



English Indian Clays Limited

CHAIRMAN	:	MR. KARAN THAPAR
DIRECTORS	:	MR. B. M. THAPAR MR. S. N. DUA MR. M. L. KHEMKA MR. S. K. TOSHNIWAL MR. S. PADMAKUMAR MR. J. K. JAIN (ICICI Nominee) MR. VIJAY RAI
EXECUTIVE DIRECTOR	:	MR. D. KOHLI
VICE PRESIDENT CORPORATE FINANCE ACCOUNTS & ADMINISTRATION	:	MR. S. K. JAIN
COMPANY SECRETARY & HEAD CORPORATE LEGAL	:	MR. P.S. SAINI
AUDITORS	:	M/s. PRICE WATERHOUSE CHARTERED ACCOUNTANTS
BANKERS	:	ICICI BANK LIMITED UTI BANK LIMITED ORIENTAL BANK OF COMMERCE STATE BANK OF INDIA STATE BANK OF INDORE
REGISTERED OFFICE	:	TC-79/4, VELI, THIRUVANANTHAPURAM - 695 021 KERALA
CORPORATE OFFICE	:	GLOBAL BUSINESS PARK 801-803, TOWER-B MEHRAULI-GURGAON ROAD GURGAON-122 001 (HARYANA)
WORKS	:	THIRUVANANTHAPURAM (KERALA) YAMUNANAGAR (HARYANA) PONDICHERRY (U.T.)

THE SHARES OF THE COMPANY ARE LISTED ON BOMBAY STOCK EXCHANGE
LISTING FEE FOR THE YEAR 2006-2007 PAID TO BOMBAY STOCK EXCHANGE LTD.

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DIRECTORS' REPORT**FOR THE YEAR ENDED 31st MARCH, 2006**

To
The Members :

Your Directors are pleased to present the Annual Report with audited statement of accounts for the year ended 31st March, 2006

(Rs. in Crores)

	31st March 2006	31st March 2005
Gross operating Profit earned for the year (before interest and depreciation)	41.82	37.29
Less : Interest	9.83	11.79
Gross Profit before Depreciation	31.99	25.50
Less : Depreciation	7.51	6.68
Profit for the year	24.48	18.82
To which is added :		
- Balance brought forward from the previous year	4.04	3.98
From which is deducted :		
- Provision for Taxation		
Current Tax	5.40	0.75
Fringe Benefit tax	0.36	-
Short (Excess) Provision adjusted	0.24	(0.66)
Deferred Tax	0.82	3.71
Leaving a balance of	21.70	19.00
Which your Directors recommend to be appropriated As under :		
Interim Dividend Paid		
- 5% on Preference Shares (last year 5%)	0.50	0.50
Proposed Dividend		
- @5% on Preference Shares	0.50	0.50
- @100% on Equity Shares (previous year 75%)	4.47	3.35
Tax on Dividend	0.76	0.61
Transfer to General Reserve	10.00	10.00
Carried forward to next year's account	5.47	4.04

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DIVIDEND

During the year your Directors had declared and paid an interim dividend @ 5% on 10% Cumulative Redeemable Preference Shares of Rs. 100/- each amounting to Rs. 50,00,000/-.

Your Directors are pleased to recommend a further dividend @ 100% on the Equity Share Capital of Rs. 4,46,89,790/- amounting to Rs. 4,46,89,790/- and 5% on 10% Cumulative Redeemable Preference Shares Capital of Rs. 10,00,00,000/- amounting to Rs. 50,00,000/-. The total outgo on account of Preference and Equity Dividend including dividend tax of Rs. 76,70,243/- will be Rs. 6,23,60,033/-.

OPERATIONS

During the year under review, your Company has improved its performance on almost every front like productivity, product mix, quality etc. which has resulted in better operational and financial performance of the Company.

Your Company recorded a turnover of Rs. 207.43 Crores as against Rs. 170.26 Crores in the previous year registering a growth of 22%. The net profit of the Company has increased to Rs. 17.66 Crores as compared to Rs. 15.02 Crores in the previous year. A detailed review of the operations and performance of clay and starch units is contained in the Management Discussion & Analysis Report which is appended to the Directors' Report and form part of it.

RESEARCH & DEVELOPMENT

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, 2006 fixed deposit amounting to Rs. 11,59,000/- which became due for repayment had remained unclaimed by 43 depositors.

CORPORATE GOVERNANCE

The Company has complied with the code on corporate governance as prescribed by the Securities & Exchange Board of India (SEBI) and had taken all necessary steps to ensure that the guidelines prescribed by SEBI in this regard are fully complied with. A compliance report alongwith Auditor's Certificate and the management discussion and analysis is appended herewith.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy and detail of Technology absorption in respect of Starch Division is annexed herewith in Form A.

The company has recorded export earnings of Rs. 8.41 Crores and remittance of foreign currency equivalent to Rs. 3.49 Crores towards various purposes details of which have been incorporated in the Notes to Accounts No. 3 to 5 of Schedule 25 (B).

DIRECTORS

Shri Karan Thapar, Shri S.N. Dua and Shri S.K. Toshniwal, Directors of the Company being longest in the office, retire by rotation and are eligible for reappointment. Their appointment are recommended for your approval. The profile of the Directors seeking reappointments form part of the Corporate Governance Report.

During the year under review ICICI Bank Ltd. had withdrawn Dr. A.K. Bhattacharya from the Board of the Company and nominated Shri J.K. Jain on the Board of the Company w.e.f. 26th May, 2006. The Board of Directors wish to place on record the appreciation for the valuable guidance given by Dr. A.K. Bhattacharya during his tenure on the Board of the Company.

PROMOTER GROUP

The Company is a part of B.M. Thapar Group. The Promoter Group holding in the Company currently is 83.74% of the Company's Equity Capital. The Members may note that B.M. Thapar Group, inter alia, comprise of the following Companies (1) Crompton Greaves Ltd., (2) Greaves Cotton Ltd., (3) Premium Energy Transmission Ltd., (4) Solaris Biochemicals Ltd., (5) Pembril Industrial & Engineering Company Pvt. Ltd., (6) DBH International Pvt. Ltd. (7) Karun Carpets Pvt. Ltd. (8) Solaris Holdings Ltd., (9) Greaves Leasing Finance Ltd., (10) Bharat Projects Pvt. Ltd. (11) Dee Greaves Ltd., (12) KCT Chemicals & Electricals Ltd. (13) Standard Refinery & Distillery Ltd., (14) Bharat Starch Products Ltd., (15) Solaris Chem Tech Ltd. and (16) Solaris Industrial Chemicals Ltd.

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

None of the employees are covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 as amended upto date.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, the existing Auditors retire and are eligible for reappointment. Their appointment is recommended for your approval.

RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed;

- a) That the Company has followed the applicable accounting standards in the preparation of the Annual Accounts for the year ending 31-03-2006 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

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and fair view of the state of affairs of the Company for the year ended 31st March, 2006, and of the profit of the year ended 31.03.2006.

- 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.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

The Directors wish to place on record their gratitude for the valuable cooperation and assistance extended by Banks/Financial Institutions viz. ICICI Bank Ltd., UTI Bank Ltd., Oriental Bank of Commerce, State Bank of India, State Bank of Indore and Life Insurance Corporation of India, and Central and State Govts. and other Government authorities.

FOR AND ON BEHALF OF THE BOARD

S.N. Dua
Director

D. Kohli
Executive Director

Place : Gurgaon
Date : 01-08-2006

**ENERGY CONSERVATION STATEMENT
STARCH UNIT (YAMUNANAGAR & PONDICHERRY)
FORM-A**

Power & Fuel Consumption	Current year ended 1/4/2005 to 31/3/2006	Previous year ended 1/4/2004 to 31/3/2005
1. ELECTRICITY		
(a) Purchased Units	12075830	11481710
Total amount (Rs.)	46770474	45032323
Rate/Unit (Rs.)	3.87	3.92
(b) Own Generation		
Through Diesel Generator Units	1607675	1703294
Units Per Ltr. of D/Oil	3.59	3.67
Cost/Unit (Rs.)	7.58	7.43
2. COAL		
- Quantity (MT)	1242.87	1606.78
- Total cost (Rs.)	7095028	4740342
-Average Rate/MT(Rs.)	5708.57	2950
3. FURNACE OIL		
- Quantity (K. Ltr.)	1115.00	1060.10
- Total cost (Rs.)	18591586	12672785
- Average Rate/K. Ltr. (Rs.)	16674.06	11954.32
4. OTHERS/INTERNAL GENERATION		
(a) Steam Qty. (MT)	57419	55155
Total cost (Rice Husk Bagasse) (Rs.)	30142572	25451452
Average Rate/MT (Rs.)	524.96	461.45
Other/Internal generation		
(b) Steam Qty. (from F. Oil)	-	-
Total cost (from F. Oil)	-	-
Average Rate (Rs.)	-	-
(c) Consumption per unit of production		
Electricity (Units/MT)	201.50	209.10
Steam (MT/MT)	1.52	1.71
Furnace Oil (Ltr./MT of Gluten)	117.00	134.92

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FORM - B

1. Specific Areas in which R & D Carried out by the Company.

Clay Division

- (a) Introduced calcined clay in new areas of applications.
- (b) Provided technical support to upgrade the residue generated in the process.
- (c) To develop value added clays.

Starch Division

- (a) Development of new cold water soluble adhesive formulations.
- (b) Technical support to plant for optimization of processing parameters for oxidized starch processing.
- (c) Development of new process for amphoteric starch and its application related study.
- (d) New process for sweeteners manufacturing for food & pharma applications.

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

Clay Division

- (a) Expanded the market of high-end calcined clay.
- (b) Consumed white matrix and achieved cost saving.

Starch Division

- (a) Developed & introduced new processing parameters for sweeteners manufacturing.
- (b) Developed successfully cold water processable formulation.

3. Future Plan of Action :-

Clay Division

- (a) Commercialization of supergloss, delaminated clay and GNPL special.
- (b) Development of engineered clay, surface modified clay and clay based catalyst.

Starch Division

- (a) Development of cost effective new process for oxidized starch manufacturing for surface sizing application of paper.
- (b) Commercialization of new amphoteric starch in paper wet-end application.

4. Expenditure on R & D :-

	31st March, 2006 (Rs.)	31st March, 2005 (Rs.)
a) Capital	18,86,800	9,67,358
b) Recurring	79,25,264	63,99,777
c) Total	98,12,064	73,67,135
d) Total R&D Expenditure as a percentage of total turnover	0.47%	0.43%

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company's philosophy on Corporate Governance is to promote and raise the standard of system and practices of corporate conduct to attain high levels accountability. The Company believes in adopting transparency and responsibility in its operation and enhancement of overall long term value of its shareholders, customers, lenders and employees. 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 seven Non-Executive Directors including one Nominee Director. The composition of the Board, attendance of the Directors at the Meetings and also other directorships/ memberships of the Committees, are as follows :

Name of the Directors	Category of Directors	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	10	6	-
Mr. B.M. Thapar	Non-Executive Promoter	2	No	11	2	-
Mr. S.N. Dua	Non-Executive Independent	4	No	7	4	2
Mr. S. K. Toshniwal	Non-Executive Independent	4	Yes	4	1	1
Mr. M. L. Khemka	Non-Executive Independent	4	No	9	-	-
Mr. S. Padmakumar	Non-Executive Independent	2	Yes	7	3	8
Mr. Vijay Rai	Non-Executive Independent	3	No	5	6	-
Dr. A. K. Bhattacharya	Non-Executive Independent Nominee of ICICI	4	Yes	3	1	-
Mr. D.Kohli	Executive Director	4	No	5	2	-

includes membership of all committees constituted by the Board of Directors of the Company.

