered significant growth.
2. R&D continued to provide application support to customers and also focus on new product development.

IV STARCH

1. The Starch Operations comprising of Units at Yamunanagar and Puducherry registered a growth of 12% in net sales turnover. Overall operating margins also improved due to higher Sale of value added Modified Starches and operating efficiency improvement.
2. The recession in the Oil Well Drilling and Textile Industry continued. This impacted exports.
3. There was continued focus on sale of modified starches and on operational cost. The Cogen plant at Yamuna Nagar operated throughout the year, and resulted in more than Rs. 2 Cr. saving in energy costs.

V INTERNAL CONTROL SYSTEMS

The Company has a structured system of internal controls to ensure compliance with applicable statutory laws and regulations as also internal policies. The Company has in place the following mechanism:

- a. Monthly and Quarterly Reviews of each Division's performance by Senior and Top Management.
- b. Biannual Internal Audits of all Divisions.
- c. Quarterly Review of efficacy of Internal Audits and Company performance by the Audit Committee of the Board.
- d. Regular reporting to the Board on investor related matters as well as fulfillment of SEBI Listing Agreement requirements and other Corporate Laws.
- e. All Units are linked and operating on SAP ERP.
- f. All Divisions continued to be certified for ISO 9001:2000 compliance.

VI HUMAN RESOURCES

The thrust across the Company was on aligning human capital with business and organizational objectives. The emphasis was on skill development and maintaining harmonious management labour relations.

VII CORPORATE SOCIAL RESPONSIBILITY

1. The Company has a well defined approach towards environment protection and social responsibility. The Thonakkal plant in Kerala was certified for ISO 14001 during the year under review.

2. The Rain Water Harvesting Scheme of the Company at Thonnakkal continues to operate most efficiently. Water from the scheme is provided free of cost to neighboring villages around the Thonnakkal Mines through pipelines and water tankers.
3. The Company also regularly conducts Medical Camps for the villages around the various Mines.

VIII RISKS AND CONCERNS

1. The Company's risk profile is reviewed bi-annually by a Risk Audit Committee comprising of three Board Members.
2. The Clay business is sensitive to energy prices since the business is energy intensive. Various efficiency improvement projects under implementation are expected to mitigate this risk. There is also general public hostility to Mining. The Company needs to be careful about protection of the environment and of not depleting the ground water table.
3. The Rupee appreciation is a cause of some concern since the Company is a net forex earner. This is proposed to be mitigated by a combination of natural hedging commercially & purchasing protection where appropriate.
4. The Starch business could be impacted by abnormal increase in Maize and Tapioca prices. The continuous migration towards value added modified Starches, to some extent, mitigates this risk.
5. The Company Management is confident of handling the above risk in the business, and the overall outlook for F.Y. 2010-11 is positive.

IX STATEMENT OF CAUTION

Representations and statements made under 'Management Discussions and Analysis' is based on the projection and expectation on the basis of the present market conditions. Actual results may materially differ due to several factors which could influence the Company's business operations such as demand and supply conditions, prices of input, changes in Government levies and regulations, industrial relations and other economic developments in the country.

**AUDITORS' REPORT TO THE MEMBERS OF
ENGLISH INDIAN CLAYS LIMITED**

1. We have audited the attached Balance Sheet of English Indian Clays Limited (the "Company ") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date;
and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sd/-
Anupam Dhawan
Partner
Membership Number: F-084451

Gurgaon
May 18, 2010

English Indian Clays Limited

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of English Indian Clays Limited on the financial statements for the year ended March 31, 2010

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with Consignment agents aggregating to Rs 13.82 lacs) has been physically verified by the Management during the year. In respect of inventory lying with Consignment agents, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured, or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (b), (c) and (d) are not applicable to the Company.
(b) The Company has not taken any loans, secured, or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (f) and (g) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. There are no services which are provided by the Company. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed income tax, sales tax and value added tax though there has been a slight delay in a few cases, and has been regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales tax, wealth-tax, service-tax, customs duty, excise duty and cess as at [balance sheet date] which have not been deposited on account of a dispute, are as follows:

S. No.	Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
1	Income Tax Act, 1961	Disallowance of adjustment of brought forward losses	Refer Note 3 (a) on Schedule 23A	1998-99	Income Tax Appellate Tribunal has referred the case back to Assessing Officer for reassessment
2	Income Tax Act, 1961	Disallowance of brought forward losses and other expenses	85,755,274	2002-03	CIT (Appeals)
3	Income Tax Act, 1961	Disallowance of brought forward losses and other expenses	11,803,923	2004-05	CIT (Appeals)
4	Income Tax Act, 1961	Disallowance of brought forward losses and other expenses	17,834,560#	2005-06	CIT (A) referred the case back to Assessing Officer to reddecide the case
5	Income Tax Act, 1961	Disallowance of brought forward losses and other expenses	6,079,530	2006-07	CIT (Appeals)
6	Income Tax Act, 1961	Disallowance of expenses	2,563,710	2007-08	CIT (Appeals)
7	Central Excise Act, 1944	Misclassification of Maize Starch (Demand + Penalty)	62,987,596##	01.04.1997 to 18.12.2001	CESTAT, Delhi
8	Central Excise Act, 1944	MODVAT Claimed on Lubricants & Transformer Oil (Demand + Penalty)	54,905,715 Refer Note 4 on Schedule 23A	2000 to 2004	CESTAT, Delhi
9	Central Excise Act, 1944	MODVAT Claimed on Lubricants & Transformer Oil (Demand + Penalty)	51,222,640** Refer Note 4 on Schedule 23A	2000 to 2004	CESTAT, Delhi

In respect of Income Tax / Excise case refer Note 3 on Schedule 23A and period refers to the Assessment Year

- # excludes Rs 2,000,000 paid under protest to the department
excludes Rs 507,000 paid under protest to the department
** excludes Rs1,241,379 paid under protest to the department

English Indian Clays Limited

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company does not have any debentures as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Prices Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sd/-
Anupam Dhawan
Partner
Membership Number: F-084451

Gurgaon
May 18, 2010

BALANCE SHEET AS AT 31.03.2010

	SCHEDULE	AS AT 31.03.2010 Rs	AS AT 31.03.2009 Rs
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	344,689,790	244,689,790
ADVANCE AGAINST SHARES		-	90,000,000
RESERVES AND SURPLUS	2	899,322,300	689,539,761
		1,244,012,090	1,024,229,551
LOAN FUNDS			
SECURED LOANS	3	816,750,471	1,018,895,768
UNSECURED LOANS	4	254,811,000	218,388,000
		1,071,561,471	1,237,283,768
DEFERRED TAX LIABILITY (NET) (Refer Note 12 on Schedule 22 and Note 7 on Schedule 23A)		190,880,572	179,945,357
		2,506,454,133	2,441,458,676
II. APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	5	2,704,870,736	2,645,066,128
Less : ACCUMULATED DEPRECIATION/ AMORTISATION		736,670,335	620,356,297
NET BLOCK		1,968,200,401	2,024,709,831
CAPITAL WORK IN PROGRESS		145,084,798	114,520,833
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	6	295,016,299	277,472,026
SUNDRY DEBTORS	7	381,822,339	311,529,371
CASH AND BANK BALANCES	8	67,881,826	51,706,144
OTHER CURRENT ASSETS	9	1,377,881	1,358,776
LOANS AND ADVANCES	10	138,763,510	149,349,608
		884,861,855	791,415,925
LESS : CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES	11	354,871,681	335,752,176
PROVISIONS	12	136,821,240	153,435,737
		491,692,921	489,187,913
NET CURRENT ASSETS		393,168,934	302,228,012
		2,506,454,133	2,441,458,676
STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES TO THE ACCOUNTS	23		

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

The schedules referred to above form an
integral part of the Balance Sheet.

