

CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY

The Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency and accountability in the overall functioning of the Company to carry on its objectives. The internal systems and policies adopted by the Company are within accepted standard for attaining better performance in the functioning of the Company and conducts of business. The policies adopted by the Company are ensuring protection of interest of various constituents such as shareholders, customers, employees and creditors. Your Company is in compliance with the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchange.

2. BOARD OF DIRECTORS

2.1 Composition of Board of Directors

The Company has optimum combination of executive and non executive Directors. The Board of Directors consist of six directors, comprising of a Non-Executive Chairman, an Executive Director and four Non-Executive/independent Directors as on 31-03-2012. 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)	4	No	8	2	--
Mr. S.K. Toshniwal	Non-Executive Independent	4	Yes	2	-	1
Mr. Vijay Rai	Non-Executive Independent	4	Yes	8	3	1
Mr. J.K. Jain	Non-Executive Independent	4	No	2	3	0
Mr. P.Sachdev	Non-Executive Independent	4	No	3	3	--
Mr. Rahul Gupta	Executive Director	4	No	-	1	--

As on 31-03-2012, 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 27th April, 2011, 25th July, 2011, 25th October, 2011 and 2nd February, 2012.

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. 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 27th April, 2011, 25th July, 2011, 25th October, 2011 and 2nd February, 2012.

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

Name	Number of Meetings attended
Mr. Vijay Rai	4
Mr. J.K. Jain	4
Mr.P. Sachdev	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 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 as other members 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.

Mr. P.S. Saini, Company Secretary is the Compliance Officer of the Company. During the year, the Committee has not met since there was no request for transfer and transmission of shares and complaint from the shareholders.

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 2011-12, 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	78,54,000/-	54,600/-	3,96,000/-	--	83,04,600/-

B. Non-Executive Directors

I.

(Amount Rs)

Name	Sitting Fees
Mr. Karan Thapar	80,000/-
Mr. S.K. Toshniwal	80,000/-
Mr. Vijay Rai	1,80,000/-
Mr. J.K. Jain	160,000/-
Mr. P. Sachdev	120,000/-

II.

(Amount in Rs.)

Chairman	Commission
MR. KARAN THAPAR	23,85,142/-

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 31-03-2012 :-

	<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, 2011	10 th June, 2011	11.00 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala
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

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, 2012

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, 2012”.

Place : Gurgaon
Date : 01- 05- 2012

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. Vijay Rai

Mr. Vijay Rai aged 66 years is B.Tech in Mechanical Engineering from I.I.T., Kharagpur. He has rich experience of over 41 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 Care 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. Polygel Industries Pvt. Ltd.
8. Tech Pak Industries Ltd. (Nairobi, Kenya)
9. Princeware Africa Ltd.

Committee Memberships

Audit Committee

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

Shareholders Grievance Committee

1. Greaves Cotton Ltd.

b. T. Balakrishnan

Mr.T Balakrishnan aged 61 years was appointed as an Additional/Independent Director on the Board of the Company w.e.f. 1st May, 2012 and his appointment is proposed as Director of the Company u/s 257 of the Companies Act 1956. After a distinguished academic career leading to Masters Degree from Delhi University, Mr.T. Balakrishnan entered the Indian Administrative Service in the year 1980. Assigned to the Kerala Cadre, after the standard field tenures in sub divisions and districts, he was on the Board of public/private sector undertakings like Travancore Titanium Products Ltd. Transformers & Electricals Kerala Ltd, Kerala Minerals & Metals Ltd., Hindustan News Print Ltd., Indian Rare Earth Ltd etc. as Government nominee. He served as an Additional Chief Secretary to Government of Kerala, before retiring in 2011. At present he is the Managing Director of M/s. INKEL Ltd. and continues to serve as Director on the Boards and Governance committees of well known Government/Public companies. Mr. T. Balakrishnan is not holding any shares in the Company and holds Directorship in following Companies:

Other Directorships

1. Kerala High Speed Rail corporation Ltd.
2. Kerala State Industrial Development Corporation(KSIDC)
3. INKEL Ltd

10.2 Forthcoming Annual General Meeting

The Forty Eighth Annual General Meeting of the Company is scheduled to be held on Friday, 22nd June, 2012 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, 2012.

10.3 Financial Calendar

The financial year – 1st April to 31st March

Announcement of financial results

For year ended 31st March, 2012 on 01-05-2012.

The Board of Directors had declared an interim dividend @ Re 0.30 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, 2012 . The said interim equity dividend was paid on 21-11-2011.

The Board of Directors have recommend a final dividend @ 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, 2012.

The quarterly/half yearly results for the financial year 2012-13 will be announced as follows :-

First Quarter ending 30th June, 2012 by 14th August, 2012

Half yearly ending 30th September, 2012 by 14th November, 2012.

Third Quarter ending 31st December, 2012 by 14th February, 2013.

Annual audited results by 30th May, 2013.

10.4 BOOK CLOSURE

The Register of Members of the Company will remain closed from 21-06-2012 to 22-06-2012. (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, 2011	61.70	44.55
May, 2011	60.70	47.00
June, 2011	51.00	42.20
July, 2011	51.40	43.35
August, 2011	48.70	31.60
September, 2011	39.50	31.75
October, 2011	35.00	30.05
November, 2011	38.40	33.00
December, 2011	36.00	32.10
January, 2012	40.80	34.00
February, 2012	47.60	36.95
March, 2012	45.90	38.00

10.7 REGISTRAR AND SHARE TRANSFER AGENT

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

10.8 SHARE TRANSFER SYSTEM

Share lodged in physical form for transfer/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, 2012

CATEGORY	NO. OF SHARES OF Rs. 2/- EACH	PERCENTAGE
Promoters	39174603	77.92
Indian Institutional Investors	0	-
Other Bodies Corporate	2370616	4.72
Foreign Institutional Investors	2993544	5.95
NRIs/OCBs	103417	0.21
Mutual Funds	0	-
General Public	5605366	11.14
Directors & Relatives	28467	0.06
TOTAL	50276013	100

10.10 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012

Shareholding of Nominal value (Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	15816	98.10	3834730	7.63
5001-10000	152	0.94	530753	1.06
10001-20000	82	0.51	543953	1.08
20001-30000	31	0.19	370339	0.74
30001-40000	5	0.03	87817	0.17
40001-50000	11	0.07	245887	0.49
50001-100000	12	0.07	423685	0.84
100001 & above	14	0.09	44238849	87.99
TOTAL	16123	100	50276013	100

10.11 DEMATERIALISATION OF SHARES

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

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

As on March 31, 2012, 49,800,327 Equity Shares 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
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 : Gurgaon
Date : 01 -05 -2012**

**KARAN THAPAR
Chairman**