



## Company Information

CIN : L26939KL1963PLC002039

### CHAIRMAN

Mr. Karan Thapar

### DIRECTORS

Mr. J. K. Jain

Mr. Vijay Rai

Mr. Praveen Sachdev

Mr. T. Balakrishnan

Mr. V. K. Sharma ( w.e.f. 28.10.2013)

### MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Dr. Venkatesh Padmanabhan

### SR. VICE PRESIDENT

#### CORPORATE FINANCE ACCOUNTS & ADMINISTRATION

Mr. S. K. Jain

### COMPANY SECRETARY HEAD CORPORATE - LEGAL

Mr. P. S. Saini

### REGISTERED OFFICE

TC-79/4, Veli

Thiruvananthapuram-695 021

Kerala

### HEAD OFFICE

5th Floor, PTI Building

16/7, Miller Tank Band Area

Vasanth Nagar

Bangalore -560052 (Karnataka)

### AUDITORS

Walker, Chandiook & Co LLP

Chartered Accountant

L-41, Connaught Circus

New Delhi - 110001

### COST AUDITORS

A. R. Narayanan & Co.

Cost Accountants

Door No. 62/5621, 1st Floor,

Prabhat Building

T.D Road, Ernakulam, Cochin- 682011

### BANKERS

Axis Bank Limited

State Bank of India

Yes Bank Limited

ICICI Bank Limited

IndusInd Bank Ltd.

### CORPORATE OFFICE

801-803, Tower-B, 8th Floor

Global Business Park, M. G. Road

Gurgaon-122 002 (Haryana)

### WORKS

Thiruvananthapuram (Kerala)

Yamunanagar (Haryana)

Shimoga (Karnataka)

THE SHARES OF THE COMPANY ARE LISTED ON BSE LIMITED AND CALCUTTA STOCK EXCHANGE LTD.  
LISTING FEE FOR THE YEAR 2014-2015 HAS BEEN PAID

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## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

To,  
The Members:

Your Directors have pleasure in presenting the Annual Report with audited statement of accounts for the year ended 31st March, 2014.

( ₹ in Crores)

	31st March 2014	31st March 2013
Gross operating Profit (before interest and depreciation)	55.44	49.83
Profit on sale of Land	-	5.50
Gross Profit before interest, depreciation & tax	55.44	55.33
<b>Less : Interest</b>	17.30	19.29
Gross Profit before Depreciation	38.14	36.04
<b>Less : Depreciation</b>	13.48	14.89
Profit before tax and exceptional items	24.66	21.15
Less : Exceptional Items	-	1.29
Tax Expenses :		
Current Tax	9.00	6.72
Deferred Tax	(0.44)	1.27
Profit after Tax	16.10	11.87
To which is added :		
- Balance brought forward from the previous year	67.44	61.78
Leaving a balance of	83.54	73.65
Which your Directors recommend to be appropriated as under :		
Interim Dividend Paid		
- ₹ 5.50 per Preference Share on 3000000 11% Preference Shares of ₹ 100/- each (last year ₹ 5.50 per preference share)	1.65	1.65
Proposed Dividend		
- @ ₹ 5.50 on 3000000 11% Preference Shares of ₹ 100/- each (last year ₹ 5.50 per preference share)	1.65	1.65
- @ ₹ 0.30 per Equity Share of ₹ 2/- each (Last year ₹ 0.20 per Equity Share)	1.50	1.00
Tax on Dividend	0.82	0.72
Transfer to General Reserve	1.61	1.19
Carried forward to next year's account	76.31	67.44

**DIVIDEND**

Your Directors are pleased to recommend a dividend @ ₹ 0.30 per Equity Share on 5,02,76,013 Equity Shares, face value of ₹ 2/- each, amounting to ₹ 1,50,82,804/- and final dividend of ₹ 5.50 per Preference Share on 30,00,000 11% Cumulative Redeemable Preference Shares, face value of ₹ 100/- each, amounting to ₹ 1,65,00,000/-.

During the year, the Company had declared and paid an interim dividend @ ₹ 5.50 per preference share on 30,00,000 11% Cumulative Redeemable Preference Shares of ₹ 100/- each for the year ended 31st March, 2014 amounting to ₹ 1,65,00,000/-.

The total outgo on account of dividend including dividend tax of ₹ 81,71,672/- will be ₹ 5,62,54,476/-.

**OPERATIONS**

During the year under review, the operations of your Company were adversely affected due to slow down in the manufacturing sector particularly in the paper, board and textile industries. The economic slow down has resulted in supply exceeding demand in starch business and the entry of new players in the clay market has put pressure on the margins of the Company's products.

Your Company has registered a marginal growth of 9%, with a net turnover of ₹ 462 Crores as against ₹ 421 Crores in the previous year. Your Company's efforts on process improvement coupled with price increases resulted in an increase of 33% in the PAT (Profit after Tax) to ₹ 16 Crores from ₹ 12 Crores in the previous year.

The speciality starch plant at Shimoga has taken a longer period for its stabilization, incurring EBIDTA loss during the year under review. However, the plant is expected to reach EBIDTA breakeven during the current financial year.

As informed earlier, the Company had put Bhuj Clay project on hold due to adverse economic conditions and management is constantly reviewing the same.

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

**EXPORTS**

The continued thrust on export activities has resulted in volume growth by 16% during the financial year under review. Your Company's total exports were at ₹ 48.32

Crores in the year under review as compared to ₹ 28.04 Crores in the previous year, showing a growth of 72%.

**RESEARCH & DEVELOPMENT ACTIVITIES**

The R&D activities of the Company gives required impetus in new product development, offering application support to customers and technical support to plant operations. Various new products are being developed and expected to be marketed in coming years in both the segments.

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, 2014 fixed deposits amounting to ₹ 22,52,000/- which became due for repayment had remained unclaimed by 22 depositors.

**CORPORATE GOVERNANCE**

The Company has complied with the code on corporate governance as prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. A compliance report alongwith Auditor's Certificate confirming the compliance is appended herewith and forms part of this report.

**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 in respect of starch division and detail of Technology absorption in respect of Starch and Clay Divisions are annexed herewith in Form A.

The company has recorded export earnings of ₹ 48.32 Crores and remittance of foreign currency equivalent to ₹ 5.94 Crores towards various purposes details of which have been incorporated in the Notes to Accounts No. 35 to 37.

**DIRECTORS**

Mr. Vijay Rai and Mr. Praveen Sachdev were appointed as the independent Directors subject to retirement by rotation, under the Companies Act, 1956 and being longest in the Office, are liable to retire by rotation.

Mr. Vijay Kishore Sharma was appointed as an Additional Director of the Company w.e.f. 28-10-2013 and he would hold office upto the date of ensuing Annual General Meeting of the Company.

Now the Companies Act, 2013 requires that the appointment of Independent Director can be made for a term upto 5 consecutive years and the Independent Director shall not be liable to retire by rotation.

Notice U/s 160(1) of the Companies Act, 2013 has been received proposing the appointment of Mr. Vijay Rai and Mr. Vijay Kishore Sharma for a period of 3 years and Mr. Praveen Sachdev for a period of one year as Independent Directors of the Company. The Profiles of Mr. Vijay Rai, Mr. Praveen Sachdev and Mr. Vijay Kishore Sharma seeking reappointment, forms part of the Corporate Governance Report.

#### DELISTING

In response to the request of M/s DBH International Pvt. Ltd. (Acquirer), one of the promoters of the Company, to voluntarily delist the Equity Shares of the Company from the Stock Exchanges, your Company had obtained the in-principle approval from the Stock Exchanges for the delisting of Equity Shares of the Company. The Acquirer had made necessary public announcement and Letter of Offer for acquisition of shares from the public shareholders and has accepted the exit price of ₹ 48/- per Equity Share. The shareholders who did not participate in the Reverse Book Building process or whose bids had been rejected, can offer to sell their shares to the promoter M/s DBH International Pvt. Ltd. upto one year from the date of delisting of Equity Shares.

#### PROMOTER GROUP

The Promoter Group holding in the Company currently is 77.92% of the Company's Equity Capital. The Members may note that the promoter group companies, are controlled by Mr. Karan Thapar, comprising of the following Companies 1) Greaves Cotton Ltd., (2) Premium Transmission Ltd., (3) Pembril Industrial & Engineering Company Pvt. Ltd., (4) DBH International Pvt. Ltd. (5) Karun Carpets Pvt. Ltd., (6) Greaves Leasing Finance Ltd., (7) Dee Greaves Ltd., (8) Bharat Starch Products Ltd., (9) DBH Global Holdings Ltd., (10) DBH Investments Pvt. Ltd., (11) DBH Consulting Ltd. (12) Greaves Auto Ltd. (13) Ascot International FZC, (14) Premium Transmission Cooperatie UA, (15) DBH Stephan Ltd. and (16) Premium Stephan B.V.

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

Statement of particular of employees as required 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'.

#### COST AUDITOR

M/s A.R. Narayanan & Co., Cost Accountants, have been re-appointed as Cost Auditors to conduct the cost audit of the accounts maintained by the company. They have confirmed their eligibility for appointment under the provisions of Section 148 of the Companies Act, 2013.

#### AUDITORS

M/s Walker Chandiook & Co. LLP (formerly Walker, Chandiook & Co.), Chartered Accountants, the existing Auditors retire and are eligible for reappointment. Their appointment and remuneration is recommended for your approval for one year i.e. for the financial year 2014-15, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

#### 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 31-03-2014 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, 2014 and of the profit of the year ended 31.03.2014.
- c) That the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- d) That the Annual Accounts are prepared on a going concern basis.

**CORPORATE SOCIAL RESPONSIBILITY**

Your Company continued to pursue its agenda on social responsibility during the year. The Rain Water Harvesting scheme is working efficiently and the water stored in the reservoir is shared with surrounding villages. Your Company also regularly conducts Medical Camps for the villages around the various Mines and factories.

**HUMAN RESOURCES**

Your Company has successfully aligned human capital with business and organizational objectives. The emphasis has been on team work, skill development and development of leadership and functional capabilities of the employees.

**INDUSTRIAL RELATIONS**

The Board of Directors places on record the active, dedicated and valuable contribution made by employees of the Company at all levels in achieving the results in the operations of the Company. The Industrial relations remained cordial at all units of the Company.

**ACKNOWLEDGEMENT**

The Board of Directors places on record their appreciation for the continued support and confidence received from Banks viz. Axis Bank Ltd., State Bank of India, Yes Bank Ltd., ICICI Bank Ltd. and IndusInd Bank Ltd. and Central and State Governments and other Government authorities.

The Directors are also thankful to all other stakeholders for their valuable sustained support to the Company.

**FOR AND ON BEHALF OF THE BOARD**

Place : Gurgaon  
Date : 02-05-2014

Sd/-  
**Karan Thapar**  
Chairman

**FORM-A****ENERGY CONSERVATION STATEMENT**

<b>Power &amp; Fuel Consumption</b>	<b>Current year ended 1/4/2013 to 31/3/2014</b>	<b>Previous year ended 1/4/2012 to 31/3/2013</b>
<b>1. ELECTRICITY</b>		
(a) Purchased Units	14933181	12680410
Total amount (₹ in Lacs)	983.32	832.29
Rate/Unit (₹)	6.58	6.56
(b) Own Generation		
(i) Through Diesel Generator sets		
Units (KWH)	81525	1455715
Units Per Ltr. of Diesel	2.55	3.00
Cost/Unit (₹)	19.39	13.27
(ii) Through Co-generation		
Power Point (Units)	5178	498274
<b>2. Fuel</b>		
<b>a. Coal &amp; Lignite</b>		
- Quantity (MT)	1744	1575
- Total cost (₹ Lacs)	124.34	103.79
- Average Rate/MT (₹)	7130	6589
<b>b. Agro waste – Husk, Wood waste etc.</b>		
- Quantity (MT)	15323	32523
- Total cost (₹ Lacs)	637.10	832.82
- Average Rate/MT (₹)	4158	2561
<b>c. Furnace Oil</b>		
- Quantity (Per '000 KL)	-	132
- Total cost (₹ Lacs)	-	49.64
- Average Rate/K. Ltr.(₹)	-	37473
<b>Consumption per unit of production</b>		
i) Electricity (Units/MT)	292.57	256
ii) Fuel		
a. Coal and Lignite (Kg)	37.42	27.54
b. Agro waste – Husk, wood waste etc. (kg)	298.48	568.62
c. Furnace Oil (KL)	-	2.32

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

- Developed specialized filler material for cables and pipes.
- Prepared high porosity clay for catalyst support.
- Developed specialty filler for natural latex.
- Identified energy intensive areas in operations towards targeting cost savings via novel technologies.