For Prises Waterhouse
Firm Regn No. 301112E
Chartered Accountants
Sd/-
Anupam Dhawan
Membership Number: F-084451
Gurgaon
May 18, 2010

Sd/-
S K Jain
Sr.Vice President
Corporate Finance,
Accounts & Administration

Sd/-
P S Saini
Company Secretary
& Head Corporate Legal

Sd/-
Rahul Gupta
Executive Director

Sd/-
Vijay Rai
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	SCHEDULE	Year Ended 31.03.2010 Rs	Year Ended 31.03.2009 Rs
INCOME			
GROSS SALES	13	3,427,182,327	2,900,731,247
Less : EXCISE DUTY		62,570,883	84,220,796
		3,364,611,444	2,816,510,451
OTHER INCOME	14	17,203,974	83,760,968
INCREASE/(DECREASE) IN STOCKS	15	1,518,021	(46,741,310)
		3,383,333,439	2,853,530,109
EXPENDITURE			
MANUFACTURING AND MINING EXPENSES	16	2,110,932,635	1,850,622,555
PAYMENT TO AND PROVISIONS FOR EMPLOYEES	17	317,576,294	260,384,961
ADMINISTRATION AND OTHER EXPENSES	18	134,695,584	112,720,071
SELLING & DISTRIBUTION EXPENSES	19	107,843,732	86,553,114
RESEARCH & DEVELOPMENT EXPENSES	20	12,830,110	11,042,624
		2,683,878,355	2,321,323,325
PROFIT BEFORE INTEREST, DEPRECIATION/ AMORTISATION AND TAX		699,455,084	532,206,784
INTEREST (NET)	21	135,924,744	139,430,448
PROFIT BEFORE DEPRECIATION/AMORTISATION AND TAX		563,530,340	392,776,336
DEPRECIATION/AMORTISATION	5	118,505,950	102,554,795
PROFIT BEFORE TAX		445,024,390	290,221,541
TAX EXPENSE			
(Refer Note 12 on Schedule 22 and Note 7 on Schedule 23A)			
Current Tax			
-Current Year		139,100,000	52,800,000
-Prior Years		887,608	3,558,080
Deferred Tax		10,935,215	41,202,400
Fringe Benefit Tax		-	2,500,000
PROFIT AFTER TAX		294,101,567	190,161,061
BALANCE AS PER LAST YEAR		183,250,950	173,736,888
PROFIT AVAILABLE FOR APPROPRIATION		477,352,517	363,897,949
APPROPRIATIONS			
INTERIM DIVIDEND			
- PREFERENCE SHARES		13,750,000	19,333,333
- EQUITY SHARES		22,344,895	-
PROPOSED DIVIDEND			
- PREFERENCE SHARES		13,750,000	11,000,000
- EQUITY SHARES		22,344,895	22,344,895
CORPORATE DIVIDEND TAX		12,129,238	8,952,665
TRANSFER TO GENERAL RESERVE		29,410,157	19,016,106
CAPITAL REDEMPTION RESERVE		-	100,000,000
BALANCE CARRIED TO BALANCE SHEET		363,623,332	183,250,950
		477,352,517	363,897,949
EARNINGS PER SHARE (Rs)			
(Refer Note 14 on Schedule 22 and Note 6 on Schedule 23A)			
- BASIC		58.63	34.61
- DILUTED		43.11	21.56

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES 22
NOTES TO THE ACCOUNTS 23

This is the Profit & Loss Account referred to in our report of even date.

The schedules referred to above form an integral part of the Profit & Loss Account.

For Prices Waterhouse

Firm Regn No. 301112E

Chartered Accountants

Sd/-

Anupam Dhawan

Membership Number: F-084451

Gurgaon

May 18, 2010

Sd/-

S K Jain

Sr.Vice President

Corporate Finance,

Accounts & Administration

Sd/-

P S Saini

Company Secretary

& Head Corporate Legal

Sd/-

Rahul Gupta

Executive Director

Sd/-

Vijay Rai

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
A. Cash flow from operating activities:		
Net profit before tax	445,024,390	290,221,541
Adjustments for:		
Depreciation	118,505,950	102,554,795
Interest Expense	138,550,989	141,894,614
Interest Income	(2,626,245)	(2,464,166)
Unrealised Exchange Fluctuation	1,209,456	(267,742)
(Profit)/Loss on Sale of Fixed Assets (Net)	2,464,621	(57,983,159)
Debts / Advances Written off	2,062,158	3,432,801
Provision for Bad & Doubtful Debts/Advances	10,704,003	4,298,600
Liability no longer required written back	(1,446,743)	(2,748,530)
Provision for Gratuity & Leave Encashment	12,447,965	18,277,382
Contribution to Gratuity Fund	(45,000,000)	-
Government grant	(394,819)	(166,597)
Operating profit before working capital changes	681,501,725	497,049,539
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(74,068,583)	(10,901,751)
- (INCREASE)/DECREASE in Other Receivables	9,236,511	(9,216,579)
- (INCREASE)/DECREASE in Inventories	(17,544,273)	71,038,821
- INCREASE/(DECREASE) in Trade and Other Payables	25,257,645	(9,092,536)
Cash generated from operations	624,383,025	538,877,494
- Taxes (Paid) / Received (Net of TDS)	(125,778,429)	(101,686,042)
Net cash from operating activities	498,604,596	437,191,452
B. Cash flow from Investing activities:		
Additions to fixed assets and capital work in progress	(110,196,018)	(382,576,613)
Proceeds from Sale of fixed assets/ CWIP	716,711	77,513,225
Deposits with bank (Net)	2,858,896	(5,059,798)
Interest Received	2,607,140	2,130,002
Net cash used in investing activities	(104,013,271)	(307,993,184)
C. Cash flow from financing activities:		
Proceeds from share capital (Advance against Shares)	-	90,000,000
Proceeds/(Redemption) of Preference Share Capital	10,000,000	(100,000,000)

English Indian Clays Limited

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
Proceeds from long term borrowings		
RECEIPTS	200,000,000	250,000,000
PAYMENTS	(456,936,000)	(204,036,000)
Proceeds from fixed deposits (Net)	11,423,000	7,842,355
Proceeds from Unsecured Loans/ Inter Corporate Deposit (Net)	25,000,000	100,000,000
Proceeds from Cash Credits (Net) / Working Capital Demand Loan	54,830,027	(77,136,947)
Interest Paid	(138,737,706)	(140,760,877)
Dividend Paid	(69,334,776)	(66,414,574)
Dividend Tax Paid	(11,801,292)	(11,321,421)
Net cash used in financing activities	(375,556,747)	(151,827,464)
Net Increase/(Decrease) in Cash & Cash Equivalents	19,034,578	(22,629,196)
Cash and cash equivalents at the beginning of the year	26,342,206	48,971,402
Cash and cash equivalents at the end of the year	45,376,784	26,342,206
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand)	1,407,498	791,303
Savings account with Post Office	272	272
Balance with Scheduled Banks in current accounts	43,969,014	25,550,631
	45,376,784	26,342,206

Notes :

- 1 Figures in brackets indicate cash outgo.
- 2 Cash and cash equivalents at the end of the year include Rs. 1,903,488 (2008-09 : Rs.1,635,028) held in dividend accounts with scheduled banks.
- 3 The significant accounting policies (Schedule 22) and notes to the accounts (Schedule 23) form an integral part of the Cash Flow Statement.

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

For Prices Waterhouse

Firm Regn No. 301112E

Chartered Accountants

Sd/-

Anupam Dhawan

Membership Number: F-084451

Gurgaon

May 18, 2010

Sd/-

S K Jain

Sr.Vice President

Corporate Finance,

Accounts & Administration

Sd/-

P S Saini

Company Secretary

& Head Corporate Legal

Sd/-

Rahul Gupta

Executive Director

Sd/-

Vijay Rai

Director

SCHEDULE 1: SHARE CAPITAL	AS AT 31.03.2010 Rs	AS AT 31.03.2009 Rs
AUTHORISED CAPITAL		
8,000,000 (2008-09 : 8,000,000) Equity shares of Rs 10/- each	80,000,000	80,000,000
3,000,000 (2008-09 : 3,000,000) Preference shares of Rs 100/- each	300,000,000	300,000,000
	<u>380,000,000</u>	<u>380,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
4,468,979 (2008-09 : 4,468,979) Equity Shares of Rs 10/- each fully paid up	44,689,790	44,689,790
3,000,000 (2008-09 : 2,000,000) 11% Cumulative Redeemable Preference shares of Rs 100/- each fully paid up	300,000,000	200,000,000
	<u>344,689,790</u>	<u>244,689,790</u>

Notes of the above :

- 150,000 (2008-09 : 150,000) Equity shares of Rs.10 /- each were allotted as fully paid up shares pursuant to a contract without payments being received in cash.
- 1,510,450 (2008-09 : 1,510,450) Equity shares of Rs.10/- each were allotted as fully paid up by way of Bonus Shares by utilising Share Premium Account.
- 800,000 (2008-09 : 800,000) Equity shares of Rs.10/- each were allotted on conversion of partly convertible Debentures.
- 528,079 (2008-09 : 528,079) Equity shares of Rs 10/- each were allotted at par as fully paid up to the shareholders of erstwhile Bharat Starch Industries Limited and 120,000 Equity shares allotted to a creditor as fully paid up at a premium of Rs 40/- per shares pursuant to the scheme of re-organisation by way of arrangement, amalgamation and reconstruction.
- 11% Cumulative Redeemable Preference shares shall be redeemed at par at the option of the Company not earlier than 18 months but not later than 5 years from the date of allotment 04.09.2006 and 01.10.2009 for Rs. 2000 Lacs and Rs.1000 Lacs respectively , i.e. between 04.03.2008 to 04.09.2011 and 31.03.2011 to 30.09.2012 respectively.

