



Annual Report | **2019-20**

**EICL Limited**



## Company Information

CIN : U26939KL1963PLC002039

### Chairman

Mr. Karan Thapar

### Directors

Mr. Vijay Dilbagh Rai

Mr. T. Balakrishnan

Mr. Vijay Kishore Sharma (upto 13.02.2020)

Ms. Shivpriya Nanda

Mr. Joy Kumar Jain (upto 11.05.2020)

### Executive Director

Mr. Suresh Kumar Jain

### Chief Financial Officer

Mr. Mahendra Kumar Gupta

### Company Secretary &

#### Dy. G.M. (Corporate Legal)

Mrs. Shalini Chawla

### Bankers

Axis Bank Limited

ICICI Bank Limited

HDFC Bank Limited

### Registered Office

TC-79/4, Veli

Thiruvananthapuram – 695 021

Kerala

### Auditors

Walker Chandiok & Co. LLP

Chartered Accountants

### Cost Auditors

A. R. Narayanan & Co.

Cost Accountants

### Internal Auditors

T. R. Chadha & Co.

Chartered Accountants

### Secretarial Auditors

CPA & Co.

Company Secretaries

### Registrar & Share Transfer Agent

RCMC Share Registry Pvt. Ltd.

B-25/1, Okhla Industrial Area, Phase – II

New Delhi – 110 020

### Corporate Office

801-803, Tower-B, 8th Floor

Global Business Park, M. G. Road

Gurugram – 122 002 (Haryana)

### Works

Thiruvananthapuram (Kerala)

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**BOARD'S REPORT**

To,  
The Members,

Your Directors present the 56<sup>th</sup> Annual Report of the Company and the Audited Financial Statements for the Financial Year ended 31st March, 2020.

**FINANCIAL SUMMARY**

The Company's financial performance for the Financial Year ended 31st March, 2020 is summarized below:-

(₹ in Lacs)

Particular	31st March, 2020	31st March, 2019
Gross Profit before finance cost, depreciation & tax	54	3447
<b>Less: Finance Cost (Net)</b>	<b>573</b>	565
Gross Profit before Depreciation & tax	-519	2882
<b>Less: Depreciation</b>	<b>867</b>	840
Profit before tax and exceptional items	-1386	2042
Exceptional items	-563	-136
Tax Expenses:		
- Current Tax	0	786
- Earlier year tax	-195	13
- Deferred Tax	-820	-63
<b>Profit after Tax</b>	<b>-934</b>	1170
Surplus brought forward from the previous year	10688	10427
Balance available for appropriation	9754	11597
<b>Appropriations:</b>		
Dividend		
- Equity Shares	0	754
Tax on Dividend	0	155
Transfer to Capital Redemption Reserve	NIL	NIL
<b>Surplus carried forward to next year's account</b>	<b>9754</b>	10688

**RESERVES**

The Directors of the Company proposed not to transfer any amount in the General Reserves of the company due to the losses in the current Financial Year.

**DIVIDEND**

During the years, your Directors have not recommended the payment of any dividend, because the Company has not earned any profit.

**PUBLIC DEPOSITS**

The Company has not accepted any public deposits within the meaning of Chapter V of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

**SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company acquired the Full Equity Shareholding of Kaolin India Private Limited on 03-06-2020 from its group Company and pursuant to the same, Kaolin India Private Limited became its wholly-owned subsidiary Company which complies with all the provisions of deemed public company as per provisions of Companies Act 2013 .

**STATE OF THE COMPANY AFFAIRS/CHANGES IN THE NATURE OF BUSINESS, IF ANY.**

The Net Sales Turnover of the Company for the year ended 31st March, 2020 was at ₹ 20227 Lacs compared to ₹ 27114 Lacs in the previous Financial Year. The Production/Sales volume were adversely affected due to shortage of Raw Material on account of mining operations being suspended pending Environment Clearance under the revised rules pertaining to the mining of minor minerals which had become a State subject as opposed to a Central one earlier.

Your Company registered gross Operating Profit i.e. EBIDTA of ₹ 54 Lacs during the year under review as against ₹ 3447 Lacs in the previous year ended March 31, 2019. The profit/(loss) after tax for the year ended 31st March, 2020 is (₹ 934) Lacs viz-a-viz ₹ 1170 Lacs in the previous year ended 31<sup>st</sup> March, 2019.

As regards Note on Emphasis of matters in the Audit Report, the Company has its clear plan to obtain the requisite approvals as elaborated in subsequent paras.

There is no qualification, reservation or adverse remark or disclaimer by the Statutory Auditors which requires any explanation or comments from the Board of Directors of the Company.

**ENVIRONMENT, HEALTH AND SAFETY**

The Company has implemented various Environment, Health and Safety measures in the Company including at its Factory Units such as:

1. Rain Harvesting Project at plant level in Kerala.
2. Annual Health Checkup of the employees.

All environment, health, and safety measures are successfully implemented.

**MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY**

The Company has its own Clay-bearing mines and it had been sourcing the Raw-matrix for its operations, mainly from captive mining. The Company had to stop mining in view of the Kerala High Court Divisional Bench's Order dated 4<sup>th</sup> October, 2018, which put certain conditions. The Company has already complied with the said conditions, submitted the necessary Applications/Documents and is waiting for the requisite approvals. The Company managed its operations in a restricted manner by using raw material stocks held in reserve and purchasing clay matrix from various sources, including imports. This affected the financial position adversely and will continue to affect financial performance until captive mining operations resume.

The Company is confident of obtaining the said approvals in the near future.

During the year, the Operations of the Company got disrupted in December, 2019 for 30 days from 29-11-2019 to 28-12-2019 due to unreasonable labour demands which were finally resolved without making any concessions.

Further, the Operations had to be shut w.e.f. 23<sup>rd</sup> March, 2020 in view of COVID-19 situation as per the Central/State Govt. orders. The Govt. permitted the mining Companies to operate and your Company has resumed its operations at both of its plants situated in Thiruvananthapuram, Kerala w.e.f. 01-06-2020.

GST refund receivable on services continues to be a cash flow issue for the Company and the Company is in the process of filing a Writ Petition before the Hon'ble High Court of Kerala.

**Projects:**

1. The Company had a plan to put up a Calcined Clay manufacturing plant at Cuddalore, Tamilnadu and the land was purchased in the year 2018 for the same. The said project is abandoned during the year on account of the uncertainty about availability of the Raw Material for the operations.
2. With the uncertainty of mining operations in Kerala and thwart legacy issues of mining & labour, the Company has made a strategic decision to establish a manufacturing facility in Bhuj, Gujarat, to cater to the growing customer demand. The Project has been found both financially and operationally viable, requires low Capital allocation to get off to a profitable start and offers scope for expansion. The Bhuj facility will be established through a 100% owned Subsidiary of the Company, Kaolin India Pvt Ltd. This project is expected to get implemented by November, 2020 and start its operations immediately thereafter.

**LEGAL CASES:**

The details of various pending legal cases of the Company are given in the Annual Report 2019-20.

**INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid /unclaimed for a period of seven years from the year 2013 has to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government of India in July/August, 2020. There was no unpaid/unclaimed dividend transferred to IEPF during the Financial Year 2019-20.

In terms of Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, shares of the Company in respect of which dividend entitlements have remained unclaimed or unpaid for seven consecutive years or more, are required to be transferred by the Company to the Investor Education and Protection Fund

(IEPF) of the Government of India, for which an advertisement was published in widely circulated English Newspaper Financial Express and in Mangalam in regional language on 03-06-2020. For all the unclaimed/ unpaid dividend accounts outstanding (drawn up to the date of 56<sup>th</sup> Annual General Meeting on 31<sup>st</sup> July, 2020 have been uploaded in the Company's website: [www.eicl.in](http://www.eicl.in).

The Members are requested to take note that unclaimed dividends be claimed immediately to avoid the transfer of the shares to the IEPF Account. The shares transferred to the IEPF Account can be claimed back by the concerned members from IEPF Authority as per prescribed rules.

#### **COMPOSITION AND NUMBER OF MEETINGS OF THE BOARD**

The Board of Directors of the Company comprises of well qualified and experienced persons having expertise in their respective areas. It has an appropriate combination of Executive and Non-Executive Directors.

The Board meets at least Four times in a year. The annual calendar for the Board Meetings for the Financial Year is fixed at the beginning of each year. If necessary, the Board Meetings are also convened beyond the four meetings. During the Financial Year 2019-20, the Directors met five times i.e., on 06<sup>th</sup> May, 2019, 06<sup>th</sup> August, 2019, 07<sup>th</sup> November, 2019, 17<sup>th</sup> December, 2019, and 07<sup>th</sup> February 2020.

No Director is related to any other Director on the Board.

#### **DISCLOSURE IN RESPECT OF SECRETARIAL STANDARD**

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

#### **STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

Pursuant to Section 149(7) of the Companies Act, 2013, all the Independent Directors of the Company have given their declarations confirming that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

The Company has 3 (Three) Independent Directors out of 5 (Five) Directors on the Board.

For the Financial Year 2019-20, the Independent Directors met once on 06<sup>th</sup> May, 2019.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Karan Thapar (DIN: 00004264), retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Vijay Kishore Sharma (DIN: 05313925) and Mr. Joy Kumar Jain (DIN: 06406359), Independent Directors of the Company have been resigned from the Board and its various

Committee(s) with effect from 13<sup>th</sup> February, 2020 and 11<sup>th</sup> May, 2020 respectively. The Board places on record its sincere appreciation of the valuable contribution made by them to the Company.