**Starch Division**

- Developed Drilling Starch formulations with high thermal stability.
- Developed high temperature organic binder for fine ore briquetting.
- Developed printing ink thickener.

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

- Able to get value addition to existing metakaolin and better market potential via import substitution.
- Increased penetration into non-traditional clay markets.
- Developed applications wherein shade and colour are not critical quality parameters.

**Starch Division**

- Increased export volumes of oil well drilling starch.
- Entry in new application segments
- Created a starch based alternative to natural gum.

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

- Development of specialty clays with superior properties while lowering specific energy usage in manufacturing.
- Process improvement via reduction of energy and water usage.
- Enhancement of process stability and product quality by

fine tuning of the process via pilot studies.

**Starch Division**

- Development of high thermal stability starch derivatives for the energy and primary metals segment.
- Development of novel environment friendly products for oil well drilling and other energy applications.
- Development of high performance and environment friendly products for textiles.

**4. Expenditure on R & D :-**

	31st March, 2014 (₹)	31st March, 2013 (₹)
a) Capital	--	33,35,200/-
b) Recurring	2,04,42,767/-	1,68,14,917/-
<b>c) Total</b>	<b>2,04,42,767/-</b>	<b>2,01,50,117/-</b>
d) Total R&D Expenditure as a percentage of total turnover	0.44	0.46



**Information pursuant to section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the financial year Ended March 31, 2014.**

Sr No.	Name	Designation	Gross Remuneration (₹)	Qualification	Experience	Date of Commencement of Employment	Age	Last Employment Held
1	Dr. Venkatesh Padmanabhan	Managing Director & Chief Executive Officer	1,08,74,679	B.S.-BITS, Mesra (Mech. Engineering), M.s.-University of Pittsburg, USA (Ind. Engineering), Ph.D-University of Pittsburg, USA (Ind. Engineering)	23 Years	11.03.2013	50	Eicher Motors Ltd
2	Mr. Praneet Mehrish *	Sr. Vice President (Corp. HR)	68,15,589	PGD (PM & IR) Xavier Institute of Social Service	33 Years	01.06.2010	58	Essar Steel Group
3	Mr. Asim Patel **	Chief Operating Officer & Business Head - Minerals, Business	61,11,268	B.Tech-IIT Delhi (Chemical Engineering), PGDM-IIM Kolkata	23 Years	30.04.2010	47	Polyplex Corporation Ltd
4	Mr. Rajesh Keshave Naik ***	Vice President-Markets	36,22,987	B.E-chemical-MS University Baroda, PG Diploma in Financial Management	22 Years	07.10.2013	45	E.I. Dupont Ltd

\* Ceased W.E.F-14.01.2014  
 \*\* Ceased W.E.F -03.01.2014  
 \*\*\* Joined On 07.10.2013

**Notes**

- Gross Remuneration includes Salary, Allowances, Performance Incentive, Leave Travel Concession, Company's Contribution to Provident Fund And Superannuation Fund, Leave Salary, Gratuity paid if any, and taxable value of perquisites wherever applicable.
- None of the employees listed above, is a relative of any director of the company
- The appointment of Dr Venkatesh Padmanabhan, Managing Director & CEO is contractual

## CORPORATE GOVERNANCE

### 1. COMPANY PHILOSOPHY

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

## 2. BOARD OF DIRECTORS

### 2.1 Composition of Board of Directors

The composition of the Board is in full compliance of Clause 49 of Listing Agreement and has optimum combination of executive and non executive Directors. The Board of Directors consist of seven directors, comprising of a Non-Executive Chairman, a Managing Director & CEO and Five Non-Executive/ independent Directors as on 31-03-2014. The composition of the Board, attendance of the Directors at the Meetings and also other directorships/memberships/ Chairmanship of the Committees, are as follows :

Name of the Directors	Category of Director	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	Committee Memberships	
					As a Member	As a Chairman
Mr. Karan Thapar	Chairman (Non-Executive Promoter)	5	No	8	1	
Mr. Vijay Rai	Non-Executive Independent	5	Yes	9	3	1
Mr. J.K. Jain	Non-Executive Independent	3	No		3	
Mr. P.Sachdev	Non-Executive Independent	5	No	1	2	1
Mr. Vijay Kishore Sharma w.e.f.28-10-2013.	Non-Executive Independent	3	No	1		2
Mr. T. Balakrishnan	Non-Executive Independent	5	Yes			
Dr. Venkatesh Padmanabhan	Managing Director & CEO	5	Yes			1

As on 31-03-2014 the Directors of the Company are not related to each other and are independent of each other.

### 2.2 Board Meetings

The meetings of the Board of Directors of the Company are usually held at Company's Corporate Office at Gurgaon and generally chaired by Mr. Karan Thapar, Chairman of the Company. During the year, the Company held five Board Meetings on 3rd May, 2013, 1st August, 2013, 28th October, 2013, 10th February, 2014 and 6th March, 2014.

## 3. AUDIT COMMITTEE

### 3.1 Composition

The Audit Committee of the Company was re-organized during the year.

The Audit Committee consists of three Independent Directors viz. Mr. Vijay Kishore Sharma, Mr. J.K. Jain and Mr. P.Sachdev. Mr. Vijay Kishore Sharma is appointed by the Committee as the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The Managing Director and Senior Vice President (Corporate Finance, Accounts & Administration) are the permanent invitees at the Committee Meetings.

During the year, the Committee met four times, on 3rd May, 2013, 1st August, 2013, 28th October, 2013, and 10th February, 2014.

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

Name	Number of Meetings attended
Mr. Vijay Kishore Sharma w.e.f. 10-02-2014	0
Mr. J.K. Jain	2
Mr. P. Sachdev	4
Mr. Vijay Rai upto 10-02-2014	4

### 3.2 Terms of Reference

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

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

- To obtain outside legal or other professional advice.
- To investigate any activity within its terms of reference.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

### 4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders Grievance/Share Transfer Committee comprises of Mr. Karan Thapar, Dr. Venkatesh Padmanabhan, Managing Director & CEO as members and Mr. P. Sachdev as Chairman of the Committee.

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates, redressing of investor's complaint such as non receipt of shares/dividends etc. and other matters related to shares of the Company. The complaints received during the year were addressed to the satisfaction of the shareholders.

Mr. P.S. Saini, Company Secretary is the Compliance Officer of the Company. During the year, the Committee met twice on 02-04-2013, 15-05-2013 and 6-03-2014.

### 5. RISK MANAGEMENT COMMITTEE

During the year the Board of Directors of the Company re-constituted the Committee as Strategy & Risk Review and Corporate Social Responsibility Committee consisting of Mr. Karan Thapar, Mr. Vijay Rai, Mr. Vijay Kishore Sharma and Dr. Venketesh Padmanabhan, Managing Director & CEO. Mr. Karan Thapar is the Chairman of the Committee. During the financial year 2013-14, the Committee met twice on 28-10-2013 and 10th February, 2014. The Company has well defined Risk Assessment and Minimization Policy duly approved by the Board of Directors of the Company. The Committee evaluated the anticipated risks associated with the affairs of the Company and the necessary steps had been taken to mitigate/minimize the risks.

**6. REMUNERATION TO DIRECTORS****A. Managing Director & CEO**

(Amount in ₹)

	Salary	Perquisites	Retirement Benefits	Commission	Total
Dr. VENKATESH PADMANABHAN	1,03,19,355	28,800	5,26,524	-	1,08,74,679

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

Name	Sitting Fees
Mr. Karan Thapar	1,22,000/-
Mr. Vijay Kishore Sharma	70,000/-
Mr. Vijay Rai	2,00,000/-
Mr. J.K. Jain	1,00,000/-
Mr. P. Sachdev	1,46,000/-
Mr. T. Balakrishnan	1,10,000/-

**II. (Amount ₹)**

Chairman	Commission
MR. KARAN THAPAR	27,89,263

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

**III. Director's Shareholding**

The following non-executive directors are holding shares in the Company as on 31-03-2014 :-

	No. of Shares
1. Mr. Karan Thapar	72000
2. Mr. Vijay Rai	12836

**7. GENERAL MEETINGS**

Last three Annual General Meetings were held as under :-

Financial year ended	Date of Meeting	Time	Venue
31st March, 2013	12th June, 2013	11.00 a.m	TC-79/4, Veli, Thiruvananthapuram, Kerala
31st March, 2012	22nd June, 2012	11.00 a.m	TC-79/4, Veli, Thiruvananthapuram, Kerala
31st March, 2011	10th June, 2011	11.00 a.m	TC-79/4, Veli, Thiruvananthapuram, Kerala

A Special resolution approving to change the name of the Company from ENGLISH INDIAN CLAYS LIMITED to "EICL LIMITED" and alteration of the Memorandum of Association and the Articles of Association, Books of Accounts, Statutory Records, Letterheads, Name plates etc. accordingly was unanimously passed in the Annual General Meeting held on 22nd June, 2012.

A Special resolution through Postal Ballot was passed on 7th June, 2013 in accordance with the provisions of Section 192A of the Companies Act, 1956 approving the delisting of Equity Shares of the Company from Stock Exchanges.

**8. DISCLOSURES****a. Related Party Transactions**

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

interest take place, they are placed before the Board at its meetings.

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

#### **b. Compliance by the Company**

There were no instances of non-compliance of any requirements of the Stock Exchange, SEBI and other statutory authorities on any matters relating to capital market during the last 3 years ending March 31, 2014.

#### **c. Code of Conduct**

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

The Code has been circulated to all the members of the Board and the Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director & CEO 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, 2014.

Sd/-

Place : Gurgaon  
Date : 02-05-2014

Dr. Venkatesh Padmanabhan  
Managing Director & CEO

#### **d. MD & CEO/CFO Certification**

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

### **9. MEANS OF COMMUNICATION**

The Company usually publishes quarterly, half-yearly

and annually, its financial results in Cochin edition of Financial Express in English and Mangalam in Malayalam Language. The said results are promptly furnished to the stock exchange for display on their website and are also displayed on the Company's website [www.eicl.in](http://www.eicl.in).

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

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

### **10. GENERAL SHAREHOLDER INFORMATION**

#### **10.1 Disclosures regarding re-appointment of Directors**

##### **a. Mr. Vijay Rai**

Mr. Vijay Rai aged 67 years is B.Tech in Mechanical Engineering from I.I.T., Kharagpur. He has rich experience of over 43 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 12836 Equity Shares in the Company.

##### **Other Directorships**

1. Punjab Chemicals and Crop Protection Ltd.
2. Akola Chemicals (India) Ltd.
3. Greaves Cotton Ltd.
4. Greaves Leasing Finance Ltd.
5. Princeware International Pvt. Ltd
6. Sri Biotech Laboratories India Ltd.
7. Pimex India Pvt. Ltd
8. South India Research Institute Pvt. Ltd.

##### **Committee Memberships**

###### **Audit Committee**

1. Greaves Cotton Ltd. - Member
2. Punjab Chemical & Crop Protection Ltd. - Member

###### **Shareholders Grievance Committee**

1. Greaves Cotton Ltd.

**b. Mr. Praveen Sachdev**

Mr. Praveen Sachdev aged 69 years is an Engineering Graduate and brings with him rich experience of more than four decades in diverse areas, in Greaves Cotton Ltd, of which he was the Managing Director and CEO. He is not holding any shares in the Company and holds Directorship in following Companies:

**Other Directorship**

DBH International Pvt. Ltd.

**Committee Memberships****Audit Committee**

EICL Limited

**Share Transfer/ Shareholders Grievance Committee**

EICL Limited

**c. Mr. Vijay Kishore Sharma**

Mr. Vijay Kishore Sharma aged 60 years is a Graduate Mechanical Engineer from IIT, Kanpur and also has an MBA from IIM, Ahmedabad. Mr. Sharma is a senior finance professional with extensive experience in whole sale banking, Investment Banking, Private Equity, M&A activities across the globe and as CFO of a multinational company. He was appointed on the Board of the Company w.e.f. 28th October, 2013. He is an Independent Director. He is not holding any shares in the Company. He is holding directorship in following Company.

**Other Directorships**

Premium Transmission Ltd

**Committee Memberships**

1 EICL Limited

- Audit Committee -Chairman

- Strategy & Risk Review and CSR Committee - Member

2 Premium Transmission Ltd

- Audit Committee -Chairman

- Strategy & Risk Review and CSR Committee - Member

**10.2 Forthcoming Annual General Meeting**

The Fiftieth Annual General Meeting of the Company is scheduled to be held on Friday i.e. 20th June, 2014 at TC-79/4, Veli, Thiruvananthapuram, Kerala at 11.00 a.m. inter-alia, to consider and adopt the Annual Accounts for the year ended 31st March, 2014.

