

CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY

Corporate governance in EICL Ltd. is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the applicable laws, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. The method adopted by the Company can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders, customers and employees in the long term. 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 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 six directors, comprising of a Non-Executive Chairman, a Managing Director and four Non-Executive/independent Directors as on 31-03-2013. 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. S.K. Toshniwal upto 22-06-2012	Non-Executive Independent	1	No	3	-	1
Mr. Vijay Rai	Non-Executive Independent	5	Yes	9	3	1
Mr. J.K. Jain	Non-Executive Independent	5	No	2	3	0
Mr. P.Sachdev	Non-Executive Independent	5	No	3	2	1
Mr. Rahul Gupta upto 31- 12- 2012	Executive Director	4	No	-	1	--
Mr. T. Balakrishnan	Non Executive Independent	5	Yes	9	0	0
Dr.Venkatesh Padmanabhan w.e.f. 11-03-2013	Managing Director & CEO	0	No	0	0	0

As on 31-03-2013, 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 1st May, 2012, 26th July, 2012, 29th October, 2012, 10th December, 2012 and 28th January, 2013.

3. AUDIT COMMITTEE

3.1 Composition

The Audit Committee consists 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/ 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 1st May, 2012, 26th July, 2012, 29th October, 2012, and 28th January, 2013.

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. Karan Thapar, Mr. Rahul Gupta Executive Director (till 31- 12- 2012) 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 30-06-2012 and 31-01-2013.

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 upto 31- 12- 2012
4. Mr. T. Balakrishnan, Member w.e.f. 28- 01- 2013

During the financial year 2012-13, the Committee met twice. 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/MANAGING DIRECTOR & CEO

A. Executive Director

(Amount in Rs.)

	Salary	Perquisites	Retirement Benefits	Commission	Total
MR. RAHUL GUPTA upto 31- 12- 2012	50,46,984/-	1,30,950/-	26,30,421/-	--	78,08,355/-
MR. VENKATESH PADMANABHAN w.e.f 11- 03- 2013	5,53,096/-	847/-	29,723/-	--	5,83,666/-

B. Non-Executive Directors

I.

(Amount Rs)

Name	Sitting Fees
Mr. Karan Thapar	82,000/-
Mr. S.K. Toshniwal upto 22- 06- 2012	20,000/-
Mr. Vijay Rai	200,000/-
Mr. J.K. Jain	180,000/-
Mr. P. Sachdev	144,000/-
Mr. T. Balakrishnan	100,000/-

II.

(Amount in Rs.)

Chairman	Commission
MR. KARAN THAPAR	16,33,758/-

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 31-03-2013 :-

		<u>No.of Shares</u>
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
31 st March, 2012	22 nd June, 2012	11.00 a.m	TC-79/4, Veli, Thiruvananthapuram, Kerala
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

A Special resolution under Sections 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.

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.

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, 2013

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 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, 2013.

Place : Gurgaon
Date : 3-05-2013

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.

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 56 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 30 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. Premium Transmission Co- operative UA
8. DBH Stephan Ltd

Committee Memberships

Shareholders Grievance /
Share Transfer Committee

EICL Ltd
Greaves Cotton Ltd

b. Mr. J.K. Jain

Mr.J.K.Jain aged 68 years is fellow member of the institute of Chartered Accountant of India having 37 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.

Committee Memberships

Audit Committee.

- Mahanagar Gas Ltd.
- Jamna Auto Industries Ltd.
- EICL Ltd. - Chairman

c. Dr. Venkatesh Padmanabhan

Dr.Venkatesh Padmanabhan aged 50 years is a Graduate Mechanical Engineer from the Birla Institute of Technology, Ranchi (BITS – Mesra). He further went on to finish his MS in Engineering Management and Ph. D in Industrial Engineering from University of Pittsburgh, USA. He was subsequently honoured as the Outstanding Young Engineer of the Year by the Engineering Society of Detroit in 1994.

Dr. Padmanabhan has 23 years of work experience and joined us from Royal Enfield, a division of Eicher Motors Ltd., where he was the Chief Executive Officer. Prior to Royal Enfield, he successfully held Leadership Positions with Daimler Chrysler Corp. and General Motors in Germany and the USA. Dr. Venkatesh Padmanabhan was appointed on the Board of the Company w.e.f.11th March 2013 and designated him as Managing Director and Chief Executive Officer.

Other Directorships

NIL

10.2 Forthcoming Annual General Meeting

The Forty Ninth Annual General Meeting of the Company is scheduled to be held on Wednesday 12th June, 2013 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, 2013.

10.3 Financial Calendar

The financial year – 1st April to 31st March

Announcement of financial results

For year ended 31st March, 2013 on 03 – 05- 2013.

The Board of Directors had declared an interim dividend Rs.5.50/- per Preference Share on 11% 30,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each for the year ended 31st March, 2013 . The said interim dividend was paid on 02-11-2012.

The Board of Directors have recommend a final dividend @ Re. 0.20/- per Equity Share 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, 2013.

The quarterly/half yearly results for the financial year 2013-14 will be announced as follows :-

First Quarter ending 30th June, 2013 by 14th August, 2013

Half yearly ending 30th September, 2013 by 14th November, 2013.

Third Quarter ending 31st December, 2013 by 14th February, 2014.

Annual audited results by 30th May, 2014.

10.4 BOOK CLOSURE

The Register of Members of the Company will remain closed from 10-06-2013 to 12-06-2013. (both days inclusive)

10.5 LISTING ON STOCK EXCHANGE & SHARE CODE NO.

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

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

10.6 MARKET PRICE DATA – The BSE Ltd.

MONTH	HIGHEST (Rs.) OF THE MONTH	LOWEST (Rs.) OF THE MONTH
April, 2012	42.60	38.10
May, 2012	44.70	38.50
June, 2012	43.00	39.00
July, 2012	46.50	40.50
August, 2012	46.00	40.45
September, 2012	42.50	36.05
October, 2012	41.95	38.00
November, 2012	41.80	37.55
December, 2012	41.90	36.00
January, 2013	50.30	37.00
February, 2013	44.00	35.50
March, 2013	44.25	31.00

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, 2013

CATEGORY	NO. OF SHARES OF Rs. 2/- EACH	PERCENTAGE
Promoters	39174603	77.92
Indian Institutional Investors	0	-
Other Bodies Corporate	3041266	6.05
Foreign Institutional Investors	2993544	5.95
NRIs/OCBs	98194	0.20
Mutual Funds	0	-
General Public	4955570	9.86
Directors & Relatives	12836	0.02
TOTAL	50276013	100

10.10 DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2013

Shareholding of Nominal value (Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	14138	98.22	3403298	6.77
5001-10000	125	0.87	445441	0.89
10001-20000	73	0.51	482060	0.96
20001-30000	21	0.15	254340	0.51
30001-40000	5	0.03	83028	0.17
40001-50000	7	0.05	153861	0.31
50001-100000	11	0.08	364053	0.72
100001 & above	14	0.10	45089932	89.68
TOTAL	14394	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, 2013, 4,98,01,452 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

EICL Limited
TC-79/4, Veli, Thiruvananthapuram – 695 021, KERALA
Phone : (0471) 4095111, Fax : (0471) 2742233
Email : sect@eicl.in

EICL Limited
Global Business Park, 801-803, Tower-B,
M.G. Road, Gurgaon – 122 002, 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 : 03 -05 -2013

VIJAY RAI
Director

DR. VENKATESH PADMANABHAN
Managing Director & CEO