SCHEDULE 2 : RESERVES AND SURPLUS

CAPITAL RESERVE	633,688	633,688
CAPITAL REDEMPTION RESERVE		
Balance as per last year	100,000,000	-
Transferred from Profit & Loss Account during the year	-	100,000,000
Balance at the end of the year	<u>100,000,000</u>	<u>100,000,000</u>
GENERAL RESERVE		
Balance as per last year	405,655,123	386,639,017
Transferred from Profit & Loss Account during the year	29,410,157	19,016,106
Balance at the end of the year	<u>435,065,280</u>	<u>405,655,123</u>
PROFIT & LOSS ACCOUNT	363,623,332	183,250,950
	<u>899,322,300</u>	<u>689,539,761</u>

SCHEDULE 3 : SECURED LOANS (Refer Note 11 on Schedule 22)	AS AT 31.03.2010 Rs	AS AT 31.03.2009 Rs
LOANS FROM BANKS/FINANCIAL INSTITUTIONS		
- CASH CREDIT ACCOUNT WITH SCHEDULED BANKS	95,159,780	40,329,753
- WORKING CAPITAL DEMAND LOANS	140,000,000	140,000,000
- INTEREST ACCRUED & DUE ON ABOVE*	764,691	804,015
- RUPEE TERM LOANS**#	580,826,000	837,762,000
	816,750,471	1,018,895,768

* Amount realised by bank by April 06, 2010 (2008-09 April 06, 2009)

** Includes Rs Nil (2008-09 : Rs. 20,000,000) borrowed from a financial institution and is convertible into Equity Shares in case of default.

Includes Rs 210,000,000 (2008-09 : Rs. 250,000,000) borrowed from a bank and is convertible into Equity Shares in case of default.

Notes:

- Cash Credit and Working Capital Demand Loans alongwith guarantees and letters of credit facilities given by the Banks are secured by Hypothecation of Finished Goods, Semi-Finished Goods, Consumable Stores and spares, Raw Material and Book Debts at Yamunanagar, Pondicherry & Thiruvananthapuram factories and second pari passu charge on block of assets of the Company.
- Term Loans from Banks / Financial Institutions are secured by an equitable mortgage of all immovable properties of the Company, both present and future and are also secured by way of hypothecation of the Company's movable properties including movable Plant and Machinery, Machinery Spares, Tools and Accessories and other movables both present and future (save and except bookdebts) subject to prior charges created in favour of the Company's bankers on stocks of raw materials, consumable stores, finished goods etc. for working capital facilities.

The above charges rank pari-passu with charges created / to be created by the Company in favour of other term lending banks.
- The amount falling due for repayment within a year (excluding cash credit and working capital demand loans) aggregate is Rs 248,326,000 (2008-09: Rs. 456,936,000).

SCHEDULE 4 : UNSECURED LOANS

(Refer Note 11 on Schedule 22)

FIXED DEPOSITS (Refer Notes below)	129,811,000	118,388,000
SHORT TERM LOANS		
- FROM BANKS	75,000,000	-
OTHER LOANS		
- INTER CORPORATE DEPOSIT*	50,000,000	100,000,000
	254,811,000	218,388,000

Notes :

- Fixed deposits held by Directors
 322,000 | 322,000 |- Fixed Deposits repayable within one year
 71,618,000 | 79,011,000 |

* Amount falling due within one year Rs.50,000,000 (2008-09 : Rs. Nil)

SCHEDULE 5 : FIXED ASSETS

(Refer Note 2 & 3 on Schedule 22 and note 5 on Schedule 23A)

	Opening Balance		Gross Block		Total		Upto 31.03.2009		Depreciation/ Amortisation For the year		Upto 31.03.2010		Net Block As on 31.03.2009		As on 31.03.2010				
	Rs		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs			
TANGIBLE ASSETS																			
LAND & SITE DEVELOPMENT																			
Leasehold	15,040	-	-	15,040	15,040	-	15,040	-	-	-	15,040	-	-	-	-	-	-		
Freehold	523,128,236	19,321,012	-	542,449,248	21,293	-	21,293	-	-	-	21,293	-	-	542,427,955	523,106,943	-	-		
FACTORY & OTHER BUILDINGS	341,839,789	4,844,714	-	346,684,503	52,630,904	-	52,630,904	9,670,213	-	62,301,117	284,383,386	289,208,885	-	-	-	-	-		
PLANT & MACHINERY	1,635,065,136	37,567,297	2,800,281	1,669,832,152	478,935,330	93,194,656	628,537	571,501,449	1,098,330,703	1,156,129,806	-	-	-	-	-	-	-		
FURNITURE, FIXTURES & OFFICE EQUIPMENT	29,722,538	1,067,640	79,740	30,710,438	15,512,712	2,547,489	32,589	18,027,612	12,682,826	14,209,826	-	-	-	-	-	-	-		
LEASEHOLD IMPROVEMENTS	6,250,000	-	-	6,250,000	4,645,723	694,375	-	5,340,098	909,902	1,604,277	-	-	-	-	-	-	-		
VEHICLES & CYCLES	25,966,066	1,649,189	2,493,223	25,122,032	8,469,123	2,352,900	1,530,786	9,291,237	15,830,795	17,496,943	-	-	-	-	-	-	-		
INTANGIBLE ASSETS																			
TECHNICAL KNOW-HOW / BRAND	67,118,471	-	-	67,118,471	53,694,774	6,711,847	-	60,406,621	6,711,850	13,423,697	-	-	-	-	-	-	-		
COMPUTER SOFTWARE / LICENCE FEES	15,960,852	728,000	-	16,688,852	6,431,398	3,334,470	-	9,765,868	6,922,984	9,529,454	-	-	-	-	-	-	-		
TOTAL	2,645,066,128	65,177,852	5,373,244	2,704,870,736	620,356,297	118,505,950	2,191,912	736,670,335	1,968,200,401	2,024,709,831	2,133,885,837	531,953,831	20,773,540	2,645,066,128	523,278,865	102,554,795	5,477,363	620,356,297	2,024,709,831
PREVIOUS YEAR																			
CAPITAL WORK IN PROGRESS																			
CAPITAL WORK IN PROGRESS (including capital advances Rs 9,585,598 (2008-09 : Rs 38,065,068) net of provision of Rs. 10,200,000 (2008-09: Rs. Nil))																			

Notes :

- Additions include additions to R & D assets amounting to Rs. 2,310,157 (Previous year: Rs 5,675,998) and depreciation charge for the year includes Rs. 1,804,160 (2008-09 : Rs.1,636,428) on account of R & D Assets.

English Indian Clays Limited

SCHEDULE 6 : INVENTORIES	AS AT	AS AT
(Refer Note 5 on Schedule 22)	31.03.2010	31.03.2009
	Rs	Rs
RAW MATERIALS	151,273,127	150,002,080
INCLUDES RAW MATERIALS IN TRANSIT Rs Nil (2008-09 : Rs 25,296,012)		
STORES AND SPARES	64,939,750	50,184,545
INCLUDES STORES & SPARES IN TRANSIT Rs. 2,299,150 (2008-09 : Rs 72,139)		
STOCK - IN - PROCESS		
CLAY, STARCH & ALLIED PRODUCTS	19,329,395	22,551,525
FINISHED GOODS		
CLAY, STARCH & ALLIED PRODUCTS	55,936,333	51,190,296
BY PRODUCTS & OTHERS	3,537,694	3,543,580
	295,016,299	277,472,026
SCHEDULE 7 : SUNDRY DEBTORS		
DEBTS OUTSTANDING FOR OVER SIX MONTHS		
CONSIDERED GOOD, UNLESS OTHERWISE STATED		
- SECURED	122,101	328,116
- UNSECURED	4,078,125	6,841,015
CONSIDERED DOUBTFUL	9,374,653	12,294,745
LESS : PROVISION FOR BAD & DOUBTFUL DEBTS*	(9,374,653)	(12,294,745)
OTHER DEBTS		
CONSIDERED GOOD		
- SECURED	1,124,551	1,437,816
- UNSECURED	376,497,562	302,922,424
	381,822,339	311,529,371
* Net of Rs 3,299,095 (2008-09 : Rs Nil) written off against provisions and Rs. 125,000 (2008-09 : Rs. Nil) received against provisions during the year.		

