



Annual Report

2007-08

English Indian Clays Limited



English Indian Clays Limited

CHAIRMAN	:	MR. KARAN THAPAR
DIRECTORS	:	MR. S.N. DUA MR. S.K. TOSHNIWAL MR. S. PADMAKUMAR MR. J.K. JAIN (ICICI Nominee) MR. VIJAY RAI
MANAGING DIRECTOR	:	MR. D. KOHLI
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 STATE BANK OF INDORE
REGISTERED OFFICE	:	TC-79/4, VELI, THIRUVANANTHAPURAM-695 021 KERALA
CORPORATE OFFICE	:	GLOBAL BUSINESS PARK, 801-803, TOWER-B, 8TH FLOOR, 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 2008-2009 PAID TO BOMBAY STOCK EXCHANGE LTD.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2008

To,
The Members:

Your Directors are pleased to present the Annual Report with audited statement of accounts for the year ended 31st March, 2008.

(Rs. in Crores)

	31st March 2008	31st March 2007
Gross Profit from operations	51.50	42.94
Non-operational Income	—	2.66
Gross operating Profit (before interest and depreciation)	51.50	45.60
Less : Interest	11.71	9.68
Gross Profit before Depreciation	39.79	35.92
Less : Depreciation	8.96	7.84
Profit for the year	30.83	28.08
From which is deducted :		
- Provision for Taxation		
Current Tax	10.53	8.07
Fringe Benefit tax	0.24	0.22
Short (Excess) Provision adjusted	0.32	0.07
Deferred Tax	0.35	1.60
Profit after Tax	19.39	18.12
To which is added :		
- Balance brought forward from the previous year	7.33	5.47
Leaving a balance of	26.72	23.59
Which your Directors recommend to be appropriated		
As under :		
Interim Dividend Paid		
- 5% on 10% Preference Shares (last year 5%)	0.50	0.50
- 5.5% on 11% Preference Shares (last year 11% on pro-rata basis)	1.10	0.63
Proposed Dividend		
- @ 5% on 10% Preference Shares	0.50	0.50
- @ 5.5% on 11% Preference Shares (on pro-rata basis)	1.10	0.63
- @ 70% on Equity Shares (previous year 70%)	3.13	3.13
Tax on Dividend	1.08	0.88
Transfer to General Reserve	1.94	10.00
Carried forward to next year's account	17.37	7.32

DIVIDEND

During the year your Directors had declared and paid an interim dividend @ 5% on 10% Cumulative Redeemable Preference Shares of Rs.100/- each and 5.5% on 11% Cumulative Redeemable Preference Shares of Rs.100/- each amounting to Rs.1,60,00,000/-.

Your Directors are pleased to recommend a further dividend @ 70% on the Equity Share Capital of Rs.4,46,89,790/- amounting to Rs. 3,12,82,853/- and 5% on 10% Cumulative Redeemable Preference Shares Capital of Rs. 10,00,00,000/- amounting to Rs.50,00,000/- and 5.5% on 11% Cumulative Redeemable Preference Shares Capital of Rs. 20,00,00,000/- amounting to Rs.1,10,00,000/-. The total outgo on account of Preference and Equity Dividend including dividend tax of Rs. 1,07,54,921/- will be Rs. 7,40,37,774/-.

OPERATIONS

Your Company recorded a modest increase of 10% in its sales turnover, which grew to Rs.278 Crores during the year under review (previous year Rs.253 Crores). Whilst the gross profit from operations grew by a healthy 20%, higher interest charges, reflecting the Indian Government's liquidity and inflation concerns, and increased depreciation reflecting the growing capital investment by your Company, resulted in the pre-tax profit growing by about 10%, in line with the sales growth. The post-tax profit posted an increase of 7% to Rs.19.39 Crores (previous year Rs.18.12 Crores) which is not strictly comparable with the previous year because your Company demerged the investment division during the year under review resulting in a NIL income as compared with a Rs.2.65 Crore dividend income in the previous year (on a like-to-like basis the PAT increased by 22%).

A detailed review of the operations and performance of clay and starch unit is contained in the Management Discussion & Analysis Report which is appended to the Directors' Report and form part of it.

EXPORTS

Despite the strengthening of the rupee against the dollar, the value of exports has risen to Rs.23.58 Crores as compared to Rs.18.22 Crores in the previous year, an increase of about 29%.

INVESTMENT DIVISION

During the year under review, the investment division of the Company was demerged into Bharat Starch Products Ltd. by terms of the Scheme of Arrangement & Demerger between the Company and Bharat Starch Products Ltd., as approved by the Hon'ble High Courts of Kerala at Ernakulam and Delhi at New Delhi vide their orders dated 19-12-2007 and 14-01-2008 respectively. The said Scheme became effective from 31-01-2008, being operative from 1st April, 2007.

With the emphasis on the core businesses of the Company, the rate of return on Net Worth has increased from 22% to 34% during 2007-08.

NEW PLANTS**Starch Plant**

The Company is in the process of setting up a cornwet milling plant to manufacture starch and modified starches at Shimoga, in the state of Karnataka, with an installed grinding capacity of 500 MTPD. The project's capital cost is estimated at Rs.160 Crores and is targetted to be commissioned by September, 2009.

Co-gen Plant

The Company is in the process of completing erection of a 2 Megawatt Co-gen plant at its starch factory at Yamunanagar which is expected to be commissioned in May, 2008. This will ensure the unit an uninterrupted power supply as well as result in lowering the manufacturing cost.

Clay Plant

The Company, in its expansion drive, bought a kaolin processing plant from M/s Wolkem Clays Pvt. Ltd. situated at Kollam, Kerala, in September, 2007, having an installed capacity of 10,000 MTPA, alongwith 20 acres of mining land. The Company has already turned around the said unit into a profit making one.

The Company is also putting up an additional Calciner at its Thonnakkal factory which would double existing capacity from 27000 MTPA to 55000 MTPA. The Calciner is expected to go on stream from July, 2008.

RIGHTS ISSUE

To part finance the cost of setting up of the cornwet milling plant at Shimoga, Karnataka, and long term working capital requirements, and also to meet the issue expenses, the Company is in the process of issue of 744830 Equity Shares of Rs.10/- each at Rs.1000/- per Equity Share (at a premium of Rs.990 per share), aggregating Rs.74.48 Crores. The Board of Directors of your Company has already approved the Rights Issue in the ratio 1 (one) Equity Share of Rs.10/- each at Rs.1000/- each for every 6 (six) Equity Shares of Rs.10/- each held in the Company.

RESEARCH & DEVELOPMENT ACTIVITIES

Your Company continues to lay emphasis on R&D activities. The Company's commitment to R&D activities has resulted in new product development, application support to the customer as well as improvement in the manufacturing process.

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, 2008 fixed deposit amounting to Rs. 8.80 lacs which became due for repayment had remained unclaimed by 31 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.

INTERNAL CONTROL SYSTEMS & I.T.

The Company has successfully implemented mySAP ERP 2005. The Company continue to have a well structured organisation with clearly defined reporting and accountability procedures to ensure effective internal control and the compliance with applicable statutory laws and regulations.

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. 9.95 Crores and remittance of foreign currency equivalent to Rs. 2.35 Crores towards various purposes details of which have been incorporated in the Notes to Accounts No. 3 to 5 of Schedule 25(B).

DIRECTORS

Shri Vijay Rai and Shri S.K. Toshniwal, Directors of the Company being longest in the office, retires by rotation and are eligible for reappointment. Their appointments are recommended for your approval. The Profile of Shri Vijay Rai and Shri S.K. Toshniwal seeking reappointment forms part of the Corporate Governance Report.

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) Pembriil 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 and (15) 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 31-03-2008 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, 2008 and of the profit of the year ended 31.03.2008.
- 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 commitment towards environment protection and social responsibility. Under the Rain Water Harvesting Scheme, water is provided free of cost to neighbouring villages around the Thonnakkal mines through pipelines and water tankers. The Company also regularly conducts medical camps for these villages.

HUMAN RESOURCES

Your Company's human resources philosophy empowers and enables employees to deliver high quality performance, with operational freedom and intensive training programs, among others.

INDUSTRIAL RELATIONS

The Board of Directors wish to place on record their appreciation of the active, dedicated and valuable contribution of the Company's employees at all levels in achieving the results in the operations of the Company during the year. The Industrial relations continued to be cordial during the year.

ACKNOWLEDGEMENT

The Directors express their grateful appreciation for the valuable cooperation and assistance extended by Banks/Financial Institutions viz. Axis Bank Ltd., Oriental Bank of Commerce, State Bank of India, State Bank of Indore and Life Insurance Corporation of India, and Central and State Govts. 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 : 28-04-2008

**Sd/-
(KARAN THAPAR)
Chairman**

**ENERGY CONSERVATION STATEMENT
STARCH UNIT (YAMUNANAGAR & PUDUCHERRY)**

FORM-A

Power & Fuel Consumption	Current year ended 1/4/2007 to 31/3/2008	Previous year ended 1/4/2006 to 31/3/2007
1. ELECTRICITY		
(a) Purchased Units	12292110	11053654
Total amount (Rs.)	49872127	43652745
Rate/Unit (Rs.)	4.05	3.95
(b) Own Generation		
Through Diesel Generator Units	3305585	3312541
Units Per Ltr. Of D/Oil	3.58	3.80
Cost/Unit (Rs.)	8.75	8.39
2. COAL		
- Quantity (MT)	3853.886	2855.644
- Total cost (Rs.)	17914002	14258187
- Average Rate/MT (Rs.)	4648.00	4993.00
3. FURNACE OIL		
- Quantity (K. Ltr.)	836.743	959.446
- Total cost (Rs.)	17609720	18215166
- Average Rate/K. Ltr.(Rs.)	21045.55	18985.08
4. OTHERS/INTERNAL GENERATION		
(a) Steam Qty. (MT)	46500	59881
Total cost (Rice Husk Bagasse) (Rs.)	35864286	45768520
Average Rate/MT (Rs.)	771.27	764.32
Other/internal generation		
(b) Steam Qty. (from F. Oil)	—	—
Total cost (from F. Oil)	—	—
Average Rate (Rs.)	—	—
(c) Consumption per unit of production		
Electricity (Units/MT)	219.05	221.23
Steam (MT/MT)	1.55	1.52
Furnace Oil (Ltr./MT of Gluten)	59.50	96.73

F O R M - B**1. Specific Areas in which R & D Carried out by the Company.****Clay Division**

- a) Commercialization of Supergloss and Delaminated clay.
- b) Introduction of new liquid bleaching technique.
- c) To identify process route for Alternative Fiberlin.
- d) To Develop new product 'Zeofine' for catalyst application.

Starch Division

- a) Development of different cold water soluble adhesive formulations for various applications in packaging.
- b) Review of various process involved in plant & suggesting alternative routes
- c) Commercialization of high valued products in the application area of adhesives, textile printing, wet-end applications of paper.

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

- a) Increased the Value Added Product market and achieved higher contribution.
- b) Pollution free operation and man power saving.
- c) Better utilization of grey matrix.

Starch Division

- a) A new cost effective alternative process for wet-end starch (cationic) for paper processing applications
- b) Introduction of 3rd variant in cold processable packaging adhesive
- c) Introduction of printing aid in textile printing application.