**10.3 Financial Calendar**

The financial year – 1st April to 31st March

**Announcement of financial results**

For year ended 31st March, 2014 on 02-05-2014.

The Board of Directors had declared an interim dividend of ₹ 5.50/- per Preference Share on 11% 30,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each for the year ended 31st March, 2014. The said interim dividend was paid on 07-11-2013.

The Board of Directors have recommend a final dividend @ ₹ 0.30/- per Equity Share of ₹ 2/- each and @ ₹ 5.50/- per preference share ( ₹ 5.50 per preference share as an interim dividend is already paid) on 11% 30,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each respectively for the year ended 31st March, 2014.

**10.4 Book Closure**

The Register of Members of the Company will remain closed from 18-06-2014 to 20-06-2014. (both days inclusive)

**10.5 Listing on Stock Exchanges & Share Code No.**

The Shares of the Company are listed on the BSE Limited and Calcutta Stock Exchange as per details given below :-

Name	Address	Stock Code
BSE Ltd.	Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400 001	526560
The Calcutta Stock Exchange Ltd.	7, Lyons Range, Kolkotta- 700 001	15109



**10.6 Market Price Data – The BSE Ltd.**

MONTH	HIGHEST (₹) OF THE MONTH	LOWEST(₹) OF THE MONTH
April, 2013	36.00	29.30
May, 2013	43.50	36.25
June, 2013	39.00	33.30
July, 2013	42.75	37.00
August, 2013	42.10	37.25
September, 2013	40.00	35.50
October, 2013	41.50	36.05
November, 2013	40.10	37.00
December, 2013	39.75	35.10
January, 2014	44.00	34.40
February, 2014	43.80	41.10
March, 2014	43.85	41.00

**DELISTING**

In response to the request of M/s DBH International Pvt. Ltd. (Acquirer), one of the promoters of the Company, to voluntarily delist the Equity Shares of the Company from the Stock Exchanges, your Company had obtained the in-principle approval from the Stock Exchanges for the delisting of Equity Shares of the Company. The Acquirer had made necessary public announcement and Letter of Offer for acquisition of shares from the public shareholders and has accepted the exit price of Rs.48/- per Equity Share. The shareholders who did not participate in the Reverse Book Building process or whose bids had been rejected, can offer to sell their shares to the promoter M/s DBH International Pvt. Ltd. upto one year from the date of delisting of Equity Shares.

**10.7 Registrar and Share Transfer Agent**

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

**10.8 Share Transfer System**

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

**10.9 Distribution of Equity Shareholding pattern as on March 31, 2014**

CATEGORY	NO. OF SHARES OF ₹ 2/- EACH	PERCENTAGE
Promoters	39174603	77.92
Indian Institutional Investors	-	-
Other Bodies Corporate	3206982	6.38
Foreign Institutional Investors	2993544	5.95
NRI/OCBs	87407	0.17
Mutual Funds	-	-
General Public	4683653	9.32
Directors & Relatives	129824	0.26
TOTAL	50276013	100

**10.10 Distribution of Shareholding as on 31st March, 2014**

Shareholding of Nominal value (₹)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	12976	98.14	3076656	6.12
5001-10000	113	0.85	395157	0.79
10001-20000	69	0.52	456337	0.91
20001-30000	20	0.15	241633	0.48
30001-40000	7	0.05	123700	0.25
40001-50000	5	0.04	111171	0.22
50001-100000	14	0.11	482828	0.96
100001 & above	18	0.14	45388531	90.28
TOTAL	13222	100	50276013	100





## MANAGING DIRECTOR & CEO AND CFO CERTIFICATION

**To,  
The Board of Directors  
EICL Limited**

We, Dr. Venkatesh Padmanabhan, Managing Director & CEO and S.K. Jain, Sr. Vice President (Corporate Finance & Accounts), responsible for the finance function certify that :

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2014 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, 2014 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) We have also indicated to the Auditors and the Audit Committee that :
  - 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 of fraud during the year 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.

Sd/-

**Dr. Venkatesh Padmanabhan  
Managing Director & CEO**

Sd/-

**S.K. Jain  
Sr. Vice President  
(Corpt. F&A)**

Place : Gurgaon  
Date : 02-05-2014

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of **EICL Limited** (formerly known as English Indian Clays Limited)

We have examined the compliance of conditions of Corporate Governance by EICL Limited (“the Company”), (formerly known as English Indian Clays Limited) for the year ended on March 31, 2014, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance as stipulated in said clause. 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, and the representations made by Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N

Sd/-  
per **Ashish Gupta**  
Partner  
Membership No.: 504662

Place : Gurgaon  
Date : May 02, 2014

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Competitive and External Environment

- a. The economic growth in India in financial year 2013-14 had slowed down to 4.9% which is the lowest in a decade. The high borrowing cost to combat inflation coupled with lower private consumption, low investment in infrastructure and other sectors were responsible for this. Although agriculture and allied sectors had shown improvement following a good monsoon and exports grew due to the depreciation in the value of the Indian Rupee, the economic growth was mainly pulled down by the manufacturing & mining sector.
- b. The low economic growth appears to have bottomed out and increase in economic activity is expected from the middle of 2014 after formation of new stable Government.
- c. The industry segments of concern to EICL that are impacted adversely, were Paper & Board and Textile Industry. Superimposed on the above was the inception of the down turn in the Starch commodity cycle in the first half of the financial year. Clay business is an energy intensive segment and sourcing of fuel at stable prices is always an area of concern. The Company is working on alternative fuel as well as on approaches to reduce the consumption of fuel.
- d. The macro-economic environment is not very healthy. The starch industry is highly competitive and the increased competition in Calcined Clay and Value added Clay Business segment from imports and new small players are putting pressure on margins. The Shimoga (Karnataka) starch manufacturing facility has also not yet started paying back.
- e. The Company has put on hold its Bhuj Project for setting up a manufacturing facility and closely watching the economic changes. Initiatives are being taken to establish outsourced manufacturing to grow the business.

### 2. Overall Performance

- a. Net Sales Turnover increased to ₹ 462 Cr., showing growth of 10% over the previous year. Operating EBIDTA increased by 12% mainly due to focus on process improvement and price increases which resulted in growth of 36% in PAT which moved from ₹ 11.87 Cr to ₹ 16.10 Cr for the year.
- b. The land bank of Kaolin raw material at Kerala continued to be augmented. Total committed during the year was approx. Rs. 4 Cr. In addition, various opportunities are being explored outside Kerala and outside India.
- c. The Company's R&D units continued to play a key role in developing new products, and new applications; also in offering application support to the customers. Various new products are being developed and expected to be marketed in coming years in both the segments.

### 3. Segment Wise Business Performance

(₹ Crores)

	2012-13			2013-14		
	Starch	Clay	Total	Starch	Clay	Total
Net Sales	186.37	235.14	421.51	190.20	272.59	462.79
EBIDTA	1.62	48.75	50.37	4.09	52.27	56.36
EBIT	(3.32)	39.16	35.84	(0.98)	44.30	43.32

The un-allocable expenses for the year were ₹ 1.37 Cr. (2012-13: ₹ 0.90 Cr)

#### a. Clay

- i. The Sales of the Clay Business were higher in volume by 3% and value terms by 16% due to better price realization. Export volumes grew by about 16%.
- ii. Despite increase in selling price, the margins were little lower than last year mainly due to sharp increase in the fuel cost towards end of last financial year and increase in fixed costs due to focus on R&D activities.

- iii. The land and buildings relating to Kollam plant has been put-up for sale.

**b. Starch**

- i. The Sales of the Starch Business were lower in volume by 5% and in value terms higher by 2% due to drop in sale of low margin products.
- ii. The margins increased due to exit of low margin products; also the starch margins are lower due to the slow pace of stabilization of Shimoga plant, which incurred EBIDTA loss during the current financial year also.
- iii. Going forward, the company has started exiting from the products which are giving low or negative margins to focus on value added products.

**4. Outlook for 2014-15**

- a. The macro-economic environment is expected to grow from mid of 2014 after formation of new Government.
- b. In view of the discussion with end user industry and studying the microeconomic environment, the Company estimates a growth of 8% for FY 2014-15.
- c. It is expected that there would not be much currency fluctuation during the current financial year and may result in stable fuel and chemical prices.
- d. Interest rates may reduce marginally during the course of the year.
- e. The competitive environment is expected to remain at the present level with no significant capacity increase during the coming year, other than in Calcined Clay and in Paper Modified Starches.
- f. Considering the above factors, no significant capacity increase is being planned during the year. Focus will be on consolidation, improving the operating efficiency and contract manufacturing and outsourcing.

- g. Shimoga plant is expected to reach EBIDTA break even during current financial year.
- h. Overall, we expect to grow significantly in terms of bottom-line.
- i. Various areas of diversification and growth are under study and there are expected to take shape towards end of the current financial year.

**5. Internal Control Systems**

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

- a. Monthly and Quarterly Reviews of each Division's performance by Senior and Top Management.
- b. Biannual Internal Audits of all Divisions.
- c. Quarterly Review of efficacy of Internal Audits and Company performance by the Audit Committee of the Board.
- d. Regular reporting to the Board on investor related matters as well as fulfillment of SEBI Listing Agreement requirements and other Corporate Laws.
- e. All Units are linked and operating on SAP ERP.
- f. All Divisions (other than new Unit at Shimoga) continued to be certified for ISO 9001:2000 compliance and Yamunanagar Starch division is also certified for Operational HACCP Specification MI-H02.

**6. Human Resources**

Recruitment and Retention of human resource capital is a major challenge in India today, more so for smaller companies and at factory location.

In order to meet the strategic objective of profitable growth, following initiatives have been taken up and continued.

- a. Structured training on Managerial Skill Development for Middle and Senior Management.

- b. Development of leadership capabilities amongst Senior Management team, through training, exposure, job rotation etc.
- c. Recruitment of young managers (including Management and Engineering trainees) as a corporate pool.
- d. Induction of Senior Management professionals in critical gap areas.

#### 7. Risks and Concerns

- a. The company's risk profile is reviewed bi-annually by a Strategy & Risk Review and Corporate Social Responsibility Committee comprising of four Board Members.
- b. Both businesses are sensitive to energy prices due to high level of fuel intensiveness. Various energy conservation measures have been implemented and being implemented, to mitigate the impact of the rising energy cost.
- c. The economic slowdown has resulted in supply exceeding demand in Starch business. Simultaneously, the entry of new players in the Clay market has created further competitive pressure. The company is focusing on exports and on new application development to reduce the impact of these external factors.
- d. There is a public hostility on mining activity. The company is spending considerable effort in carrying out mining in a safe and environment friendly way, and in addition taking care of the needs of the community.

#### 8. Corporate Social Responsibilities

- a. The Company continued to pursue its agenda on social responsibility during the year. The Rain Water Harvesting scheme is working efficiently and the water stored in the reservoir is shared with surrounding villages.
- b. The Company also regularly conducts Medical Camps for the villages around the various Mines and factories.