	AS AT 31.03.2010 Rs	AS AT 31.03.2009 Rs
SCHEDULE 8 : CASH AND BANK BALANCES		
CASH IN HAND	1,407,498	791,303
SAVINGS ACCOUNT WITH POST OFFICE (PLEGGED AS SECURITY)	272	272
WITH SCHEDULED BANKS IN:		
CURRENT ACCOUNTS	42,065,526	23,915,603
DIVIDEND ACCOUNT	1,903,488	1,635,028
DEPOSIT ACCOUNTS *	22,505,042	25,363,938
	67,881,826	51,706,144
* Represents monies held against public deposits and includes Rs 8,252,669 (2008-09 : Rs 12,063,636) pledged with banks and Government Authorities.		
SCHEDULE 9 : OTHER CURRENT ASSETS		
UNSECURED-CONSIDERED GOOD		
INTEREST ACCRUED - ON DEPOSITS	1,377,881	1,358,776
	1,377,881	1,358,776
SCHEDULE 10 : LOANS AND ADVANCES		
UNSECURED - CONSIDERED GOOD UNLESS OTHERWISE STATED		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED*	39,052,965	48,503,672
CONSIDERED DOUBTFUL LESS: PROVISION FOR DOUBTFUL ADVANCES**	13,712,588 (13,712,588)	13,712,588 (13,712,588)
DEPOSIT WITH THE EXCISE AND SALE TAX AUTHORITIES	48,589,983	48,375,787
DEPOSIT WITH INCOME TAX AUTHORITIES (Refer Note 1 (e) and 3 (c) on Schedule 23A)	50,420,562	50,420,562
ADVANCE INCOME TAX (NET OF PROVISION FOR INCOME TAX Rs Nil : 2008-09 : Rs 52,800,000)	-	1,349,587
ADVANCE TAX PAID FOR FRINGE BENEFIT TAX (NET) (NET OF PROVISION FOR FRINGE BENEFIT TAX Rs Nil ; 2008-09 : Rs. 2,500,000)	700,000	700,000
	138,763,510	149,349,608
* Includes Rs 500,000 paid to Kerala Enviro Infrastructures Limited towards 50,000 shares of Rs 10/- each fully paid up.		
** Net of Rs.Nil (2008-09 : Rs 1,055,683) written off against provisions during the year.		

English Indian Clays Limited

	AS AT 31.03.2010 Rs	AS AT 31.03.2009 Rs
SCHEDULE 11 : CURRENT LIABILITIES		
(Refer note 13 on Schedule 23A)		
SUNDRY CREDITORS*		
- DUE TO MICRO, SMALL & MEDIUM ENTERPRISE	3,099,529	—
- TOTAL OUTSTANDING DUES TO UNITS OTHER THAN MICRO, SMALL & MEDIUM ENTERPRISE	314,714,767	300,093,485
ADVANCE FROM CUSTOMERS	7,218,984	7,446,160
OTHER LIABILITIES	12,845,099	11,857,822
UNCLAIMED DIVIDEND	1,851,922	1,746,908
UNCLAIMED MATURED PUBLIC DEPOSITS	1,595,000	913,000
INTEREST ACCRUED & DUE ON UNPAID MATURED PUBLIC DEPOSITS	225,353	152,418
BOOK OVERDRAFT	682,599	288,808
INTEREST ACCRUED BUT NOT DUE ON LOANS	8,722,606	8,942,934
DEFERRED GOVERNMENT GRANTS	3,915,822	4,310,641
	354,871,681	335,752,176
*Includes Rs 7,253,654 (2008-09 :Rs. 11,507,854) on capital account.		
SCHEDULE 12 : PROVISIONS		
(Refer Note 6 & 16 on Schedule 22)		
PROVISION FOR CURRENT TAX (Net) (NET OF ADVANCE TAX PAID INCLUDING TAX DEDUCTED AT SOURCE Rs125,778,429 ; 2008-09 :Rs 53,938,938)	12,859,592	-
PROVISION FOR WEALTH TAX	200,000	200,000
PROPOSED DIVIDEND (INCLUDING TAX ON DIVIDEND Rs 5,994,911; 2008-09: Rs 5,666,965)	42,089,806	39,011,860
PROVISION FOR GRATUITY	44,427,147	82,742,742
PROVISION FOR LEAVE ENCASHMENT	37,244,695	31,481,135
	136,821,240	153,435,737
SCHEDULE 13 : SALES		
(Refer Note 10 on Schedule 22)		
	Year Ended 31.03.2010 Rs	Year Ended 31.03.2009 Rs
CLAY, STARCH & ALLIED PRODUCTS	3,242,777,569	2,752,304,311
BY PRODUCTS & OTHERS	184,404,758	148,426,936
	3,427,182,327	2,900,731,247

	Year Ended 31.03.2010 Rs	Year Ended 31.03.2009 Rs
SCHEDULE 14 : OTHER INCOME		
(Refer Note 9 and 10 on Schedule 22)		
LIABILITIES NO LONGER REQUIRED WRITTEN BACK	1,446,743	2,748,530
EXCHANGE FLUCTUATION (NET)	-	6,102,697
GOVERNMENT GRANTS	394,819	166,597
MISCELLANEOUS INCOME	15,362,412	16,759,985
PROFIT ON SALE OF FIXED ASSETS (includes Rs. Nil (2008-09 : Rs. 59,177,148) towards profit on sale of land acquired by the Govt. of Kerala)	-	57,983,159
	17,203,974	83,760,968
SCHEDULE 15 : INCREASE/(DECREASE) IN STOCKS		
OPENING STOCK		
FINISHED GOODS	54,733,876	98,636,242
STOCK IN PROCESS	22,551,525	29,648,586
	77,285,401	128,284,828
CLOSING STOCK		
FINISHED GOODS	59,474,027	54,733,876
STOCK IN PROCESS	19,329,395	22,551,525
	78,803,422	77,285,401
INCREASE/(DECREASE)	1,518,021	(50,999,427)
Less : ISSUED FOR TRIAL RUN	-	4,258,117
	1,518,021	(46,741,310)
SCHEDULE 16 : MANUFACTURING AND MINING EXPENSES		
RAW MATERIAL CONSUMED	1,025,915,234	871,992,693
CLAY MINING & PROCESSING EXPENSES*	80,160,477	74,042,190
STORES & SPARES CONSUMED	294,090,199	268,679,775
POWER & FUEL	612,891,882	564,682,283
REPAIRS & MAINTENANCE		
- PLANT & MACHINERY	60,953,320	51,042,940
- BUILDINGS	5,001,672	2,283,209
- OTHERS	6,835,099	4,341,601
OTHER MANUFACTURING EXPENSES	12,697,667	5,572,116
INCREASE/(DECREASE) IN EXCISE DUTY ON STOCKS OF FINISHED GOODS	300,606	(1,509,515)
ROYALTY	12,086,479	9,495,263
	2,110,932,635	1,850,622,555
* Clay Mining and Processing Expenses include overburden removal, transportation of clay matrix, excavator expenses and sand removal expenses and excludes overburden removal expenses capitalised.		