3. Future Plan of Action :-**Clay Division**

- a) Commercialization of Zeofine and Himashine.
- b) Identifying process route for the production of Pigment composite and FCC catalyst.
- c) Application support to customers for developing cost effective formulations.

Starch Division

- a) Development of new formulation for AKD/ASA (Pre-gel) emulsion additive
- b) Commercialization of Cold water processable formulation for paper Cone Application of packaging
- c) Process review for enhancing starch recovery.

4. Expenditure on R & D :-

	31st March, 2008 (Rs.)	31st March,2007 (Rs.)
a) Capital	34,39,548	7,15,527
b) Recurring	1,02,87,756	83,77,654
c) Total	1,37,27,304	90,93,181
d) Total R&D Expenditure as a percentage of total turnover	0.49%	0.36%

ANNEXURE 'A'

Information pursuant to Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Director's Report for the financial year ended March 31, 2008.

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	3,572,000	B.A.	18 Years	01.04.1993	62	DBH International Pvt. Ltd.
2.	Mr. M.M. George*	Sr. Vice President (Works)	4,802,742	M.Sc.	37 Years	01.07.1971	61	
3.	Mr. Abhay Singh**	General Manager Corporate Strategy	901,951	B. Tech (Mech) MBA	13 Years	10.12.2007	37	Duncan, Goenka

* Retired on march 31, 2008.

** Employed for part of the Financial Year

Notes

1. All appointments are non-contractual except in case of the Managing Director.
2. Gross remuneration includes Salary, Allowances, Performance Incentive, Leave Travel Concession, Company's Contribution to Provident Fund and Superannuation Fund, Leave Salary, Gratuity Paid and taxable value of perquisites wherever applicable.
3. None of the employees listed above, is a relative of any Director of the Company.

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Corporate Governance assumes great importance in the business of the Company for achieving high level of accountability, efficiency, transparency and fairness in all area of operations. The Company is committed towards the protection of interest of all shareholders, creditors, customers, lenders, employees etc. 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, a Managing Director and five Non-Executive Directors including one Nominee Director. 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	9	3	—
Mr. B.M. Thapar	(Non-Executive Promoter)	-	No	11	1	—
Mr. S.N. Dua	Non-Executive Independent	5	No	6	3	1
Mr. S.K. Toshniwal	Non-Executive Independent	5	Yes	3	-	1
Mr. S. Padmakumar	Non-Executive Independent	5	No	8	6	3
Mr. Vijay Rai	Non-Executive Independent	5	Yes	8	3	1
Mr. J.K. Jain	Non-Executive Independent Nominee of ICICI	5	No	3	4	—
Mr. D. Kohli	Managing Director	5	No	2	1	—

As on 31-03-2008, the Directors of the Company are not related to each other and are independent of each other.

* Mr. B.M. Thapar ceased to be a Director of the Company w.e.f. 31-07-2007.

2.2 Board Meetings

The meetings 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 its Board Meetings on 26th June, 2007, 8th August, 2007, 15th November, 2007, 25th January, 2008 and 7th March, 2008.

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 Vice President (Corporate Finance, Accounts & Administration) is the permanent invitee at the Committee Meetings.

During the year, the Committee met four times, on 23rd June, 2007, 27th July, 2007, 30th October, 2007 and 25th January, 2008.

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

Name	Number of Meetings attended
Mr. Vijay Rai	3
Mr. S.N. Dua	4
Mr. S.K. Toshniwal *	1
Mr. J.K. Jain **	2

* Mr. S.K. Toshniwal ceased to be a member w.e.f. 26-06-2007.

** Mr. J.K. Jain appointed as a member w.e.f. 26-06-2007.

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.
- review of financial reporting system.
- review of Company's financial and risk management policies.
- ensuring regulatory compliances.
- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Committee also reviews and discusses the quarterly, half-yearly and annual financial statements before they are considered by the Board.

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 and Mr. S.N. Dua as other members of the Committee.

Mr. P.S. Saini, Company Secretary is the Compliance Officer of the Company. During the year, the Committee met 6 times and redressed all the complaint/grievance from the Shareholders. There is no complaint pending as on date.

5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of following three Directors;

1. Mr. J.K. Jain, Chairman (ICICI Nominee)
2. Mr. Vijay Rai, Member
3. Mr. D. Kohli, Managing Director

During the financial year 2006-07, a comprehensive evaluation of the risk associated with the various activities namely; operations, financials, environmental etc. was undertaken by M/s T.R. Chadha & Co. and the Committee reviewed all such high and medium risks as well as the potential risks of the Company and the steps undertook to mitigate such risks. The Committee met two times during the year.

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

Managing Director	Salary	Perquisites	Retirement Benefits	Commission	Total
MR. D. KOHLI	28,73,000/-	2,13,000/-	4,86,000/-	—	35,72,000/-

B. Non-Executive Directors**I.****(Amount Rs)**

Name	Sitting Fees
Mr. Karan Thapar	50,000/-
Mr. B.M. Thapar	—
Mr. S.N. Dua	1,05,000/-
Mr. S.K. Toshniwal	77,000/-
Mr. S. Padmakumar	50,000/-
Mr. Vijay Rai	1,20,000/-
Mr. J.K. Jain	1,00,000/-

II.

(Amount in Rs.)

Chairman	Commission
MR. KARAN THAPAR	32,46,265/-

The members of the Company in their Extra-Ordinary General meeting held on 24-08-2004 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:-

	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, 2007	30 th July, 2007	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala
31 st March, 2006	31 st August, 2006	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala
31 st March, 2005	1 st July, 2005	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala

A Special resolution approving alteration of Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company U/s 94 of the Companies Act, 1956 was unanimously passed in the Annual General Meeting held on 31st August, 2006.

A Special resolution approving issue of 20,00,000 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 31st August, 2006.

There is no special resolution passed through postal ballot during the last 3 years.

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.

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, 2008 except with regards to delay in publishing the results for the year ended March 31, 2006 for which intimation was sent to the Stock Exchange.

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.eiclclays.com.

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 Managing 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, 2008".

Gurgaon

D. Kohli
Managing Director

d. CEO/CFO Certification

The Managing Director and 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*, *Economics Times* in English and *Mangalam* in Malayalam Language and are also uploaded on the Electronic Data Information Filing And Retrieval System of the Stock Exchange, Mumbai as required by the Listing Agreement.

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

10. GENERAL SHAREHOLDER INFORMATION**10.1 Disclosures regarding appointment/re-appointment of Directors****a. Mr. Vijay Rai**

Mr. Vijay Rai is B.Tech in Mechanical Engineering from I.I.T., Kharagpur. He has rich experience of over 37 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. Prince Plastics International Pvt. Ltd
6. Navneet Publication India Ltd.
7. Viswas Business Solutions Ltd.
8. Polygel Technologies India Pvt. Ltd.

Committee Memberships**Audit Committee**

1. English Indian Clays Ltd. - Chairman
2. Greaves Cotton Ltd.
3. Punjab Chemical & Crop Care Ltd.

Investors Relations Committee

1. Greaves Cotton Ltd.

b. S.K. Toshniwal

Mr. S.K. Toshniwal aged 62 years, is a Commerce Graduate having working experience of over 35 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. Toshiwal Son (P) Ltd.

Committee Memberships

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

Grievance Committee

10.2 Forthcoming Annual General Meeting

The Forty Fourth Annual General Meeting of the Company is scheduled to be held on 9th September, 2008 at TC-79/4, Veli, Thiruvananthapuram, Kerala at 11:30 A.M inter-alia, to consider and adopt the Annual Accounts for the year ended 31st March, 2008.

10.3 Financial Calendar

The financial year – 1st April to 31st March

Announcement of financial results

For year ended 31st March, 2008 on 28th April, 2008.

The Board of Directors have recommended Dividend @ 70% on 4468979 Equity Shares of Rs.10/- each and 5% on (5% interim dividend is already paid) 10% 10,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each and 5.5% on (5.5% interim dividend is already paid) 11% 20,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each respectively for the year ended 31st March, 2008.

The quarterly/half yearly results for the financial year 2008-09 will be announced as follows :-

First Quarter ending 30th June, 2008 at end July, 2008
Half yearly ending 30th September, 2008 at end October, 2008.
Third Quarter ending 31st December, 2008 at end January, 2009.
Annual audited results by end June, 2009.

10.4 BOOK CLOSURE

The Register of Members and Share Transfer Books will remain closed from 4th Sept 2008 to 9th September 2008 (both days inclusive).

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 :-

<u>Name</u>	<u>Address</u>	<u>Stock Code</u>
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, 2007	484.00	415.00
May, 2007	540.00	395.00
June, 2007	570.00	405.00
July, 2007	572.00	400.00
August, 2007	686.80	450.00
September, 2007	1160.90	510.00
October, 2007	1233.30	755.00
November, 2007	1497.45	1129.20
December, 2007	1858.70	1290.00
January, 2008	3582.70	1890.00
February, 2008	2215.00	187.95*
March, 2008	2020.00	404.55*

* Consequent upon the Scheme of Arrangement & Demerger becoming effective w.e.f. 31st January, 2008, being operative from 1st April, 2007, the Company fixed up 20th February, 2008 as the Record Date. The Bombay Stock Exchange Ltd. (BSE) amongst other documents, asked the Company to furnish a certificate of fair value of share, post demerger, duly certified by the Merchant Banker. This fair value merely represented the Net Assets Value/Book Value of the Company's share, post demerger, at Rs.179/- per share. The BSE ignoring the recent trading history of the shares, replaced the Book Value (Rs.179/- per share) on 13-02-2008 with the market price (Rs.1,690/- per share on 12-02-2008), which caused enormous concern and confusion amongst the shareholders of the Company. After strenuous follow up with BSE & SEBI, BSE had as a corrective measure increased the circuit filter of Company's share from 5% to 20% and has also revised the flawed practice in consultation with SEBI.

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 : rcmc@dimensioni.net

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 15 days.

10.9 DISTRIBUTION OF EQUITY SHAREHOLDING PATTERN AS ON MARCH 31, 2008

CATEGORY	NO. OF SHARES OF Rs. 10/- EACH	PERCENTAGE
Promoters	3571077	79.91
Indian Institutional Investors	-	-
Other Bodies Corporate	91704	2.05
Foreign Institutional Investors	298998	6.69
NRIs/OCBs	6518	0.15
Mutual Funds	2000	0.04
General Public	489982	10.97
Directors & Relatives	8700	0.19
TOTAL	4468979	100.00

10.10 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2008

Shareholding of Nominal value (Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	16829	99.15	369313	8.26
5001-10000	79	0.47	61215	1.37
10001-20000	36	0.21	54298	1.22
20001-30000	10	0.06	26232	0.59
30001-40000	7	0.04	25235	0.56
40001-50000	2	0.01	10000	0.22
50001-100000	5	0.03	36042	0.81
100001 & above	6	0.04	3886644	86.97
TOTAL	16974	100	4468979	100.00

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, 2008 4409189 being 98.66% 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 : psaini@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 : 28th April, 2008

Sd/-
KARAN THAPAR
Chairman

CEO AND CFO CERTIFICATION

ANNEXURE - I

**The Board of Directors
English Indian Clays Limited**

We, D. Kohli, Managing Director and S.K. Jain, 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, 2008 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 Standards, 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, 2008 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 : 28-04-2008

Sd/-
D. KOHLI
Managing Director

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

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE
OF CONDITIONS OF CORPORATE GOVERNANCE**

To the members of English Indian Clays Limited

We have examined the compliance of conditions of Corporate Governance by English Indian Clays Limited (the Company) for the year ended March 31, 2008, 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 in all material aspects.