#### 9. 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.

## Independent Auditors' Report

### To the Members of EICL Limited

(formerly known as English Indian Clays Limited)

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **EICL Limited**, ("the Company"), (formerly known as English Indian Clays Limited) which comprise of the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required 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, 2014;
  - ii) in the case of Statement of Profit and Loss, 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

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, 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 purpose 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 financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ; and
  - e. on the basis of written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N

Sd/-  
per **Ashish Gupta**  
Partner  
Membership No.:504662

**Place:** Gurgaon  
**Date :** May 02, 2014



**Annexure to the Independent Auditor's Report of even date to the members of EICL Limited (formerly known as English Indian Clays Limited) on the Financial Statement for the year ended March 31, 2014**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner 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. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit.
- (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (b) The Company has taken unsecured loans from two parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 5,865,407 and the year-end balance is ₹ 4,851,717.
- (c) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, *prima facie*, prejudicial to the interest of the Company.
- (d) In respect of loans taken, repayment of the principal amount and the interest is regular.
- (iv) In our opinion, 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 and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 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, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975, as applicable, 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, in this regard.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under protest (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Misclassification of maize starch	63,494,596	-	April 1, 1997 to December 18, 2001	Central Excise and Service Tax Appellate Tribunal, New Delhi
	MODVAT claimed on lubricant and transformer oil	54,905,715	-	Year 2000 to 2004	Central Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	MODVAT claimed on lubricant and transformer oil	52,464,020	1,241,379	Year 2000 to 2004	Central Excise and Service Tax Appellate Tribunal, New Delhi
Govt. of Kerala	Entry tax	15,133,588	15,133,588	Year 2002 to 2004 and Year 2005 to 2007	Supreme Court
Income Tax Act, 1961	Disallowance in respect of contributions made towards a gratuity fund	21,765,100	-	AY 2010-11	Income-tax Appellate Tribunal (ITAT)
	Disallowance in respect of interest claimed on lease transactions	52,438,548	-	AY 1997-98 and AY 1999 to 2002	Commissioner of Income Tax (Appeals)
	Disallowance in respect of interest claimed as deductible expense			AY 1997-98	Commissioner of Income Tax (Appeals)
	Income tax and interest thereon	56,153,668	-	AY 1995-96	Commissioner of Income Tax (Appeals)
	Income tax and interest thereon	4,334,460	-	AY 2007-08	Commissioner of Income Tax (Appeals)
	Income tax and interest thereon	5,360,180	-	AY 2008-09	Commissioner of Income Tax (Appeals)

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (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. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, 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. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N

Sd/-

per **Ashish Gupta**  
Partner  
Membership No.: 504662

**Place :** Gurgaon  
**Date :** May 02, 2014



Balance Sheet as at	Notes	March 31, 2014 ₹	March 31, 2013 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	40,05,52,026	40,05,52,026
Reserves and surplus	3	1,31,60,72,061	1,21,13,35,022
		<b>1,71,66,24,087</b>	<b>1,61,18,87,048</b>
<b>Non current liabilities</b>			
Long term borrowings	4	33,26,93,735	46,63,15,307
Deferred tax liabilities (net)	5	23,62,62,520	24,07,04,865
Other long term liabilities	6	1,44,59,672	1,41,69,385
Long term provisions	7	1,32,49,970	1,66,47,286
		<b>59,66,65,897</b>	<b>73,78,36,843</b>
<b>Current liabilities</b>			
Short term borrowings	8	59,16,82,073	52,28,19,559
Trade payables	9	34,89,87,381	34,53,36,857
Other current liabilities	10	38,96,85,319	40,81,23,442
Short term provisions	11	10,41,47,471	6,58,45,825
		<b>1,43,45,02,244</b>	<b>1,34,21,25,683</b>
		<b>3,74,77,92,228</b>	<b>3,69,18,49,574</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets	12		
Tangible assets		2,46,13,39,353	2,45,74,29,264
Intangible assets		31,90,336	40,77,150
Capital work in progress		1,65,76,925	5,56,32,595
Non current investments	13	5,00,000	5,00,000
Long term loans and advances	14	5,68,62,780	5,61,75,465
Other non current assets	15	25,57,496	31,56,000
		<b>2,54,10,26,890</b>	<b>2,57,69,70,474</b>
<b>Current assets</b>			
Inventories	16	45,60,84,995	45,73,99,975
Trade receivables	17	61,37,61,741	54,54,96,643
Cash and bank balances	18	4,41,57,527	2,25,14,411
Short term loans and advances	19	7,65,30,490	7,34,84,786
Other current assets	20	1,62,30,585	1,59,83,285
		<b>1,20,67,65,338</b>	<b>1,11,48,79,100</b>
		<b>3,74,77,92,228</b>	<b>3,69,18,49,574</b>
<b>TOTAL</b>			

Summary of significant accounting policies and other explanatory information 1

The accompanying notes are an integral part of the financial statements

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

For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants  
Sd/-

Ashish Gupta  
Partner

Place: Gurgaon  
Date: May 2, 2014

For and on behalf of the Board of Directors

Sd/-  
Dr. Venkatesh Padmanabhan  
Managing Director and Chief Executive Officer

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

Sd/-  
Karan Thapar  
Chairman

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

Statement of Profit and Loss for the year ended	Notes	March 31, 2014 ₹	March 31, 2013 ₹
<b>INCOME</b>			
Revenue from operations (gross)	21	4,76,10,80,280	4,36,93,24,223
Less: Excise duty		13,31,09,495	15,41,95,168
<b>Revenue from operations (net)</b>		<b>4,62,79,70,785</b>	<b>4,21,51,29,055</b>
Other income	22	77,07,472	6,30,85,751
<b>Total income</b>		<b>4,63,56,78,257</b>	<b>4,27,82,14,806</b>
<b>EXPENSES</b>			
Cost of materials consumed		1,75,14,72,693	1,79,34,68,750
(Decrease)/ Increase in inventories of finished goods and work in progress	23	2,11,73,119	(6,36,00,030)
Purchase of traded goods		3,91,73,118	4,95,93,040
Employee benefits expense	24	52,98,22,433	44,60,38,525
Finance costs	25	17,28,94,354	19,29,81,259
Depreciation and amortisation expense	12	13,48,22,102	14,88,61,711
Other expenses	26	1,73,97,65,267	1,49,93,82,493
<b>Total expenses</b>		<b>4,38,91,23,086</b>	<b>4,06,67,25,748</b>
<b>Profit before tax and exceptional items</b>		<b>24,65,55,171</b>	<b>21,14,89,058</b>
Exceptional items	27	-	1,29,12,715
<b>Profit before tax and after exceptional items</b>		<b>24,65,55,171</b>	<b>19,85,76,343</b>
Tax expense:			
- Current tax		9,00,06,000	5,96,32,000
- Tax earlier years		-	76,06,291
- Deferred tax		(44,42,345)	1,26,61,740
<b>Profit for the year</b>		<b>16,09,91,516</b>	<b>11,86,76,312</b>
Earnings per share:	28		
- Basic		2.43	1.60
- Diluted		2.43	1.60

**Summary of significant accounting policies and other explanatory information****The accompanying notes are an integral part of the financial statements****This is the Statement of Profit and Loss referred to in our report of even date**

For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants  
Sd/-

**Ashish Gupta**  
Partner

**Place:** Gurgaon

**Date:** May 2, 2014

For and on behalf of the Board of Directors

Sd/-  
**Dr. Venkatesh Padmanabhan**  
Managing Director and Chief Executive Officer

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

Sd/-  
**Karan Thapar**  
Chairman

Sd/-  
**P S Saini**  
Company Secretary and Head Corporate Legal

Statement of Cash Flows for the year ended	March 31, 2014 ₹	March 31, 2013 ₹
<b>A. Cash flow from operating activities:</b>		
Net profit before tax	24,65,55,171	19,85,76,343
Adjustments for:		
Depreciation and amortisation	13,48,22,102	14,88,61,711
Interest expense	17,28,94,354	19,29,81,259
Interest income	(43,57,083)	(58,33,796)
Unrealised exchange fluctuation loss	34,51,923	35,03,183
Loss/ (profit) on sale of fixed assets (net)	68,65,448	(5,33,26,925)
Receivables/advances written off	42,35,551	31,02,863
Provision for bad and doubtful debts/advances	58,97,149	37,77,439
Liability no longer required written back	(27,63,372)	(17,63,326)
Amortisation of government grant	(2,23,478)	(2,67,818)
<b>Operating profit before working capital changes</b>	<b>56,73,77,765</b>	<b>48,96,10,933</b>
<b>Adjustments for changes in working capital :</b>		
- Movement in trade receivables	(8,18,49,722)	(9,26,83,374)
- Movement in other receivables (current and non current)	(22,61,379)	5,46,11,629
- Movement in inventories	13,14,980	(3,19,71,665)
- Movement in trade and other payables (current and non current)	(35,00,973)	4,73,82,082
<b>Cash generated from operations</b>	<b>48,10,80,671</b>	<b>46,69,49,605</b>
Direct taxes paid	(6,46,73,187)	(2,63,55,820)
<b>Net cash generated from operating activities</b>	<b>41,64,07,484</b>	<b>44,05,93,785</b>
<b>B. Cash flow from investing activities:</b>		
Additions to fixed assets and capital work in progress	(11,45,76,003)	(16,16,92,254)
Proceeds from sale of fixed assets	47,21,323	9,82,76,564
Investment in fixed deposits with banks	(27,44,647)	72,35,381
Dividend accounts	5,39,340	(23,202)
Interest received	40,33,394	64,72,163
<b>Net cash used in investing activities</b>	<b>(10,80,26,593)</b>	<b>(4,97,31,348)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from borrowings		
- Receipts	7,30,00,000	10,00,00,000
- Payments	(20,51,30,697)	(27,95,98,380)
Proceeds from public deposits (net)	(25,86,000)	(19,61,000)
Repayment of inter corporate deposits	-	(2,50,00,000)

Statement of Cash Flows for the year ended	March 31, 2014 ₹	March 31, 2013 ₹
Proceeds from cash credits/working capital demand loan (net)	6,88,62,514	1,76,41,957
Interest paid	(17,27,79,389)	(19,23,33,327)
Dividends paid	(4,35,90,781)	(3,29,76,742)
Dividend taxes	(73,17,233)	(53,53,426)
<b>Net cash used in financing activities</b>	<b>(28,95,41,586)</b>	<b>(41,95,80,918)</b>
<b>Net (decrease)/ increase in cash &amp; cash equivalents</b>	<b>1,88,39,305</b>	<b>(2,87,18,479)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,06,76,225</b>	<b>3,93,94,705</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,95,15,530</b>	<b>1,06,76,225</b>
<b>Cash and cash equivalents comprise</b>		
Cash [including cheques in hand of ₹ 4,754,451 (2012-13 : ₹ 431,011)]	58,56,108	16,99,521
Savings account with post office	272	272
Deposit accounts (other than pledged)	1,74,706	1,65,706
Balance with scheduled banks in current accounts	2,34,84,444	88,10,726
<b>Total</b>	<b>2,95,15,530</b>	<b>1,06,76,225</b>

**Note:**

Figures in parentheses indicate cash outflow

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

For **Walker Chandiook & Co LLP**  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

Sd/-  
**Ashish Gupta**  
Partner

**Place:** Gurgaon  
**Date:** May 2, 2014

**For and on behalf of the Board of Directors**

Sd/-  
**Dr. Venkatesh Padmanabhan**  
Managing Director and Chief Executive Officer

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

Sd/-  
**Karan Thapar**  
Chairman

Sd/-  
**P S Saini**  
Company Secretary and Head Corporate Legal

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****1. Background and nature of operations**

EICL Limited (formerly known as English Indian Clays Limited), a Company incorporated in India in 1963, under the Companies Act, 1956, was part of the erstwhile Thapar Group. The Company is engaged in the business of mining of clay (kaolin) and manufacturing of processed clay, starch and allied products.

**2. Basis of preparation**

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub-section ( I ) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on the accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**3. Use of estimates**

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**4. Fixed assets**

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

The revalued fixed assets are restated at their

estimated current replacement values as on the date of revaluation as determined by the approved valuers.

Intangible assets are recognised if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and cost of the asset can be measured reliably in accordance with Accounting Standard – 26, 'Intangible Assets'.

**5. 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 ₹ 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 amortised on straight line basis over their useful lives of 10 years and 5 years respectively from the date of acquisition / implementation. The amortisation period and method are reviewed at each year end.

**6. Investments**

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments. Long term investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current

investments are carried at lower of cost and fair value.

#### 7. **Impairment of assets**

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

#### 8. **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 based on normal operating capacity. Cost of finished goods also includes excise duty if applicable.

#### 9. **Employees benefits**

##### (a) **Short term employee benefits**

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

##### (b) **Long term employee benefits**

##### (i) **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 of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India and by an approved trust (to the extent employees covered under the 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 recognised and administered by the

Government of India.

In respect of employees, the Company makes specified monthly contribution towards the employees' provident fund to the provident fund trust administered by the Company. The minimum interest payable by the provident fund trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on respective investments of the trust and the notified interest rate.

The contributions made to provident fund trust are charged to Statement of Profit and Loss as and when they become payable. In addition, the Company recognises liability for shortfall in the plan assets vis-à-vis the fund obligation, if any. The Guidance on implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company is unable to exhibit the related information.

The Company's contributions to both these schemes are expensed in the Statement of profit and loss.

**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) **Gratuity**

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'gratuity plan') covering all employees. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employees' salary and years of employment with the

Company. The Company has taken gratuity policy with HDFC Insurance to cover the liability. The Company provides for the gratuity plan based on actuarial valuations in accordance with Accounting Standard 15 (revised).

Actuarial gains and losses are recognised as and when incurred.