English Indian Clays Limited

	Year Ended 31.03.2010 Rs	Year Ended 31.03.2009 Rs
SCHEDULE 17 : PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
SALARIES, WAGES, BONUS, GRATUITY & LEAVE ENCASHMENT	280,249,221	230,942,654
CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND AND OTHER FUNDS	19,491,418	19,179,470
WORKMEN AND STAFF WELFARE EXPENSES	17,970,340	15,662,549
	317,710,979	265,784,673
LESS : AMOUNT CAPITALISED DURING THE YEAR	134,685	5,399,712
	317,576,294	260,384,961
SCHEDULE 18 : ADMINISTRATION AND OTHER EXPENSES		
RENT	15,864,746	16,685,257
RATES & TAXES	8,225,765	6,360,868
INSURANCE	6,475,325	4,848,511
DIRECTORS' SITTING FEES	380,000	416,000
EXCHANGE FLUCTUATION (NET)	731,689	-
OFFICE & OTHER EXPENSES	60,583,783	51,456,783
TRAVELLING & CONVEYANCE	20,695,213	19,528,014
CHARITY & DONATION	1,298,900	1,222,078
BAD DEBTS/ADVANCES WRITTEN OFF	5,361,253	4,488,484
LESS: PROVISIONS FOR DOUBTFUL DEBTS/ADVANCES WRITTEN BACK	<u>3,299,095</u>	<u>1,055,683</u>
OTHER FINANCING CHARGES	5,209,381	4,471,159
PROVISIONS FOR DOUBTFUL DEBTS/ADVANCES	10,704,003	4,298,600
LOSS ON SALE / WRITE OFF OF FIXED ASSETS (NET)	2,464,621	-
	134,695,584	112,720,071
SCHEDULE 19 : SELLING AND DISTRIBUTION EXPENSES		
PACKING & FORWARDING EXPENSES	33,458,366	29,271,099
COMMISSION TO SELLING AGENTS AND OTHERS	40,591,422	35,312,647
SALES DISCOUNT	12,664,234	9,243,649
OTHER SELLING EXPENSES	21,129,710	12,725,719
	107,843,732	86,553,114
SCHEDULE 20 : RESEARCH AND DEVELOPMENT EXPENSES		
(Refer Note 8 on Schedule 22)		
SALARY & WAGES	8,708,377	6,911,439
OFFICE & OTHER EXPENSES	4,121,733	4,131,185
	12,830,110	11,042,624

	Year Ended 31.03.2010 Rs	Year Ended 31.03.2009 Rs
SCHEDULE 21 : INTEREST (NET)		
(Refer Note 10 and 11 on Schedule 22)		
INTEREST*		
- ON TERM LOANS	82,285,023	99,905,481
- OTHERS	56,265,966	58,298,252
	<u>138,550,989</u>	<u>158,203,733</u>
LESS : AMOUNT CAPITALISED DURING THE YEAR	-	16,309,119
INTEREST	138,550,989	141,894,614
Less : INTEREST RECEIVED ON DEPOSITS (GROSS)	2,626,245	2,464,166
(TAX DEDUCTED AT SOURCE Rs. 178,429 ; 2008-09 : Rs. 226,204)	135,924,744	139,430,448

* Includes amount paid or payable to Directors Rs 35,065 (2008-09 : Rs 36,894)

SCHEDULE 22 STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

These financial statements are prepared under the historical cost convention on accrual basis except so far as they relate to revaluation of land, buildings, certain plant and machinery and are prepared to comply in all material aspects with all accounting principles in India, the applicable accounting standards notified u/s 211 (3C) of the Indian Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.

2. Fixed Assets

Fixed Assets (other than those which have been revalued), including capital spares, leasehold improvements, technical know how costs and research and development assets are stated at cost. Cost includes direct expenses related to acquisition and installation and interest incurred during construction period.

The revalued fixed assets are restated at their estimated current replacement values as on the date of revaluation as determined by the approved valuers.

Intangible assets are recognised if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and cost of the asset can be measured reliably in accordance with Accounting Standard – 26, on 'Intangibles' as notified u/s 211 (3C) of the Indian Companies Act.

3. Depreciation/Amortisation

a) Tangible Fixed Assets

Depreciation on Fixed Assets is provided as per straight line method at higher of the following

- a) Depreciation on original cost as specified in Schedule XIV to the Companies Act, 1956 or
- b) Depreciation on revalued value based on the residual life of the asset.*

* Since the list of the assets is too large, it is not practicable to give the individual depreciation rates for each of the assets.

In respect of additions and deletions, depreciation charge is restricted to the period of use. All assets costing Rs. 5,000 or less are fully depreciated in the year of addition.

Leasehold Land and Leasehold improvements are depreciated on a straight line method basis over the period of lease.

b) Intangible Assets

Intangible assets including Technical Know-how/Brand and Computer Software/ Licence Fee are amortized on straight line basis over their useful lives of 10 years and 5 years respectively from the date of acquisition / implementation. The amortization period and method are reviewed at each year end.

4. Impairment of Assets

All assets other than inventories, investments and deferred tax asset are reviewed for impairment in accordance with the applicable Accounting Standard wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets where carrying value exceed the recoverable amount, are written down to the recoverable amount.

5. Inventories

Inventories, including stores and spare parts, raw materials (including clay matrix-mined and purchased), work in process and finished goods, are valued at lower of cost and net realisable value. Cost is ascertained on weighted average basis.

Total mining expenses except depreciation on Fixed Assets at mines are considered as raw material cost for Clay Matrix – mined. In respect of finished goods and work in progress, appropriate overheads are considered.

6. Employees Benefits

(a) Short Term Employee Benefits

Short term employee benefits are recognized in the period during which the services have been rendered.

(b) Long Term Employee Benefits

(i) Defined Contribution Plan

Provident Fund and employees state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12.0%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India and an approved Trust

for this purpose. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the Profit and Loss Account. The Company has no further obligations under these plans beyond its monthly contributions.

Superannuation Plan - Some employees of the Company are entitled to superannuation, a defined contribution plan which is administered through Life Insurance Corporation of India ("LIC"). Superannuation benefits are recorded as an expense as incurred.

(ii) Defined Benefit Plan

Gratuity – The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employees salary and years of employment with the Company. The Company has taken gratuity policy with HDFC Insurance to cover the liability. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with accounting Standard 15 (revised).

Actuarial gains and losses are recognized as and when incurred.

(iii) Other long term Employee Benefits

Leave Encashment – The Company has provided for the liability at year end on account of unavailed earned leave and compensated absences as per the actuarial valuation as per the Projected Unit Credit Method.

7. Foreign Currency Transactions

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of the transaction. Exchange difference arising out of their settlement is dealt with in the profit and loss account. All monetary assets and liabilities denominated in foreign currency are restated at the year end rate and the exchange difference arising on such translation is recognized in the profit and loss account.

Liabilities covered by forward exchange contracts are translated at contracted rates of exchange and the difference between the contracted rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognised as income/expense for the period.

8. Research & Development Expenses

Revenue expenditure on research & development is charged off as and when incurred.

9. Government Grant

Government grants relating to depreciable fixed assets are treated as deferred income and recognized in the Profit and Loss Account over the remaining useful life of the related assets.

10. Revenue Recognition

- a) Revenue from Sale/Services is recognised on despatch which coincides with the transfer of all significant risks and rewards of ownership and is inclusive of excise duty, where applicable.
- b) Income from investments - dividend / interest is recognised on the basis of declaration/ accrual thereof.

11. Borrowing Costs

Borrowing costs are charged to revenue except in cases where costs relate to qualifying assets in which case such costs are capitalised as a part of cost of respective assets till the date they are put to their intended use.

12. Taxation

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit for the year. Provision for the current tax is made based on liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for all temporary timing differences arising between the taxable income and accounting income at currently enacted tax rates. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

13. Segment Accounting

The accounting policies applicable to the reportable segment are the same as those used in the preparation of the financial statements as set out above.

Segment Revenue and expenses include amounts which are directly identifiable to the segment or allocable on a reasonable basis.

Segment assets include all operating assets used by the segment and consist primarily of debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consist primarily of creditors and statutory liabilities.

14. Earnings per share (EPS)

The earnings considered in ascertaining the Company's Basic EPS comprises net profit after tax. The number of shares used in computing Basic EPS is the weighted Average number of shares outstanding during the year.

The earnings considered in ascertaining the Company's Dilutive EPS comprises net profit after tax as adjusted for expenses or 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.

15. Leases

Lease payments under an operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

16. Provisions & Contingencies

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources.