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2.2 Board Meetings

The meetings are usually held at Company's Corporate Office at Gurgaon and generally chaired by Mr. Karan Thapar, Chairman of the Company. During the year, the Company held its Board Meetings on 19th May, 2005, 22nd August, 2005, 28th October, 2005 and 27th January, 2006.

3. AUDIT COMMITTEE

3.1 Composition

The Audit Committee comprises of three Independent Directors viz. Mr. S.K. Toshniwal, Mr. S. N. Dua and Mr. Vijay Rai. Mr. S.K. Toshniwal is appointed by the Committee as the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The Vice President (Corporate Finance, Accounts & Administration) is the permanent invitee at the Committee Meetings. Mr. Vijay Rai has been appointed as the Chairman of the Audit Committee in place of Mr. S.K. Toshniwal who resigned as the Chairman of the Audit Committee in the meeting held on 25th May, 2006.

During the year, the Committee met four times, on 16th May, 2005, 27th July, 2005, 27th October, 2005 and 27th January, 2006.

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

Name	Number of Meetings attended
Mr. S.K. Toshniwal	4
Mr. S.N. Dua	4
Mr. Vijay Rai	2

3.2 Terms of Reference

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

- to discuss with the Auditors both Internal Auditors as well as Statutory Auditors on adequacy of internal controls in systems and procedures.
- adherence to significant Accounting Policies and compliance with the Accounting Standards.
- review of financial reporting system.
- review of Company's financial and risk management policies.
- ensuring regulatory compliances.
- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

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

4. REMUNERATION TO DIRECTORS**A. Executive Director**

(Amount in Rs.)

Executive Director	Salary	Perquisites	Retirement Benefits	Commission	Total
MR. D. KOHLI	18,85,000	85,719	2,75,400	-	22,46,119

B. Non-Executive Directors**I.**

(Amount Rs.)

Name	Sitting Fees
Mr. Karan Thapar	20,000/-
Mr. B. M. Thapar	10,000/-
Mr. S. N. Dua	40,000/-
Mr. M. L. Khemka	20,000/-
Mr. S.K.Toshniwal	42,000/-
Mr. S. Padmakumar	10,000/-
Mr. Vijay Rai	19,000/-
Dr. A.K. Bhattacharya	20,000/-

II.

(Amount in Rs.)

Chairman	Commission
Mr. Karan Thapar	22,40,165

The members of the Company in their Extra-Ordinary General meeting held on 24-08-2004 approved the payment of Commission @ 1% per annum, in aggregate, to the Non-Executive Directors of the Company U/s 309 of the Companies Act, 1956 on the Net Profit of the Company as calculated U/s 349 and 350 of the Companies Act, 1956. Keeping in view of the overall involvement of Shri Karan Thapar, Chairman of the Company in the affairs of the Company's business, the Directors resolved to give 1% commission to Shri Karan Thapar.

III. DIRECTOR'S SHAREHOLDING

The following non-executive directors are holding shares in the Company :-

	No. of Shares
1. Mr. B.M. Thapar	3000
2. Mr. Karan Thapar	6400
3. Mr. S. Padmakumar	2000
4. Mr. Vijay Rai	700
5. Mr. S.N. Dua	200
6. Mr. S.K. Toshniwal	1500
7. Dr. A.K. Bhattacharya (ceased w.e.f. 25-05-2006)	300

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5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders Grievance/Share Transfer Committee comprises of Mr. S. K.Toshniwal as Chairman of the Committee and Mr. Karan Thapar, Mr. D. Kohli and Mr. S. N. Dua as other members of the Committee.

Mr. P. S. Saini, Company Secretary is the Compliance Officer of the Company. During the year, the Committee met 7 times and redressed all the complaint/grievance from the Shareholders. There is no complaint pending as on date.

6. GENERAL MEETINGS

Last three Annual General Meetings were held as under :

Financial year ended	Date of Meeting	Time	Venue
31st March, 2005	1st July, 2005	11.30 a.m.	TC-79/4, Veli, Thiruvananthapuram, Kerala
31st March, 2004	2nd July, 2004	11.30 a.m.	KP-III/428, Veli, Thiruvananthapuram, Kerala
31st March, 2003	4th July, 2003	11.30 a.m.	KP-III/428, Veli, Thiruvananthapuram, Kerala

A special resolution approving payment of retirement benefit to the Ex-Managing Director U/s 269, 310 & 311 of the Companies Act, 1956 was unanimously passed in the Annual General Meeting held on 2nd July, 2004.

On 20th February, 2004 there was an Extra-Ordinary General Meeting of the Members of the Company. In the EGM, a Special Resolution approving the issue of 10,00,000 10% Cumulative Redeemable Preference Shares U/s 81 (1A) of the Companies Act, 1956 was unanimously passed.

On 24th August, 2004 there was an Extra-Ordinary General Meeting of the Members of the Company. In the EGM, a Special Resolution approving the payment of 1% commission to Non - Executive Directors of the Company U/s 309 of the Companies Act, 1956 was unanimously passed.

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

7. DISCLOSURES

a. Related Party Transactions

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

b. Compliance by the Company

There were no instances of non-compliance of any requirements of the Stock Exchange, SEBI and other statutory authorities on any matters relating to capital market during the last 3 years ending March 31, 2006.

c. Code of Conduct

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

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

"I hereby confirm that the Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2006".

**Gurgaon
01-08-2006**

**D. KOHLI
Executive Director**

d. CEO/CFO Certification

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

8. RISK MANAGEMENT

The Company is fully aware of various risks involved with the business of the company and responsibilities have been assigned at different levels of management. Periodic reviews of the same are conducted at various levels of management. However the company is in the process of formally establishing framework for risk management and control and documenting risk assessment as minimization procedures.

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 and are also uploaded on the Electronic Data Information Filing And Retrieval System of the Stock Exchange, Mumbai as required by the Listing Agreement.

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

10. GENERAL SHAREHOLDER INFORMATION

10.1 Disclosures regarding appointment/re-appointment of Directors

a. Mr. Karan Thapar

Mr. Karan Thapar, Chairman of the Company aged 49 years, is a Chartered Accountant and belongs to the Promoter family. He joined the Board of the Company in the Year 1990. He has working experience in different companies for over 23 years. He holds 6400 equity shares in the company. He holds Directorships in following Companies.

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Other Directorships

1. Crompton Greaves Ltd.
2. Standard Refinery & Distillery Ltd.
3. Bharat Starch Products Ltd.
4. CG Capital & Investment Ltd.
5. Greaves Cotton Ltd.
6. KCT Chemicals & Electricals Ltd.
7. DBH International Pvt. Ltd.
8. Karun Carpets Pvt. Ltd.
9. Bharat Projects Pvt. Ltd.
10. Aravali Sports & Cultural Foundation (Trustee)

Committee Memberships

Audit Committee

- CG Capital & Investments Ltd.
- Greaves Cotton Ltd.

Shareholders/Investors Grievance Committee - English Indian Clays Ltd.

b. Mr. S. N. Dua

Mr. S.N. Dua aged 65 years is a Chartered Accountant and Fellow Member of Institute of Company Secretaries in India. He has working experience in different companies for over 42 years. During this period, he held various position in different companies in the area of Financial Re-Structure/Resources Management, Cost Control management, HRD Initiatives, Business Environment Management, Foreign Collaboration and Joint Ventures etc. He is currently the Executive Director of ICL Group Companies. He holds 200 equity shares in the company and holds Directorship in following Companies.

Other Directorships

1. Bharat Starch Products Ltd.
2. Haryana Telecom Ltd.
3. Standard Refinery & Distillery Ltd.
4. Mahaan Proteins Ltd.
5. DBH International Pvt. Ltd.
6. Bharat Projects Pvt. Ltd.

Committee Memberships

Audit Committee

- English Indian Clays Ltd. (Member)
- Haryana Telecom Ltd. (Chairman)
- Mahaan Proteins Ltd. (Chairman)

Shareholders/Investors Grievance Committee

- English Indian Clays Ltd. (Member)

Share Transfer Committee

– Haryana Telecom Ltd. (Member)

c. Mr. S.K. Toshniwal

Mr. S.K. Toshniwal aged 61 years, is a Commerce Graduate having working experience of over 28 years in different lines and segments such as production, quality control, marketing and administration in different companies. He is member of different trade organizations and holds directorship in various companies. He holds 1500 equity shares in the company.

Other Directorships

1. Standard Refinery & Distillery Ltd.
2. Toshniwal Drugs & Pharmaceuticals Ltd.
3. Toshniwal Son (P) Ltd.
4. Toshniwal Cutting Centre (Proprietor)

Committee Memberships

Audit Committee - English Indian Clays Ltd. (Member)

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

Grievance Committee

10.2 Forthcoming Annual General Meeting

The Forty Second Annual General Meeting of the Company is scheduled to be held on Thursday, 31st August, 2006 at TC-79/4, Veli, Thiruvananthapuram, Kerala at 11.30 a.m. inter-alia, to consider and adopt the Annual Accounts for the year ended 31st March, 2006.

10.3 Financial Calendar

The financial year – 1st April to 31st March.

Announcement of financial results

For year ended 31st March, 2006 on 1-08-2006.

The Board of Directors have recommended Dividend @100% on 4468979 Equity Shares of Rs.10/- each and 5% on (5% interim dividend is already paid) 10% 10,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each for the year ended 31st March, 2006.

The quarterly/half yearly results for the financial year 2006-07 will be announced as follows :-

First Quarter ending 30th June, 2006 at end July, 2006

Half yearly ending 30th September, 2006 at end October, 2006

Third Quarter ending 31st December, 2006 at end January, 2007

Annual audited results by end June, 2007.

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10.4 Book Closure

The Register of Members and Share Transfer Books will remain closed from 28-08-2006 to 31-08-2006 (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, 2005	421.80	320.00
May, 2005	432.50	351.00
June, 2005	511.20	435.00
July, 2005	462.05	422.15
August, 2005	521.00	447.80
September, 2005	575.00	465.00
October, 2005	520.00	469.25
November, 2005	460.00	424.35
December, 2005	525.65	432.00
January, 2006	560.60	472.40
February, 2006	594.85	400.00
March, 2006	530.00	365.20

10.7 Registrar and Share Transfer Agent

RCMC Share Registry Pvt. Ltd.
1515, 1st Floor, Bhisham Pitamah Marg,
Kotla Mubarakpur, Nr. South Extension,
New Delhi-110 003.
Phone : 011-24692346, 24601017 Fax : 011-24692345
Email : rcmc@theoffice.net

10.8 Share Transfer System

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

10.9 Distribution of Equity Shareholding Pattern as on March 31, 2006

CATEGORY	NO. OF SHARES OF Rs. 10/- EACH	PERCENTAGE
Promoters	3760768	84.16
Indian Institutional Investors	-	-
Other Bodies Corporate	274313	6.14
Foreign Institutional Investors	298998	6.69
NRIs/OCBs	3337	0.07
Mutual Funds	-	-
General Public	106463	2.38
Directors & Relatives	25100	0.56
TOTAL	4468979	100

10.10 Distribution of Shareholding As on 31st March, 2006

Shareholding of Nominal value (Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 5000	446	90.10	34968	0.77
5001-10000	12	2.42	10018	0.22
10001-20000	13	2.63	20359	0.45
20001-30000	3	0.61	9000	0.20
30001-40000	1	0.20	3110	0.06
40001-50000	2	0.40	10000	0.21
50001-100000	5	1.01	36000	0.87
100001 & above	13	2.63	4345524	97.22
TOTAL	495	100	4468979	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 267F01016.

