

CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY

ENGLISH INDIAN CLAYS LTD. is committed to adopt transparent and efficient Corporate Governance practice for achieving better performance, maximizing operational efficiency, sustained productivity, as well as ensuring protection of interest of various constituents such as shareholders, 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 Board of Directors comprises of a Non-Executive Chairman, an Executive Director and four Non-Executive/independent Directors as on 31-03-2011. Mr. S.N. Dua who was an independent Director superannuated on 29-01 2011 and Mr. P. Sachdev has been appointed as an independent Director on the Board w.e.f. 28-01 2011. The composition of the Board, attendance of the Directors at the Meetings and also other directorships/memberships of the Committees, are as follows :

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

As on 31-03-2011, 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 four Board Meetings on 18th May, 2010, 10th August, 2010, 22nd October, 2010 and 28th January, 2011.

3. AUDIT COMMITTEE

3.1 Composition

The Audit Committee comprises of three Independent Directors viz. Mr. Vijay Rai, Mr. J.K. Jain and Mr. P.Sachdev.(w.e.f. 28-1-2011). Mr. S.N.Dua ceased to be a member of Audit Committee w.e.f..29-01-2011. Mr. Vijay Rai is appointed by the Committee as the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The Executive Director and Senior Vice President (Corporate Finance, Accounts & Administration) are the permanent invitees at the Committee Meetings.

During the year, the Committee met four times, on 18th May, 2010, 10th August, 2010, 22nd October, 2010 and 28th January, 2011.

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

Name	Number of Meetings attended
Mr. Vijay Rai	4
Mr. S.N. Dua	4
Mr. J.K. Jain	4
Mr.P. Sachdev	0

3.2 Terms of Reference

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

- To discuss with the Auditors both Internal Auditors as well as Statutory Auditors on adequacy of internal controls in systems and procedures.
- Adherence to significant Accounting Policies and compliance with the Accounting Standards.
- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Internal as well as Statutory Auditors and the fixation of audit fees and fees for other services rendered by the Auditors.
- To review periodic financial results before submission to the Board with particular reference to;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by Management.
 - Any qualification in draft audit report.
 - Compliance with Accounting Standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
- Review of financial reporting system.
- Ensuring regulatory compliances.
- To review the related party transactions.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To investigate any activity within its terms of reference.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders Grievance/Share Transfer Committee comprises of Mr. S.K. Toshniwal as Chairman of the Committee and Mr. Karan Thapar, Mr. Rahul Gupta Executive Director and Mr.P. Sachdev (w.e.f.28-1-2011) as other members of the Committee. Mr. S.N. Dua ceased to be a member of the Committee w.e.f..29-01-2011

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.

Mr. P.S. Saini, Company Secretary is the Compliance Officer of the Company. During the year, the Committee met twice, on 3rd November, 2010 and 25th February, 2011 and received 5 complaints from the shareholders which were duly redressed.

5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of following three Directors;

1. Mr. J.K. Jain, Chairman
2. Mr. Vijay Rai, Member
3. Mr. Rahul Gupta, Executive Director

During the financial year 2010-11, the Committee met two times. The Company has well defined Risk Assessment and Minimization Policy duly approved by the Board of Directors of the Company. The Committee evaluated the anticipated risks associated with the affairs of the Company and the necessary steps had been taken to mitigate/ minimize the risks.

6. REMUNERATION TO DIRECTORS

A. Executive Director

(Amount in Rs.)

	Salary	Perquisites	Retirement Benefits	Commission	Total
MR. RAHUL GUPTA	69,12,000	15,000	3,24,000	--	72,51,000

B. Non-Executive Directors

I.

(Amount Rs)

Name	Sitting Fees
Mr. Karan Thapar	35,000/-
Mr. S.N. Dua	60,000/-
Mr. S.K. Toshniwal	53,000/-
Mr. Vijay Rai	1,30,000/-
Mr. J.K. Jain	100,000/-
Mr. P. Sachdev	10,000/-

II.

(Amount in Rs.)