**(iii) Other employee benefits**

**Leave encashment**—The Company has recognised liability for short term compensated absences on full cost basis with reference to unavailed earned leaves at the year end. To the extent, the compensated absences qualify as a long term benefit, the Company has provided for the long term liability at year end as per the actuarial valuation using the Projected Unit Credit Method.

**10. Foreign currency transactions**

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

As per the amendment of the Companies (Accounting Standard) Rules, 2006-‘AS 11’ relating to ‘The Effects of Changes in Foreign Exchange Rates’ exchange difference arising on conversion of long term foreign currency monetary items is recorded under the head ‘Foreign Currency Monetary Item Translation Difference Account’ and is amortised over period not extending beyond, earlier of March 31, 2020 or maturity date of underlying long term foreign currency monetary items.

Obligations under 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.

**11. Research & development expenses**

Revenue expenditure incurred on research and development is charged to Statement of profit and loss in the year it is incurred. Capital expenditure is included in the respective heads under fixed assets and depreciation/amortisation thereon is charged to depreciation in the profit and loss account.

**12. Government grant**

Government grants relating to depreciable fixed assets are treated as deferred income and recognised in the Statement of profit and loss over the remaining useful life of the related assets.

**13. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sales

a) Revenue from sale of goods is recognised when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually



associated with ownership; and

- b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**ii) Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

**14. 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.

**15. 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 recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**16. 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.

**17. 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.

**18. 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.

**19. Mine restoration**

The Company provides for the expenditure required to restore its mines based on technical and management's judgment on the future use of land and being reviewed annually.

**20. Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where reliable estimate of the obligation cannot be made.



**2. SHARE CAPITAL**

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	₹	Number	₹
<b>Authorised share capital</b>				
Equity shares of ₹ 2 each	9,00,00,000	18,00,00,000	9,00,00,000	18,00,00,000
Preference shares of ₹ 100 each	30,00,000	30,00,00,000	30,00,000	30,00,00,000
		<b>48,00,00,000</b>		<b>48,00,00,000</b>
<b>Issued, subscribed and fully paid up share capital</b>				
Equity shares of ₹ 2 each	5,02,76,013	10,05,52,026	5,02,76,013	10,05,52,026
11% cumulative redeemable preference shares of ₹ 100 each	30,00,000	30,00,00,000	30,00,000	30,00,00,000
		<b>40,05,52,026</b>		<b>40,05,52,026</b>

a) There is no movement in the equity share capital and preference share capital during the current year and the previous year.

**b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having the par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2014, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 0.3 per share (2012-13 : ₹ 0.2 per share) of which dividend proposed by the board of directors subject to the approval of the shareholders is ₹ 0.30 per share (2012-13: ₹ 0.20 per share).

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Terms and rights attached to preference shares**

Preference shares carry a cumulative dividend of 11% p.a. Each holder of preference share is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the cumulative preference shares. The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2014, the amount of per share dividend recognised as distributions to preference shareholders was ₹ 11.00 (2012-13 : ₹ 11.00 per share) of which dividend proposed by the board of directors subject to the approval of the shareholders is ₹ 5.50 per share (2012-13 : ₹ 5.50 per share).

11% Cumulative redeemable preference shares are redeemable at par at the option of the Company not earlier than 18 months but not later than 5 years from the date of allotment/renewal September 04, 2011 and October 01, 2009 for ₹ 20,00,00,000 and ₹ 10,00,00,000 respectively, i.e. between March 04, 2013 to September 04, 2016 and March 31, 2011 to September 30, 2014 respectively.

**d) Shares held by Holding Company****Equity shares**

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	₹	Number	₹
DBH International Private Limited	2,56,58,240	5,13,16,480	2,56,58,240	5,13,16,480

**Preference shares**

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	₹	Number	₹
DBH International Private Limited	30,00,000	30,00,00,000	20,00,000	20,00,00,000

**e) Aggregate number of bonus shares, equity shares issued for considerations other than cash and shares bought back during the period of five years immediately preceding the reporting period.**

Particulars	Year (aggregate number of shares)					
	2012-13	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<b>Equity shares :</b>						
Fully paid up by way of bonus shares	-	-	2,79,31,118	-	-	-

**f) Details of shareholders holding more than 5% shares in the Company**

Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	Number of shares held	% of holding	Number of shares held	% of holding
<b>Equity shares</b>				
DBH International Private Limited	2,56,58,240	51.03	2,56,58,240	51.03
Karun Carpets Private Limited	1,33,99,375	26.65	1,33,99,375	26.65
Lotus Global Investments Limited	29,93,544	5.95	29,93,544	5.95
<b>11% Preference shares</b>				
DBH International Private Limited	30,00,000	100.00	20,00,000	66.66
Karun Carpets Private Limited	-	-	10,00,000	33.34

**3 RESERVES AND SURPLUS**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Capital reserves</b>	<b>6,33,688</b>	<b>6,33,688</b>
<b>Capital redemption reserve</b>	<b>4,41,37,764</b>	<b>4,41,37,764</b>
<b>General reserve</b>		
Balance at the beginning of the year	49,21,60,206	48,02,92,575
Add: Transferred from surplus in Statement of Profit and Loss for the year	1,60,99,151	1,18,67,631
<b>Balance at the end of the year</b>	<b>50,82,59,357</b>	<b>49,21,60,206</b>
<b>Foreign currency monetary item translation difference account</b>		
Balance at the beginning of the year	-	72,013
Less: Amount capitalised during the year	-	(72,013)
<b>Balance at the end of the year</b>	-	-
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	67,44,03,364	61,78,39,656
Add: Profit for the year	16,09,91,516	11,86,76,312
<b>Appropriations</b>		
Less: Proposed dividends		
- Preference shares	1,65,00,000	1,65,00,000
- Equity shares	1,50,82,804	1,00,55,203
Less: Interim dividends		
- Preference shares	1,65,00,000	1,65,00,000
- Equity shares	-	-
Less: Corporate dividend tax	81,71,673	71,89,770
Less: Transfer to general reserve	1,60,99,151	1,18,67,631
<b>Balance at the end of the year</b>	<b>76,30,41,252</b>	<b>67,44,03,364</b>
<b>Total</b>	<b>1,31,60,72,061</b>	<b>1,21,13,35,022</b>

**4 LONG TERM BORROWINGS**

Particulars	As at March 31, 2014		As at March 31, 2013	
	₹		₹	
	Non current	Current	Non current	Current
<b>Secured</b>				
<b>Term loans</b>				
Rupee term loan from banks (note a)	20,26,71,855	21,87,62,668	35,10,41,667	19,58,33,333
Foreign currency loans from bank (note b)	7,36,52,880	82,02,600	7,43,14,640	59,45,400
	<u>27,63,24,735</u>	<u>22,69,65,268</u>	<u>42,53,56,307</u>	<u>20,17,78,733</u>
<b>Unsecured</b>				
<b>Public deposits (note d)</b>				
From public	5,63,69,000	8,66,09,000	4,09,59,000	10,47,65,000
From related parties	-	46,49,000	-	44,89,000
	<u>5,63,69,000</u>	<u>9,12,58,000</u>	<u>4,09,59,000</u>	<u>10,92,54,000</u>
<b>Total</b>	<u>33,26,93,735</u>	<u>31,82,23,268</u>	<u>46,63,15,307</u>	<u>31,10,32,733</u>

**Notes:**

- a) Rupee term loans from banks comprises of:
- Loan of ₹ 25,00,00,000 taken from Axis Bank during the financial year 2010-11 and carries interest @ base rate+2.50% p.a. The loan is repayable in 16 equal quarterly installments starting from September 27, 2011.
  - Loan of ₹ 25,00,00,000 taken from State Bank of India during the financial year 2010-11 and carries interest @ base rate+2.25% p.a. The loan is repayable in 16 equal quarterly installments starting from October 28, 2011.
  - Loan of ₹ 20,00,00,000 taken from IndusInd Bank during the financial year 2011-12 and carries interest @ base rate+2.00% p.a. The loan is repayable in 12 equal quarterly installments starting from September 30, 2012.
  - Loan of ₹ 27,50,00,000 (including ECB of US\$ 1,500,000) sanctioned by ICICI Bank of which loan of ₹ 100,000,000 and ₹ 7,30,00,000 taken from ICICI Bank during the financial year 2012-13 and 2013-14 respectively, which carries interest @ base rate+2.75% p.a. The loan is repayable in 24 and 28 equal quarterly installments starting from February 14, 2014 & March 29, 2014 respectively.
- b) Loan of ₹ 27,50,00,000 (including ECB of US\$ 1,500,000) sanctioned by ICICI Bank of which US\$ 1,500,000 taken from ICICI Bank during the financial year 2011-12 and carries interest @ Libor+4.65% p.a. The loan is repayable in 28 quarterly installments starting from March 08, 2012.
- c) All term loans from banks are secured by an equitable charge on 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 book debts) 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.
- d) Deposits from public carry interest rate ranging from 9.50% to 10.50% p.a. and the same is repayable within a period of 1 to 3 years from the date of deposit as per the scheme opted by the deposit holder.
- e) Current maturities of long term liabilities are disclosed under the head other current liabilities (refer note 10).

**5 DEFERRED TAX LIABILITIES (NET)**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial year	27,15,76,654	26,61,25,187
<b>Gross deferred tax liabilities</b>	<b>27,15,76,654</b>	<b>26,61,25,187</b>
<b>Deferred tax assets</b>		
Employee benefits	1,90,22,040	1,40,46,318
Provision for doubtful debts and advances	1,29,53,104	95,08,997
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income-tax	33,38,990	18,65,007
<b>Gross deferred tax assets</b>	<b>3,53,14,134</b>	<b>2,54,20,322</b>
<b>Deferred tax liabilities (net)</b>	<b>23,62,62,520</b>	<b>24,07,04,865</b>

**6 OTHER LONG TERM LIABILITIES**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Deferred government grants	26,66,668	28,88,890
Deposits from employees	-	2,21,641
Deposits from vendors (note a)	76,57,854	65,83,854
Deposits from customers (note a)	41,35,150	44,75,000
<b>Total</b>	<b>1,44,59,672</b>	<b>1,41,69,385</b>

**Note:**

a) Deposits from vendors/customers are considered as long term in view of long term purpose and nature of deposits.

**7 LONG TERM PROVISIONS**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Provision for employee benefits</b>		
Gratuity (funded) (refer note 30)	64,55,984	68,64,303
Leave encashment (unfunded)	67,93,986	97,82,983
<b>Total</b>	<b>1,32,49,970</b>	<b>1,66,47,286</b>

**8 SHORT TERM BORROWINGS**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Secured</b>		
<b>Loans repayable on demand</b>		
<b>From banks</b>		
Cash credit account with scheduled banks (note a and b)	25,16,82,073	9,28,19,559
Working capital demand loans (note a and b)	34,00,00,000	43,00,00,000
<b>Total</b>	<b>59,16,82,073</b>	<b>52,28,19,559</b>

**Notes:**

- a) Cash credit and working capital demand loans along with bank 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, Thiruvananthapuram and Shimoga factories and second pari passu charge on block of fixed assets of the Company.
- b) Cash credit and working capital demand loans from the bank comprises of the following:
- Cash credit of ₹ 30,00,00,000 sanctioned by Axis Bank is repayable on demand and carries interest rate at base rate+2.50% p.a. (including a sub-limit of ₹ 30,00,00,000 as working capital demand loan at base rate+1.25% p.a.).
  - Cash credit/working capital demand loan of ₹ 20,00,00,000 from State Bank of India is repayable on demand and carries interest rate at base rate+0.50% p.a. Working capital demand loan of ₹ 10,00,00,000 is availed at 10.75% p.a.
  - Cash credit/working capital demand loan of ₹ 5,00,00,000 from Yes Bank is repayable on demand and carries interest rate at base rate+2.25% p.a. The outstanding as on 31st March 14 is NIL.
  - Cash credit/working capital demand loan of ₹ 10,00,00,000 from IndusInd Bank is repayable on demand and carries interest rate at base rate+2.25% p.a. Working capital demand loan of ₹ 10,00,00,000 is availed at 11.25% p.a.
  - Cash credit/working capital demand loan of ₹ 10,00,00,000 sanctioned by ICICI Bank during the financial year 2012-13 is repayable on demand and carries interest @ base rate+2.75% p.a. Working capital demand loan of Rs. 9,00,00,000 is availed at 12.10% p.a.

**9 TRADE PAYABLES**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Due to Micro, Small and Medium Enterprises *	49,26,329	57,13,807
Total outstanding dues to units other than Micro, Small and Medium Enterprises	15,96,21,102	18,40,76,056
Creditors for expenses	18,44,39,950	15,55,46,994
<b>Total</b>	<b>34,89,87,381</b>	<b>34,53,36,857</b>

- \* The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) on the basis of responses received to a confirmation circulated by the company in this regard. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2014 has been made in the financial statements based on informations received and available with the Company. (Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is inconsequential).