As on March 31, 2006 39,20,000 being 87.71% 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, Maddagadipet Post, Mannadipet Commune-605 107, PONDICHERRY

ENGLISH INDIAN CLAYS LIMITED

10.13 Address for Correspondence

1. English Indian Clays Ltd.
TC-79/4, Veli, Thiruvananthapuram-695 021, KERALA
Phone : (0471) 2741133, 2741833; Fax : (0471) 2742233; Email : eicl@vsnl.com
2. 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; E-mail : eiclsect@deldsl.com

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 : 01-08-2006

S.N. Dua
Director

D. Kohli
Executive Director

AUDITORS' CERTIFICATE

REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE TO THE MEMBERS OF ENGLISH INDIAN CLAYS LIMITED

We have examined the compliance of conditions of Corporate Governance by English Indian Clays Limited (the Company) for the year ended March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to the matters stated below, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement in all material aspects.

The Company is in the process of formally establishing a defined framework for risk management and control including documentation of risk assessment and minimization procedures.

We 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.

New Delhi, 1st August, 2006

Anupam Dhawan
Partner
Membership No.F-084451
For and on behalf of
Price Waterhouse
Chartered Accountants

The Board of Directors
English Indian Clays Ltd.

CEO AND CFO CERTIFICATION

We, D. Kohli, Executive Director and S.K. Jain, Vice President (Corporate Finance & Accounts), responsible for the finance function certify that :

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2006 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 brlief, no transactions entered into by theompanyduring the year ended 31st March, 2006 are fraudulent, illegal or violative of theompany's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financialreporting and we are in the process of re-evaluating the effectiveness of internal controlof the Company in view of weaknesses reported by the auditors of the Company in certain areas. Deficiencies in the design or operation of such internal controls havebeen disclosed to the auditors and the Audit Committee and steps are being taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reportingduring the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system with respect to financial reporting.

Place : Gurgaon
Date : 01-08-2006

D.KOHLI
Executive Director

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I OVERALL VIEW

1. The Company's performance in both its Clay and Starch businesses during the year under review was steady with sales exceeding Rs.200 crores. In actual terms, the Company registered a sales and EBIDTA growth of 22% and 12% respectively with a turnover of Rs. 207.43 crores and EBIDTA of Rs. 41.82 crores.
2. The business focus during the year was directed towards promotion and further consolidation of value added / new products.
3. The Company's exports registered a growth of 67% showing good product acceptance in international markets.
4. The manufacturing units continued their efforts on improving internal efficiencies and cost reduction.
5. The Research & Development Centres of both Clay and Starch continued to play a major role in new product development, application support to customers and process support to the manufacturing units.
6. The Maize Grinding capacity at Yamunanagar was increased to 165 TPD by de-bottlenecking and installing some balancing equipments.
7. It is planned to further increase Hydrous and Calcined Clay capacity at Thonnakkal by H1. This will take overall Clay capacity to 2,10,000 MTA.
8. Investments are also being made for purchase of key equipments to further enhance value addition in the Clay business.

II SEGMENT-WISE BUSINESS PERFORMANCE

	2005-06 (Rs. in crores)			2004-05 (Rs. in crores)		
	<u>CLAY</u>	<u>STARCH</u>	<u>TOTAL</u>	<u>CLAY</u>	<u>STARCH</u>	<u>TOTAL</u>
Turnover	92.79	114.64	207.43	80.68	89.58	170.26
EBIDTA	28.21	6.94	35.15	23.38	5.91	29.29
EBIT	23.96	3.89	27.85	19.71	3.10	22.81

In addition to the above, during the current financial year the Company's investments gave an EBIT of Rs. 8.10 crores as against Rs.9.35 crores in the previous year.

The cash un-allocable expenses for the year were Rs. 1.64 Crores as against Rs. 1.35 Crores in the previous year.

III CLAY

1. The Clay business registered a growth of 15% in turnover and 21% in cash operating profit.
2. The Business Strategy was towards pushing growth at the top end of the value chain in both Calcined and Hydrous Clay. Calcined Clay showed a growth of 25% and top end Hydrous Clay (Supercoat) 48%.
3. R&D continued to be the strength of the Division with development of Delaminated and Engineered Clays. The R&D also gave strong application support to customers and process support to the Division's operations.
4. Exports grew by 55%.
5. The Phase I of the Sand Project was commissioned and commercialized towards the end of the financial year. With the completion of Phase II by October 2006, the Division will achieve zero waste generation status. The sand generated is being commercially sold.

IV STARCH

The Starch Operations comprising of Yamunanagar and Pondicherry Units, registered a growth of 28% in turnover and 18% in cash operating profit during the year.

a) Yamunanagar Unit

1. The Unit registered a growth of 20% in sales turnover and 8% in EBIDTA as compared to previous year.
2. Plant grinding capacity was increased to 165 TPD.
3. The product-wise break-up of sales was as follows :

<u>PRODUCT</u>	<u>%OF SALES</u>
Starches	63
Syrups	32
Refined Oil	5

4. The business strategy was on value addition through modified starches and sale to Corporate customers. This was fully supported by the unit's in-house R&D.

b) Pondicherry Unit

1. The Pondicherry Unit registered a growth of 46% in sales turnover and in EBIDTA of 36% as compared to the previous year.
2. There was continued focus on value added and diversification of products. All the new products performed exceedingly well in the market.
3. The textile industry accounted for 78% of the Division's sales turnover.

V INTERNAL CONTROL SYSTEMS

1. The Company has a well defined organization structure with identified reporting and accountability levels. 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 review for each Division by the Senior and Top Management.
 - b. Evaluation of the progress on all Corporate initiatives by the Senior and Top Management.
 - c. Internal Audit Plans and regular internal audits of the Divisions, review of audit findings by the Board audit committee in addition to other business areas.
 - d. Regular reporting to the Board on investor related matters as well as fulfillment of SEBI, Listing Agreement requirements and other Corporate Laws.
2. The IT systems are being upgraded and mySAP ERP 2005 is being implemented by the Company so as to have single server platform for the authenticity of data and management reporting to further strengthen the Internal Control Systems and Procedures.

VI HUMAN RESOURCES

1. The thrust across the company was on inculcating professionalism and teamwork.
2. There was special focus on Industrial Relations to maintain and improve management union relations with the objective of right sizing the operations.
3. All three divisions were certified for ISO 9001 : 2000 compliance.

VII CORPORATE SOCIAL RESPONSIBILITY AND CONSERVATION OF WATER RESOURCES

1. The Company continued to pursue its agenda on social responsibility during the year. Water was provided round the year to neighbouring villages around the Thonnakkal Mines through pipe lines and through water tankers.
2. The Rain Water Harvesting scheme worked efficiently and the water stored in the reservoir was shared with surrounding villages.

VIII RISKS, CONCERNS AND OUTLOOK

The risk in the Clay Business is primarily the volatility in the fuel prices, since the business is energy intensive. Any further abnormal increase in prices of petroleum products could adversely impact the business.

The starch Businesses could be impacted if the SW monsoon fails which could result in shortage and increase in cost of critical raw materials like maize and Tapioca.

Overall however the Company should continue on its path of growth in both the businesses and the outlook for F.Y. 2006-07 looks positive and optimistic.

IX STATEMENT OF CAUTION

Representations and statements made under 'Management Discussions and Analysis' is based on the projection and expectation on the basis of the present market conditions. Actual results may materially differ due to several factors which could influence the Company's business operations such as demand and supply conditions, prices of input, changes in Government levies and regulations, industrial relations and other economic developments in the country.

**AUDITORS' REPORT
TO THE MEMBERS OF ENGLISH INDIAN CLAYS LIMITED**

1. We have audited the attached Balance Sheet of English Indian Clays Limited, as at March 31,2006 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statement are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act')and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
 - (ii) (a) The inventory excluding stocks with consignee agents aggregating Rs. 38,14,920, has been physically verified by the management during the year/at the year end. In respect of inventory lying with consignee agents, these have substantially been sold/ returned subsequent to the year end. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of Inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - (iii) (a) The Company has granted an unsecured loan, to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 3,00,00,000 and Rs. Nil respectively.
 - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima

ENGLISH INDIAN CLAYS LIMITED

- facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
 - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
 - (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regards to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods *except with regard to certain general information systems controls and controls over sale of goods in respect of Yamunanagar Unit which are being strengthened by the management*. There are no sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system, *except to the extent stated above in case of Yamunanagar Unit*.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) As represented by the management, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is *generally* regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2006 which have not been deposited on account of a dispute, are as follows:

ENGLISH INDIAN CLAYS LIMITED

S. No.	Name of Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
1	Kerala General Sales Tax Act, 1963	Interest	113,912	1992-93	Assistant Commissioner
		Interest	91,962	1995-96	The Appellate Tribunal
		Royalty, Surcharge and Interest thereon	709,372	1998-99 and 2000-01	Dc Appeals, Kollam
		Revision of Order of the Tribunal	17,005	1990-91	Assistant Commissioner, Appeals
		Interest	22,872	1993-94	The High Court, Ernakulum
2	Kerala General Sales Tax Act, 1963	Entry Tax on Superior Kerosene Oil	10,040,586	2002	Supreme Court of India
3	Central Sales Tax Act, 1956	Interest	329,291	1986-87	DC Appeals, Kollam
		Modification of order of Tribunal	478, 736	1987-88, 1988-89	Assistant Commissioner, Appeals
		Rate of Interest levied	600,702	1991-92	The High Court, Ernakulum
		C-Forms and Interest	1,242,628	1998-99	DC Appeals, Kollam
4	Customs Act, 1962	Custom duty and penalty on purchase under EPGC Scheme	2,499,187	2003	Appellate Tribunal
5	Income Tax Act, 1961	Disallowances of Interest Expense	*	2001-02	The High Court, Kolkata
6	Income Tax Act, 1961	Disallowances of adjustment of brought forward losses	48,118,146	2003-04	CIT Appeals, Cochin Assessment Order received on 30.03.2006
7	Central Excise Act, 1944	Misclassification of Maize Starch	63,494,596	01.04.1997 to 18.12.2001	CESTAT, Delhi Commissioner Order received on 30.03.2006
8	Central Excise Act, 1944	Modvat Claimed on Lubricants & Transformer Oil	27,662,774	2000 to 2004	CESTAT
9	Central Excise Act, 1944	Excise Duty on Freight & Insurance on Sales	1,26,782	01.04.1997 to 30.06.2000	Assistant Commissioner, Yamunanagar
10	Central Excise Act, 1944	Service Tax claimed on Inputs	20,857,374	01.12.2004 to 31.08.2005	Commissioner, Panchkula

* Refer Note 3 on Schedule 25A

ENGLISH INDIAN CLAYS LIMITED

- (x) The Company has no accumulated losses as at March 31, 2006 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
 - (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
 - (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - (xiii) The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/societies are not applicable to the Company.
 - (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
 - (xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
 - (xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
 - (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
 - (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 - (xix) The Company has not issued any debentures during the year.
 - (xx) The Company has not raised any money by public issues during the year.
 - (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
4. Further to our comments in paragraph 3 above, we report that :
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of