Chairman	Commission
MR. KARAN THAPAR	46,87,563/-

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

III. Director's Shareholding

The following non-executive directors are holding shares in the Company as on 31-03-2011 :-

		<u>No.of Shares</u>
1.	Mr. Karan Thapar	72000
2.	Mr. Vijay Rai	12836
3.	Mr. S.K. Toshniwal	6875

7. GENERAL MEETINGS

Last three Annual General Meetings were held as under :-

Financial year ended	Date of Meeting	Time	Venue
31 st March, 2010	29 th June, 2010	11.30 a.m	TC-79/4, Veli, Thiruvananthapuram, Kerala
31 st March, 2009	8 th September, 2009	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala
31 st March, 2008	9 th September, 2008	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala

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

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

A Special resolution under Section 16, 31 and 94 of the Companies Act 1956 approving alteration of Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company for the substitution of increased Authorised Capital from Rs. 380,000,000/- to 480,000,000/- was unanimously passed in the Annual General Meeting held on 29th June 2010.

A Special resolution approving sub- division of Equity Shares of Rs.10/- each into Equity Shares of Rs. 2 each was unanimously passed in the Annual General Meeting held on 29th June, 2010.

A Special resolution approving issue of 27,931,119 Bonus Equity Shares of Rs. 2/- each in the ratio of 5:4 by utilizing Capital Redemption Reserve was unanimously passed in the Annual General Meeting held on 29th June, 2010.

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

8. DISCLOSURES

a. Related Party Transactions

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

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

b. Compliance by the Company

There were no instances of non-compliance of any requirements of the Stock Exchange, SEBI and other statutory authorities on any matters relating to capital market during the last 3 years ending March 31,2011

c. Code of Conduct

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

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

“I hereby confirm that all Directors and Senior Management of the Company have affirmed compliance with the Company’s Code of Conduct for the financial year ended 31st March, 2011”.

Place : Thiruvananthapuram
Date : 27-04-2011

Rahul Gupta
Executive Director

d. CEO/CFO Certification

The Executive Director 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 result are promptly furnished to the stock exchange for display on their website and are also displayed on the Company’s website 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. Karan Thapar

Mr. Karan Thapar, Chairman of the Company aged 54 years, is a Chartered Accountant and belongs to the Promoter family. He joined the Board of the Company in the year 1990. He possesses rich experience of over 29 years in managing companies having interest in diversified areas. He holds 72 000 equity shares in the company. He holds Directorships in following companies.

Other Directorships

1. Greaves Cotton Ltd.
2. Bharat Starch Products Ltd.
3. Premium Transmission Ltd.
4. DBH International Pvt. Ltd
5. DBH Consulting Ltd
6. Karun Carpets Pvt. Ltd
7. Bharat Projects Pvt. Ltd.

Committee Memberships

Shareholders Grievance /
share Transfer Committee

English Indian Clays Ltd
Greaves Cotton Ltd

b. Mr. J.K. Jain

Mr.J.K.Jain aged 65 years is fellow member of the institute of Chartered Accountant of India having 34 years of experience as finance Executive in both private and public Sectors in India and abroad such as GAIL (INDIA) Ltd., State Trading Corporation , Projects & Equipment Corporation and Engineering Projects (India) Ltd. He has gained rich and varied experience through working in companies engaged in manufacturing, Services, Trading, Construction and Projects. He is not holding any shares in the Company and holds Directorship in following Companies:

Other Directorships

1. Jamna Auto Industries Ltd.
2. Mahanagar Gas Ltd.
3. Gujarat State Petronet Ltd.

Committee Memberships

Audit Committee.

- Mahanagar Gas Ltd.
- Jamna Auto Industries Ltd.
- Gujarat State Petronet Ltd.
- English Indian Clays Ltd.

c. Mr. Praveen Sachdev

Mr. Praveen Sachdev aged 66 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

Premium Transmission Ltd.

Committee Memberships

Audit Committee.

Premium Transmission Ltd.

English Indian Clays Ltd.

Share Transfer/ Shareholders Grievance Committee

English Indian Clays Ltd.

10.2 Forthcoming Annual General Meeting

The Forty Seventh Annual General Meeting of the Company is scheduled to be held on Friday 10th June, 2011 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, 2011.

10.3 Financial Calendar

The financial year – 1st April to 31st March

Announcement of financial results

For year ended 31st March, 2011 on 27-04-2011.