**10 OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Current maturities of long term borrowings (note 4)	31,82,23,268	31,10,32,733
Interest accrued but not due on borrowings	1,09,29,844	1,08,14,879
Unpaid dividends	16,92,890	22,28,469
Unclaimed matured public deposits	22,52,000	36,38,000
Employee related payables	1,53,85,160	2,43,10,491
Capital creditors	90,26,978	1,91,60,993
Advance from customers	82,66,275	78,20,724
Deferred government grants	2,22,222	2,23,478
<b>Statutory dues</b>		
Excise duty payable	33,86,077	89,05,730
Provident fund payable	40,06,855	32,40,923
Sales tax payable	72,52,015	73,43,905
TDS payable	58,92,613	44,83,807
ESI payable	2,94,239	3,24,105
Other statutory dues	54,877	17,400
<b>Other liabilities</b>		
Other payables	28,00,006	45,77,805
<b>Total</b>	<b>38,96,85,319</b>	<b>40,81,23,442</b>

**11 SHORT TERM PROVISIONS**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Provision for employee benefits</b>		
Gratuity payable (funded) (refer note 30)	1,56,37,807	1,28,38,985
Leave encashment payable (unfunded)	2,70,75,857	2,18,38,580
<b>Others</b>		
Provision for taxes (net of advance taxes paid including tax deducted at source ₹ 324,073,974)	2,43,76,895	-
Proposed dividend (note a)	3,15,82,804	2,65,55,203
Provision for taxes on dividend	53,67,498	45,13,057
Provision for wealth tax	1,06,610	1,00,000
<b>Total</b>	<b>10,41,47,471</b>	<b>6,58,45,825</b>

Note:

**a) Details with respect to proposed dividend:**

Dividend proposed to:		
- Equity shareholders	1,50,82,804	1,00,55,203
- Preference shareholders	1,65,00,000	1,65,00,000
Proposed dividend per share:		
- Equity shareholders	0.30	0.20
- Preference shareholders	5.50	5.50

Particulars	Gross block				Depreciation/ amortisation				Net block	
	Opening balance	Addition during the year	Borrowing cost capitalised	Sale/ adjustments	Upto March 31, 2014	Upto March 31, 2013	For the year adjustments	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Tangible assets</b>										
Land & site development										
Leasehold	15,040				15,040			15,040		
Freehold	74,22,81,172	3,76,90,530			21,293			21,293	77,99,50,409	74,22,59,879
Factory and other buildings	50,40,68,687	3,00,07,640			9,77,09,015			11,32,60,954	42,08,15,373	40,63,59,672
Plant and equipment	2,16,10,42,617	6,28,63,551		3,37,13,406	87,86,74,001		2,43,66,489	96,75,16,307	1,22,26,76,455	1,28,23,68,616
Furniture, fixtures	1,09,82,640	1,09,35,201		29,250	83,08,013		5,603	89,09,878	1,29,78,713	26,74,627
Office Equipment	2,69,32,107	47,72,793		14,57,516	1,15,51,101		28,46,311	1,36,45,036	1,66,02,348	1,53,81,006
Leasehold improvements	62,50,000				59,88,896			59,88,896	2,61,104	2,61,104
Vehicles and cycles	1,65,14,629	28,15,657		27,60,275	83,90,269		12,49,208	85,15,060	80,54,951	81,24,360
<b>Total tangible assets</b>	<b>3,46,80,86,892</b>	<b>14,90,85,372</b>		<b>3,79,60,447</b>	<b>3,57,92,11,817</b>		<b>13,35,88,512</b>	<b>1,11,78,72,464</b>	<b>2,46,13,39,353</b>	<b>2,45,74,29,264</b>
<b>Intangible assets</b>										
Technical know-how/brand	6,71,18,471				6,71,18,471			6,71,18,471		
Computer software/licence fees	2,16,78,113	2,70,384			1,76,00,963			1,87,58,161	31,90,336	40,77,150
<b>Total intangible assets</b>	<b>8,87,96,584</b>	<b>2,70,384</b>			<b>8,47,19,434</b>			<b>8,58,76,632</b>	<b>31,90,336</b>	<b>40,77,150</b>
<b>Total</b>	<b>3,55,68,83,476</b>	<b>14,93,55,756</b>		<b>3,79,60,447</b>	<b>3,66,82,78,785</b>		<b>13,47,45,710</b>	<b>1,20,37,49,096</b>	<b>2,46,45,29,689</b>	<b>2,46,15,06,414</b>
<b>Capital work in progress</b>										<b>1,65,76,925</b>

#### For the year ended March 31, 2013

Particulars	Gross block				Depreciation/ amortisation				Net block	
	Opening balance	Addition during the year	Borrowing cost capitalised	Sale/ adjustments	Upto March 31, 2013	Upto March 31, 2012	For the year adjustments	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Tangible assets</b>										
Land and site development										
Leasehold	15,040				15,040			15,040		
Freehold	70,51,24,455	4,86,86,885			21,293			21,293	74,22,59,879	70,51,03,162
Factory and other buildings	47,16,99,195	3,58,92,721			7,41,86,171		2,38,39,032	9,77,09,015	40,63,59,672	39,75,13,024
Plant and equipment	2,06,31,81,653	10,23,50,896		3,31,383	76,35,06,372		11,81,59,763	87,86,74,001	1,28,23,68,616	1,29,96,75,281
Furniture, fixtures	1,27,63,123	1,14,030		18,94,513	87,54,773		2,88,441	83,08,013	26,74,627	40,08,349
Office Equipment	2,21,07,787	78,18,377		29,94,057	1,08,39,985		24,69,116	1,15,51,101	1,53,81,006	1,12,67,803
Leasehold improvements	62,50,000				57,75,272		2,13,624	59,88,896	2,61,104	4,74,728
Vehicles and cycles	2,26,82,418	11,68,976		73,36,765	1,01,86,542		18,72,775	83,90,269	81,24,360	1,24,95,876
<b>Total tangible assets</b>	<b>3,30,38,23,671</b>	<b>19,60,31,885</b>		<b>3,31,383</b>	<b>3,46,80,86,892</b>		<b>14,68,42,751</b>	<b>1,01,06,57,628</b>	<b>2,45,74,29,264</b>	<b>2,43,05,38,223</b>
<b>Intangible assets</b>										
Technical know-how / brand	6,71,18,471				6,71,18,471			6,71,18,471		
Computer software / licence fees	2,16,78,113				1,62,38,922			1,76,00,963	40,77,150	54,39,191
<b>Total intangible assets</b>	<b>8,87,96,584</b>				<b>8,33,57,393</b>		<b>13,62,041</b>	<b>8,47,19,434</b>	<b>40,77,150</b>	<b>54,39,191</b>
<b>Total</b>	<b>3,39,26,20,255</b>	<b>19,60,31,885</b>		<b>3,31,383</b>	<b>3,55,68,83,476</b>		<b>14,82,04,792</b>	<b>1,09,53,77,062</b>	<b>2,46,15,06,414</b>	<b>2,43,59,77,414</b>
<b>Capital work in progress</b>										<b>5,56,32,594</b>

#### Notes :

- Additions to plant and machinery include additions to research and development assets amounting to ₹ Nil (2012-13: ₹ 33,35,200) and depreciation charge for the year includes ₹ Nil (2012-13: ₹ 23,87,906) on account of research and development assets.
- Pursuant to the sale cum lease agreement dated May 22, 2008, the Company has acquired land for the purpose of setting up a starch manufacturing plant at Shimoga, Karnataka. The Company has paid an amount of ₹ 5,31,30,000 as allotment consideration and the land shall be transferred in the name of the Company on a freehold basis at end of 10 years, payment of registration charges, stamp duty at prevailing price upon fulfilment of certain conditions. As per agreement the land has been transferred on lease basis to Company for the period of 10 years and Company is required to pay lease rent of ₹ 68,410 and maintenance charges of ₹ 99,600 per annum.
- Gross book value and net book value does not include fixed assets held for sale amounting to ₹ 1,50,53,397 (2012-13: ₹ 1,50,53,397) and ₹ 1,46,60,891 (2012-13: ₹ 1,47,37,209) respectively, located at Kollam unit, which management intends to divest within the next 12 months at amount equal to or exceeding the asset carrying values at the respective balance sheet dates.
- Additions to factory and other buildings includes ₹ 32,24,124 (2012-13: ₹ 1,960,760) and additions to plant and machinery includes ₹ 50,61,536 (2012-13: ₹ 30,78,187) on account of capitalisation of foreign exchange fluctuation of long term borrowings.
- Depreciation for the year excludes depreciation amounting of ₹ 76,390 (2012-13: ₹ 6,56,919) on assets held for sale (Kollam Unit).



**13 NON CURRENT INVESTMENT**

Particulars	As at March 31, 2014		As at March 31, 2013			
	₹		₹			
<b>Trade investments (valued at cost unless otherwise stated)</b>						
Investment in equity instruments	5,00,000		5,00,000			
<b>Total</b>	<b>5,00,000</b>		<b>5,00,000</b>			
<b>Details of trade investments (unquoted)</b>						
Name of the body corporate	No. of shares	Face value (₹)	Partly paid/ Fully paid	Amount (₹)	Amount (₹)	
1	2	3	4	5	6	
	March 31, 2014	March 31, 2013		March 31, 2014	March 31, 2013	
<b>Equity</b>						
Kerala Enviro Infrastructures Limited	50,000	50,000	10	Fully paid	5,00,000	5,00,000
	<b>50,000</b>	<b>50,000</b>			<b>5,00,000</b>	<b>5,00,000</b>

**14 LONG TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2014		As at March 31, 2013	
	₹		₹	
<b>Unsecured, considered good</b>				
Capital advances	60,42,171		36,14,611	
Security deposits	3,08,09,404		2,66,81,230	
Loans and advances to related parties (note a)	2,00,000		2,00,000	
<b>Other loans and advances</b>				
- Amounts paid under protest recoverable	1,73,83,550		2,05,99,741	
- Others	24,27,655		50,79,883	
<b>Unsecured, considered doubtful</b>				
Amounts paid under protest	1,53,65,255		1,53,65,255	
Less: Provision for doubtful advances	(1,53,65,255)		(1,53,65,255)	
<b>Total</b>	<b>5,68,62,780</b>		<b>5,61,75,465</b>	

**Note:**

a)	Amounts due from related parties:		
	- Bharat Starch Products Limited	2,00,000	2,00,000

**15 OTHER NON CURRENT ASSETS**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Margin money deposits (note a)	25,57,496	31,56,000
<b>Total</b>	<b>25,57,496</b>	<b>31,56,000</b>

**Note:**

a) Margin money deposits are pledged with banks for issuance of bank guarantee and letter of credits.

**16 INVENTORIES**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Raw materials [including goods in transit of ₹ 34,185,154 (2012-13: ₹ Nil)]	15,46,14,465	12,78,83,795
Work in progress	1,61,32,881	3,25,13,699
Finished goods	16,15,47,297	16,63,39,598
Stores and spares [including goods in transit of ₹ Nil (2012-13: ₹ 256,618)]	12,37,90,352	13,06,62,883
<b>Total</b>	<b>45,60,84,995</b>	<b>45,73,99,975</b>

**17 TRADE RECEIVABLES**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Secured, considered good	8,08,344	42,17,233
Unsecured, considered good	60,58,64,193	53,15,50,185
	<b>60,66,72,537</b>	<b>53,57,67,418</b>
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	7,35,901	1,42,798
Unsecured, considered good	63,53,303	95,86,427
Unsecured, considered doubtful	1,85,07,761	1,26,10,612
Less: Provision for doubtful debts (note a)	(1,85,07,761)	(1,26,10,612)
	<b>70,89,204</b>	<b>97,29,225</b>
<b>Total</b>	<b>61,37,61,741</b>	<b>54,54,96,643</b>

**Note:**

a) Out of this ₹ Nil (2012-13 : ₹ 3,28,990) have been recovered during the current year and therefore the provision has been written back.