ENGLISH INDIAN CLAYS LIMITED

Section 211 of the Act;

- (e) On the basis of written representations received from the directors, as on March 31, 2006 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- (f) Attention is drawn to matter indicated in Note 4 on Schedule 25 wherein the Company, has transferred and acquired certain group company shares pursuant to family settlement agreements at negotiated prices. *These transactions have been incorporated in the accounts and are subject to approval in the ensuing general meeting.* We have considered the legal opinion obtained by the Company from its counsel that the transaction is not prejudicial to the interest of the Company as it forms part of the family settlement as stated in the above note.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statement together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act. and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Anpum Dhawan
Partner
Membership No. F-084451
For and on behalf of
Price Waterhouse
Chartered Accountants

New Delhi, August 1, 2006

ENGLISH INDIAN CLAYS LIMITED

BALANCE SHEET AS AT 31.03.2006

	SCHEDULE	AS AT 31.3.2006 Rs.	AS AT 31.3.2005 Rs.
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	144,689,790	144,689,790
RESERVES & SURPLUS	2	836,478,298	722,205,887
		981,168,088	866,895,677
DEFERRED GOVERNMENT GRANTS		810,429	977,025
LOAN FUNDS			
SECURED LOANS	3	902,219,302	959,550,243
UNSECURED LOANS	4	120,453,184	130,133,443
		1,022,672,486	1,089,683,686
DEFERRED TAX LIABILITY (NET) (Refer Note 13 on Schedule 24 and Note 6 on Schedule 25A)		131,313,798	123,107,757
		2,135,964,801	2,080,664,145
II APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	5	1,782,292,125	1,653,863,359
Less : ACCUMULATED DEPRECIATION		361,367,327	294,161,769
NET BLOCK		1,420,924,798	1,359,701,590
CAPITAL WORK IN PROGRESS		23,897,203	17,013,853
INVESTMENTS	6	178,557,992	443,739,560
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	7	241,528,286	220,921,344
SUNDRY DEBTORS	8	198,759,080	169,161,116
CASH & BANK BALANCES	9	142,313,585	51,091,985
OTHER CURRENT ASSETS	10	4,741,842	30,606,572
LOANS & ADVANCES	11	256,052,019	81,124,805
		843,394,812	552,905,822
LESS : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	12	215,391,584	213,688,391
PROVISIONS	13	115,948,420	80,068,289
		331,340,004	293,756,680
NET CURRENT ASSETS		512,054,808	259,149,142
MISCELLANEOUS EXPENDITURE (to the extent not written off)	14	530,000	1,060,000
		2,135,964,801	2,080,664,145
STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES	24		
NOTES TO THE ACCOUNTS	25		

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

The schedules referred to above form an integral part of the Balance Sheet.

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

S. K. Jain
Vice President
Corporate Finance,
Accounts & Administration

P. S. Saini
Company Secretary
& Head Corporate Legal

D. Kohli
Executive Director

S.N. Dua
Director

Gurgaon, August 1, 2006

ENGLISH INDIAN CLAYS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2006

	SCHEDULE	YEAR ENDED 31.3.2006 Rs.	YEAR ENDED 31.3.2005 Rs.
INCOME			
GROSS SALES	15	2,074,292,133	1,702,581,717
Less : EXCISE DUTY		114,186,225	90,955,619
		1,960,105,908	1,611,626,098
OTHER INCOME	16	94,458,210	106,741,309
INCREASE/(DECREASE) IN STOCKS	17	9,330,543	(1,433,087)
		2,063,894,661	1,716,934,320
EXPENDITURE			
MANUFACTURING AND MINING EXPENSES	18	1,257,532,422	1,010,638,391
PAYMENT TO AND PROVISIONS FOR EMPLOYEES	19	163,363,235	151,711,259
ADMINISTRATION & OTHER EXPENSES	20	108,811,007	91,865,802
SELLING & DISTRIBUTION EXPENSES	21	108,060,684	83,440,869
RESEARCH & DEVELOPMENT EXPENSES	22	7,925,264	6,399,777
		1,645,692,612	1,344,056,098
PROFIT BEFORE INTEREST, DEPRECIATION/AMORTISATION AND TAX		418,202,049	372,878,222
INTEREST (NET)	23	98,257,064	117,947,002
PROFIT BEFORE DEPRECIATION/AMORTISATION AND TAX		319,944,985	254,931,220
DEPRECIATION/AMORTISATION	5	75,066,137	66,761,275
PROFIT BEFORE TAX		244,878,848	188,169,945
TAX EXPENSE			
(Refer Note 13 on Schedule 24 and Note 6 on Schedule 25A)			
Current Year		54,000,000	7,450,000
Prior Years		2,440,363	(6,605,036)
Deferred Tax		8,206,041	37,097,685
Fringe Benefit Tax		3,600,000	--
PROFIT AFTER TAX		176,632,444	150,227,296
BALANCE AS PER LAST YEAR		40,447,015	39,815,381
AVAILABLE FOR APPROPRIATION		217,079,459	190,042,677
APPROPRIATIONS			
INTERIM DIVIDEND			
- PREFERENCE SHARES		5,000,000	5,000,000
PROPOSED DIVIDEND			
- PREFERENCE SHARES		5,000,000	5,000,000
- EQUITY SHARES		44,689,790	33,517,343
CORPORATE DIVIDEND TAX		7,670,243	6,078,319
GENERAL RESERVE		100,000,000	100,000,000
BALANCE CARRIED TO BALANCE SHEET		54,719,426	40,447,015
		217,079,459	190,042,677
EARNINGS PER SHARE (Rs.)			
(Refer Note 15 on Schedule 24 and Note 5 on Schedule 25A)			
- BASIC		36.97	31.07
- DILUTED		8.94	6.06
STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES	24		
NOTES TO THE ACCOUNTS	25		

This is the Profit & Loss Account referred to in our report of even date.

The schedules referred to above form an Integral part of the Profit & Loss Account.

Anupam Dhawan
Partner

Membership No. F-084451
For & on behalf of

PRICE WATERHOUSE

CHARTERED ACCOUNTANTS

Gurgaon, August 1, 2006

S. K. Jain

Vice President

Corporate Finance,
Accounts & Administration

P. S. Saini

Company Secretary

& Head Corporate Legal

D. Kohli

Executive Director

S.N. Dua

Director

ENGLISH INDIAN CLAYS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2006

	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
A. Cash flow from operating activities :		
Net profit before tax	244,878,848	188,169,945
Adjustments for :		
Depreciation	75,066,137	66,761,275
Interest Expense	106,233,070	120,309,971
Interest Income	(7,976,006)	(2,362,969)
(Profit)/Loss on Sale of Investment (Net)	(42,767,257)	(5,466)
Dividends	(38,251,050)	(93,536,600)
Unrealised Exchange Fluctuation	(2,052,129)	(53,116)
(Profit)/Loss on Sale of Fixed Assets (Net)	3,778,532	2,135,367
Debts / Advances Written off	6,243,873	7,616,745
Provision for Bad & Doubtful Debts/Advances	11,126,307	1,557,855
Miscellaneous Expenditure written off	530,000	530,000
Liability no longer required written back	(5,105,987)	(4,036,948)
Provision for Gratuity & Leave Encashment	3,252,216	3,403,996
Government grant	(166,596)	(166,595)
Operating profit before working capital changes	354,789,958	290,323,460
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(34,226,270)	(17,577,362)
- (INCREASE)/DECREASE in Other Receivables	5,107,892	(4,316,266)
- (INCREASE)/DECREASE in Inventories	(20,606,942)	(24,192,764)
- INCREASE/(DECREASE) in Trade and Other Payables	(3,621,974)	57,687,263
Cash generated from operations	301,442,664	301,924,331
- Taxes (Paid) / Received (Net of TDS)	(36,743,362)	(8,281,099)
Net Cash from operating activities	264,699,302	293,643,232
B. Cash flow from investing activities :		
Additions to fixed assets and capital work in progress	(143,761,776)	(178,135,274)
Proceeds from Sale of fixed assets	2,188,596	1,964,537
Proceeds from Sale of Investments	486,495,000	879,474
Purchase of investments	(178,546,175)	-
Loans to Companies (Net)	(190,000,000)	-
Deposits with bank (Net)	(82,964,131)	1,361,045
Interest Received	980,722	2,072,548
Dividend Received	68,456,968	63,786,600
Net cash used in investing activities	(37,150,796)	(108,071,070)

ENGLISH INDIAN CLAYS LIMITED

C. Cash flow from financing activities :	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
Proceeds from long term borrowings		
RECEIPTS	200,000,000	250,000,000
PAYMENTS (excludes exchange fluctuation Rs. 2,197,139; 2004-05 : Rs. 3,427,872)	(277,526,216)	(289,480,596)
Proceeds from short term borrowings (Net)	708,715	2,945,000
Proceeds from fixed deposits (Net)	(10,095,500)	(4,333,500)
Proceeds from Cash Credits (Net)	21,513,464	16,804,016
Interest Paid (includes exchange fluctuation Rs. 2,197,139; 2004-05 : Rs. 3,427,872)	(106,038,081)	(128,613,758)
Income from foreign currency contracts	1,740,776	-
Dividend Paid	(43,490,888)	(18,553,560)
Dividend Tax Paid	(6,103,307)	(1,845,943)
Net cash used in financing activities	(219,291,037)	(173,078,341)
Net Increase/(Decrease) in Cash & Cash Equivalents	8,257,469	12,493,821
Cash and Cash equivalents at the beginning of the year	31,274,616	18,780,795
Cash and Cash equivalents at the end of the year	39,532,085	31,274,616
Cash and Cash equivalents comprise		
Cash, Cheques & Drafts (in hand)	5,640,242	12,777,904
Savings account with Post Office	272	272
Balance with Scheduled Banks in current accounts	33,891,571	18,496,440
	39,532,085	31,274,616

Notes :

1. The above Cash flow statement has been prepared pursuant to clause 32 of the listing agreement with stock exchange and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Cash and cash equivalents at the end of the year include Rs. 248,180 (2004-05 : Rs. 222,293) held in dividend accounts with scheduled banks.
4. Tax deducted at source on income/ receipts has not been considered in the Cash Flow Statements.
5. The significant accounting policies (Schedule 24) and notes to the accounts (Schedule 25) forms an integral part of the Cash Flow Statement.
6. Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

