

Annual Report

2004-2005



English Indian Clays Limited



English Indian Clays Limited

Regd. Office : TC-79/34, Veli, Thiruvananthapuram - 695 021 (KERALA)

NOTICE

The Forty First Annual General Meeting of the members of the Company will be held at its registered office at TC-79/34, Veli, Thiruvananthapuram-695 021 (KERALA) on Friday, 1st July, 2005 at 11.30 a.m. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as on 31st March, 2005, the Profit and Loss Account for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri B. M. Thapar who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri Vijay Rai who retires by rotation and is eligible for reappointment.
5. To appoint the Auditors and to fix their remuneration :-

M/s Price Waterhouse, Chartered Accountants, the present Auditors of the Company retire and are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED that the consent of the Company be and is hereby accorded in terms of section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification (s) or/reenactment thereof, for the time being in force), to the Board of Directors of the Company to create equitable mortgage on all immovable properties of the Company situated at Veli, Thiruvananthapuram, (Kerala), Yamunanagar, (Haryana) and Pondicherry in favour of State Bank of Indore both present and future, of the whole or substantially the whole of the said undertaking of the Company in such form and in such manner as the Board may think fit, together with power to take over the management of the business and concern of the said undertaking in certain events, for securing the followings:

- a) Term Loan of Rs. 10 Crores.
- b) All interests, compound/additional interest, commitment charges, costs, charges, expenses, and all other monies payable by the Company to State Bank of Indore.

"Resolved further that the Board of Directors be and is hereby authorised to finalise with State Bank of Indore, the documents in relation to or for creating the mortgage as aforesaid and to do all such acts, deeds, matters and things including execution of any documents as may be necessary or expedient for giving effect to this resolution".

NOTE :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.
2. THE SHARE TRANSFER BOOKS AND REGISTER OF MEMBERS OF THE COMPANY SHALL REMAIN CLOSED FROM 29th JUNE, 2005 TO 1st JULY, 2005 (BOTH DAYS INCLUSIVE)
3. THE DIVIDEND SHALL BE PAID TO THOSE SHAREHOLDERS WHOSE NAMES APPEAR AS BENEFICIAL OWNERS AS AT THE END OF THE BUSINESS HOURS ON 1st JULY, 2005, AS PER LIST TO BE FURNISHED BY DEPOSITORIES IN RESPECT OF THE SHARES HELD IN ELECTRONIC FORM AND AS A MEMBER ON THE REGISTER OF MEMBERS AS ON 1st JULY, 2005, IN RESPECT OF THE SHARES HELD IN PHYSICAL FORM.
4. THE COMPANY HAS BEEN LINKED UP WITH THE NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL) AND CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (CDSL) TO PROVIDE MEMBERS WITH FLEXIBILITY WHEN TRADING IN THE COMPANY'S SHARES IN ELECTRONIC FORM. THE COMPANY'S SHARES ARE COMPULSORILY REQUIRED TO BE TRADED IN DEMATERIALISED FORM AND MEMBERS ARE REQUESTED TO AVAIL THE FACILITIES.
5. AS PER COMPANIES UNPAID DIVIDEND (TRANSFER TO GENERAL REVENUE ACCOUNT OF THE CENTRAL GOVERNMENT) RULES, 1978, MEMBERS ARE HEREBY INFORMED THAT ANY UNPAID DIVIDEND DECLARED IN RESPECT OF THE YEAR ENDED UPTO 31st MARCH, 1997 HAVE BEEN TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND OF THE GOVT.

By Order of the Board
for **ENGLISH INDIAN CLAYS LTD.**

P. S. SAINI
COMPANY SECRETARY

Place : Gurgaon
Dated : 19-05-2005

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

ITEM NO. 6

The Company has been sanctioned a term loan facility of Rs. 10 Crores from State Bank of Indore to meet the normal capital expenditure. This term loan facility is to be secured by creation of equitable mortgage on all immovable properties of the Company situated at Veli, Thiruvananthapuram, (Kerala), Yamunanagar, (Haryana) and Pondicherry and hypothecation of all the moveable properties of the Company (except book debts). This charge would be first pari-passu to the mortgage/charge (s)/Hypothecation created/to be created in favour of the financial institutions. For Creation of Charges on Company's assets, shareholders' approval is required U/s 293 (1)(a) of the Companies Act, 1956.

Hence, the resolution is recommended for your approval.

None of the Directors of the Company, in any way, is concerned or interested in the resolution.

By Order of the Board
For **ENGLISH INDIAN CLAYS LTD.**

Place : Gurgaon

Date : 19-05-2005

P. S. SAINI
COMPANY SECRETARY

PROXY

I/We..... of.....being a Member of

ENGLISH INDIAN CLAYS LIMITED holding

hereby appoint.....

of.....

or failing him/her.....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday the 1st July 2005 at 11.30 a.m. at the Registered office of the Company at TC-79/34, Veli, Thiruvananthapuram - 695021, Kerala and at any adjournment thereof.