The Board of Directors had declared an interim dividend @ 50 paise per equity share on 50276013 Equity Shares of Rs.2/- each and Rs.5.50/- per preference share on 11% 30,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each respectively for the year ended 31st March, 2011 . The said interim equity dividend was paid on 12-11-2010.

The Board of Directors have also recommend a final dividend Re.0.50 per equity share (25%) on 50276013 Equity Shares of Rs.2/- each and Rs.5.50/- per preference share (Rs.5.50 per preference share as an interim dividend is already paid) on 11% 30,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each respectively for the year ended 31st March, 2011. The dividend declared by shareholders will be paid on 24-6-2011.

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

First Quarter ending 30th June, 2011 by 14th August, 2011
 Half yearly ending 30th September, 2011 by 14th November, 2011.
 Third Quarter ending 31st December, 2011 by 14th February, 2012.
 Annual audited results by 30th May, 2012.

10.4 BOOK CLOSURE

The Register of Members of the Company will remain closed from 9-6-2011 to 10-6-2011. (both days inclusive)

10.5 LISTING ON STOCK EXCHANGE & SHARE CODE NO.

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

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

10.6 MARKET PRICE DATA – The Stock Exchange Mumbai

MONTH	HIGHEST (Rs.) OF THE MONTH	LOWEST (Rs.) OF THE MONTH
April, 2010	816.00	589.00
May, 2010	956.50	615.00
June, 2010	897.00	791.00
July, 2010*	944.95	75.60
August, 2010	84.60	69.00
September, 2010	80.05	66.90
October, 2010	77.00	68.60
November, 2010	72.30	55.50
December, 2010	67.80	55.00
January, 2011	63.50	48.10
February, 2011	52.75	41.75
March, 2011	53.60	43.55

*On 9th July, 2010 the Company sub-divided 1 (one) Equity Share of Rs.10/- each fully paid up into 5 (five) Equity Shares of Rs.2/- each fully paid up and issued Bonus shares in the ratio of 5:4 i.e. 5 (five) Bonus Equity Shares of Rs.2/- each fully paid up for every 4 (four) Equity Shares of Rs.2/- each fully paid up.

10.7 REGISTRAR AND SHARE TRANSFER AGENT

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

10.8 SHARE TRANSFER SYSTEM

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

10.9 DISTRIBUTION OF EQUITY SHAREHOLDING PATTERN AS ON MARCH 31, 2011

CATEGORY	NO. OF SHARES OF Rs. 2/- EACH	PERCENTAGE
Promoters	40174603	79.91
Indian Institutional Investors	-	-
Other Bodies Corporate	962398	1.91
Foreign Institutional Investors	3013794	5.99
NRIs/OCBs	108779	0.22
Mutual Funds	-	-
General Public	5987947	11.91
Directors & Relatives	28492	0.06
TOTAL	50276013	100

10.10 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

Shareholding of Nominal value (Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	17087	98.08	4155290	8.26
5001-10000	164	0.94	584473	1.16
10001-20000	92	0.53	609591	1.21
20001-30000	37	0.21	444775	0.88
30001-40000	7	0.04	121901	0.24
40001-50000	10	0.06	225405	0.45
50001-100000	11	0.06	373617	0.74
100001 & above	13	0.07	43760961	87.04
TOTAL	17421	100.00	50276013	100

10.11 DEMATERIALISATION OF SHARES

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

The ISIN Number allotted to Equity Shares is INE 267F01024.

As on March 31, 2011 49799765 being 99.05% of the total Equity Shares Capital are in dematerialized form with NSDL/CDSL.

10.12 PLANT LOCATIONS

UNIT	ADDRESS
Clay Unit	TC-79/4, Veli, Thiruvananthapuram – 695 021, KERALA
Corn Wet Milling Unit	Radaur Road, P.O. Yamunanagar 135 001, HARYANA
Bio-Polymer Unit	Kalitheerthalkuppam, Madagadipet Post, Mannadipet Commune, 605 107 PUDUCHERRY
Specialty Starch unit	Plot No 145, SEZ Road Machenahalli Industrial Area, Nidige Post, Shimoga 577222 KARNATAKA.

10.13 ADDRESS FOR CORRESPONDENCE

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

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

11. NON MANDATORY REQUIREMENT

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

For & on behalf of the Board

Place : Thiruvananthapuram
Date : 27-4 -2011

KARAN THAPAR
Chairman