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

Sd/-
Anupam Dhawan
Partner
Membership No. – F 084451
For and on behalf of
Prince Waterhouse
Chartered Accountants

New Delhi, 28th April, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. OVERALL VIEW

1. During the year under review the Company's turnover increased by 10% to Rs.277.86 crores and EBIDTA from operations by 20% to Rs. 51.50 crores.
2. The Company was well positioned to take advantage of the economic growth in the country and the favourable market conditions.
3. The Company's R&D teams continued to play a key role in defining the business through new product development and giving application support to customers.
4. The Company has embarked on an ambitious drive to increase capacity and double its turnover by F.Y. 2010-11.
5. The Company is putting up a grassroot 500 TPD Cornwet Milling Plant in Shimoga District of Karnataka at a capital cost of **Rs.160 crores**. This will almost quadruple existing grinding capacity from 170 TPD to 670 TPD. The new plant is expected to be commissioned by September' 2009. With the new plant the Company will have a major presence in Starch in South India. The project is proposed to be financed through a combination of Rights Issue, internal generation and debt, with the overall objective of keeping the debt equity ratio at 1:1.
6. The Company is also putting up an additional Calciner at its Thonnakkal facility which would double existing calcining capacity. The Calciner is expected to go on stream from July 2008.
7. The 2 megawatt Co-Gen Plant at Yamunanagar will be commissioned in May 2008 and will help the unit have uninterrupted power supply and also help in lowering manufacturing costs.
8. The SAP ERP commissioned in March 2007 is running effectively.
9. The thrust on Exports continued with a growth of 43% in terms of volume and 29% in terms of value.
10. The Company bought a Kaolin processing plant from M/s Wolkem Clays Pvt. Ltd. situated at Kollam, Kerala, in September 2007. With this acquisition the Company got over 20 acres of mining land and a 9,600 TPA plant. The Company has already turned around this unit into a profit making one.

II SEGMENT-WISE BUSINESS PERFORMANCE

	2006-07 (Rs. in crores)			2007-08 (Rs. in crores)		
	CLAY	STARCH	TOTAL	CLAY	STARCH	TOTAL
Turnover	116.52	136.07	252.59	131.99	145.87	277.86
EBIDTA	33.08	11.67	44.75	38.98	13.70	52.68
EBIT	28.75	8.43	37.18	33.97	10.32	44.29

The cash unallocable expenses for the year were Rs.1.18 crores as against Rs.2.07 crores in the previous year. The income from investments was nil as against Rs. 2.66 crores in the previous year.

III CLAY

1. The Clay business registered a growth of 13% in turnover and 18% in EBIDTA.
2. Despite facing mechanical problems with the Calciner, the Company managed to increase calcined clay sales by 6%.
3. R&D continued to give application support to customers and also focus on new product development.

IV STARCH

1. The Starch Operations comprising of Units at Yamunanagar and Pondicherry registered a growth of 7% in sales turnover and 18% in EBIDTA as compared to previous year.
2. There was a slow down in the Textile Industry which negatively impacted company sales to that segment by 10%.
3. The focus on improved product-mix through increased sale of modified starches was responsible for the vast improvement in profitability of this business.
4. The Pondicherry unit's merchant Exports have shown a growth of 88% in volume and 80% in value terms.

V INVESTMENTS

The Company demerged its Investments Division w.e.f. April 1, 2007. The income from investments was Nil during the current financial year.

VI INTERNAL CONTROL SYSTEMS

The Company continued to have a well structured organization with clearly defined reporting and accountability procedures. 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. Regular 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.

VII HUMAN RESOURCES

The thrust across the Company was on inculcating professionalism and team work with special focus on skill development training and improving management labour relations.

VIII CORPORATE SOCIAL RESPONSIBILITY

1. The Company continued to pursue its commitment towards environment protection and social responsibility.
2. The Rain Water Harvesting Scheme of the Company 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 these villages.

IX RISKS, CONCERNS AND OUTLOOK

1. The Company's risk profile is reviewed bi-annually by a Risk Management Committee comprising of three Board Members.
2. A Risk Audit of the Company was conducted in 2007 by an independent team of Consultants.
3. The risk in the Clay business is primarily the volatility of fuel prices since the business is energy intensive. The Division is exploring using alternate energy sources.
4. The Starch business could be impacted by abnormal increase in Maize prices and the continued slowdown in the domestic Textile Industry.
5. The Company Management is confident of handling the risks in the business and the overall outlook for F.Y. 2008-09 looks positive and promising.

X 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, as at March 31, 2008, 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, 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 further report that:
 - (i)
 - (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.
 - (ii)
 - (a) The inventory, *excluding stocks with consignee agents aggregating Rs. 7,650,578*, has been physically verified by the management during the year/at the year end. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management *needs to be strengthened* so as to be commensurate with 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 aggregating *Rs. 5,784,788*, *have been considered to be material*, and have been appropriately adjusted in the books of the Company.

- (iii) (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 on the Company.
- (e) The Company has taken unsecured loans from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 25,000,000 and Rs. Nil respectively.
- (f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
- (g) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining quotations, 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 sales of services. 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.
- (v) (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.
- (vi) 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) As represented by the management, 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.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory

ENGLISH INDIAN CLAYS LIMITED

dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable 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 March 31, 2008 which have not been deposited on account of a dispute are as follows:

S. No.	Name of Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
1	Kerala Sales Tax Act & Central Sales Tax Act	Rate of Interest Levied	329,291	86-87	DC Appeals
2	Kerala Sales Tax Act & Central Sales Tax Act	For Modification of the order according to the Tribunal Order	241,863	87-88	The Assistant Commissioner, Appeals.
3	Kerala Sales Tax Act & Central Sales Tax Act	For Modification of the order according to the Tribunal Order	236,873	88-89	The Assistant Commissioner, Appeals.
4	Kerala Sales Tax Act & Central Sales Tax Act	In Lieu of form 18	17,008	90-91	The Assistant Commissioner, Appeals.
5	Kerala Sales Tax Act & Central Sales Tax Act	Rate of Interest Levied	600,702	91-92	The High Court of Kerala
6	Kerala Sales Tax Act & Central Sales Tax Act	Rate of Interest Levied	113,912	92-93	The High Court (CST), and The Assistant Commissioner, (KGST)
7	Kerala Sales Tax Act & Central Sales Tax Act	Rate of Interest Levied	22,872	93-94	The High Court of Kerala
8	Kerala Sales Tax Act & Central Sales Tax Act	Rate of Interest Levied	91, 962	95-96	The Appellate Tribunal - KGST
9	Kerala Sales Tax Act & Central Sales Tax Act	Form - C - Interest, KGST-Form 18 Royalty and Surcharge & Interest	1, 890,950	98-99	DC Appeals (Kollam) -CST DC Appeals (Kollam) -KGST

S. No.	Name of Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
10	Kerala Sales Tax Act & Central Sales Tax Act	KGST - Royalty Sales return of the previous year.	61, 050	00-01	Rectification against earlier appeal filed before DC Appeals
11	Kerala General Sales Tax Act, 1963	Entry Tax on Superior Kerosene Oil	15,133,588*	2002	Supreme Court of India
12	Customs Act, 1962	Custom duty and penalty on purchase under EPGC Scheme	2,499,187	2003	Appellate Tribunal
13	Income Tax Act, 1961	Disallowances of Interest Expenses	Refer Note No. 3 on Schedule 24A.	2001-02	The High Court, Kolkata
14	Income Tax Act, 1961	Disallowances of adjustment of brought forward losses	68,255,122#	2003-04 and 2005-06	CIT Appeals, Cochin
15	Central Excise Act, 1944	Misclassification of Maize Starch (Demand + Penalty)	63,494,596 ##	01.04.1997 to 18.12.2001	CESTAT, Delhi
16	Central Excise Act, 1944	Modvat Claimed on Lubricants & Transformer Oil (Demand + Penalty)	54,905,706 Refer Note No. 4 on Schedule 24A.	2000 to 2004	CESTAT, Delhi
17	Central Excise Act, 1944	Modvat Claimed on Lubricants & Transformer Oil (Demand + Penalty)	52,464,028** Refer Note No. 4 on Schedule 24A.	2000 to 2004	CESTAT, Delhi
18	Central Excise Act, 1944	Service Tax claimed on Inputs (Demand + Penalty)	45,396,100*** Refer Note No. 4 on Schedule 24A.	01.12.2004 to 31.08.2005	CESTAT, Delhi

* represents amount paid under protest

includes Rs. 48,420,562, paid under protest to the department.

includes Rs. 507,000, paid under protest to the department.

** includes Rs. 1,241,379, paid under protest to the department.

***includes Rs. 2,226,695, paid under protest to the department.

(x) The Company has no accumulated losses as at March 31, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ENGLISH INDIAN CLAYS LIMITED

- (xi) 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 or debenture holders as at the balance sheet date.
 - (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
 - (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
 - (xv) 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.
 - (xvi) 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.
 - (xvii) 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.
 - (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 - (xix) The Company has not issued any debentures during the year.
 - (xx) The Company has not raised any money by public issues during the year.
 - (xxi) 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.
4. Further to our comments 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, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 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, 2008;
 - (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.