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

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

S. K. Jain
Vice President
Corporate Finance,
Accounts & Administration

P. S. Saini
Company Secretary
& Head Corporate Legal

D. Kohli
Executive Director

S.N. Dua
Director

Gurgaon, August 1, 2006

ENGLISH INDIAN CLAYS LIMITED

	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
8,000,000 (2004-05 : 8,000,000) Equity Shares of Rs. 10/- each	80,000,000	80,000,000
1,000,000 (2004-05 : 1,000,000) Preference shares of Rs. 100/- each	100,000,000	100,000,000
	<u>180,000,000</u>	<u>180,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
4,468,979 (2004-05 : 4,468,979) Equity Shares of Rs. 10/- each fully paid up	44,689,790	44,689,790
1,000,000 (2004-05 : 1,000,000) 10% Redeemable Preference shares of Rs. 100/- each fully paid up	100,000,000	100,000,000
	144,689,790	144,689,790
Notes :		
Of the above :		
1.	150,000 (2004-05 : 150,000) Equity shares of Rs. 10/- each were allotted as fully paid up shares pursuant to a contract without payments being received in cash.	
2.	1,510,450 (2004-05 : 1,510,450) Equity shares of Rs. 10/- each were allotted as fully paid up by way of Bonus Shares by utilising Share Premium Account.	
3.	800,000 (2004-05 : 800,000) Equity shares of Rs. 10/- each were allotted on conversion of partly convertible Debentures.	
4.	528,079 (2004-05 : 528,079) Equity shares of Rs. 10/- each were allotted at par as fully paid up to the shareholders of erstwhile Bharat Starch Industries Limited and 120,000 Equity shares allotted to a creditor as fully paid up at a premium of Rs. 40/- per share pursuant to the scheme of re-organisation by way of arrangement, amalgamation and reconstruction.	
5.	10% Redeemable Preference shares shall be redeemed at par not earlier than 3 years but not later than 5 years from the date of allotment i.e. 25.03.2004.	
SCHEDULE 2 : RESERVES AND SURPLUS		
CAPITAL RESERVE	754,423	754,423
SHARE PREMIUM ACCOUNT (Refer Note 4 on schedule 1 above)	91,956,750	91,956,750
GENERAL RESERVE		
Balance as per last year	589,047,699	489,047,699
Additions during the year	100,000,000	100,000,000
Balance at the end of the year	<u>689,047,699</u>	<u>589,047,699</u>
PROFIT & LOSS ACCOUNT	54,719,426	40,447,015
	836,478,298	722,205,887

ENGLISH INDIAN CLAYS LIMITED

	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
SCHEDULE 3 : SECURED LOANS		
(Refer Note 8 & 12 on Schedule 24)		
LOANS FROM BANKS / FINANCIAL INSTITUTIONS		
- CASH CREDIT ACCOUNT WITH SCHEDULED BANKS	89,615,305	80,601,841
- WORKING CAPITAL DEMAND LOANS	125,000,000	112,500,000
- RUPEE TERM LOANS**	593,611,099	623,888,880
- FOREIGN CURRENCY TERM LOANS	93,590,200	139,386,874
INTEREST ACCRUED & DUE*	402,698	888,199
LOANS FROM OTHERS		
- DEFERRED SALES TAX LIABILITY	-	2,284,449
	902,219,302	959,550,243
* Amount realised by bank by April 4, 2006		
**Includes Rs. 80,000,000 (2004-05 : Rs. 100,000,000) due to a financial institution.		
1.	Cash Credit and Working Capital Demand Loans alongwith guarantees and letters of credit facilities given by the Banks are secured by Hypothecation of Finished Goods, Semi-Finished Goods, Consumable Stores and spares, Raw Material, Investments and Book Debts at Yamunanagar, Pondicherry & Thiruvananthapuram factories and second pari passu charge on block of assets of the Company.	
2.	Term Loans from banks (other than those mentioned in note 3 below) are secured by an equitable mortgage of all immovable properties of the Company, both present and future and are also secured by way of hypothecation of the Company's movable properties including movable Plant and Machinery, Machinery Spares, Tools and Accessories and other movables both present and future (save and except bookdebts) subject to prior charges created in favour of the Company's bankers on stocks of raw materials, consumable stores, finished goods etc. for working capital facilities. The above charges rank pari passu with charges created/to be created by the company in favour of other term lending banks.	
3.	Rupee Term loans from banks aggregating Rs. 20,000,000 (2004-05 : Rs. 60,000,000) are secured by pledge of shares held by the Company.	
4.	Deferred sales tax liability represents interest free loan against sales tax liabilities on expansion of Glucose and Refined Oil facility at Yamunanagar and was repayable in the ratio of deferment claimed by the Company. The Company has repaid the loan and the Bank Guarantee against which the loan was secured has been released during the year.	
5.	The amount falling due for repayment within a year (excluding cash credit and working capital demand loans) is Rs. 2,613.23 lacs (2004-05 : Rs. 2,823.59 lacs).	
SCHEDULE 4 : UNSECURED LOANS		
(Refer Note 12 on Schedule 24)		
FIXED DEPOSITS (Refer Notes below)	112,385,285	122,480,785
INTEREST ACCRUED AND DUE	131,828	149,998
OTHER LOANS & ADVANCES		
- FROM OTHERS	7,824,665	7,115,950
INTEREST ACCRUED AND DUE	111,406	386,710
	120,453,184	130,133,443
Notes :		
1 Fixed deposits held by Directors	6,015,000	9,315,000
2 Fixed Deposits repayable within one year	65,283,000	54,289,500

ENGLISH INDIAN CLAYS LIMITED

	Operating Balance		Gross Block Additions during the year		Total		Upto 31.3.2005		Depreciation For the year		Upto 31.3.2006		Net Block Ason 31.3.2006		Ason 31.3.2005	
	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS
TANGIBLE ASSETS																
LAND & SITE DEVELOPMENT																
Leasehold	15,040	-	-	15,040	15,040	-	15,040	-	-	-	15,040	-	-	-	-	-
Freehold	462,922,672	28,815,782	-	491,738,454	21,293	-	21,293	491,717,161	-	-	21,293	491,717,161	-	462,901,379	-	462,901,379
FACTORY & OTHER BUILDINGS	199,299,007	13,660,301	-	212,959,308	30,246,020	-	30,246,020	177,751,310	4,961,978	-	35,207,998	177,751,310	169,052,987	169,052,987		
PLANT & MACHINERY	880,590,954	94,046,488	8,824,011	965,813,431	223,250,943	-	223,250,943	688,035,925	58,763,183	4,236,620	277,777,506	688,035,925	657,340,011	657,340,011		
FURNITURE, FIXTURES & OFFICE EQUIPMENT	24,519,704	720,899	25,46,802	22,693,801	9,123,318	-	9,123,318	13,530,515	2,516,778	2,476,810	9,163,286	13,530,515	15,396,386	15,396,386		
VEHICLES & CYCLES	19,397,511	5,019,003	2,455,894	21,953,620	4,657,771	-	4,657,771	16,330,647	1,147,149	-	5,622,973	16,330,647	14,739,740	14,739,740		
INTANGIBLE ASSETS																
TECHNICAL KNOWHOW/BRAND	67,118,471	-	-	67,118,471	26,847,384	-	26,847,384	33,559,231	6,711,847	-	33,559,231	33,559,240	40,271,087	40,271,087		
TOTAL	1,653,863,359	142,256,473	13,827,707	1,782,292,125	294,161,769	75,066,137	294,161,769	1,420,924,798	7,860,579	361,367,327	1,420,924,798	1,359,701,590	1,359,701,590	1,359,701,590	17,013,853	17,013,853
CAPITAL WORK IN PROGRESS (including capital advances Rs. 5,787,116 (2004-05; Rs. 5,966,501))																
PREVIOUS YEAR	1,429,970,171	231,157,818	7,264,630	1,653,863,359	230,555,220	66,761,275	230,555,220	1,359,701,590	3,164,726	294,161,769	1,359,701,590	1,199,404,951	1,199,404,951	1,199,404,951		

Notes:

- Land and Buildings were revalued April 1, 2001 along with certain plant and machinery based on estimated current replacement cost after considering depreciation upto the date of revaluation as per valuer's report and the resultant increase in the net book value arising from such revaluation amounting to Rs. 98,586,564 as detailed below was transferred to Fixed Asset Revaluation Reserves :

April 1, 2001	
Land	64,323,467
Buildings	7,445,671
Plant & Machinery	26,817,426
- The balance at April 1, 2001 in Fixed Assets Revaluation Reserve, arising from the revaluation of the above stated fixed assets on March, 31, 1996 and April 1, 1998 aggregating Rs. 202,256,117 along with Rs. 98,586,564 arising from the further revaluation of these assets on April 1, 2001 pursuant to the scheme of re-organisation has been adjusted as part of the scheme of re-organisation on April 1, 2001.
- Freehold Land includes Rs. 7,560,000 (2004-05; Rs. 7,560,000) being cost / value of freehold land for which the deed of conveyance is yet to be registered in the name of the Company.
- Land, buildings and vehicles aggregating to Rs. 145,026,792 (2004-05; Rs. 145,026,792) acquired under the scheme of re-organisation are yet to be transferred in the name of the Company.
- Additions include additions to R & D assets amounting to Rs. 1,886,800 (Previous year : Rs. 967,358) and depreciation on R & D Assets amounting to Rs. 1,463,281 (2004-05; Rs. 1,599,398).
- Addition and Capital Work in Progress includes Salaries and Wages capitalised Rs. 1,932,581 (2004-05; Rs. 1,174,373)
- Plant and Machinery includes certain assets having an aggregate written down value of Rs. 400,777 (2004-05; Rs. 1,530,622) which are not in active use and have been carried at cost, as the Company is in the process of identifying alternative use for the same.
- Furniture, Fixtures & Office Equipment includes Gross Block : Rs. 6,250,000; Accumulated Depreciation : Rs. 2,562,529; and Net Block : Rs. 3,687,471 for leasehold improvements being amortised over a period of lease i.e. 9 years.

SCHEDULE 6 : INVESTMENTS

(Refer Note 4 on Schedule 24 and Note 4 on schedule 25A)

OTHER THAN TRADE INVESTMENTS LONG TERM INVESTMENTS SHARES & DEBENTURES	Balance as on 1.04.2005			Additions during the year			Sold during the year			Balance as on 31.03.2006			
	No of Shares	Face Value Rs.	Book Value Rs.	No of Shares	Face Value Rs.	Book Value Rs.	No of Shares	Face Value Rs.	Book Value Rs.	No. of Shares	Face Value Rs.	Book Value Rs.	
- QUOTED													
Crompton Greaves Limited#	8,500,000	10	407,730,930	—	—	—	—	8,500,000	10	407,730,930	—	—	
Greaves Cotton Limited # (Refer Note 1 below)	150	10	1,767	2,125,023	10	178,546,175	—	—	—	—	2,125,173	10	178,547,942
-UNQUOTED													
Thapar Consultants & Services Ltd.	1,000	10	10,000	—	—	—	—	—	—	—	1,000	10	10,000
Ronak Dying Limited (Refer Note 2 below)	50	10	50	—	—	—	—	—	—	—	50	10	50
Karam Chand Thapar & Bros. Ltd. (Refer Note 3 below)	356,000	100	35,600,000	—	—	—	—	356,000	100	35,600,000	—	—	—
CURRENT INVESTMENTS													
- QUOTED													
Blue Horizon Investment Ltd.	5,000	10	50,000	—	—	—	—	5,000	10	50,000	—	—	—
-UNQUOTED													
Karam Chand Thapar & Bros (Coal Sales) Ltd.	1,200	100	150,000	—	—	—	—	1,200	100	150,000	—	—	—
Indian City Properties Ltd.	2,250	100	196,813	—	—	—	—	2,250	100	196,813	—	—	—
			443,739,560			178,546,175				443,727,743			178,557,992
# represents Companies under the same management.													
1. Aggregate Book Value of quoted Investments			407,782,697										178,547,942
2. Aggregate Book Value of unquoted investments			35,956,863										10,050
3. Aggregate Market Value of quoted investments			3,683,493,908										695,569,123

Notes :

1. Of the above, 215,000 shares are pledged with banks towards loans borrowed by the Company.
2. Pending transfer in the name of the Company.
3. Represents Optionally Convertible Zero Coupon Non Marketable Transferable Debentures.