The following are the Key Managerial Personnel of the Company within the meaning of Sections 2(51) and 203 of the Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014:-

1. Mr. Suresh Kumar Jain, Whole Time Director designated as the Executive Director
2. Mr. Mahendra Kumar Gupta, Chief Financial Officer
3. Mrs. Shalini Chawla, Company Secretary & Dy. General Manager (Corpt. Legal)

#### **STATEMENT ON ANNUAL EVALUATION MADE BY THE BOARD**

A formal evaluation of the Board, its Committees, and of the individual Director is one potential effective way to respond to the demand for greater Board's accountability and effectiveness. The effectiveness and performance of the Board, its Committees and its members are evaluated and measured, considering the following parameters: -

1. Performance of the Board/Committee against the performance benchmark set.
2. Overall value addition by the discussions taking place at the Board Meetings/Committee Meetings.
3. The regularity and quality of participation of the individual Director in the deliberation of the Board and its Committees, close monitoring of the various actions taken for the implementation of the Board's decision.

The performance evaluation of Directors including Independent Directors is done by the entire Board of Directors excluding the Directors being evaluated. A questionnaire is prepared and is being circulated amongst the Directors for their comments. Review of the performance of the Chairperson of the Company is done by taking into account the views of Executive and Non-Executive Directors of the Company.

#### **COMPOSITION OF AUDIT COMMITTEE**

In compliance with the requirement of Section 177, as applicable to the Company, the Board of Directors has constituted the Audit Committee. The members of the Audit Committee possess financial/accounting expertise/exposure. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Company and its compliance with the legal and regulatory requirements. Apart from the matters provided under Section 177(4) of the Companies Act, 2013, the Audit Committee also reviews the significant legal cases pending and all material developments are reported to the Board.

The Company re-constituted the Audit Committee consist of the following Directors:-

1. Mr. Vijay Dilbagh Rai, Chairman of the Committee (appointed w.e.f., 18-05-2020),
2. Ms. Shivpriya Nanda
3. Mr. T. Balakrishnan

Mr. Joy Kumar Jain, Chairman of the Audit Committee has resigned w.e.f., 11<sup>th</sup> May, 2020.

Statutory Auditors and the Internal Auditors are the permanent invitees at the Committee Meetings. Mr. Suresh Kumar Jain, Executive Director and Mr. Mahendra Kumar Gupta, Chief Financial Officer are also the permanent invitees at the Committee Meetings. Mrs. Shalini Chawla, Company Secretary is the Secretary of the Committee.

For the Financial Year 2019-20, the Audit Committee met four times i.e., on 06<sup>th</sup> May, 2019, 06<sup>th</sup> August, 2019, 07<sup>th</sup> November, 2019, and 07<sup>th</sup> February, 2020.

The recommendations given by the Audit Committee are considered and reviewed by the members of the Board of the Company. However, there is no such case where the Board dissented or did not accept the recommendation of the Audit Committee.

#### **A STATEMENT ON DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY**

The Board evaluates the existing as well as anticipated risks and the strategy to mitigate those risks within a defined time frame. The Company has in place a risk identification and mitigation policy.

With reference to Note 27.2 to Accounts, this is to state that the Kaolin was reclassified as a minor mineral in the amendments carried out by the Government and also the Company had to stop its own mining in view of the Hon'ble High Court Order. Subsequently, the Company had applied for requisite approvals in view of the said change and after complying with the conditions put by the Hon'ble High Court. The Company has a very clear plan to obtain the said approvals. The delay in granting the said approvals has already affected the operations of the Company and would continue to affect the same as the Company is not able to do its captive mining to sustain its operations. The Company has received Environment Clearance (EC) for one of its mines during the year. The Company is hoping to receive the rest of the approvals from various agencies over a shorter period of time.

However, in the current scenario where the Company is not able to produce the ideal product mix due to the said mining issues, it is critical to meet the product requirement of the key customers and maintain the market share of the Company. Our Application and R&D Team have worked very hard in coordination with production to develop process enabling

beneficiation of low-grade matrix. This has helped the Company in maintaining and improving its product mix for ensuring supplies of certain critical products to the key customers and also to maintain its market share to some extent.

Also, the Company has decided to put up a small Clay manufacturing plant in Bhuj, Gujarat which is expected to start its operations in the second half of the Financial Year 2020-21.