New Delhi, April 28, 2008

Sd/-
Anupam Dhawan
Partner
Membership No. F084451
For and on behalf of
Price Waterhouse
Chartered Accountants

ENGLISH INDIAN CLAYS LIMITED

BALANCE SHEET AS AT 31.03.2008				
	SCHEDULE	AS AT 31.03.2008 Rs	AS AT 31.03.2007 Rs	
I. SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	1	344,689,790	344,689,790	
RESERVES & SURPLUS	2	561,009,594	931,148,274	
		905,699,384	1,275,838,064	
DEFERRED GOVERNMENT GRANTS		477,238	643,833	
LOAN FUNDS				
SECURED LOANS	3	1,050,010,351	833,281,138	
UNSECURED LOANS	4	110,696,195	100,559,583	
		1,160,706,546	933,840,721	
DEFERRED TAX LIABILITY (NET)		138,742,957	135,218,077	
(Refer Note 12 on Schedule 23 and Note 9 on Schedule 24A)				
		2,205,626,125	2,345,540,695	
II. APPLICATION OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	5	2,133,885,837	1,954,947,942	
Less : ACCUMULATED DEPRECIATION		523,278,865	438,513,788	
NET BLOCK		1,610,606,972	1,516,434,154	
CAPITAL WORK IN PROGRESS		259,423,898	56,167,968	
INVESTMENTS	6	-	455,480,453	
CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES	7	348,510,846	350,290,670	
SUNDRY DEBTORS	8	308,091,282	271,087,409	
CASH & BANK BALANCES	9	69,275,542	57,919,017	
OTHER CURRENT ASSETS	10	1,024,612	921,711	
LOANS & ADVANCES	11	133,633,029	115,231,225	
		860,535,311	795,450,032	
LESS : CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES	12	332,947,024	320,627,025	
PROVISIONS	13	191,993,032	157,364,887	
		524,940,056	477,991,912	
NET CURRENT ASSETS		335,595,255	317,458,120	
		2,205,626,125	2,345,540,695	
STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES	23			
NOTES TO THE ACCOUNTS	24			
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.		
Sd/- Anupam Dhawan Partner Membership No. F-084451 For & on behalf of PRICE WATERHOUSE CHARTERED ACCOUNTANTS Gurgaon, April 28, 2008	Sd/- S K Jain Vice President Corporate Finance, Accounts & Administration	Sd/- P S Saini Company Secretary & Head Corporate Legal	Sd/- D Kohli Managing Director	Sd/- Karan Thapar Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

	SCHEDULE	Year Ended 31.03.2008 Rs	Year Ended 31.03.2007 Rs
INCOME			
GROSS SALES	14	2,778,583,488	2,525,923,615
Less : EXCISE DUTY		114,331,190	125,739,827
		2,664,252,298	2,400,183,788
OTHER INCOME	15	20,421,551	33,138,502
INCREASE/(DECREASE) IN STOCKS	16	34,311,659	2,852,732
		2,718,985,508	2,436,175,022
EXPENDITURE			
MANUFACTURING AND MINING EXPENSES	17	1,760,887,537	1,552,684,986
PAYMENT TO AND PROVISIONS FOR EMPLOYEES	18	226,364,363	201,390,735
ADMINISTRATION & OTHER EXPENSES	19	109,499,348	107,767,927
SELLING & DISTRIBUTION EXPENSES	20	96,979,750	109,937,128
RESEARCH & DEVELOPMENT EXPENSES	21	10,287,756	8,377,654
		2,204,018,754	1,980,158,430
PROFIT BEFORE INTEREST, DEPRECIATION/ AMORTISATION AND TAX		514,966,754	456,016,592
INTEREST (NET)	22	117,065,986	96,766,511
PROFIT BEFORE DEPRECIATION/AMORTISATION AND TAX		397,900,768	359,250,081
DEPRECIATION/AMORTISATION	5	89,590,276	78,373,426
PROFIT BEFORE TAX		308,310,492	280,876,655
TAX EXPENSE			
(Refer Note 12 on Schedule 23 and Note 9 on Schedule 24A)			
Current Tax			
-Current Year		105,300,000	80,700,000
-Prior Years		3,177,576	722,595
Deferred Tax		3,524,880	16,014,587
Fringe Benefit Tax		2,400,000	2,200,000
PROFIT AFTER TAX		193,908,036	181,239,473
BALANCE AS PER LAST YEAR		73,257,430	54,719,426
AVAILABLE FOR APPROPRIATION		267,165,466	235,958,899
APPROPRIATIONS			
INTERIM DIVIDEND			
- PREFERENCE SHARES		16,000,000	11,298,630
PROPOSED DIVIDEND			
- PREFERENCE SHARES		16,000,000	11,298,630
- EQUITY SHARES		31,282,853	31,282,853
CORPORATE DIVIDEND TAX		10,754,921	8,821,356
GENERAL RESERVE		19,390,804	100,000,000
BALANCE CARRIED TO BALANCE SHEET		173,736,888	73,257,430
		267,165,466	235,958,899
EARNINGS PER SHARE (Rs)			
(Refer Note 14 on Schedule 23 and Note 8 on Schedule 24A)			
- BASIC		35.01	34.71
- DILUTED		17.46	12.10

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES 23
NOTES TO THE ACCOUNTS 24

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

Sd/-

Anupam Dhawan
Partner
Membership No. F-084451
For & on behalf of
PRICE WATERHOUSE
CHARTERED ACCOUNTANTS
Gurgaon, April 28, 2008

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

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

Sd/-
D Kohli
Managing Director

Sd/-
Karan Thapar
Chairman

ENGLISH INDIAN CLAYS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2008		
	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
A. Cash flow from operating activities:		
Net profit before tax	308,310,492	280,876,655
Adjustments for:		
Depreciation	89,590,276	78,373,426
Interest Expense	119,062,893	99,889,231
Interest Income	(1,996,907)	(3,122,720)
Dividends	-	(26,596,557)
Unrealised Exchange Fluctuation	(558,139)	1,959,536
(Profit)/Loss on Sale of Fixed Assets (Net)	356,591	94,888
Debts / Advances Written off	444,893	1,166,942
Provision for Bad & Doubtful Debts/Advances	4,206,318	2,315,860
Miscellaneous Expenditure written off	-	530,000
Liability no longer required written back	(10,484,192)	(232,043)
Provision for Gratuity & Leave Encashment	14,105,730	6,461,325
Government grant	(166,595)	(166,596)
Operating profit before working capital changes	522,871,360	441,549,947
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(40,041,263)	(76,456,578)
- (INCREASE)/DECREASE in Other Receivables	3,963,076	(9,845,683)
- (INCREASE)/DECREASE in Inventories	1,779,824	(108,762,384)
- INCREASE/(DECREASE) in Trade and Other Payables (includes Rs. 11,649,573 due to Bharat Starch Products Limited pursuant to the Scheme of Arrangement & Demerger)	30,423,779	100,347,433
Cash generated from operations	518,996,776	346,832,735
- Taxes (Paid) / Received (Net of TDS)	(119,276,091)	(102,877,976)
Net cash from operating activities	399,720,685	243,954,759
B. Cash flow from Investing activities:		
Additions to fixed assets and capital work in progress	(427,227,014)	(220,201,090)
Proceeds from Sale of fixed assets (Net of Assets transferred pursuant to the Scheme of Arrangement & Demerger aggregating Rs. 35,131,556)	2,076,091	905,032
Purchase of investments	-	(276,922,461)
Loans to Companies (Net)	-	190,000,000
Deposits with bank (Net)	(3,657,158)	86,134,518
Interest Received	1,894,006	6,415,615
Dividend Received		
Less: Transferred pursuant to the Scheme of Arrangement and Demerger	14,775,865 (14,775,865)	- 26,596,557
Net cash used in investing activities	(426,914,075)	(187,071,829)

C. Cash flow from financing activities:

Proceeds from share capital	-	200,000,000
Proceeds from long term borrowings		
RECEIPTS	400,000,000	200,000,000
PAYMENTS (excludes exchange fluctuation Rs Nil 2006-07 : Rs 2,150,088)	(232,705,642)	(262,697,657)
Proceeds from short term borrowings (Net)	-	(2,496,501)
Proceeds from fixed deposits (Net)	10,094,645	(11,934,285)
Proceeds from Cash Credits (Net) / Working Capital Demand Loan	49,273,209	(6,421,814)
Interest Paid (includes exchange fluctuation Rs 2,112,861 ; 2006-07 : Rs 2,150,088)	(123,179,002)	(103,426,082)
Dividend Paid	(58,603,358)	(59,613,015)
Dividend Tax Paid	(9,955,923)	(8,553,626)
Net cash used in financing activities	34,923,929	(55,142,980)
Net Increase/(Decrease) in Cash & Cash Equivalents	7,730,539	1,739,950
Cash and cash equivalents at the beginning of the year	41,272,035	39,532,085
Less: Transfer Pursuant to Scheme of Arrangement	(31,172)	-
Net Cash and cash equivalents at the beginning of the year	41,240,863	39,532,085
Cash and cash equivalents at the end of the year	48,971,402	41,272,035
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	663,286	939,948
Savings account with Post Office	272	272
Balance with Scheduled Banks in current accounts	48,307,844	40,331,815
	48,971,402	41,272,035

Notes :

- The above Cash flow statement has been prepared pursuant to clause 32 of the listing agreement with stock exchange and under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- Cash and cash equivalents at the end of the year include Rs. 1,540,899 (2006-07 : Rs.1,596,693) held in dividend accounts with scheduled banks.
- The significant accounting policies (Schedule 23) and notes to the accounts (Schedule 24) forms an integral part of the Cash Flow Statement.
- Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

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

Sd/-

Anupam Dhawan
Partner
Membership No. F-084451
For & on behalf of
PRICE WATERHOUSE
CHARTERED ACCOUNTANTS

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

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

Sd/-
D Kohli
Managing Director

Sd/-
Karan Thapar
Chairman

Gurgaon, April 28, 2008

ENGLISH INDIAN CLAYS LIMITED

SCHEDULE 1: SHARE CAPITAL	AS AT 31.03.2008 Rs	AS AT 31.03.2007 Rs
AUTHORISED CAPITAL		
8,000,000 (2006-07 : 8,000,000) Equity shares of Rs 10/- each	80,000,000	80,000,000
3,000,000 (2006-07 : 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 (2006-07 : 4,468,979) Equity Shares of Rs 10/- each fully paid up	44,689,790	44,689,790
1,000,000 (2006-07 : 1,000,000) 10% Cumulative Redeemable Preference shares of Rs 100/- each fully paid up	100,000,000	100,000,000
2,000,000 (2006-07 : 2,000,000) 11% Cumulative Redeemable Preference shares of Rs 100/- each fully paid up	200,000,000	200,000,000
	<u>344,689,790</u>	<u>344,689,790</u>
Notes :		
Of the above :		
1. 150,000 (2006-07 : 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.		
2. 1,510,450 (2006-07 : 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.		
3. 800,000 (2006-07 : 800,000) Equity shares of Rs.10/- each were allotted on conversion of partly convertible Debentures.		
4. 528,079 (2006-07 : 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.		
5. 10% Cumulative Redeemable Preference shares shall be redeemed at par at the option of the Company not earlier than 3 years but not later than 5 years from the date of allotment 25.03.2004, i.e. between 25.03.2007 and 25.03.2009.		
6. 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, i.e. between 04.03.2008 and 04.09.2011.		
SCHEDULE 2 : RESERVES AND SURPLUS (Refer Note 5 & 6 on Schedule 24A)		
CAPITAL RESERVE		
Balance as per last year	754,423	754,423
Adjustment as per Scheme of Arrangement	(754,423)	-
Addition on acquisition of Kollam Unit	633,688	-
Balance at the end of the year	<u>633,688</u>	<u>754,423</u>
SHARE PREMIUM ACCOUNT (Refer Note 4 on schedule 1 above)		
Balance as per last year	91,956,750	91,956,750
Adjustment as per Scheme of Arrangement	(91,956,750)	-
Balance at the end of the year	<u>-</u>	<u>91,956,750</u>
GENERAL RESERVE		
Balance as per last year	765,179,671	689,047,699
Transferred from Profit & Loss Account during the year	19,390,804	100,000,000
Adjustment as per Scheme of Arrangement	(397,931,457)	-
Adjustment for Provision for Retirement Benefits (Net of Tax / Deferred tax)	-	(23,868,028)
Balance at the end of the year	<u>386,639,018</u>	<u>765,179,671</u>
PROFIT & LOSS ACCOUNT		
	173,736,888	73,257,430
	<u>561,009,594</u>	<u>931,148,274</u>