ENGLISH INDIAN CLAYS LIMITED

SCHEDULE 7 : INVENTORIES (Refer Note 5 on Schedule 24)	As At 31.3.2006 Rs.	As At 31.3.2005 Rs.
RAW MATERIALS	102,010,006	90,953,372
INCLUDES RAW MATERIALS IN TRANSIT Rs. 645,368 (2004-05 : Rs. 16,089,318)		
STORES AND SPARES	42,039,766	41,820,001
INCLUDES STORES & SPARES IN TRANSIT Rs. 3,125,467 (2004-05 : Rs 2,440,129)		
STOCK-IN-PROCESS		
CLAY, STARCH & ALLIED PRODUCTS	8,370,030	7,858,572
RAW MATERIAL IN PROCESS	2,081,046	1,746,353
CLAY MATRIX - MINED	8,670,000	5,977,000
FINISHED GOODS		
CLAY, STARCH & ALLIED PRODUCTS	74,453,204	70,289,298
BY PRODUCTS & OTHERS	3,904,234	2,276,748
	241,528,286	220,921,344
SCHEDULE 8 : SUNDRY DEBTORS		
DEBTS OUTSTANDING FOR OVER SIX MONTHS		
CONSIDERED GOOD, UNLESS OTHERWISE STATED		
-SECURED	82,073	4,778,557
-UNSECURED	7,230,467	11,303,615
CONSIDERED DOUBTFUL	4,846,813	1,229,778
LESS : PROVISIONS FOR BAD & DOUBTFUL DEBTS*	(4,846,813)	(1,229,778)
OTHER DEBTS		
CONSIDERED GOOD		
-SECURED	300,999	484,662
-UNSECURED	191,145,541	152,594,282
	198,759,080	169,161,116
* Net of Rs. 311,272 (2004-05 : Rs. 1,495,761) written off against provisions during the year.		
SCHEDULE 9 : CASH AND BANK BALANCES		
CASH, CHEQUES & DRAFTS (IN HAND)	5,640,242	12,777,904
SAVINGS ACCOUNT WITH POST OFFICE (PLEDGED AS SECURITY)	272	272
WITH SCHEDULED BANKS IN :		
CURRENT ACCOUNTS	33,643,391	18,274,147
DIVIDEND ACCOUNT	248,180	222,293
DEPOSIT ACCOUNTS*	102,781,500	19,817,369
	142,313,585	51,091,985
* Represents monies held against public deposits and includes Rs. 6,023,600 (2004-05 : Rs 7,076,071) pledged with banks and Government authorities.		

ENGLISH INDIAN CLAYS LIMITED

SCHEDULE 10 : OTHER CURRENT ASSETS	As At 31.3.2006 Rs.	As At 31.3.2005 Rs.
UNSECURED-CONSIDERED GOOD		
INTEREST RECOVERABLE - ON DEPOSITS AND LOANS	4,741,842	400,654
DIVIDEND RECEIVABLE	—	30,205,918
	4,741,842	30,606,572
SCHEDULE 11 : LOANS & ADVANCES		
UNSECURED - CONSIDERED GOOD UNLESS OTHERWISE STATED		
LOAN TO COMPANIES	190,000,000	1,500,000
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	63,252,536	74,560,974
CONSIDERED DOUBTFUL LESS : PROVISION FOR DOUBTFUL ADVANCES*	19,226,687 (19,226,687)	16,262,191 (16,262,191)
DEPOSIT WITH THE EXCISE AUTHORITIES ON CURRENT ACCOUNT	2,799,483	2,568,682
ADVANCE TAX PAID INCLUDING TAX DEDUCTED AT SOURCE (net) (NET OF PROVISION FOR TAXATION Nil; 2004-05 : Rs. 9,251,501)	—	2,495,149
	256,052,019	81,124,805
* Net of Rs. 1,013,504 (2004-05 : Rs. 1,495,761) written off against provisions during the year.		
SCHEDULE 12 : CURRENT LIABILITIES (Refer note 10 on Schedule 25A)		
SUNDRY CREDITORS*		
-TOTAL OUTSTANDING DUES TO SMALL SCALE INDUSTRIAL UNDERTAKINGS**	4,044,219	5,827,526
-TOTAL OUTSTANDING DUES TO UNITS OTHER THAN SMALL SCALE INDUSTRIAL UNDERTAKINGS	182,066,049	180,658,527
ADVANCE FROM CUSTOMERS	1,817,849	1,365,430
OTHER LIABILITIES	11,654,132	10,322,955
UNCLAIMED DIVIDEND	191,766	165,311
UNCLAIMED MATURED PUBLIC DEPOSITS	1,159,000	2,380,000
INTEREST ACCRUED & DUE ON UNPAID MATURED PUBLIC DEPOSITS	218,649	441,179
BOOK OVERDRAFT	—	316,725
INTEREST ACCRUED BUT NOT DUE ON LOANS	14,239,920	12,210,738
	215,391,584	213,688,391
* Includes Rs. 6,836,772 (2004-05 : Rs.1,458,725) on capital account.		
** As certified by the management.		

ENGLISH INDIAN CLAYS LIMITED

SCHEDULE 13 : PROVISIONS (Refer Note 7 & 13 on Schedule 24)	As At 31.3.2006	As At 31.3.2005
	Rs.	Rs.
PROVISION FOR TAXATION (Net) (NET OF ADVANCE TAX PAID INCLUDING TAX DEDUCTED AT SOURCE Rs. 35,461,468 ; 2004-05 : Nil)	16,288,532	—
PROVISION FOR FRINGE BENEFIT TAX (Net) (NET OF ADVANCE TAX PAID Rs. 2,250,000; 2004-2005 : Nil)	3,600,000	—
PROPOSED DIVIDEND (INCLUDING TAX ON DIVIDEND Rs. 6,968,993 ; 2004-05 : Rs. 5,402,057)	56,658,783	43,919,400
PROVISION FOR GRATUITY & LEAVE ENCASHMENT	39,401,105	36,148,889
	115,948,420	80,068,289
SCHEDULE 14 : MISCELLANEOUS EXPENDITURE (to the extent not written off) (Refer Note 6 on Schedule 24)		
ISSUE EXPENSES	1,060,000	1,590,000
Less : WRITTEN OFF DURING THE YEAR	530,000	530,000
	530,000	1,060,000
SCHEDULE 15 : SALES (Refer Note 11 on Schedule 24)	YEAR ENDED 31.3.2006	YEAR ENDED 31.3.2005
	Rs.	Rs.
CLAY, STARCH & ALLIED PRODUCTS	2,001,925,888	1,624,295,060
BY PRODUCTS & OTHERS	72,366,245	78,286,657
	2,074,292,133	1,702,581,717
SCHEDULE 16 : OTHER INCOME (Refer Note 10 and 11 on Schedule 24 and Note 4 on Schedule 25A)		
DIVIDEND	38,251,050	93,536,600
LIABILITIES NO LONGER REQUIRED WRITTEN BACK	5,105,987	4,036,948
PROFIT ON SALE OF INVESTMENTS	42,767,257	5,466
EXCHANGE FLUCTUATION (NET)	2,462,765	—
GOVERNMENT GRANTS	166,596	166,595
MISCELLANEOUS INCOME	5,704,555	8,995,700
	94,458,210	106,741,309
SCHEDULE 17 : INCREASE / (DECREASE) IN STOCKS		
OPENING STOCK		
CLAY MATRIX - MINED	5,977,000	613,000
FINISHED GOODS	72,566,046	81,067,165
STOCK IN PROCESS	9,604,925	7,900,893
	88,147,971	89,581,058
CLOSING STOCK		
CLAY MATRIX-MINED	8,670,000	5,977,000
FINISHED GOODS	78,357,438	72,566,046
STOCK IN PROCESS	10,451,076	9,604,925
	97,478,514	88,147,971
INCREASE / (DECREASE)	9,330,543	(1,433,087)

ENGLISH INDIAN CLAYS LIMITED

	YEAR ENDED 31.3.2006 Rs.	YEAR ENDED 31.3.2005 Rs.
SCHEDULE 18 : MANUFACTURING AND MINING EXPENSES		
RAW MATERIAL CONSUMED	631,906,385	462,268,836
PURCHASE OF CHINA CLAY	667,328	1,580,272
CLAY MINING & PROCESSING EXPENSES*	57,219,612	47,961,985
STORES & SPARES CONSUMED	170,220,018	154,622,534
POWER & FUEL	352,286,025	302,879,105
REPAIRS & MAINTENANCE		
-PLANT & MACHINERY	35,014,879	30,383,544
-BUILDINGS	1,368,052	1,305,397
-OTHERS	4,777,461	3,981,066
INCREASE / (DECREASE) IN EXCISE DUTY ON STOCKS OF FINISHED GOODS	(2,010,988)	(283,997)
ROYALTY	6,083,650	5,939,649
	1,257,532,422	1,010,638,391
* Clay Mining and Processing Expenses include overburden removal, transportation of clay matrix, excavator expenses, sand removal expenses and matrix yard expenses.		
SCHEDULE 19 : PAYMENT TO AND PROVISIONS FOR EMPLOYEES*		
SALARIES, WAGES, BONUS, GRATUITY & LEAVE ENCASHMENT	140,772,202	129,908,915
CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND AND OTHER FUNDS	12,241,335	12,439,691
WORKMEN AND STAFF WELFARE EXPENSES	10,349,698	9,362,653
	163,363,235	151,711,259
* Excludes amount charged to other heads Rs. 1,932,581 (2004-05 : Rs. 2,539,079)		
SCHEDULE 20 : ADMINISTRATION & OTHER EXPENSES		
RENT	9,618,728	7,932,674
RATES & TAXES	2,189,795	3,344,175
INSURANCE	5,667,888	4,866,651
DIRECTORS' SITTING FEES	181,000	163,000
EXCHANGE FLUCTUATION (NET)	—	884,462
OFFICE & OTHER EXPENSES	47,963,289	44,881,433
TRAVELLING & CONVEYANCE	17,475,522	14,586,394
BAD DEBTS/ADVANCES WRITTEN OFF	6,243,873	7,616,745
OTHER FINANCING CHARGES	4,036,073	3,367,046
ISSUE EXP. WRITTEN OFF	530,000	530,000
PROVISIONS FOR DOUBTFUL DEBTS/ADVANCES	11,126,307	1,557,855
LOSS ON SALE/WRITE OFF OF FIXED ASSETS (NET)	3,778,532	2,135,367
	108,811,007	91,865,802
SCHEDULE 21 : SELLING & DISTRIBUTION EXPENSES		
PACKING & FORWARDING EXPENSES	28,785,573	25,226,817
COMMISSION TO SELLING AGENTS AND OTHERS	43,154,520	35,176,826
SALES DISCOUNT (NET)	16,891,779	10,901,528
OTHER SELLING EXPENSES	19,228,812	12,135,698
	108,060,684	83,440,869

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	YEAR ENDED 31.3.2006 Rs.	YEAR ENDED 31.3.2005 Rs.
SCHEDULE 22 : RESEARCH & DEVELOPMENT EXPENSES (Refer Note 9 on Schedule 24)		
SALARY & WAGES	3,931,337	3,322,224
LABORATORY EXPENSES	1,169,386	302,838
OFFICE & OTHER EXPENSES	2,824,541	2,774,715
	7,925,264	6,399,777
SCHEDULE 23 : INTEREST (NET) (Refer Note 11 and 12 on Schedule 24)		
INTEREST *		
-ON FIXED LOANS	86,474,475	100,675,188
-OTHERS	19,758,595	19,634,783
	106,233,070	120,309,971
LESS : INTEREST RECEIVED ON DEPOSITS AND LOANS (Gross)** (TAX DEDUCTED AT SOURCE Rs.913,320 : 2004-05 : Rs. 464,126)	7,976,006	2,362,969
	98,257,064	117,947,002
* Includes amount paid or payable to Directors Rs. 1,022,521 (2004-05 : Rs 1,033,671)		
** Includes Rs. 3,722,297 on foreign currency contracts.		
SCHEDULE 24		
STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES		
1. Accounting Convention		
These financial statements are prepared under the historical cost convention on accrual basis except so far as they relate to revaluation of land, buildings, certain plant and machinery and are prepared in accordance with accounting standards issued by the Institute of Chartered Accountants of India, and the provisions of the Indian Companies Act, 1956.		
2. Fixed Assets		
Fixed Assets (other than those which have been revalued), including capital spares, research and development assets and leasehold improvements are stated at cost including technical know-how cost and other pre-operative/incidental expenses related to acquisition and installation. The revalued fixed assets are restated at their estimated current replacement values as on the date of revaluation as determined by the approved valuers.		
3. Depreciation/Amortisation		
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 (including tools and those given on lease) costing Rs. 5,000 or less are fully depreciated in the year of addition and		

where the cost of the assets is increased/decreased on account of Foreign Currency fluctuation on related liabilities, depreciation on such additions/deductions is made prospectively.