SCHEDULE 23**A. NOTES TO THE ACCOUNTS****1) Contingent Liabilities**

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
a) Outstanding bank guarantees	21,905,159	20,829,249
b) Bills and cheques discounted	115,617,470	74,892,642
c) Indemnity bond countersigned by the Company and given to bank with respect to release of interest on deposit received by group companies	24,984,972	24,984,972
d) Excise & 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 Rs 31,747,298; (2008-09: Rs. 31,747,298) against which an amount of Rs.507,000 (2008-09; Rs. 507,000) deposited under protest. (Refer Note 4 below)	63,494,596	63,494,596
ii) Haryana Local Area Development Tax levied by the State Government on the goods received from other state ,pending before Supreme Court of India against which an amount of Rs. 3,216,191 (2008-09 : Rs. 3,216,191) deposited under protest.	3,216,191	3,216,191
iii) Entry tax levied by the Government of Kerala on Special Kerosene Oil (SKO), pending before Supreme Court of India against which an amount of Rs. 15,133,588 (2008-09 : Rs.15,133,588) deposited under protest.	15,133,588	15,133,588
e) Income tax matters (Refer Note 3 (d) & (e) below)	106,202,437	103,638,727
f) Claims against the Company not acknowledged as debts amount to the extent ascertainable amounts to :		
i) Rs. 5,058,411 (2008-09: Rs 5,010,861) in respect of lease rent on lands acquired on lease for which the case is pending before the Hon'ble High Court of Kerala.		
2) Estimated amounts of contracts remaining to be executed on Capital Account (Net of advances) Rs. 243,780,768 (2008-09: Rs. 245,142,155).		
3) a) Pursuant to an appeal filed with the Commissioner of Income Tax (Appeals), the Company received a favorable order allowing brought forward losses of Rs. 128,079,580 relating to erstwhile Bharat Starch Industries Limited (BSIL) (since merged with the Company w.e.f. 01.04.2001) for the assessment year 1998-99 from the Appellate authorities against which department had filed an appeal and the same has been sent back to the Department for reassessment.		
b) In respect of the claim of loss of Rs.139,842,989/- of BSIL for the assessment year 2001-02, Miscellaneous Petition was pending before the Income Tax Appellate Tribunal. During the previous year, the company received a favourable order allowing claim of the said losses.		

c) In respect of demands aggregating to Rs. 48,420,562 and Rs. 19,834,560 for the Assessment year 2003-04 and 2005-06 respectively raised by the Assessing officer due to pending assessment of losses of amalgamating company erstwhile BSIL, the CIT (Appeals) has directed the Assessing officer to re-decide in view of availability of assessed losses of amalgamating company erstwhile BSIL. In view of availability of losses of BSIL as per (a) and (b) above the demand does not exist against the Company. The Company has deposited under protest Rs. 48,420,562 and Rs. 2,000,000 for the Assesment year 2003-04 and 2005-06 respectively.

d) In respect of demands aggregating to Rs. 103,638,727 for the Assessment years 2002-03, 2004-05 and 2006-07 raised by the Assessing officer disallowing the losses of amalgamating company erstwhile BSIL, the appeals have been filed before the Commissioner (Appeals) , Thiruvananthapuram (Kerala).

e) In respect of demands aggregating Rs. 2,563,710 for the Assessment year 2007-08 raised by the Assessing officer disallowing certain expenses, the appeals have been filed before the Commissioner (Appeals), Thiruvananthapuram (Kerala).

Based on the opinion obtained by the Company from its tax advisor, the appeals will be allowed in favour of the Company and hence no provision is required for the above.

- 4) Contingent liabilities with respect to Excise and Sales Tax matters for the year 2008-09 referred in Paragraph 1 (d) above excludes demands aggregating Rs. 107,369,734 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 Rs. 1,241,379 have been considered good and recoverable and no provision for the same has been considered necessary till the time demands are received by the Company amounts of contingent liabilities, if any, is presently not ascertainable.
- 5) i) Pursuant to the Sale cum Lease agreement dated 22.05.2008 the Company has acquired land for the purpose of setting up a Starch manufacturing plant at Shimoga, Karnataka with an installed capacity of 500 TPD. The Company has paid an amount of Rs. 531 lacs as allotment consideration and the land shall be transferred in the name of the Company on a freehold basis at end of 10 years, payment of registration charges, stamp duty at prevailing price upon fulfillment of certain conditions. As per agreement the Land has been transferred on lease basis to Company for the period of 10 years and Company is required to pay lease rent of Rs. 68,410 and maintenance charges of Rs. 99,600 per annum.

ii) Expenses incurred on Shimoga Project are included in Capital work in Progress and include the following:

	As on 31.03.2010	As on 31.03.2009
	Rs.	Rs.
Advance for Land	55,065,118	55,065,118
Site Development and Boundary Wall	11,094,840	2,478,050
Capital Advances to Vendors	6,102,950	22,654,973
Technical Consultant Fees	3,349,600	3,800,800
Project Consultant Fees	14,039,078	13,996,037
Traveling & Others	6,973,502	7,537,814
Balance at the end of the year	96,625,088	105,532,792

- iii) This project was put on hold due to economic slowdown during the year 2008-09 and is under continuous review of the Company and may be reviewed during the next financial year in view of improved economic conditions.

6) Earnings per Share

	31.03.2010	31.03.2009
	Rs.	Rs.
a) Weighted average number of Equity shares of Rs 10 each.		
Number of Equity Shares at the beginning of the year	4,468,979	4,468,979
b) Net profit after tax	294,101,567	190,161,061
Less : Dividend on 10% Cumulative Redeemable preference shares (including tax)	-	9,749,583
Less : Dividend on 11% Cumulative Redeemable preference shares (including tax)	32,102,915	25,738,900
Net profit after tax available to Equity shareholders	261,998,652	154,672,578
c) Potential Number of Equity Shares at the end of the year		
Total Number of Equity Shares as per (a) above	4,468,979	4,468,979
Number of Equity shares deemed converted at the beginning of the year	2,002,077	3,344,594
Potential Diluted Shares	6,471,056	7,813,573
d) Net profit after tax available for potential equity shareholders		
Net profit after tax available to equity shareholders	261,998,652	154,672,578
Income on Dilutive Potential Equity Shares (Net of tax)	16,966,749	13,778,283
	278,965,401	168,450,861
e) Basic EPS (Rs.)	58.63	34.61
f) Diluted EPS (Rs.)	43.11	21.56
g) Nominal Value of Equity Share (Rs.)	10.00	10.00

7) Deferred Tax	Opening as at 01.04.2009	Charged/ (Credited) to P & L	Closing as at 31.03.2010
	Rs	Rs	Rs
Deferred Tax Liabilities			
Tax impact of difference between carrying amount of fixed assets in the financial statements and under the Income Tax Act.	226,206,714	996,228	227,202,942
	226,206,714	996,228	227,202,942
Deferred Tax Assets			
Tax impact of expenses charged in the financial statement but allowable as deductions in future years under income-tax	46,261,357	(9,938,987)	36,322,370
	46,261,357	(9,938,987)	36,322,370
Net Deferred Tax (Asset)/Liability	179,945,357	10,935,215	190,880,572

8) Segment Information

A. Primary Segment Reporting (by Business Segments)

i. Composition of Business Segments

The Company's business segments are organised as under:

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

Starch Products : Segment comprising starches/specialty starches, syrups and modified starches, manufactures and supplies the starch products to various industries like paper, textile, food and pharma etc.

9) Lease Commitments:

The Company has entered into leasing arrangements for office buildings and godown for storage of inventory that are cancelable at the option of the company. Rent expense on account of cancelable leases for the year ended March 31, 2010 amount to Rs. 15,864,746 (2008-09; Rs. 16,489,965).

10) Related Party Disclosures

In accordance with the required Accounting Standard (AS-18) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

A. Associates

Enterprises which have significant influence over the Company:

DBH International Private Limited and Karun Carpets Private Limited

B. Enterprises over which substantial shareholders of the Company and their relatives, have significant influence:

Greaves Cotton Ltd, Crompton Greaves Limited (upto March 31, 2009), Premium Energy & Transmission Ltd, Solaris Holdings Ltd. (upto March 31, 2009), Solaris Bio-chemicals Ltd. (upto March 31, 2009), Pembrill Industrial & Engineering Co. Ltd, Greaves Leasing Finance Ltd, Bharat Projects Pvt Ltd, Dee Greaves Ltd, KCT Chemicals & Electricals Ltd. (upto March 31, 2009), Standard Refinery & Distillery Ltd, Bharat Starch Products Ltd, Aravali Sports & Cultural Foundation, Karam Chand Thapar & Bros. Ltd. (upto March 31, 2009), DBH Consulting Limited, DBH Investments Pvt. Ltd., Greaves Farymann Diesel GmbH, Greaves Auto Limited and Greaves Cotton Netherlands B.V.