	AS AT 31.03.2008 Rs	AS AT 31.03.2007 Rs
SCHEDULE 3 : SECURED LOANS		
(Refer Note 7 & 11 on Schedule 23)		
LOANS FROM BANKS/FINANCIAL INSTITUTIONS		
- CASH CREDIT ACCOUNT WITH SCHEDULED BANKS	127,466,700	83,193,491
- WORKING CAPITAL DEMAND LOANS	130,000,000	125,000,000
- INTEREST ACCRUED & DUE ON ABOVE*	745,651	584,005
- RUPEE TERM LOANS** #	791,798,000	579,176,767
- FOREIGN CURRENCY TERM LOANS	-	45,326,875
	1,050,010,351	833,281,138
* Amount realised by bank by April 11, 2008 (2006-07 April 10, 2007)		
** Includes Rs 40,000,000 (2006-07 : Rs 60,000,000) borrowed from a financial institution and is convertible into Equity Shares in case of default.		
# includes Rs 200,000,000 (2006-07 : Rs. Nil) borrowed from a bank, repayable at the end of 2 years with put and call option at the end of first year.		
1 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.		
2 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.		
3 The amount falling due for repayment within a year (excluding cash credit and working capital demand loans) is Rs 216,536,000 (2006-07 : Rs 232,695,542).		
SCHEDULE 4 : UNSECURED LOANS		
(Refer Note 11 on Schedule 23)		
FIXED DEPOSITS (Refer Notes below)	110,545,645	100,451,000
INTEREST ACCRUED AND DUE	150,550	108,583
	110,696,195	100,559,583
Notes :		
1 Fixed deposits held by Directors	322,000	5,115,000
2 Fixed Deposits repayable within one year	75,231,000	78,059,000

SCHEDULE 5 : FIXED ASSETS

(Refer Note 2 & 3 on Schedule 23 and Note 5, 6 & 7 on Schedule 24A)

	Gross Block				Depreciation				Net Block				
	Opening Balance	Additions during the year	Acquisition of a unit during the year	Sale/ adjustments	Total	Upto 31.3.2007	For the year	Sale/ adjustments	Transferred Pursuant to the Scheme of Arrangement	Upto 31.03.2008	As on 31.03.2008	As on 31.03.2007	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	-	-	-
Freehold	515,073,551	23,898,141	11,530,168	-	529,479,860	21,293	-	-	-	21,293	529,458,567	515,052,258	
FACTORY & OTHER BUILDINGS	227,119,325	9,064,261	2,332,552	-	227,394,982	41,076,237	5,640,970	-	1,221,273	45,495,934	181,899,048	186,042,428	
PLANT & MACHINERY	1,070,576,490	123,581,320	40,578,000	47,200	1,234,885,610	334,294,481	68,661,620	29,366	-	402,926,735	831,761,875	736,282,662	
FURNITURE, FIXTURES & OFFICE EQUIPMENT	32,123,460	1,888,820	581,625	331,800	28,624,474	11,958,505	2,745,043	15,658	1,427,958	13,257,932	15,366,542	20,166,963	
LEASEHOLD IMPROVEMENTS	6,250,000	-	-	-	6,250,000	3,256,973	694,375	-	-	3,951,348	2,298,652	2,993,027	
VEHICLES & CYCLES	21,793,205	6,041,193	748,800	4,229,650	24,353,548	7,353,231	2,162,841	2,130,944	-	7,385,128	16,968,420	14,439,973	
INTANGIBLE ASSETS													
TECHNICAL KNOW-HOW / BRAND	67,118,471	-	-	-	67,118,471	40,271,080	6,711,847	-	-	46,982,927	20,135,544	26,847,391	
COMPUTER SOFTWARE / LICENCE FEES	14,878,400	1,082,452	-	-	15,960,852	268,948	2,973,580	-	-	3,242,528	12,718,324	14,609,452	
TOTAL	1,954,947,942	165,556,187	55,771,145	4,608,650	37,780,787	2,133,885,837	438,513,788	2,175,968	2,649,231	523,278,865	1,610,606,972	1,516,434,154	
CAPITAL WORK IN PROGRESS (including capital advances Rs 88,698,778/(2006-07 : Rs 18,510,464))													
PREVIOUS YEAR	1,782,292,125	174,882,702	-	2,226,885	1,954,947,942	361,367,327	78,373,426	1,226,965	-	438,513,788	1,516,434,154	1,870,030,870	1,572,602,122

Notes :

- 1 Land, buildings and vehicles aggregating to Rs 145,026,792 (2006-07 : 145,026,792) acquired under the scheme of re-organisation are yet to be transferred in the name of the Company.
- 2 Additions include additions to R & D assets amounting to Rs. 3,439,548 (Previous year: Rs 715,527) and depreciation charge for the year includes Rs. 1,417,501 (2006-07 : Rs.1,369,818) on account of R & D Assets.
- 3 Addition to fixed assets and Capital Work in Progress includes Salaries and Wages capitalised Rs.3,186,940 (2006-07: Rs.2,905,970) and interest amounting to Rs. 4,934,383.
- 4 Remaining useful life for Intangible Assets is as follows:

Technical know-how / brand	3 Years
Computer software / licence fees	3 Years 11 Months
5. Opening balances and accumulated depreciation as at 1.04.2007 have been regrouped and re-classified to confirm to the class and nature of assets.

SCHEDULE 6: INVESTMENTS

(Refer Note 4 on Schedule 23 & Note 5 on Schedule 24A)

	Balance as on 1.04.2007			Additions during the year			Transferred during the year pursuant to the Scheme of Demerger			Balance as on 31.03.2008		
	No of Shares	Face Value Rs	Book Value Rs	No of Shares	Face Value Rs	Book Value Rs	No of Shares	Face Value Rs	Book Value Rs	No of Shares	Face Value Rs	Book Value Rs
OTHER THAN TRADE INVESTMENTS												
LONG TERM INVESTMENTS												
SHARES & DEBENTURES												
- QUOTED												
Greaves Colton Limited*	2,955,173	10	455,470,403	-	-	-	-	2,955,173	10	455,470,403	-	-
- UNQUOTED												
Thapar Consultants & Services Ltd	1,000	10	10,000	-	-	-	-	1,000	10	10,000	-	-
Ronak Dying Limited	50	10	50	-	-	-	-	50	10	50	-	-
			455,480,453					455,480,453				

* Represents Companies under the same management.

1. Aggregate Book Value of quoted investments 455,470,403
2. Aggregate Book Value of unquoted investments 10,050
3. Aggregate Market Value of quoted investments 695,569,123

NOTE:

Pursuant to the Scheme of Arrangement and De-merger all the investments of the Company have been transferred to Bharat Starch Products Limited (BSPPL).

ENGLISH INDIAN CLAYS LIMITED

	AS AT 31.03.2008 Rs	AS AT 31.03.2007 Rs
SCHEDULE 7 : INVENTORIES		
(Refer Note 5 on Schedule 23 and Note 6 on Schedule 24A)		
RAW MATERIALS	168,726,086	204,488,811
INCLUDES RAW MATERIALS IN TRANSIT Rs 5,017,900 (2006-07 : Rs NIL)		
STORES AND SPARES	51,499,932	54,140,613
INCLUDES STORES & SPARES IN TRANSIT Rs. 1,959,519 (2006-07 : Rs 5,015,034)		
STOCK - IN - PROCESS		
CLAY, STARCH & ALLIED PRODUCTS	29,648,586	29,396,610
FINISHED GOODS		
CLAY, STARCH & ALLIED PRODUCTS	92,880,437	60,576,057
BY PRODUCTS & OTHERS	5,755,805	1,688,579
	348,510,846	350,290,670
SCHEDULE 8 : SUNDRY DEBTORS		
DEBTS OUTSTANDING FOR OVER SIX MONTHS		
CONSIDERED GOOD, UNLESS OTHERWISE STATED		
- SECURED	253,326	195,853
- UNSECURED	9,475,115	6,901,798
CONSIDERED DOUBTFUL	7,996,145	5,564,924
LESS : PROVISION FOR BAD & DOUBTFUL DEBTS*	(7,996,145)	(5,564,924)
OTHER DEBTS		
CONSIDERED GOOD		
- SECURED	1,031,157	1,891,305
- UNSECURED	297,331,684	262,098,453
	308,091,282	271,087,409
* Net of Rs 719,414 (2006-07 : Rs 1,597,749) written off against provisions during the year.		

	AS AT 31.03.2008 Rs	AS AT 31.03.2007 Rs
SCHEDULE 9 : CASH AND BANK BALANCES		
CASH, CHEQUES & DRAFTS (IN HAND) *	663,286	939,948
SAVINGS ACCOUNT WITH POST OFFICE (PLEGGED AS SECURITY)	272	272
WITH SCHEDULED BANKS IN:		
CURRENT ACCOUNTS*	46,766,945	38,735,122
DIVIDEND ACCOUNT	1,540,899	1,596,693
DEPOSIT ACCOUNTS**	20,304,140	16,646,982
	69,275,542	57,919,017
* Excludes Rs. 31,172 transferred pursuant to the Scheme of Arrangement and Demeger		
** Represents monies held against public deposits and includes Rs 6,471,902 (2006-07 : Rs 9,658,471) pledged with banks and Government Authorities.		
SCHEDULE 10 : OTHER CURRENT ASSETS		
UNSECURED-CONSIDERED GOOD		
INTEREST RECOVERABLE - ON DEPOSITS	1,024,612	921,711
	1,024,612	921,711
SCHEDULE 11 : LOANS & ADVANCES		
UNSECURED - CONSIDERED GOOD UNLESS OTHERWISE STATED		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED*	48,438,878	62,427,647
CONSIDERED DOUBTFUL LESS: PROVISION FOR DOUBTFUL ADVANCES**	14,768,271 (14,768,271)	15,248,687 (15,248,687)
DEPOSIT WITH THE EXCISE AND SALE TAX AUTHORITIES	36,573,589	27,603,578
DEPOSIT WITH INCOME TAX AUTHORITIES (Refer Note 1 (g) and 3 (b) on Schedule 24A)	48,420,562	25,000,000
ADVANCE TAX PAID FOR FRINGE BENEFIT TAX (NET) (NET OF PROVISION FOR FRINGE BENEFIT TAX Rs Nil ; 2006-07 : Rs. 2,200,000)	200,000	200,000
	133,633,029	115,231,225
* Includes Rs 500,000 paid to Kerala Enviro Infrastructures Limited towards 50,000 shares of Rs 10/- each fully paid up.		
** Net of Rs 1,536,099 (2006-07 : Rs 3,978,000) written off against provisions during the year.		