Leasehold improvements (included in furniture and fixtures) are depreciated on a pro-rata basis over the period of lease.

Technical Know-how/Brand is amortised over a period of 10 years from the date of acquisition.

4. Investments

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

5. Inventories

Stores and spare parts (including materials in transit), 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 taken as raw material cost for Clay Matrix-mined. In respect of finished goods and work in progress, appropriate overheads are considered.

6. Miscellaneous Expenditure

Issue Expenses are amortised in five equal annual instalments.

7. Retirement Benefits

Provision for gratuity and leave encashment is provided for in the books, in respect of eligible employees based on actuarial valuation carried out at the end of each year. The Company makes defined contributions for Provident Fund & Superannuation Fund to the Provident Fund Authorities/Trusts established for this purpose. Such contributions are charged to the profit and loss account on an accrual basis.

8. Foreign Currency Transactions

Liabilities covered by forward exchange contracts are translated at contracted rates of exchange and the difference between the contracted rate and the exchange rate at the date of the transaction is recognised as income or expense over the life of the contract, further exchange difference on such contracts i.e. difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception of contract/ the last reporting date, is recognised as income/ expense for the period except in respect of liabilities incurred for acquiring fixed assets, in which case, such difference is adjusted in the carrying amount of the respective fixed assets. Other Foreign Exchange transactions are accounted for at rates prevailing on the date of transaction and at the year end all monetary assets/liabilities are restated at the closing exchange rates and the resultant exchange fluctuation is recognised in the profit and loss account except for liabilities relating to acquisition of fixed assets the exchange fluctuation of which is adjusted in the carrying cost of the related asset.

9. Research & Development Expenses

Revenue expenditure on research & development is charged off as and when incurred.

10. Government Grant

Government grants relating to depreciable fixed assets are treated as deferred income and recognised in the Profit and Loss Account over the remaining useful life of the related assets.

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11. Revenue Recognition

- a) Revenue from Sale/Services is recognised on despatch which coincides with the transfer of all significant risks and rewards of ownership and is inclusive of excise duty, where applicable.
- b) Income from investments-dividend/interest is recognised on the basis of declaration/accrual thereof.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. Provisions & Contingencies

A provision is recognized when there is a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

SCHEDULE 25

A. NOTES TO THE ACCOUNTS

1. Contingent Liabilities

	As at March 31, 2006 Rs.	As at March 31, 2005 Rs.
a) Outstanding bank guarantees	20,894,517	23,740,475
b) Outstanding letter of credits	3,785,529	16,977,835
c) Bills and cheques discounted	13,453,812	55,716,262
d) Indemnity bond countersigned	24,984,972	24,984,972
e) Excise & Sales-tax matters	120,649,192	18,637,283
f) Entry Tax on special kerosene oil	10,040,585	10,040,585
g) Income Tax matters (Also refer Note 3 below)	48,118,146	37,993,959
h) Fulfillment of export obligations under advance licenses	2,500,000	2,500,000

i) Claims against the Company not acknowledged as debts amount to the extent ascertainable amounts to :

i) Rs. 4,963,311 (2004-05 : Rs 5,121,053) in respect of lease rent on lands acquired on lease for which the case is pending before the Hon'ble High Court of Kerala.

ii) Rs. 837,400 (2004-05 : Rs 604,000) net of provision made on account of rent.

2. Estimated amounts of contracts remaining to be executed on Capital Account (Net of advances) Rs. 14,836,189 (2004-05 : Rs. 6,565,862).

3. During the year, the Company had received an order in case of erstwhile Bharat Starch Industries Limited, (since merged with the Company with effect from 1.04.2001) for the Assessment Year 2001-02 resulting in the reduction of brought forward losses to the extent of Rs.1398 Lacs, claimed as deduction in earlier years. The Company had filed a miscellaneous petition before the relevant authorities which has been allowed in favour of the Company subsequent to the year end.

4. Pursuant to the Family Settlement Agreement dated 27.4.2001 (FSA 1) and exemptions provided by Securities & Exchange Board of India (SEBI) through various orders dated 9.10.2001, 22.01.2002 and 22.12.2004 and in terms of further agreement dated 21.12.2005 (FSA 2) the transfer and acquisition of shares has been taking place from time to time. In the current year, under this process 85 lacs shares of Crompton Greaves Limited (CGL) have been transferred by the Company to Solaris Holdings Limited, a Company under the B M Thapar group and similarly the Company has acquired 20 lacs shares of Greaves Cotton Limited (GCL) from Solaris Holdings Limited, both at negotiated prices. These transactions have been incorporated in the accounts and are subject to approval in the ensuing general meeting.

The Company is legally advised that this transfer of shares is not prejudicial to the Company and there are no tax implications of the same since these transfers have been made pursuant to the completion of the aforesaid family settlements and SEBI exemptions.

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5. Earnings per share	31.03.2006	31.03.2005
	Rs.	Rs.
a) Weighted average number of Equity shares of Rs 10 each		
Number of Equity Shares at the beginning of the year	4,468,979	4,468,979
b) Net profit after tax	176,632,444	150,227,296
Less : Dividend on 10% Redeemable preference shares	11,402,500	11,354,688
Net profit after tax attributable to Equity shareholders	165,229,944	138,872,608
c) Potential Number of Equity Shares at the end of the year		
Total Number of Equity Shares as per (a) above	4,468,979	4,468,979
Weighted average Number of Equity Shares deemed converted	15,329,070	20,803,648
Weighted average number of Equity Shares outstanding during the year	19,798,049	25,272,627
d) Net profit after tax attributable to potential equity shareholders		
Net profit after tax attributable to equity shareholders as per (b) above	165,229,944	138,872,608
Income on dilutive potential Equity shares	11,780,122	14,277,562
Profit attributable to potential Equity Shareholders	177,010,066	153,150,170
e) Basic EPS (b/a)	36.97	31.07
f) Diluted EPS (d/c)	8.94	6.06
g) Nominal Value of Equity Share	10.00	10.00

6. Deferred Tax

Break up of Net Deferred Tax into major components of the respective balances, are as follows:

	Opening	Charged/ (Credited) to P & L	Closing
	Rs.	Rs.	Rs.
Deferred Tax Liabilities			
Tax Impact of difference between carrying amount of fixed assets in the financial statements and under the Income - tax Act	141,812,586	7,600,677	149,413,223
	141,812,586	7,600,637	149,413,223
Deferred Tax Assets			
Tax impact of brought forward losses of Amalgamating Company (erstwhile BSIL)	8,146,556	(8,146,556)	—
Tax impact of expenses charged in the financial statement but allowable as deductions in future years under income-tax	10,558,273	7,541,152	18,099,425
	18,704,829	(605,404)	18,099,425
Net Deferred Tax (Asset) / Liability	123,107,757	8,206,041	131,313,798

The tax impact for the above purpose has been arrived by applying the applicable tax rate for Indian Companies under the Income-tax Act, 1961.

Deferred tax asset on carry forward losses and unabsorbed depreciation has been accounted as the same has been absorbed by subsequent years' profitability of the Company.

7. Segment Information**A. Primary Segment Reporting (by Business Segments)****i. Composition of Business Segments**

The Company's business segments are organised as under :

Clay Products Segment manufactures and supplies the clay products to various industries like paper, paint, rubber and fibreglass etc.

Starch Products Segment comprising starches/speciality starches, syrups and modified starches, manufactures and supplies the starch products to various industries like paper, textile, food and pharma etc.

Investments Segment holds shares in various companies.

8. Lease Commitments :

The Company has entered into a lease agreement for a period of 9 years and is cancelable at the option of the lessee after a period of 3 years. The terms of lease agreement include terms for renewal and increase in rents in future periods. The future aggregate minimum lease payments under operating lease are as follows :

	2005-06 Rs.	2004-05 Rs.
Not Later than 1 Year	2,883,192	2,843,152
Later than 1 year and not later than 5 years	13,214,629	12,638,013
Later than five years	288,319	3,748,156

9. Related Party Disclosures

In accordance with the required Accounting Standard (AS-18) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows :

A. Associates

Enterprises in which the company has significant influence :

KCT (Africa) Ltd. (upto 31.01.2005)

Enterprises which have significant influence over the Company :

DBH International Private Limited and Karun Carpets Private Limited

B. Enterprises over which substantial shareholders of the Company and their relatives, have significant influence

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

C. Key Management Personnel & their relatives

Mr. Karan Thapar - Chairman, Mr. B. M. Thapar, Ms. Devika Thapar (Daughter of Mr Karan Thapar), Mr. Karam Thapar (Son of Mr Karan Thapar), Mr. D. Kohli, Mrs. Amita Kohli (Wife of Mr. D. Kohli), Mr. Vikramaditya Kohli (Son of Mr. D. Kohli), Mrs. Jasbir Kohli (Mother of Mr. D. Kohli), Mr. Sudhir Mathur, Mrs. Sangeeta Mathur (Wife of Mr. Sudhir Mathur) Mr. M. M. George, Mrs. Annakutty George (Wife of Mr. M. M. George), Mr. S. K. Jain, Mrs. Anita Jain (Wife of Mr. S. K. Jain), Mr. P. S. Saini.