C. Key Management Personnel & their relatives

Mr Karan Thapar – Chairman, Ms Devika Thapar (Daughter of Mr Karan Thapar), Mr Karam Thapar (Son of Mr Karan Thapar), Mr. B M Thapar, Ms. Sulochna Thapar, Mr D Kohli, Ms. Amita Kohli (Wife of Mr D Kohli), Mr Vikramaditya Kohli (Son of Mr D Kohli), Ms. Jasbir Kohli (Mother of Mr D Kohli), Mr S K Jain, (Vice President Corporate Finance, Accounts and Administration), Mr P S Saini, (Company Secretary and Head Corporate Legal) Mr. Rahul Gupta, (Executive Director), Mr. G. S. Nair (up to March 31, 2009).

a) Transactions with related parties

	Enterprises which has significant influence over the company		Enterprises over which substantial shareholders of the Company and their relatives, have significant influence		Key management personnel & their relatives		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Purchase of Goods								
DBH International Pvt. Ltd.	13,588,567	12,681,066	-	-	-	-	13,588,567	12,681,066
Premium Energy Transmission Ltd.	-	-	273,411	929,690	-	-	273,411	929,690
Purchase of Fixed Assets								
Greaves Cotton Ltd.	-	-	-	484,836	-	-	-	484,836
Crompton Greaves Ltd.	-	-	-	863,642	-	-	-	863,642
Advance for Share (Refer Note 3)								
Karun Carpets Pvt. Ltd.	10,000,000	90,000,000	-	-	-	-	10,000,000	90,000,000
Issue of Preference Shares (Refer Note 3)								
Karun Carpets Pvt. Ltd.	100,000,000	-	-	-	-	-	100,000,000	-
Receiving of Services								
Karun Carpets Pvt. Ltd.	7,123,250	6,658,472	-	-	-	-	7,123,250	6,658,472
Receipt of Public Deposit								
Ms. Sulochna Thapar	-	-	-	-	15,000,000	-	15,000,000	-
Mr. Karam Thapar	-	-	-	-	2,100,000	-	2,100,000	-
Ms. Devika Thapar	-	-	-	-	1,700,000	-	1,700,000	-
Refund of Public Deposit								
Ms. Jasbir Kohli	-	-	-	-	400,000	-	400,000	-
Rent Paid								
DBH International Pvt Ltd.	1,429,488	1,453,963	-	-	-	-	1,429,488	1,453,963
Bharat Starch Products Limited	-	-	1,455,960	1,346,260	-	-	1,455,960	1,346,260
Security Deposit Refund								
DBH International Pvt Ltd.	2,000,000	-	-	-	-	-	2,000,000	-

	Enterprises which has significant influence over the company		Enterprises over which substantial shareholders of the Company and their relatives, have significant influence		Key management personnel & their relatives			Total
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
Security Deposit Paid								
Bharat Starch Products Limited	-	-	-	200,000	-	-	-	200,000
Dividend Paid on Preference Shares								
DBH International Pvt Ltd.	22,000,000	22,000,000	-	-	-	-	22,000,000	22,000,000
Karun Carpets Pvt. Ltd.	5,500,000	-	-	-	-	-	5,500,000	-
Commission								
Mr. Karan Thapar	-	-	-	-	4,792,519	2,478,797	4,792,519	2,478,797
Sale of Fixed Assets								
Bharat Starch Products Limited	-	-	-	140,484	-	-	-	140,484
Remuneration								
Mr. D. Kohli	-	-	-	-	11,201,077	4,220,400	11,201,077	4,220,400
Mr. S. K. Jain	-	-	-	-	3,029,035	2,621,640	3,029,035	2,621,640
Mr. P.S. Saini	-	-	-	-	2,034,517	1,779,658	2,034,517	1,779,658
Mr. Rahul Gupta	-	-	-	-	6,984,000	321,291	6,984,000	321,291
Mr. G.S.Nair	-	-	-	-	-	2,161,188	-	2,161,188
Other Expenses								
Aravali Sports & Cultural Foundation	-	-	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Greaves Cotton Ltd.	-	-	-	1,968,592	-	-	-	1,968,592
DBH Consulting Limited	-	-	-	1,253,264	-	-	-	1,253,264
Mrs. Sulochna Thapar	-	-	-	-	1,002,739	-	1,002,739	-
Mr. Karam Thapar	-	-	-	-	109,818	-	109,818	-
Ms. Devika Thapar	-	-	-	-	88,900	-	88,900	-
Others	-	-	-	-	171,328	139,144	171,328	139,144
Notes								
1.	Reimbursement of expenses have not been included in the above details.							
2.	Refer Note 1 (c) for the bonds provided on behalf of erstwhile Shree Sitaram Sugar Co. Ltd. and Deoria Sugar Mills Ltd. now Standard Refinery & Distillery Ltd.							
3.	Against the advance received from Karun Carpets Pvt. Limited in 2008-09 and in 2009-10, preference shares have been allotted.							

b) Outstanding Balances and balances written off and written back :

	31.03.2010 Rs	31.03.2009 Rs
1. Associates in which the company has significant influence	Nil	Nil
2. Associates which have significant influence over the company		
- DBH International Private Limited	5,000,000 Dr	7,000,000 Dr
- DBH International Private Limited	2,656,093 Cr	1,588,042 Cr
- Karun Carpets Private Limited	-	244,047 Cr
3. Enterprises, over which substantial shareholders of the company and their relatives, have significant influence		
- Bharat Starch Products Limited	-	10,639,339 Cr
- Bharat Starch Products Limited	200,000 Dr	200,000 Dr
- DBH Consulting Limited	-	995,091 Cr
- Premium Energy & Transmission Ltd.	-	46,878 Cr
4. Key Management Personnel & their relatives of key management		
- Mr. Karan Thapar	4,792,519 Cr	2,524,178 Cr
-Ms. Sulochna Thapar	15,000,000 Cr	
-Mr. Karam Thapar	2,726,000 Cr	
-Ms. Devika Thapar	2,447,514 Cr	969,287 Cr
- Mr. Vikramadiya Kohli	474,434 Cr	427,688 Cr
- Mr. Jasbir Kohli	-	414,987 Cr

11) Employee benefits

During the year, the Company has recognized the following amounts in the Profit and Loss Account.

Defined Contribution Plans

	Year Ended March 31, 2010	Year Ended March 31, 2009
Employer's Contribution to Provident Fund *	13,020,911	12,466,227
Employer's Contribution to Superannuation Fund *	6,397,606	6,713,243
Employer's Contribution to ESI**	1,526,427	1,591,987

* Included in Contribution to Provident and Other Funds (Refer Schedule 17)

** Included in Welfare Expenses (Refer Schedule 17)

Defined Benefit Plans

Company has defined benefit plan in terms of gratuity

a. The assumptions used to determine the Gratuity benefit obligations are as follows

	Year Ended March 31, 2010	Year Ended March 31, 2009
Discount Rate	8.00%	7.50%
Expected Rate of increase in Compensation levels	9.00%	8.00%

b. Reconciliation of opening and closing balances of benefit obligations:

Change in Projected Benefit Obligation (PBO)	Year Ended March 31, 2010 Rs	Year Ended March 31, 2009 Rs
Projected benefit obligation	82,742,742	68,681,423
Current service cost	5,759,300	5,484,382
Interest cost	6,205,706	5,494,514
Benefit paid	(4,351,143)	(3,344,700)
Actuarial (gain) / loss	494,817	6,427,123
Projected benefit obligation	90,851,422	82,742,742

c. Reconciliation of fair value of assets :-

Particulars	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Fair Value of Plan Assets	-	-
Expected return on plan assets	-	-
Contributions	49,351,143	-
Benefits Paid	(4,351,143)	-
Actuarial gain/(loss) on plan assets	1,424,275	-
Fair Value of Plan Assets	46,424,275	-

d. Gratuity expense recognized in the Profit and Loss Account

	Year Ended March 31, 2010 Rs	Year Ended March 31, 2009 Rs
Current service cost	5,759,300	5,484,382
Interest cost	6,205,706	5,494,514
Actuarial (gain) / loss	(929,458)	6,427,123
Total	11,035,548	17,406,019

Other long term Employee Benefits**Compensated Absences**

During the year the company has recognised a charge of Rs. 638,507 (2008-09 - Rs. 4,883,541)

- 12) The Company has dispatched requests to its Vendors seeking confirmation under the Micro, Small and Medium Enterprises Act, 2006. However, only few responses have been received so far. Accordingly, information required to be disclosed under the Micro, Small and Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. As represented by the management there are no Micro, Small and Medium enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. Listed below are the details of interest due on delayed payments during the year:

- I Delayed payments due as at the year end on account of Principal - Rs. Nil (2008 - 09 - Rs. Nil) and Interest due thereon - Rs. Nil (2008-09 Rs. Nil)
- II Total interest paid on all delayed payments during the year under the provisions of the Act - Rs. Nil (2008-09 Rs. Nil)
- III Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act - Rs. 22, 244 (2008-09 - Rs. Nil)
- IV Interest accrued but not due- Rs. Nil (2008-09 - Rs. Nil)
- V Total Interest Due but not paid - Rs. 22,244 (2008-09 - Rs.Nil)

- 13) Previous year figures have been re-grouped/recast, wherever necessary to confirm to the current year classification.