ENGLISH INDIAN CLAYS LIMITED

	AS AT 31.03.2008 Rs	AS AT 31.03.2007 Rs
SCHEDULE 12 : CURRENT LIABILITIES		
(Refer note 14 on Schedule 24A)		
SUNDRY CREDITORS*		
- TOTAL OUTSTANDING DUES TO MICRO, SMALL & MEDIUM ENTERPRISE**	-	4,723,567
- TOTAL OUTSTANDING DUES TO UNITS OTHER THAN MICRO, SMALL & MEDIUM ENTERPRISE	302,556,569	287,256,168
ADVANCE FROM CUSTOMERS	7,281,704	1,270,179
OTHER LIABILITIES	12,861,616	11,490,270
UNCLAIMED DIVIDEND	1,545,296	1,567,171
UNCLAIMED MATURED PUBLIC DEPOSITS	832,410	1,274,000
INTEREST ACCRUED & DUE ON UNPAID MATURED PUBLIC DEPOSITS	190,548	278,367
BOOK OVERDRAFT	-	856,519
INTEREST ACCRUED BUT NOT DUE ON LOANS	7,678,881	11,910,784
	332,947,024	320,627,025
* Includes Rs 2,799,812 (2006-07 :Rs. 6,077,252) on capital account.		
** As certified by the management. The previous figures represents balance due from Small Scale Industrial Undertakings.		
SCHEDULE 13 : PROVISIONS		
(Refer Note 6 & 16 on Schedule 23)		
PROVISION FOR TAXATION (Net) (NET OF ADVANCE TAX PAID INCLUDING TAX DEDUCTED AT SOURCE Rs 65,390,436 ; 2006-07 : 134,068,444)	39,927,962	25,305,915
PROVISION FOR FRINGE BENEFIT TAX (Net) (NET OF ADVANCE TAX PAID Rs 2,000,000 ; 2006-07 : Nil)	400,000	-
PROVISION FOR WEALTH TAX	400,000	400,000
PROPOSED DIVIDEND (INCLUDING TAX ON DIVIDEND Rs 8,035,721; 2006-07: Rs 7,236,723)	55,318,574	49,818,206
PROVISION FOR GRATUITY & LEAVE ENCASHMENT	95,946,496	81,840,766
	191,993,032	157,364,887
SCHEDULE 14 : SALES		
(Refer Note 10 on Schedule 23)		
CLAY, STARCH & ALLIED PRODUCTS	2,658,448,509	2,436,541,927
BY PRODUCTS & OTHERS	120,134,979	89,381,688
	2,778,583,488	2,525,923,615

ENGLISH INDIAN CLAYS LIMITED

	Year Ended 31.03.2008 Rs	Year Ended 31.03.2007 Rs
SCHEDULE 15 : OTHER INCOME		
(Refer Note 9 and 10 on Schedule 23)		
DIVIDEND ON INVESTMENTS OTHER THAN TRADE	14,775,865	
LESS: TRANSFERRED PURSUANT TO THE SCHEME OF ARRANGEMENT AND DEMERGER	(14,775,865)	-
		26,596,557
LIABILITIES NO LONGER REQUIRED WRITTEN BACK	10,484,192	232,043
GOVERNMENT GRANTS	166,595	166,596
MISCELLANEOUS INCOME	9,770,764	6,143,306
	20,421,551	33,138,502
SCHEDULE 16 : INCREASE/(DECREASE) IN STOCKS		
(Refer Note 6 on Schedule 24A)		
OPENING STOCK		
FINISHED GOODS	62,264,636	78,357,438
STOCK IN PROCESS	29,396,610	10,451,076
	91,661,246	88,808,514
ACQUIRED PURSUANT TO THE ACQUISITION OF KOLLAM UNIT		
FINISHED GOODS	2,257,920	-
STOCK IN PROCESS	54,003	-
	2,311,923	-
CLOSING STOCK		
FINISHED GOODS	98,636,242	62,264,636
STOCK IN PROCESS	29,648,586	29,396,610
	128,284,828	91,661,246
INCREASE/(DECREASE)	34,311,659	2,852,732
SCHEDULE 17 : MANUFACTURING AND MINING EXPENSES		
RAW MATERIAL CONSUMED	848,989,880	773,304,646
CLAY MINING & PROCESSING EXPENSES*	66,212,342	64,696,473
STORES & SPARES CONSUMED	247,956,085	211,867,057
POWER & FUEL	524,750,488	439,152,102
REPAIRS & MAINTENANCE		
-PLANT & MACHINERY	53,135,282	45,378,178
-BUILDINGS	2,033,898	3,141,810
-OTHERS	2,986,867	1,121,194
OTHER MANUFACTURING EXPENSES	7,553,140	6,982,720
INCREASE/(DECREASE) IN EXCISE DUTY ON STOCKS OF FINISHED GOODS	(804,269)	1,115,113
ROYALTY	8,073,824	5,925,693
	1,760,887,537	1,552,684,986
* Clay Mining and Processing Expenses include overburden removal, transportation of clay matrix, excavator expenses and sand removal expenses and excludes overburden removal expenses capitalised.		

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	Year Ended 31.03.2008 Rs	Year Ended 31.03.2007 Rs
SCHEDULE 18 : PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
SALARIES, WAGES, BONUS, GRATUITY & LEAVE ENCASHMENT	201,159,918	180,939,994
CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND AND OTHER FUNDS	15,594,289	13,004,520
WORKMEN AND STAFF WELFARE EXPENSES	<u>12,797,096</u>	<u>10,352,191</u>
	229,551,303	204,296,705
LESS : AMOUNT CAPITALISED DURING THE YEAR	3,186,940	2,905,970
	226,364,363	201,390,735
SCHEDULE 19 : ADMINISTRATION & OTHER EXPENSES		
RENT	12,354,701	11,029,785
RATES & TAXES	4,094,692	3,980,556
INSURANCE	5,687,847	5,717,631
DIRECTORS' SITTING FEES	502,000	518,000
EXCHANGE FLUCTUATION (NET)	2,278,278	4,748,259
OFFICE & OTHER EXPENSES	50,875,579	46,658,777
TRAVELLING & CONVEYANCE	19,586,707	16,284,286
CHARITY & DONATION	1,832,476	8,452,650
BAD DEBTS/ADVANCES WRITTEN OFF	2,700,406	5,575,749
LESS: PROVISIONS FOR DOUBTFUL DEBTS/ADVANCES WRITTEN BACK	<u>2,255,513</u>	<u>444,893</u>
	444,893	<u>4,408,807</u>
OTHER FINANCING CHARGES	7,279,266	6,270,293
ISSUE EXP. WRITTEN OFF	-	530,000
PROVISIONS FOR DOUBTFUL DEBTS/ADVANCES	4,206,318	2,315,860
LOSS ON SALE / WRITE OFF OF FIXED ASSETS (NET)	356,591	94,888
	109,499,348	107,767,927

	Year Ended 31.03.2008 Rs	Year Ended 31.03.2007 Rs
SCHEDULE 20 : SELLING & DISTRIBUTION EXPENSES		
PACKING & FORWARDING EXPENSES	29,178,297	27,821,596
COMMISSION TO SELLING AGENTS AND OTHERS	43,412,001	53,097,881
SALES DISCOUNT (NET)	10,026,960	12,958,995
OTHER SELLING EXPENSES	14,362,492	16,058,656
	96,979,750	109,937,128
SCHEDULE 21 : RESEARCH & DEVELOPMENT EXPENSES (Refer Note 8 on Schedule 23)		
SALARY & WAGES	6,722,608	4,823,600
LABORATORY EXPENSES	881,961	571,834
OFFICE & OTHER EXPENSES	2,683,187	2,982,220
	10,287,756	8,377,654
SCHEDULE 22 : INTEREST (NET) (Refer Note 10 and 11 on Schedule 23)		
INTEREST*		
- ON TERM LOANS	79,369,206	66,802,255
- OTHERS	<u>44,628,070</u>	<u>33,086,976</u>
	123,997,276	99,889,231
LESS : AMOUNT CAPITALISED DURING THE YEAR	4,934,383	-
INTEREST	119,062,893	99,889,231
LESS INTEREST RECEIVED ON DEPOSITS AND LOANS (GROSS) (TAX DEDUCTED AT SOURCE Rs. 259,341; 2006-07 : Rs. 547,210)	1,996,907	3,122,720
	117,065,986	96,766,511
* Includes amount paid or payable to Directors Rs 105,954 (2006-07 : Rs 755,381)		

**SCHEDULE 23
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, research and development assets and 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' issued by the Institute of Chartered Accountants of India.

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. Investments

Long term Investments are valued at their acquisition cost. Decline, other than temporary, in the value of long term investments is accounted for.

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

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.

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 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.

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 24**A. NOTES TO THE ACCOUNTS****1. Contingent Liabilities**

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
a) Outstanding bank guarantees	19,349,567	16,719,382
b) Outstanding letter of credits	-	2,757,682
c) Bills and cheques discounted	81,098,971	39,150,912
d) Indemnity bond countersigned	24,984,972	24,984,972
e) Excise & Sales-tax matters (including penalty of Rs 31,747,298 (2006-07; Rs. 108,130,215) (Refer Note 4 below)	70,317,266	223,523,684
f) Entry Tax on Special Kerosene Oil (SKO)	15,133,588	15,133,588
g) Income-tax matters (Also refer Note 3 below)	68,255,122	49,315,060
h) Fulfillment of export obligations under advance licenses	2,500,000	2,500,000
i) Claims against the Company not acknowledged as debts amount to the extent ascertainable amounts to: i) Rs. 5,010,861 (2006-07: Rs 4,963,311) 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. 222,583,735 (2006-07 : Rs. 185,202,609).		
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 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. b) In respect of the claim of loss of Rs.13,98,42,989/- of BSIL for the assessment year 2001-02, the Hon'ble High Court of Kolkata has admitted the petition of the Company and is pending for adjudication. Based on opinion obtained by the Company from its tax advisor, the Company should get the decision in its favour i.e. the aforesaid amount should be allowed as revenue expenditure in view of judicial pronouncements.		
4. Contingent liabilities with respect to Excise and Sales Tax matters for the year 2007-08 referred in Paragraph 1 (e) above excludes demands aggregating Rs. 152,765,834 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. 3,468,074 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. Subsequent to the approval of the Scheme of arrangement by way of de-merger of Investment Division between the Company and Bharat Starch Products Limited (BSPL), by the Board of Directors the Scheme was filed and approved by Hon'ble High Court of Kerala and Hon'ble High Court of Delhi vide their orders dated December 19, 2007 and January 14, 2008 respectively.

The Scheme became operative from April 1, 2007, (the Appointed date) upon filing of the certified copy of the Order dated December 19, 2007 of the Hon'ble High Court of Kerala and Order dated January 14, 2008 of the Hon'ble High Court of Delhi, with the Registrar of Companies on January 31, 2008 and filing of revised Order on February 12, 2008.