**18 CASH AND BANK BALANCES**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Cash and cash equivalents</b>		
Cash on hand	11,01,657	12,68,510
Cheques on hand	47,54,451	4,31,011
Post office savings deposits	272	272
<b>Bank balances</b>		
in current accounts	2,34,84,444	88,10,726
in deposits with original maturity of less than three months	1,74,706	1,65,706
	<b>2,95,15,530</b>	<b>1,06,76,225</b>
<b>Other bank balances</b>		
Deposit with original maturity more than three months but less than twelve months	58,60,129	27,69,284
Margin money (note a)	68,35,826	64,93,602
Pledged deposits (note b)	1,95,365	2,85,283
Unpaid dividend accounts	17,50,677	22,90,017
	<b>1,46,41,997</b>	<b>1,18,38,186</b>
<b>Total</b>	<b>4,41,57,527</b>	<b>2,25,14,411</b>

**Notes:**

- a) Margin money deposits are pledged with banks for issuance of bank guarantee and letter of credits.  
b) Pledged deposits include deposits pledged with government authorities.

**19 SHORT TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Unsecured, considered good</b>		
Advances to vendors	2,56,96,347	1,18,00,220
Loans and advances to related parties (note a)	17,69,950	13,06,500
<b>Other loans and advances</b>		
- Advance income tax [net of provision (2012-13 : ₹ 258,245,250)]	-	9,55,917
- Deposits with excise and other tax authorities	3,31,65,434	4,56,17,267
- Prepaid expenses	90,84,463	1,01,44,081
- Others	68,14,296	36,60,801
<b>Total</b>	<b>7,65,30,490</b>	<b>7,34,84,786</b>

**Notes:**

- a) Amounts due from related parties:  
- Premium Transmission Limited

**20 OTHER CURRENT ASSETS**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Unsecured, considered good</b>		
Fixed assets held for sale (at lower of cost and net realisable value) (note a)	1,46,60,817	1,47,37,209
Interest receivable	15,69,768	12,46,076
<b>Total</b>	<b>1,62,30,585</b>	<b>1,59,83,285</b>

**Note:**

- a) Fixed assets held for sale represent land and buildings of gross book value ₹ 1,50,53,397 (2012-13: ₹ 1,50,53,397) and net book value ₹ 1,46,60,819 (2012-13: ₹ 1,47,37,209) located at Kollam unit, which management intends to divest within the next 12 months at amounts equal to or exceeding the asset carrying values at the respective Balance Sheet dates.

**21 REVENUE FROM OPERATIONS**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Sale of products	4,74,33,59,143	4,35,23,95,670
Other operating revenues - Sale of scrap	1,77,21,137	1,69,28,553
<b>Total</b>	<b>4,76,10,80,280</b>	<b>4,36,93,24,223</b>

**Details of products sold**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Clay products	2,68,31,74,106	2,31,84,55,792
Starch and allied products	1,74,31,43,519	1,76,32,26,793
By products and others	33,47,62,655	28,76,41,638
<b>Total</b>	<b>4,76,10,80,280</b>	<b>4,36,93,24,223</b>

**22 OTHER INCOME**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Government grants	2,23,478	2,67,818
Other income	3,63,539	14,81,375
Net gain on sale of fixed assets (note a)	-	5,33,26,925
Exchange fluctuation (net)	-	4,12,511
Interest income	43,57,083	58,33,796
Liabilities no longer required written back	27,63,372	17,63,326
<b>Total</b>	<b>77,07,472</b>	<b>6,30,85,751</b>

**Note :**

- a) Includes ₹ Nil (2012-13 ₹ 5,96,90,000) gain on sale of land of Puducherry unit.

**23 INCREASE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	₹	₹
<b>Opening stock</b>		
Finished goods	16,63,39,598	11,43,86,331
Stock in process	3,25,13,699	2,08,66,936
<b>Total</b>	<b>19,88,53,297</b>	<b>13,52,53,267</b>
<b>Closing stock</b>		
Finished goods	16,15,47,297	16,63,39,598
Stock in process	1,61,32,881	3,25,13,699
<b>Total</b>	<b>17,76,80,178</b>	<b>19,88,53,297</b>
<b>Decrease/ (Increase) in inventory of finished goods and work in progress</b>	<b>2,11,73,119</b>	<b>(6,36,00,030)</b>

**Details of inventory:**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	₹	₹
Finished goods		
Clay products	12,50,48,322	7,23,57,713
Starch and allied products	3,29,92,740	8,98,42,869
By products and others	35,06,235	41,39,016
<b>Total</b>	<b>16,15,47,297</b>	<b>16,63,39,598</b>
<b>Stock in process</b>		
Clay products	26,77,665	64,99,440
Starch and allied products	1,33,78,036	2,50,93,367
By products and others	77,180	9,20,892
<b>Total</b>	<b>1,61,32,881</b>	<b>3,25,13,699</b>

**24 EMPLOYEE BENEFITS EXPENSE**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	₹	₹
Salaries, wages and bonus	46,38,53,364	39,81,52,199
Contribution to provident and other funds	2,40,76,801	1,76,59,886
Gratuity expense (note a)	1,22,52,943	33,69,402
Staff welfare expenses	2,96,39,325	2,76,67,444
	<b>52,98,22,433</b>	<b>44,68,48,931</b>
Less: Amount capitalised during the year	-	8,10,406
<b>Total</b>	<b>52,98,22,433</b>	<b>44,60,38,525</b>

**Notes:**

- a) Net of amount recovered from related parties ₹ 1,36,557 (2012-13: ₹ 1,08,600 ).  
b) Employee benefit expenses includes research and development expenses (note 42).

**25 FINANCE COSTS**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Interest expense		
- On fixed period loans	6,76,86,138	8,69,84,239
- Others	10,52,08,216	10,59,97,020
	<b>17,28,94,354</b>	<b>19,29,81,259</b>

**26 OTHER EXPENSES**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>a) Manufacturing expenses</b>		
Stores consumed	5,53,06,708	5,01,38,687
Power and fuel	1,06,48,80,189	96,44,31,782
Repairs and maintenance		
-Plant and machinery	10,00,40,908	8,82,17,369
- Factory buildings	1,36,02,256	94,91,458
-Others	1,92,54,550	1,40,94,162
Other manufacturing expenses	9,52,41,906	5,99,99,389
Royalty	1,22,01,596	82,51,075
(Decrease)/Increase in excise duty on finished goods	(55,19,653)	40,57,309
<b>Total (A)</b>	<b>1,35,50,08,460</b>	<b>1,19,86,81,231</b>
<b>b) Administration expenses</b>		
Rent	2,36,52,884	2,19,13,800
Rates and taxes	71,37,686	85,76,361
Insurance	36,28,822	34,17,657
Directors' sitting fees	8,40,452	7,97,170
Exchange fluctuation (net)	21,15,724	-
Office and other expenses (note a)	8,46,71,189	7,83,98,136
Payment to auditors (note 29)	36,38,008	35,68,838
Travelling and conveyance	4,08,99,708	3,52,45,222
Charity and donation	17,78,250	13,36,550
Bad debts/advances written off (net)	42,35,551	31,02,863
Provisions for doubtful debts/advances	58,97,149	37,77,439
Other financing charges	51,44,098	53,43,090
Loss on sale/write off of fixed assets	68,65,448	-
<b>Total (B)</b>	<b>19,05,04,969</b>	<b>16,54,77,126</b>
<b>c) Selling and distribution expenses</b>		
Packing and forwarding expenses	11,21,36,100	5,89,30,929
Commission to selling agents and others	2,54,83,394	2,73,27,170
Cash discount	1,30,82,708	1,19,43,418
Other selling expenses	4,35,49,636	3,70,22,619
<b>Total (C)</b>	<b>19,42,51,838</b>	<b>13,52,24,136</b>
<b>Total (A + B + C)</b>	<b>1,73,97,65,267</b>	<b>1,49,93,82,493</b>

**Note:**

a) Office and other expenses includes research and development expenses (note 42).

**27 EXCEPTIONAL ITEMS**

Exceptional items relates to expenses incurred on settlement of workers/ staff amounting to ₹ Nil (2012-13: ₹ 1,29,12,715) arising from closure of Kollam Unit of the Company.

**28 EARNINGS PER SHARE**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
<b>a) Weighted average number of equity shares</b>		
Number of equity shares at the beginning of the year	5,02,76,013	5,02,76,014
<b>Net profit after tax</b>	16,09,91,516	11,86,76,312
Less : Dividend on 11% cumulative redeemable preference shares (including tax)	3,86,08,350	3,84,80,888
<b>Net profit after tax available to equity shareholders</b>	<b>12,23,83,166</b>	<b>8,01,95,424</b>
<b>b) Potential number of equity shares at the end of the year</b>		
Total number of equity shares as per (a) above	5,02,76,013	5,02,76,013
<b>Potential dilutive shares</b>	<b>5,02,76,013</b>	<b>5,02,76,013</b>
<b>c) Net profit after tax available for potential equity shareholders</b>		
Net profit after tax available to equity shareholders	12,23,83,166	8,01,95,424
	<b>12,23,83,166</b>	<b>8,01,95,424</b>
<b>d) Basic EPS (₹)</b>	2.43	1.60
<b>e) Diluted EPS (₹)</b>	2.43	1.60
<b>f) Nominal value of equity share (₹)</b>	2	2

**29 AMOUNT PAID / PAYABLE TO AUDITORS**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
As auditors	28,80,000	28,80,000
For other matters	1,50,000	1,60,000
For reimbursement of expenses	6,08,008	5,28,838
<b>Total</b>	<b>36,38,008</b>	<b>35,68,838</b>

**30 EMPLOYEE BENEFITS**

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

**Defined contribution plans**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Employer's contribution to provident fund *	2,38,24,396	1,74,63,776
Employer's contribution to superannuation fund *	2,52,405	1,96,110
Employer's contribution to ESI**	26,92,338	27,52,135

\* Included in contribution to provident and other funds

\*\* Included in welfare expenses



**Defined benefit plans**

Company has defined benefit plan in terms of gratuity.

**a. The assumptions used to determine the gratuity benefit obligations are as follows:**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Discount rate	9.36%	8.00%
Expected rate of increase in compensation levels	7.50%	7.50%
Rate of return on plan assets	8.70%	8.70%

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

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Projected benefit obligation	9,40,14,821	9,64,65,296
Current service cost	54,39,832	71,42,609
Interest cost	75,21,186	81,99,550
Benefits paid	(1,06,07,692)	(1,20,38,534)
Actuarial loss/ (gain)	50,24,477	(57,54,100)
<b>Projected benefit obligation</b>	<b>10,13,92,624</b>	<b>9,40,14,821</b>

**c. Reconciliation of fair value of assets:**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Fair value of plan assets at the beginning of the year	7,43,11,533	7,37,44,980
Expected return on plan assets	64,65,060	63,42,068
Contributions	1,00,00,000	75,00,000
Benefits paid	(1,06,07,692)	(1,30,43,504)
Actuarial loss on plan assets	(8,70,068)	(2,32,011)
Fair value of plan assets at the end of the year	<b>7,92,98,833</b>	<b>7,43,11,533</b>

**d. Gratuity expense recognised in the Statement of Profit and Loss:**

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Current service cost	54,39,832	71,42,609
Expected return on plan assets	(64,65,060)	(63,42,068)
Interest cost	75,21,186	81,99,550
Actuarial (gain) / loss	58,93,542	(55,22,089)
<b>Total</b>	<b>1,23,89,500</b>	<b>34,78,002</b>

**e. Amounts for the current and previous years are as follows:**

Particulars	2013-14 ₹	2012-13 ₹	2011-12 ₹	2010-11 ₹	2009-10 ₹
<b>Defined benefit plan-Gratuity</b>					
Defined benefit obligation	(10,13,92,624)	(9,40,14,821)	(9,64,65,296)	(9,78,25,168)	(9,08,51,422)
Plan assets	7,92,98,833	7,43,11,533	7,37,44,980	6,94,46,621	4,64,24,275
<b>Surplus / (deficit)</b>	<b>(2,20,93,791)</b>	<b>(1,97,03,288)</b>	<b>(2,27,20,316)</b>	<b>(2,83,78,547)</b>	<b>(4,44,27,147)</b>
Experience adjustment on plan liabilities	1,45,26,067	12,24,358	26,90,324	4,01,266	(20,57,495)
Experience adjustment on plan assets	(8,69,065)	(12,37,482)	-	(6,91,596)	14,24,275

**31 LEASE COMMITMENTS:**

The Company has entered into leasing arrangements for office buildings and godown for storage of inventory that are cancellable at the option of the Company. Rent expense on account of cancellable leases for the year ended March 31, 2014 amounts to ₹ 2,36,52,884 (2012-13 : ₹ 2,19,13,800).

The Company has entered into leasing arrangements for Bangalore office on 1st July 2013 for the period of 9 years, out of which the minimum commitment is for 5 years. There after the lease can be cancellable at the option of lessee.