English Indian Clays Limited

(B) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS(3) TO (4D) OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 TOGETHER WITH OTHER NOTES

1 Particulars in respect of licensed and installed capacity, goods manufactured, opening stock, closing stock, and sales.

a) Licensed Capacity As per the latest Industrial Policy of the Government of India Clay and Starch manufacturing Industry is delicensed.

b) Installed Capacity (Annual)* 259,800 MT of Clay products.
91,245 MT of starch and its allied products.

* As certified by management and accepted by auditors, being a technical matter.

c) Class of Goods Manufactured Actual Production	YEAR ENDED	
	31.03.2010	31.03.2009
	MT	MT
Clay products*	180,071	150,807
Starch and Allied Products**	60,195	59,074

* Out of the above of Nil MT (2008-09 : 67 MT) were used for manufacture of High end Products.

** Out of the above of 107 MT (2008-09 : 46 MT) were used for manufacture of Allied Products.

(d) Stock of finished goods	Quantity		Value	
	M.T	Rs.	M.T	Rs.
Opening Stock				
Clay products	3,505	22,849,689	7,067	49,117,957
Starch and Allied Products**	1,433	28,340,607	2,415	43,762,480
By products & Others		3,543,580		5,755,805
		54,733,876		98,636,242
Closing Stock				
Clay products*	6,464	40,775,183	3,505	22,849,689
Starch and Allied Products	625	15,161,150	1,433	28,340,607
By products & Others		3,537,694		3,543,580
		59,474,027		54,733,876

* Net of damaged/ physical count difference written off 191 MT (2008-09 : 317 MT)

** 180 MT (2008-09 : Nil) were use for manufacture of high end products.

(e) Sales	Quantity		Value	
	M.T	Rs.	M.T	Rs.
Domestic Sales				
Clay products*	166,834	1,591,386,812	146,875	1,292,570,778
Starch and Allied Products**	53,164	1,293,725,690	50,562	1,150,355,435
By products & Others	-	184,623,043	-	148,852,720
Export Sales				
Clay products	10,084	171,344,130	7,108	104,183,564
Starch and Allied Products***	7,550	186,102,652	9,447	204,768,750
		3,427,182,327		2,900,731,247

* excludes 3 MT (2008-09 : 2MT) issued as samples.

** excludes 2 MT (2008-09 : 1 MT) issued as samples.

*** includes Rs. 185,813,152 (2008-09 : Rs 204,768,750) for Merchant exports.

2 Quantity and value of Raw materials consumed:

	Quantity M.T	Value Rs.	Quantity M.T	Value Rs.
Clay Matrix	582,249	66,632,301	484,220	37,181,877
Maize	63,051	635,636,215	62,570	520,440,296
Maize Starch	5,085	88,095,083	4,744	66,912,246
Tapioca Starch	12,555	221,416,613	14,740	211,072,432
Others		14,135,022		36,385,842
		1,025,915,234		871,992,693

3 Value of imports calculated on CIF basis during the year in respect of:

	RS.	RS.
Raw Material	193,672,238	33,362,832
Stores and Spare parts	18,996,623	18,262,161
Capital Goods	10,540,716	14,535,336
	223,209,577	66,160,329

**4 Expenditure in Foreign Currency :
(Cash basis)**

	RS.	RS.
Commission	5,714,948	6,645,618
Travelling	155,225	1,549,547
Consultancy	99,875	51,928
Others	486,161	748,822
	6,456,209	8,995,915

5 Earnings in foreign exchange calculated on F.O.B. Basis

Export of: Clay products	171,344,130	104,183,564
Starch and Allied Products	289,500	-
	171,633,630	104,183,564

6 Value of indigenous and imported Raw Materials, Stores and Spare Parts consumed during the period and percentage of each to the total consumption :

	INDIGENOUS		IMPORTED		TOTAL
	Value Rs.	%	Value Rs.	%	Value Rs.
Raw Material(s)					
2009-10	851,177,528	82.97%	174,737,706	17.03%	1,025,915,234
2008-09	860,367,560	98.67%	11,625,135	1.33%	871,992,693
Store & Spare Parts*					
2009-10	376,641,354	95.68%	17,012,215	4.32%	393,653,569
2008-09	336,152,622	95.31%	16,550,426	4.69%	352,703,048

*Includes Rs. 99,563,370 (2008-09 : Rs. 84,023,273) debited to other heads.

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7 Amount paid / payable to Auditors:	YEAR ENDED 31.03.2010 RS.	YEAR ENDED 31.03.2009 RS.
i) Audit Fees (including fees for quarterly reviews)	3,000,000	3,000,000
ii) Tax Audit Fees	400,000	400,000
iii) Certification	100,000	100,000
iv) Other Services	500,000	-
v) Out of pocket expenses (including Service-tax)	627,613	372,860
8 Remuneration to Managing Director/ Executive Director		
Salary & Allowances	16,859,077	3,764,033
Contribution to provident and other funds	1,296,000	651,658
Value of Perquisites	30,000	126,000
	18,185,077	4,541,691
<p>Note : The above excludes provision for Gratuity and Leave encashment which is actuarially determined on an overall basis, other than Rs. 5,143,077 towards gratuity and Leave Encashment of the Managing Director who retired on March 31, 2010.</p>		
9 Commission to Non Executive Director*	4,792,519	2,478,797
<p>Computation of Net Profit in accordance with section 198 read with section 349 of the Companies Act, 1956 and computation of commission payable to the Non-Executive Director</p>		
Profit before tax	445,024,390	290,221,541
Add/(Less)		
Bad debts/advances written off against provisions	(3,299,095)	(1,055,683)
Depreciation as per books	118,505,950	102,554,795
Less : Depreciation as per Schedule XIV to the Companies Act	<u>117,505,556</u>	<u>99,704,204</u>
Directors' Remuneration	22,977,596	7,020,488
Directors' Sitting Fee	380,000	416,000
Loss/ (Profit) on sale of Fixed Assets	2,464,621	(57,983,159)
Provision for doubtful debts/advances	10,704,003	4,298,600
	479,251,909	247,879,744
Commission (restricted to the amount whereby the total remuneration is within the limit sanctioned by the shareholders)	4,792,519	2,478,797
<p>For Price Waterhouse Firm Regn No. 301112E Chartered Accountants Sd/- Anupam Dhawan Membership Number: F-084451 Gurgaon May 18, 2010</p>		
<p>Sd/- S K Jain Sr.Vice President Corporate Finance, Accounts & Administration</p>		
<p>Sd/- P S Saini Company Secretary & Head Corporate Legal</p>		
<p>Sd/- Rahul Gupta Executive Director</p>		
<p>Sd/- Vijay Rai Director</p>		

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**i Registration Details**

Registration no.	2039	State Code	09
Balance Sheet Date	31.03.2010		

ii Capital raised during the year (Amount in Rs. Thousands)

Public issue	Nil	Right Issue	Nil
Bonus issue	Nil	Private Placement	100000

iii Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	2506454	Total Assets	2506454
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Sources of funds

Paid-up Capital	344690	Reserves & Surplus	899322
Secured Loans	816750	Unsecured Loans	254811
Deferred Tax Liabilities	190881		

Application Funds

Net Fixed Assets	2113285	Investments	--
Net Current Assets	393169	Misc. Expenditure	--
Accumulated Losses	Nil		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	3444386	Total Expenditure	2999362
Profit/Loss before Tax	+ 445024	Profit/Loss After Tax	+ 294102
Earning Per Share	Rs 58.61	Dividend Rate (%)	100%

V Generic Names of Three Principal Products/services of Company (As per monetary terms)

Item Code No. (ITC Code)

- Clay Products	329
- Maize Starch	11081200
- Glucose	2940009

Product Description Manufacture of miscellaneous non-metallic mineral products.
Starch and allied products.

Sd/-
P S Saini
Company Secretary &
Head Corporate Legal

Sd/-
S K Jain
Sr.Vice President
(Corpt. F&A)

Sd/-
Rahul Gupta
Executive Director

Sd/-
Vijay Rai
Director