The salient features of the scheme are set out below:

- a) All the properties of EICL pertaining to the Investment Division including leasehold rights, tenancy rights, entitlements, licenses, contracts, arrangements present and future liabilities and debts be vested in BSPL on a going concern basis at the values indicated in the scheme.
- b) The salient features of the Scheme are narrated hereunder:
 - i) De-merger of the Investments Division would enable EICL to focus on and enhance its core manufacturing business operations by streamlining operations and cutting costs.
 - ii) The Scheme will enable both EICL and BSPL to rationalize and streamline their management, businesses and finances and to eliminate duplication of work to their respective advantage.
 - iii) The Scheme is beneficial to both the companies, their shareholders, creditors, employees and all stakeholders and will enable both companies to achieve and fulfill their objectives more efficiently and economically. The Scheme will contribute in furthering and fulfilling the objects of the both companies and in the growth and development of their business.
- c) Pursuant to the Scheme of De-merger with BSPL as approved by the Hon'ble High Courts of Kerala and Delhi, existing shareholder of EICL is entitled for 4 equity shares of Rs.10/- each of BSPL for every 19 Equity Shares of Rs.10/- each held in EICL, par value credited as fully paid up. The shares issued and allotted in BSPL shall be unlisted i.e. shall not be listed in any Stock Exchange and consequently shall not have the facility of trading as in the case of shares of EICL. However, pursuant to the scheme two options were given to eligible EICL shareholders:
 1. **Option given by BSPL** - An option is given in the Scheme where under an eligible member i.e. any person being a shareholder of EICL as on the record date of 20-02-2008 fixed by the Committee of Directors, has an option to receive 100, 8% Cumulative Redeemable Preference Shares ("CRPS") of Rs.10/- each of BSPL, redeemable at par on expiry of ten years from date of allotment, in lieu of one BSPL equity share of Rs.10/- each as per the

entitlement hereinbefore mentioned. Such an option to receive equity shares or 8% CRPS shall be exercised by the eligible members within a period of 35 days from the date of the notice. However, in case any eligible member does not convey or inform the Company of his/her option within the aforesaid period, then he/she shall be deemed to have opted for equity shares.

- 2. Option given by DBH International Pvt. Ltd. and Karun Carpets Pvt. Ltd.** - In order to give the eligible equity shareholders of EICL, an opportunity to exit and provide liquidity to the equity shareholders, DBH International Pvt. Ltd. and Karun Carpets Pvt. Ltd. have provided through the Scheme an exit price of Rs.1000/- per equity share of BSPL as per the entitlement hereinbefore mentioned, based on the valuation done by an Independent Valuer. This option can be exercised by the eligible members for a period of 1 year from the record date i.e. upto 19.02.2009.

- d) Pursuant to the Scheme of Arrangement & de-merger as approved by the Hon'ble High Courts, impact on assets and liabilities of the investments business of the Company are given as under:

	Rs
Decrease in:	
Fixed Assets(Net)	35,131,556
Investments	455,480,453
Cash and Bank Balances	31,172
Current Liabilities and Provisions	(551)
	490,642,630
Settled as follows:	
Decrease in Securities Premium	91,956,750
Decrease in Capital Reserve	754,423
Decrease in General Reserve	397,931,457
	490,642,630

Further income from such investments and expenditure relating to the investment division aggregating Rs. 14,775,865 and Rs. 2,024,317 respectively, recognized / incurred during the year and held on behalf of the transferee Company (BSPL), have been transferred.

6. During the year, the Company acquired the fixed assets and net current assets of a clay manufacturing unit in Kollam, Kerala at a consideration of Rs. 66,961,653.

The land and buildings were accounted at the cost of acquisition including cost of registration incurred by the Company and the plant & machinery of the said unit were valued by an independent valuer and has been accounted accordingly. The difference between the acquisition cost and value of assets amounting to Rs 633,688 has been accounted as Capital Reserve.

The break-up of the assets and liabilities acquired and amount transferred to capital reserve is given hereunder:

		Rs.
Assets		
Fixed Assets		
Land (Excluding registration charges Rs. 1,302,668)	10,227,500	
Buildings (Excluding registration charges Rs. 260,052)	2,072,500	
Furniture & Fixtures	581,625	
Motor Vehicles	748,800	
Plant & Machinery	<u>40,578,000</u>	54,208,425
Current Assets, Loans & Advances		
Inventories		
Raw Material	5,495,009	
Stores and Spares	2,110,057	
Stock in Process	54,003	
Finished Goods	<u>2,257,920</u>	9,916,989
Sundry Debtors	2,815,580	
Loans & Advances	<u>2,714,782</u>	15,447,351
Less : Current Liabilities & Provisions		
Current liabilities	(537,887)	
Provisions	<u>(1,522,548)</u>	(2,060,435)
Net Assets acquired		67,595,341
Net Consideration Paid		66,961,653
Capital Reserve		633,688
<p>The Company commenced commercial production of the said plant with effect from 11.09.2007.</p> <p>7. The Company is in the process of setting up a Starch Plant for manufacturing of Starches and allied products with an installed capacity of corn crushing of 500 TPD. Direct expenditure incurred for the project till the date of commercial production, are carried forward and included in Capital work in progress and will be allocated to fixed assets in the year of commencement of commercial production. Break up of expenses carried forward are as under:</p>		
		Rs.
Technical Consultant Fees	1,700,400	
Project Consultant Fees	7,443,850	
Travelling & Others	2,469,810	
Balance at the end of the year	11,614,060	

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8. Earnings per Share	31.03.2008	31.03.2007	
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	193,908,036	181,239,473	
Less : Dividend on 10% Cumulative Redeemable preference shares	11,699,500	11,551,000	
Less : Dividend on 11% Cumulative Redeemable preference shares	25,738,900	14,551,095	
Net profit after tax available to Equity shareholders	156,469,636	155,137,378	
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	4,666,667	8,884,628	
Potential Diluted Shares	9,135,646	13,353,607	
d) Net profit after tax available for potential equity shareholders			
Net profit after tax available to equity shareholders	156,469,636	155,137,378	
Income on Dilutive Potential Equity Shares	3,058,017	6,400,599	
	159,527,653	161,537,977	
e) Basic EPS	35.01	34.71	
f) Diluted EPS	17.46	12.10	
g) Nominal Value of Equity Share	10.00	10.00	
9. Deferred Tax			
	Opening as at 01.04.2007 Rs	Charged/ (Credited) to P & L Rs	Closing as at 31.03.2008 Rs
Deferred Tax Liabilities			
Tax impact of difference between carrying amount of fixed assets in the financial statements and under the Income Tax Act.	167,766,058	10,049,313	177,815,371
	167,766,058	10,049,313	177,815,371
Deferred Tax Assets			
Tax impact of expenses charged in the financial statement but allowable as deductions in future years under income-tax	32,547,981	6,524,433	39,072,414
	32,547,981	6,524,433	39,072,414
Net Deferred Tax (Asset)/Liability	135,218,077	3,524,880	138,742,957

10. **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.

Investments : Segment which held shares in various companies has been de-merged to BSPL as referred to in Note 5 above.

11. Lease Commitments:

The Company has rent lease agreements for various properties and lease rentals aggregating Rs. 12,354,701 (2006-07; Rs. 11,029,785) have been charged to the Profit & Loss Account.

12. 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, Premium Energy & Transmission Ltd, Solaris Holdings Ltd, Solaris Bio-chemicals Ltd, Pembrill Industrial & Engineering Co. Ltd, Greaves Leasing Finance Ltd, Bharat Projects Pvt Ltd, Dee Greaves Ltd, KCT Chemicals & Electricals Ltd, Standard Refinery & Distillery Ltd (erstwhile Deoria Sugar Mills Ltd, Shree Sita Ram Sugar Co. Ltd, New Savan Sugar & Gur Refining Co. Ltd since merged), Bharat Starch Products Ltd, Aravali Sports & Cultural Foundation, Karam Chand Thapar & Bros. Ltd, Thapar Institute of Engineering & Technology

C. Key Management Personnel & their relatives

Mr Karan Thapar – Chairman, Mr B M Thapar (upto July 31, 2007), Ms Devika Thapar (Daughter of Mr Karan Thapar), Mr Karam Thapar (Son of Mr Karan Thapar), Mr D Kohli, Mrs Amita Kohli (Wife of Mr D Kohli), Mr Vikramaditya Kohli (Son of Mr D Kohli), Mrs Jasbir Kohli (Mother of Mr D Kohli), Mr Sudhir Mathur (upto September 8, 2006), Mr M M George, Mrs Annakutty George (Wife of Mr M M George), Mr S K Jain, Mr P S Saini.

a) Transactions with related parties	Associates which has significant influence in the company influence		Enterprises over which substantial shareholders have significant influence		Key management personnel & their relatives of key management personnel		Total	
	2007-08 Rs	2006-07 Rs	2007-08 Rs	2006-07 Rs	2007-08 Rs	2006-07 Rs	2007-08 Rs	2006-07 Rs
Purchase of Goods								
DBH International Pvt. Ltd.	11,595,286	12,451,362	-	-	-	-	11,595,286	12,451,362
Premium Energy Transmission Ltd.	349,204	128,090	-	-	-	-	349,204	128,090
Purchase of Investments								
Greaves Cotton Ltd.	-	-	-	276,922,461	-	-	-	276,922,461
Allotment of Preference Shares								
DBH International Pvt. Ltd.	-	200,000,000	-	-	-	-	-	200,000,000
Receiving of Services								
Karun Carpets Pvt. Ltd.	6,916,067	7,207,133	-	-	-	-	6,916,067	7,207,133
Loan/Advances Paid								
Deoria Sugar Mills Limited	-	-	-	-	-	-	-	-
DBH International Pvt Ltd	-	50,000,000	-	-	-	-	-	50,000,000
Karun Carpets Pvt. Ltd.	25,000,000	5,000,000	-	-	-	-	25,000,000	5,000,000
Refund of Public Deposit								
Ms. Ameeta Kohli	-	-	-	-	-	300,000	-	300,000
Mr. Karan Thapar	-	-	-	-	2,000,000	-	2,000,000	-
Mr. D. Kohli	-	-	-	-	2,575,000	-	2,575,000	-
Ms. Devika Thapar	-	-	-	-	250,000	-	250,000	-
Loan/advances received								
DBH International Pvt Ltd.	-	50,000,000	-	-	-	-	-	50,000,000
Karun Carpets Pvt. Ltd.	25,000,000	5,000,000	-	-	-	-	25,000,000	5,000,000
Rent Paid								
DBH International Pvt Ltd.	1,429,490	1,296,000	-	-	-	-	1,429,490	1,296,000
Security Deposit Refund								
DBH International Pvt Ltd.	2,000,000	2,000,000	-	-	-	-	2,000,000	2,000,000
Dividend Received								
Greaves Cotton Ltd.	-	-	14,775,865	26,596,557	-	-	14,775,865	26,596,557

Dividend Paid/ Proposed on Preference Shares									
DBH International Pvt Ltd.	22,000,000	12,597,260	-	-	-	-	22,000,000	12,597,260	
Commission									
Mr. Karan Thapar							3,246,265	2,887,870	2,887,870
Assets Transferred*									
Bharat Starch Products Limited	-	-	35,131,556	-	-	-	35,131,556	-	-
Dividend Transferred*									
Bharat Starch Products Limited	-	-	14,775,865	-	-	-	14,775,865	-	-
Expenses Transferred*									
Bharat Starch Products Limited	-	-	2,024,317	-	-	-	2,024,317	-	-
Sale of Fixed Assets									
Bharat Starch Products Limited	-	-	290,249	-	-	-	290,249	-	-
Remuneration									
Mr. D. Kohli	-	-	-	-	-	3,472,000	2,495,380	3,472,000	2,495,380
Mr. Sudhir Mathur	-	-	-	-	-	-	1,143,062	-	1,143,062
Mr. S. K. Jain	-	-	-	-	-	2,066,677	1,639,746	2,066,677	1,639,746
Mr. P.S. Saini	-	-	-	-	-	1,539,316	1,180,681	1,539,316	1,180,681
Mr. M.M. George	-	-	-	-	-	2,521,773	1,322,580	2,521,773	1,322,580
Interest Paid on Loans									
DBH International Pvt Ltd.	-	515,068	-	-	-	-	-	-	515,068
Karun Carpets Pvt. Ltd.	89,041	16,027	-	-	-	-	89,041	-	16,027
Other Expenses									
Aravali Sports & Cultural Foundation	-	-	1,500,000	1,618,400	-	-	1,500,000	-	1,618,400
Thapar Institute of Engg. & Tech.	-	-	250,000	250,000	-	-	250,000	-	250,000
Mr. Karan Thapar	-	-	-	-	-	-	-	233,526	233,526
Mr. D. Kohli	-	-	-	-	-	-	-	403,649	403,649
Others	-	-	-	-	-	287,706	478,384	287,706	478,384
Notes									
* Transferred Pursuant to the Scheme of Arrangement and Demerger									
1. Reimbursement of expenses have not been included in the above details.									
2. Refer Note 1 (d) for the bonds provided on behalf of erstwhile Shree Sitaram Sugar Co. Ltd. and Deoria Sugar Mills Ltd. now Standard Refinery & Distillery Ltd.									