As witness my/our hand/s this day of.....2005

Signed by the said..... in the

presence of

Affix Re. 1/-
Revenue
Stamp



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 DR. A. K. BHATTACHARYA (ICICI Nominee) MR. VIJAY RAI
EXECUTIVE DIRECTOR	: MR. D. KOHLI
VICE PRESIDENT	: MR. S. K. JAIN
CORPORATE FINANCE ACCOUNTS & ADMINISTRATION	
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-79/34, 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 MUMBAI STOCK EXCHANGE
LISTING FEE FOR THE YEAR 2005-2006 PAID TO THE MUMBAI STOCK EXCHANGE

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ENGLISH INDIAN CLAYS LIMITED

DIRECTORS' REPORT**FOR THE YEAR ENDED 31st MARCH, 2005**

To
The Members :

Your Directors are pleased to present the Annual Report with audited accounts for the year ended 31st March, 2005

(Rs. in Crores)

	31st March 2005	31st March 2004
Gross operating Profit earned for the year (before interest and depreciation)	37.29	28.01
Less : Interest	11.79	10.17
Gross Profit before Depreciation	25.50	17.84
Less : Depreciation	6.68	5.56
Profit for the year	18.82	12.28
To which is added :		
- Balance brought forward from the previous year	3.98	4.47
Less : Prior period adjustment	-	0.05
From which is deducted :		
- Provision for Taxation		
Current Tax	0.75	0.74
Excess Provision written back	(0.66)	(0.01)
Deferred Tax	3.71	4.10
Leaving a balance of	19.00	11.87
Which your Directors recommend to be appropriated as under :		
Interim Dividend Paid		
- 5% on Preference Shares (last year 12%)	0.50	1.20
- 10% on Equity Shares	-	0.45
Proposed Dividend		
- @75% on Equity Shares (previous year 20%)	3.35	0.89
- @5% on Preference Shares	0.50	0.02
Tax on Dividend	0.61	0.33
Transfer to General Reserve	10.00	5.00
Carried forward to next year's account	4.04	3.98

ENGLISH INDIAN CLAYS LIMITED**DIVIDEND**

During the year your Directors had declared an interim dividend @ 5% on 10% Cumulative Redeemable Preference Shares of Rs. 100/- each.

Your Directors are pleased to recommend a further dividend @ 75% on the Equity Share Capital of Rs. 4,46,89,790/- amounting to Rs. 3,35,17,343/- 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. 60,78,319/- will be Rs. 4,95,95,662/-.

OPERATIONS

During the year under review, the Company has consolidated both its Clay and Starch businesses and registered a sales growth of 14.59% with a turnover of Rs. 170.26 Crores (previous year Rs. 148.57 Crores) on an over all basis. The profit after tax has increased significantly by about 103% to Rs. 1502 lakhs from Rs. 740 lakhs in the previous year.

A) CLAY

- The Clay operations have registered a growth of 18% in turnover and 9.8% in cash operating profit. However, a steep hike in cost of power and fuel affected the profitability of this division.

B) STARCH**(i) Yamunanagar**

During the year under review, the plant operated at on an average of 150 TPD grinding compared to 136 TPD in the previous year. However, significantly higher prices of Maize depressed the profitability of this division. The turnover grew by 3.4%, however, cash operating profit was marginally lower than the previous year.

(ii) Pondicherry

During the year under review, the division registered an impressive growth of 39% in turnover and 72% in cash operating profit.

C) EXPORT

Your Company exported a value of Rs. 5.76 Crores as compared to Rs. 2.69 Crores in the previous year, consisting of clay products Rs. 4.86 Crores (previous year Rs. 1.91 Crores) and Starch products Rs. 90 lakhs (previous year Rs. 78 lakhs). Company is expected to further increase its export in the coming year.

NEW PROJECTS**CLAY PROJECT**

The 30000 MT/ annum Hydrous Clay plant at Thonnakkal has successfully commenced its commercial production w.e.f. 1st July, 2004. The said plant mainly will feed raw material for captive consumption to the Calcined clay plant.

ENGLISH INDIAN CLAYS LIMITED**RESEARCH & DEVELOPMENT**

The Company's commitment towards the research activities carried out at the Company's R&D Centres has resulted in new product development, application support to the customer as well as process support to the manufacturing units.

Particulars with respect to R&D activities carried out and the expenditure incurred thereon during the year under review are provided in Form B annexed to this report.

FIXED DEPOSITS

On 31st March, 2005 fixed deposits amounting to Rs. 23,80,000/- which became due for repayment had remained unclaimed by 88 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. 5.76 Crores and remittance of foreign currency equivalent to Rs. 1.47 Crores towards various purposes details of which have been incorporated in the Notes to Accounts No. 3 to 5 of Schedule 27.

DIRECTORS

Shri B.M. Thapar and Shri Vijay Rai, Directors of the Company, being longest in the office, retire by rotation and are eligible for reappointment. Their appointments are recommended for your approval.

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.

ENGLISH INDIAN CLAYS LIMITED**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 31-03-2005 and there is no material deviation from the previous year;
- b) That the Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2005, and of the profit of the year ended 31.03.2005.
- 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

**KARAN THAPAR
CHAIRMAN**

Place : Gurgaon
Date : 19-05-2005