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a. Transactions with related parties	Associates in which the Company has significant influence		Associates which has significant influence in the Company		Enterprises over which substantial shareholders have significant influence		Key management personnel & their relatives		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Purchase of goods										
DBH International Pvt. Ltd.	-	-	10,101,492	9,256,318	-	-	-	-	10,101,492	9,256,318
Others	-	-	-	-	36,147	13,595	-	-	36,147	13,595
Purchase of fixed assets										
Greaves Cotton Ltd.	-	-	-	-	-	97,132	-	-	-	97,132
Purchase of Investments										
Solaris Holdings Ltd.	-	-	-	-	142,000,000	-	-	-	142,000,000	-
Sale of Investments										
Solaris Holdings Ltd.	-	-	-	-	486,150,000	-	-	-	486,150,000	-
Receiving of services										
DBH International Pvt. Ltd.	-	-	-	2,134,483	-	-	-	-	-	2,134,483
Karun Carpets Pvt. Ltd.	-	-	6,533,457	3,213,761	-	-	-	-	6,533,457	3,213,761
KCT (Africa) Ltd.	-	1,232,315	-	-	-	-	-	-	-	1,232,315
Loan/Advances paid										
Deoria Sugar Mills Limited	-	-	-	-	30,000,000	20,000,000	-	-	30,000,000	20,000,000
DBH International Pvt. Ltd.	-	-	50,905	44,045,375	-	-	-	-	50,905	44,045,375
Karun Carpets Pvt. Ltd.	-	-	-	6,300,000	-	-	-	-	-	6,300,000
Loan/Advances Received										
Deoria Sugar Mills Limited	-	-	-	-	30,000,000	20,000,000	-	-	30,000,000	20,000,000
DBH International Pvt. Ltd.	-	-	-	44,057,401	-	-	-	-	-	44,057,401
Karun Carpets Pvt. Ltd.	-	-	-	6,300,000	-	-	-	-	-	6,300,000
Rent Paid										
DBH International Pvt. Ltd.	-	-	901,871	-	-	-	-	-	901,871	-
Security Deposit Refund										
DBH International Pvt. Ltd.	-	-	2,000,000	2,000,000	-	-	-	-	2,000,000	2,000,000
Dividend Received										
Crompton Greaves Ltd.	-	-	-	-	38,250,000	93,500,000	-	-	38,250,000	93,500,000
Greaves Cotton Ltd.	-	-	-	-	1,050	600	-	-	1,050	600
Commission										
Mr. Karan Thapar	-	-	-	-	-	-	2,240,165	2,060,927	2,240,165	2,060,927

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10. Based on the information available with the Company, the amounts due to Small Scale Industrial Undertakings, are as disclosed in Schedule 12 and the names of Small Scale Industrial Undertakings to whom the Company owes any sum outstanding for more than 30 days are Aloha Clay Mines, Fast Clays & Mineral, Southern Clays, Sree Shakthy Clays, Transmission Engineers, Venkateswara Engineers, Kumar Woven Sack Industries, Chidambaram Poly Bags, G Textiles, Sapthagiri Packing, A.P. Polyplast Pvt. Ltd., Lamina Associates and MSN Packers Pvt. Ltd.
11. Previous year figures have been re-grouped/recast, wherever necessary to conform to the current year classification.

(B) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS (3) TO (4D) OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 TOGETHER WITH OTHER NOTES

1. Particulars in respect of licensed and installed capacity, goods manufactured, opening stock, closing stock, and sales.

- a) **Licensed Capacity** As per the latest Industrial Policy of the Government of India Clay and Starch manufacturing Industry is delicensed.
- b) **Installed Capacity (Annual)*** 188,000 MT of Clay products.
94,590 MT of starch and its allied products.

* As certified by management and accepted by auditors, being a technical matter.

c) Class of Goods Manufactured

Actual Production	YEAR ENDED	YEAR ENDED
	31.03.2006	31.03.2005
	MT	MT
Clay products*	147659	129341
Starch and Allied Products**	68963	63055

* Out of the above 14,769 MT of processed clay (2004-05 : 12,530 MT) were used for manufacture of High end Products.

** Out of the above 17,485 MT of Starch (2004-05 : 19,920 MT) were used for manufacture of Allied Products.

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(d) Stock of finished goods

	Year Ended 31-03-2006		Year Ended 31-03-2005	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Opening Stock				
Clay Products	5,617	33,090,759	9,222	42,824,983
Starch and Allied Products	2,035	37,198,539	2,050	36,783,429
By products & others		2,276,748		1,458,753
		72,566,046		81,067,165
Closing Stock				
Clay products*	9,865	52,495,306	5,617	33,090,759
Starch and Allied Products	1,095	21,957,898	2,035	37,198,539
By products & others		3,904,234		2,276,748
		78,357,438		72,566,046

* Net of damaged stocks Clay 188 MT (2004-05 : NIL)

* Includes stock of purchased clay 3 MT Rs. 10,728 (2004-05 : 19 MT Rs. 106,759)

(e) Sales

	Year Ended 31-03-2006		Year Ended 31-03-2005	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Domestic Sales				
Clay products*	121,873	851,856,501	115,809	758,200,883
Starch and Allied Products**	50,727	1,037,173,953	42,286	798,782,801
By-products & Others	-	72,366,245	-	78,286,657
Export Sales				
Clay products	6,741	75,595,087	4,880	48,601,890
Starch and Allied Products***	1,859	37,300,347	828	18,709,486
		2,074,292,133		1,702,581,717

* Includes 176 MT Rs. 1,628,000 (2004-05 : 276 MT Rs. 2,261,000) for sale of purchased clay.

** Includes 170 MT Rs. 1,425,938 (2004-05 : Nil) for sale of Maize and excludes 2 MT (2004-05 : Nil) issued as samples

*** Includes Rs. 28,805,085 (2004-05 : Rs. 9,706,983) for deemed exports.

(f) During the year the Company purchased 160 MT (2004-05 : 273MT) traded clay and 170 MT (2004-05 : Nil) Maize.

2 Quantity and value of Raw materials consumed* :

	Year Ended 31-03-2006		Year Ended 31-03-2005	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Clay Matrix*	115,856	38,568,423	83,698	26,893,046
Maize	48,927	373,137,757	46,619	316,542,507
Maize (Traded)	170	1,329,627	-	-
Maize Starch	2,802	33,284,313	1,672	18,349,547
Tapioca Starch	11,556	149,284,954	8,403	96,826,842
Others	-	36,301,311	-	3,656,894
		631,906,385		462,268,836

* Excludes 247,719 MT (2004-05 : 234,539 MT) of clay matrix mined by the Company during the year. The expenses of mining are charged in Profit & Loss account under the head Clay mining and processing expenses.

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3 Value of imports calculated on CIF basis during the year in respect of :

	Year Ended 31-03-2006 Rs.	Year Ended 31-03-2005 Rs.
Raw Material	14,225,094	2,952,823
Stores and Spare parts	9,285,564	6,908,221
Capital Goods	6,309,319	4,465,810
	<u>29,819,977</u>	<u>14,326,854</u>

4 Expenditure in Foreign Currency : (Cash basis)

Commission	1,670,517	1,642,159
Travelling	2,535,668	1,492,393
Consultancy	502,636	239,830
Others	402,247	814,875
	<u>5,111,068</u>	<u>4,189,257</u>

5 Earnings in foreign exchange calculated on F.O.B Basis

Export of :Clay products	75,595,087	48,601,890
Starch and Allied Products	8,490,539	9,002,503
	<u>84,085,626</u>	<u>57,604,393</u>

6 Value of indigenous and imported Raw Materials, Stores and Spare parts consumed during the period and percentage of each to the total consumption :

	INDIGENOUS		IMPORTED		TOTAL	
	Value	%	Value	%	Value	Rs.
	Rs.		Rs.			
Raw Material (s)						
2005-06	623,356,698	98.65%	8,549,687	1.35%	631,906,385	
2004-05	458,167,522	99.11%	4,101,314	0.89%	462,268,836	
Store & Spare parts*						
2005-06	255,079,040	95.71%	11,422,305	4.29%	266,501,345	
2004-05	410,009,501	98.34%	6,908,167	1.66%	416,917,668	

* Includes Rs. 96,281,327 (2004-05 : Rs. 262,295,134) debited to other heads.

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7 Amount paid/payable to Auditors:	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
i) Audit Fees	2,000,000	1,400,000
ii) Tax Audit Fees	400,000	300,000
iii) Other Matters	165,000	185,000
iv) Out of pocket expenses (including Service-tax)	308,040	300,939
	<u>2,873,040</u>	<u>2,185,939</u>
8 Directors' Remuneration		
Salary & Allowances	1,885,000	1,410,000
Director's Commission	2,240,165	2,060,927
Contribution to provident and other funds	275,400	275,400
Value of Perquisites	85,719	118,346
Retirement Benefits (As per Central Govt approval)	-	5,801,923
	<u>4,486,284</u>	<u>9,666,596</u>
Note : The above does not include Gratuity and Leave encashment in case of the Executive Director.		
9 Computation of net profit in accordance with section 198 read with section 349 of the Companies Act, 1956 and computation of commission payable to the Non-Executive Director		
Profit before tax	244,878,848	188,169,945
Add/ (Less)		
(Profit)/Loss on sale of investments	(42,767,257)	(5,466)
Bad debts/advances written off against provisions	(1,324,776)	(1,495,761)
Depreciation as per books	75,066,137	66,761,275
Less : Depreciation as per Schedule XIV to the Companies Act	<u>67,630,007</u>	<u>58,724,708</u>
Director's Remuneration	4,486,284	9,666,596
Director's sitting Fee	181,000	163,000
Provision for doubtful debts/advances	11,126,307	1,557,855
	224,016,536	206,092,736
Total Remuneration (restricted to 5% of adjusted Profit)	11,200,827	10,304,637
Commission (restricted to the amount whereby the total remuneration is within the limit sanctioned by the shareholders)	2,240,165	2,060,927

ENGLISH INDIAN CLAYS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	<input type="text" value="2039"/>	State Code	<input type="text" value="09"/>
Balance Sheet Date	<input type="text" value="31.03.2006"/>		

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

Public Issue	<input type="text" value="Nil"/>	Right Issue	<input type="text" value="Nil"/>
Bonus Issue	<input type="text" value="Nil"/>	Private Placement	<input type="text" value="Nil"/>

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

Total Liabilities	<input type="text" value="2135964"/>	Total Assets	<input type="text" value="2135964"/>
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Sources of Funds

Paid-up Capital	<input type="text" value="144690"/>	Reserves & Surplus	<input type="text" value="836478"/>
Deferred Govt. Grant	<input type="text" value="810"/>		
Secured Loans	<input type="text" value="902219"/>	Unsecured Loans	<input type="text" value="120453"/>
Deferred Tax Liabilities	<input type="text" value="131314"/>		

Application of Funds

Net Fixed Assets	<input type="text" value="1444822"/>	Investments	<input type="text" value="178558"/>
Net Current Assets	<input type="text" value="512054"/>	Misc. Expenditure	<input type="text" value="530"/>
Accumulated Losses	<input type="text" value="Nil"/>		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="2178081"/>	Total Expenditure	<input type="text" value="1933202"/>
Profit/Loss Before Tax <input type="text" value="+"/>	<input type="text" value="244879"/>	Profit/Loss After Tax <input type="text" value="+"/>	<input type="text" value="176632"/>
Earning Per Share Rs.	<input type="text" value="36.97"/>	Dividend Rate (%)	<input type="text" value="100%"/>

V Generic Names of Three Principal Products/services of Company (As per monetary terms)

Item Code No. (ITC Code)

-Clay Products	<input type="text" value="329"/>
-Maize Starch	<input type="text" value="11081200"/>
-Glucose	<input type="text" value="2940009"/>

Product Description Manufacture of miscellaneous non-metallic mineral products, starch and allied products.

P. S. SAINI
Company Secretary &
Head- Corporate Legal

S. K. JAIN
Vice President
Corporate Finance,
Accountants & Administration

D. KOHLI
Executive Director

S.N. DUA
Director