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

	31.03.2008 Rs	31.03.2007 Rs
1. Associates in which the company has significant influence	Nil	Nil
2. Associates which have significant influence over the company	6,604,049 Dr 1,621,170 Cr	9,194,806 Dr 5,791,054 Cr
3. Enterprises, over which substantial shareholders of the company and their relatives, have significant influence	11,653,673 Cr 988,890 Dr	738,446 Dr 4,100 Cr
4. Key Management Personnel & their relatives of key management	3,246,265 Cr	2,887,870 Cr

13. **Employee benefits**

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

Defined Contribution Plans

	Year Ended March 31, 2008	Year Ended March 31, 2007
Employer's Contribution to Provident Fund *	10,292,027	9,083,159
Employer's Contribution to Superannuation Fund *	5,302,262	3,921,361
Employer's Contribution to ESI**	1,586,619	1,471,675

* Included in Contribution to Provident and Other Funds (Refer Schedule 16)

** Included in Welfare Expenses (Refer Schedule 16)

- b) The assumptions used to determine the benefit obligations are as follows :

	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%	8.20%	8.20%
Expected Rate of increase in Compensation levels	9.00%	9.00%	9.00%	9.00%
Expected Average remaining working Lives of employees (years)	17 Years	17 Years	18 Years	18 Years

In calculating the leave earned /compensated absences liability, 36% of the leave has been assumed to be availed of during the service before separation.

- c) Reconciliation of opening and closing balances of benefit obligations:

Change in Projected Benefit Obligation (PBO)	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Gratuity Rs	Leave Encashment Rs	Gratuity Rs	Leave Encashment Rs
Projected benefit obligation at April 1, 2007	58,142,086	3,726,404	53,142,538	3,034,863
Acquired during the year on acquisition of Kollam unit	1,322,099	200,449	-	-
Current service cost	4,711,245	289,382	3,896,852	229,808
Interest cost	4,767,651	305,565	4,251,403	242,789
Benefit paid	(3,464,662)	(3,422,227)	(4,323,448)	(3,952,999)
Actuarial (gain) / loss	3,203,004	3,814,113	1,174,741	4,171,943
Projected benefit obligation at March 31, 2008	68,681,423	4,913,686	58,142,086	3,726,404

The projected benefit obligation for compensated absences (earned/ sick leaves) at the beginning of the year and at the end of the year is Rs. 19,972,276 and Rs. 22,351,387 respectively.

ENGLISH INDIAN CLAYS LIMITED

d) The discount rate is based on the average yield on government bonds of 20 years.

e) Expenses recognized in the Profit and Loss Account

	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Gratuity Rs	Leave Encashment Rs	Gratuity Rs	Leave Encashment Rs
Current service cost	4,711,245	289,382	3,896,852	229,808
Interest cost	4,767,651	305,565	4,251,403	242,789
Actuarial (gain) / loss	4,525,103	4,014,562	1,174,741	4,171,943
Total	14,003,999	4,609,509	9,322,996	4,644,540

In addition to above, an amount of Rs. 2,379,111 (2006-07; Rs. 770,236) has been charged towards compensated absences of staff (Earned/ sick leaves).

14. The Company has despatched 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, 2008.

15. Previous year figures have been re-grouped/recast, wherever necessary to conform to the current year classification.

(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)*** 213,600 MT of Clay products.
103,350 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	YEAR ENDED
	31.03.2008	31.03.2007
	MT	MT
Clay products*	160,006	163,660
Starch and Allied Products**	58,872	73,594

* Out of the above 71 MT of processed clay (2006-07 : 20,865 MT) were used for manufacture of High end Products.

** Out of the above 197 MT of Starch (2006-07 : 18,479 MT) were used for manufacture of Allied Products.

(d) Stock of finished goods

Opening Stock	Quantity	Value	Quantity	Value
	M.T	Rs.	M.T	Rs.
Clay products*	5,579	26,784,064	9,865	52,495,306
Starch and Allied Products	1,782	33,791,993	1,095	21,957,898
By products & Others		1,688,579		3,904,234
		62,264,636		78,357,438

* Excludes 461 MT (Rs. 2,257,920) pursuant to the acquisition of Kollam Unit for manufacturing of Clay Products

Closing Stock	Quantity	Value	Quantity	Value
	M.T	Rs.	M.T	Rs.
Clay products*	7,067	49,117,957	5,579	26,784,064
Starch and Allied Products	2,415	43,762,480	1,782	33,791,993
By products & Others		5,755,805		1,688,579
		98,636,242		62,264,636

* Net of damaged stocks Clay Nil MT (2006-07 : 128 MT) and Starch and Allied Products Nil MT (2005-06 : 8 MT)

(e) Sales

Domestic Sales	Quantity	Value	Quantity	Value
	M.T	Rs.	M.T	Rs.
Clay products*	152,558	1,216,233,725	141,337	1,061,273,136
Starch and Allied Products**	51,186	1,206,397,624	51,133	1,193,964,676
By products & Others	-	120,134,980	-	88,447,636
Export Sales				
Clay products	6,350	94,775,458	5,616	103,894,017
Starch and Allied Products***	6,851	141,041,701	3,633	78,344,150
		2,778,583,488		2,525,923,615

** includes Nil (2006-07 : 337 MT Rs. 2,720,693 for sale of Maize, Nil MT; Rs Nil (2006-07 :9 MT; Rs 191,820) for sale of Tapioca Starch and excludes 5 MT (2006-07 : NIL MT) issued as samples.

*** includes Rs 136,354,967(2006-07 : Rs 68,820,323) for Merchant exports.

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(f) During the year the Company purchased NIL MT (2006-07 : NIL MT) traded clay and NIL MT (2006-07 : 337 MT) Maize and NIL MT (2005-06 : 9 MT) Tapioca Starch.

2	2007-08		2006-07	
	Quantity M.T	Value Rs.	Quantity M.T	Value Rs.
Clay Matrix*	515,146	67,073,746	429,510	72,799,307
Maize	63,193	498,340,487	51,944	441,646,411
Maize (Traded)	-	-	170	2,744,594
Maize Starch	1,660	23,487,872	4,883	62,260,902
Tapioca Starch	15,783	210,731,033	9,748	138,618,622
Tapioca Starch (Traded)			9	172,748
Others		49,356,742		55,062,062
		848,989,880		773,304,646

3	Value of imports calculated on CIF basis during the year in respect of:	
	2007-08 RS.	2006-07 RS.
Raw Material	-	55,284,771
Stores and Spare parts	9,240,709	12,529,123
Capital Goods	8,202,062	10,006,527
	17,442,771	77,820,421

4	Expenditure in Foreign Currency : (Cash basis)	
	2007-08 RS.	2006-07 RS.
Commission	2,749,716	5,207,806
Travelling	853,250	1,035,476
Consultancy	96,398	374,951
Others	2,328,411	95,633
	6,027,775	6,713,866

5	Earnings in foreign exchange calculated on F.O.B. Basis	
	2007-08	2006-07
Export of: Clay products	94,775,459	103,894,017
Starch and Allied Products	4,686,734	9,523,827
	99,462,193	113,417,844

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)					
2007-08	848,535,481	99.95%	454,398	0.05%	848,989,880
2006-07	709,670,393	91.77%	63,634,253	8.23%	773,304,646
Store & Spare Parts*					
2007-08	319,100,765	96.36%	12,063,352	3.64%	331,164,117
2006-07	309,011,108	96.97%	9,665,135	3.03%	318,676,243

*Includes Rs. 83,208,032 (2006-07 : Rs. 106,809,186) debited to other heads.

7 Amount paid / payable to Auditors:	2007-08 RS.	2006-07 RS.
i) Audit Fees	2,500,000	2,000,000
ii) Tax Audit Fees	400,000	400,000
iii) Certification	100,000	100,000
iv) Others	500,000	1,275,000
v) Out of pocket expenses (including Service-tax)	612,598	719,988
8 Remuneration to Managing Director (Previous Year: Executive Director)		
Salary & Allowances	2,873,000	2,135,000
Contribution to provident and other funds	486,000	275,400
Value of Perquisites	213,000	84,980
	<u>3,572,000</u>	<u>2,495,380</u>
Note : The above does not include provision for Gratuity and Leave encashment.		
9 Commission to Non Executive Director	3,246,265	2,887,870
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		
Profit before tax	308,310,492	280,876,655
Add/(Less)		
(Profit)/Loss on sale of investments	-	-
Bad debts/advances written off against provisions	(2,255,513)	(8,795,749)
Depreciation as per books	89,590,276	78,373,426
Less : Depreciation as per Schedule XIV to the Companies Act	<u>82,545,294</u>	<u>69,884,431</u>
Directors' Remuneration	6,818,265	5,383,250
Directors' Sitting Fee	502,000	518,000
Provision for doubtful debts/advances	4,206,318	2,315,860
	<u>324,626,544</u>	<u>288,787,011</u>
Commission (restricted to the amount whereby the total remuneration is within the limit sanctioned by the shareholders)	3,246,265	2,887,870

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

Registration No.	2039	State Code	09
Balance Sheet Date	31.03.2008		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	2205626	Total Assets	2205626
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Sources of Funds

Paid-up Capital	344690	Reserves & Surplus	561010
Deffered Govt. Grant	477		
Secured Loans	1050010	Unsecured Loans	110696
Deferred Tax Liabilities	138743		

Application of Funds

Net Fixed Assets	1870031	Investments	—
Net Current Assets	335595	Misc. Expenditure	—
Accumulated Losses	Nil		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	2833316	Total Expenditure	2525006
Profit/Loss Before Tax	+ 308310	Profit/Loss After Tax	+ 193908
Earning Per Share	Rs. 35.01	Dividend Rate (%)	70%

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
Vice President
(Corpt. F&A)

Sd/-
D. KOHLI
Managing Director

Sd/-
KARANTHAPAR
Chairman