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Payments falling due:	As at 31 March 2014 ₹
Payable not later than 1 year	33,17,419
Payable later than 1 year not later than five years	1,07,81,612
Payable later than five years	-
	<b>1,40,99,031</b>

**32 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 fiberglass etc.

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



33 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. Holding Company**

DBH International Private Limited

**B. Associates**

Enterprises which have significant influence over the Company:

Karun Carpets Private Limited

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

Greaves Cotton Limited

Premium Transmission Limited

Pembrill Industrial & Engineering Co. Limited

Greaves Leasing Finance Limited

Dee Greaves Limited

Bharat Starch Products Limited

Aravali Sports & Cultural Foundation

DBH Consulting Limited

DBH Investments Pvt. Limited

Greaves Auto Limited

**D. Key management personnel and their relatives**

Mr. Karan Thapar – Chairman

Ms. Devika Thapar (Daughter of Mr. Karan Thapar)

Mr. Karam Thapar (Son of Mr. Karan Thapar)

Mr. B. M. Thapar (Father of Mr. Karan Thapar)

Dr. Venkatesh Padmanabhan (Managing Director and Chief Executive Officer)

Mr. Rahul Gupta (Executive Director) (up to December 31, 2012)

Mr. S.K. Jain (Sr. Vice President Corporate Finance, Accounts and Administration)

Mr. P.S. Saini (Company Secretary and Head Corporate Legal)

Particulars	Holding Company		Enterprises which has significant influence over the company		Enterprises over which substantial shareholders and their relatives have significant influence		Key management personnel and their relatives		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Purchase of goods</b>										
DBH International Private Limited	1,47,26,993	2,62,85,808	-	-	-	-	-	-	1,47,26,993	2,62,85,808
Premium Transmission Limited	-	-	-	-	2,61,194	4,33,696	-	-	2,61,194	4,33,696
<b>Reimbursement of expenses</b>										
Premium Transmission Limited	-	-	-	-	1,49,74,340	1,63,63,674	-	-	1,49,74,340	1,63,63,674
DBH International Private Limited	-	-	-	-	15,53,119	-	-	-	15,53,119	-
<b>Receiving of services</b>										
DBH Investments Private Limited	-	-	-	-	-	66,11,683	-	-	-	66,11,683
<b>Receipt of public deposit</b>										
Mr. Karam Thapar	-	-	-	-	-	-	24,12,000	12,88,000	24,12,000	12,88,000
Ms. Devika Thapar	-	-	-	-	-	-	24,06,000	1,88,000	24,06,000	1,88,000
<b>Refund of public deposit</b>										
Mr. Karam Thapar	-	-	-	-	-	-	33,88,000	-	33,88,000	-
Ms. Devika Thapar	-	-	-	-	-	-	22,01,000	-	22,01,000	-
<b>Rent paid</b>										
DBH International Private Limited	12,01,354	19,65,852	-	-	-	-	-	-	12,01,354	19,65,852
Bharat Starch Products Limited	-	-	-	-	16,85,500	16,85,500	-	-	16,85,500	16,85,500
<b>Dividend paid on preference shares</b>										
DBH International Private Limited	2,75,00,000	2,20,00,000	-	-	-	-	-	-	2,75,00,000	2,20,00,000
Karun Carpets Private Limited	-	-	55,00,000	1,10,00,000	-	-	-	-	55,00,000	1,10,00,000
<b>Chairman commission</b>										
Mr. Karam Thapar	-	-	-	-	-	-	27,89,263	16,33,758	27,89,263	16,33,758
<b>Remuneration</b>										
Mr. S. K. Jain	-	-	-	-	-	-	55,63,450	44,13,054	55,63,450	44,13,054
Mr. P.S. Saini	-	-	-	-	-	-	33,05,122	27,75,864	33,05,122	27,75,864
Mr. Rahul Gupta	-	-	-	-	-	-	78,08,355	-	78,08,355	-
Dr. Venkatesh Padmanabhan	-	-	-	-	-	-	1,08,74,679	5,83,666	1,08,74,679	5,83,666
<b>Other expenses</b>										
Aravali Sports & Cultural Foundation	-	-	-	-	10,00,000	7,50,000	-	-	10,00,000	7,50,000
Mr. Karam Thapar	-	-	-	-	-	-	2,15,206	1,45,955	2,15,206	1,45,955
Ms. Devika Thapar	-	-	-	-	-	-	2,91,434	2,74,391	2,91,434	2,74,391

**b) Outstanding balances:**

Particulars	As at March, 2014	As at March, 2013
	₹	₹
1. Holding company DBH International Private Limited	(94,11,810)	(57,69,372)
2. Enterprises over which substantial shareholders and their relatives have significant influence Bharat Starch Products Limited Premium Transmission Limited	2,00,000 17,69,950	2,00,000 13,06,500
3. Key management personnel and their relatives Mr. Karan Thapar Mr. Karam Thapar Ms. Devika Thapar	(5,19,530) (13,50,854) (35,00,863)	(27,82,917) (22,88,000) (31,32,000)

**Note:**

Figures in parentheses denote credit balances.

**34 DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	₹	₹
Clay matrix (note a)	22,66,93,375	19,34,30,659
Maize	1,02,22,24,898	94,15,34,270
Maize starch	8,77,76,705	23,48,89,251
Tapioca starch	2,89,13,258	3,68,87,218
Others	38,58,64,457	38,67,27,352
<b>Total</b>	<b>1,75,14,72,693</b>	<b>1,79,34,68,750</b>

**Note:**

a) Clay matrix cost is inclusive of clay mining expenses.

**35 VALUE OF IMPORTS ON C.I.F BASIS :**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	₹	₹
Raw material	4,46,11,922	1,38,02,464
Stores and spare parts	7,90,624	4,60,55,884
Capital goods	19,21,060	23,65,730
<b>Total</b>	<b>4,73,23,606</b>	<b>6,22,24,078</b>

**36 EARNINGS IN FOREIGN EXCHANGE CALCULATED ON F.O.B. BASIS:**

	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
<b>Export of:</b> Clay products	31,79,95,852	24,65,82,697
Starch and allied products	16,42,67,600	3,38,18,295
	<b>48,22,63,452</b>	<b>28,04,00,992</b>

**37 EXPENDITURE IN FOREIGN CURRENCY**

	Year ended March 31, 2014 Amount (₹)	Year ended March 31, 2013 Amount (₹)
Commission	43,91,478	31,05,416
Travelling	4,88,038	10,63,653
Consultancy	6,14,252	10,47,056
Interest	43,67,290	42,90,117
Others	22,20,471	1,92,767
	<b>1,20,81,529</b>	<b>96,99,009</b>

**38 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE:**

Particulars	As at March, 2014		As at March, 2013	
	Amount (US\$)	Amount (₹)	Amount (US\$)	Amount (₹)
- Sundry debtors	7,97,469	4,70,02,827	5,43,605	2,92,62,238
- Sundry creditors	(42,503)	(25,82,463)	(1,56,086)	(85,92,522)
- Foreign currency loans	(13,50,000)	(8,20,26,000)	(14,58,000)	(8,02,62,900)
	<b>(5,95,034)</b>	<b>(3,76,05,636)</b>	<b>(10,70,481)</b>	<b>(5,95,93,184)</b>

**39 INDIGENOUS AND IMPORTED CONSUMPTION :**

Particulars	Indigenous		Imported		Total
	Value		Value		Value
	Amount (₹)	%	Amount (₹)	%	Amount (₹)
<b>Raw material(s)</b>					
2013-14	1,71,83,29,122	98.11%	3,31,43,571	1.89%	1,75,14,72,693
2012-13	1,77,04,26,023	98.72%	2,30,42,727	1.28%	1,79,34,68,750
<b>Consumables</b>					
2013-14	4,31,58,160	78.03%	1,21,48,548	21.97%	5,53,06,708
2012-13	4,83,74,654	96.48%	17,64,033	3.52%	5,01,38,687



**40 CONTINGENT LIABILITIES AND COMMITMENTS****1) Contingent liabilities**

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
a) Outstanding bank guarantees and letter of credits	1,99,74,041	4,16,49,453
b) Excise and sales tax matters:		
i) Demand received from Commissioner of Central Excise, Panchkula on account of misclassification of plain maize starch against which stay has been granted by CESTAT, New Delhi (including penalty of ₹ 3,17,47,298; (2012-13: ₹ 3,17,47,298) against which an amount of ₹ 5,07,000 (2012-13 : ₹ 5,07,000) deposited under protest (note 3).	6,34,94,596	6,34,94,596
ii) Haryana local area development tax levied by the State Government on the goods received from other state, pending before Supreme Court of India against which an amount of ₹ 32,16,191 (2012-13: ₹ 32,16,191) deposited under protest and the same has been provided in the books during the year.	-	32,16,191
iii) Entry tax levied by the Government of Kerala on Special Kerosene Oil (SKO), pending before Hon'ble Supreme Court of India against which an amount of ₹ 1,51,33,588 (2012-13 : ₹ 1,51,33,588) deposited under protest.	1,51,33,588	1,51,33,588
c) Income tax matters	14,00,52,056	7,42,03,748
2) Estimated amounts of contracts remaining to be executed on capital account (net of advances) ₹ 2,38,80,226 (2012-13 : ₹ 1,82,68,305).		
3) a) Contingent liabilities with respect to excise and sales tax matters referred in paragraph 1 (b) above exclude demands aggregating ₹ 107,369,734 for the years 2000 to 2004 relating to inputs used in manufacture of excisable as well as exempted goods and cenvat credit of service tax, pending with Central Excise and Service Tax Appellate Tribunal (CESTAT), which were set aside by CESTAT and remanded back to the relevant authorities for a fresh decision and revision to the demand. Consequently amount deposited under protest amounting to ₹ 12,41,379 have been considered good and recoverable and no provision for the same has been considered necessary.		
b) Contingent liabilities with respect to income tax matters referred in paragraph 1(c) above includes :		
i) in respect of demand aggregating to ₹ 5,24,38,648 for the assessment year 1997-98,1999-2000, 2000-01 and 2001-02 raised by the assessing officer in view of order of Hon'ble High Court of Kerala disallowing certain expenses to verify the facts, an appeal was filed with the CIT(Appeals).		
ii) in respect of demand aggregating to ₹ 5,61,53,668 for the assessment year 1995-96 raised by the assessing officer in view of order of Hon'ble High Court of Kerala disallowing certain expenses to verify the facts, an appeal was filed with the CIT (Appeals).		
iii) in respect of demand aggregating to ₹ 2,17,65,100 for the assessment year 2010-11 raised by assessing officer in view of the order of CIT (Appeals) dismissing the appeal filed by the Company with respect to contribution made to gratuity fund, against which the Company has filed an appeal with Income-tax Appellate Tribunal.		
iv) in respect of demand aggregating to ₹ 43,34,460 for the assessment year 2007-08 raised by the Assessing Officer in view of the order of ITAT to verify the facts with respect to disallowance of certain expenditure, the Company has filed an appeal with CIT (Appeals).		
v) in respect of demand aggregating to ₹ 53,60,180 for the assessment year 2008-09 raised by the Assessing Officer disallowing certain expenses u/s 148, against which the Company has filed an appeal with CIT (Appeals).		

Based on above, the management is of the opinion that the appeals will be allowed in favour of the Company and hence no provision is required for the above.

**41 DELISTING OF SHARES**

The equity shares of the Company are in the process of being de-listed from the Bombay Stock Exchange and Calcutta Stock Exchange. The acquirer (Promoter) has accepted an exit price of ₹ 48 per equity share as derived under Reverse Book Building process enunciated in the delisting guidelines of Securities and Exchange Board of India.

**42 RESEARCH AND DEVELOPMENT EXPENSES :**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
	₹	₹
Employee benefit expenses	1,02,81,278	99,30,241
Office and other expenses	1,01,61,489	68,84,676

**43 CHANGE OF NAME**

With effect from June 27, 2012, the name of the Company was changed from English Indian Clays limited to EICL Limited.

**44 PREVIOUS YEAR FIGURES**

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

For **Walker Chandiook & Co LLP**  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

Sd/-  
**Ashish Gupta**  
Partner

**Place:** Gurgaon  
**Date:** May 2, 2014

**For and on behalf of the Board of Directors**

Sd/-  
**Dr. Venkatesh Padmanabhan**  
Managing Director and Chief Executive Officer

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

Sd/-  
**Karan Thapar**  
Chairman  
Sd/-  
**P S Saini**  
Company Secretary and Head Corporate Legal