#### **POLICY ON CORPORATE SOCIAL RESPONSIBILITY**

The Company re-constituted the Corporate Social Responsibility Committee consist of the following Directors:-

1. Mr. T. Balakrishnan (Chairman of the Committee),
2. Mr. Vijay Dilbagh Rai (appointed w.e.f., 18<sup>th</sup> May, 2020)
3. Mr. Suresh Kumar Jain, Executive Director

Mr. Joy Kumar Jain, Member of the Corporate Social Responsibility Committee has resigned w.e.f. 11<sup>th</sup> May, 2020.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted the CSR Policy as recommended by the CSR Committee covering the objections, initiatives, implementation, monitoring, etc. The CSR Policy of the Company is displayed on the Company's website: [www.eicl.in](http://www.eicl.in)

The details about the Corporate Social Responsibility Policy developed and implemented by the Company and the various initiatives taken during the year and other particulars are enclosed in the prescribed form as **Annexure – A**.

During the Financial Year 2019-20, the Corporate Social Responsibility Committee met once i.e., on 06<sup>th</sup> May, 2019.

#### **COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION**

Pursuant to Section 178 of the Companies Act, 2013, the Company has re-constituted a Nomination & Remuneration Committee, which consist of the following Directors:-

1. Mr. Vijay Dilbagh Rai, Chairman of the Committee (appointed w.e.f., 18<sup>th</sup> May, 2020)
2. Mr. Karan Thapar
3. Ms. Shivpriya Nanda

During the year, Mr. Vijay Kishore Sharma, Chairman of the Nomination & Remuneration Committee has resigned w.e.f., 13<sup>th</sup> February, 2020.

The Committee met Two times in the Financial Year 2019-20 i.e., on 06<sup>th</sup> May, 2019, and 07<sup>th</sup> February, 2020.

The Nomination & Remuneration Committee considering the requirement of the skill sets on the Board, the integrity of the

persons having standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions, recommend the appointment to the Board for approval.

The Committee has approved a policy with respect to the appointment and remuneration of the Directors and Senior Management Personnel. The objectives of this policy are:

- a) to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company;
- b) encourage people to perform to their highest level;
- c) allow the Company to compete in each relevant employment market;
- d) provide consistency in remuneration throughout the Company;
- e) align the performance of the business with the performance of key individuals and teams within the Company;
- f) long term value creation; and
- g) to attract and retain the best professionals.

The policy details the types of remuneration to be offered by the Company and factors to be considered by the Board, Nomination & Remuneration Committee, and management in determining the appropriate remuneration strategy.

#### **SHARE TRANSFER/SHAREHOLDERS' GRIEVANCE COMMITTEE**

The Company has re-constituted a "Share Transfer/Shareholders' Grievance Committee" which consist of the following Directors:-

1. Ms. Shivpriya Nanda, Chairwoman of the Committee (appointed w.e.f., 18<sup>th</sup> May, 2020)
2. Mr. Karan Thapar
3. Mr. T. Balakrishnan (appointed w.e.f., 18<sup>th</sup> May, 2020)

Mr. Vijay Dilbagh Rai resigned from the committee on 18<sup>th</sup> May, 2020 due to restructuring of the Committee by the Board. Mrs. Shalini Chawla, Company Secretary is the Secretary of the Committee.

During the year, Mr. Joy Kumar Jain, Member of the Share Transfer/Shareholder's Grievance Committee has resigned w.e.f., 11<sup>th</sup> May, 2020.

The Committee met once in 2019-20 i.e. on 06<sup>th</sup> May, 2019.

#### **INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS**

The Company has adopted Accounting policies as per the Accounting Standards and other applicable provisions of Companies Act, 2013.

#### **STATUTORY AUDITOR**

Your Company at its 51<sup>st</sup> Annual General Meeting held on 15<sup>th</sup> June, 2015 had appointed M/s. Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration No. 001076N) as Statutory Auditors of the Company up to the conclusion of the 56<sup>th</sup> Annual General Meeting at a remuneration as may be fixed by the Board of Directors or Audit Committee in consultation with the Auditors thereof. The Statutory Auditors have confirmed that they satisfy the independence criteria as required under the Act.

#### **INTERNAL AUDITOR**

Internal Control Systems and Adequacy of Internal Financial Controls EICL has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Audit committee defines the scope and authority of the Internal Auditor. The Audit Committee, comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters within its terms of reference. Your Company has a proper and adequate system of internal controls.

The Company had appointed M/s T.R. Chadha & Co., Chartered Accountants, as the Internal Auditors of the Company pursuant to Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014, to conduct the internal audit for the Financial Year 2019-20.

#### **COST AUDITOR**

M/s A.R. Narayanan & Co., Cost Accountants, have been appointed as Cost Auditors for the Financial Year 2019-20 to conduct the cost audit of the accounts maintained by the Company. They have confirmed their eligibility for appointment under the provisions of Section 148 of the Companies Act, 2013. The remuneration proposed to be paid to the Cost Auditors is submitted for ratification by the Shareholders of the Company.

#### **SECRETARIAL AUDITOR**

M/s. CPA & Co., Company Secretaries in practice have been appointed as Secretarial Auditors to conduct the Secretarial Audit for the Financial Year 2019-20 of the Company.

#### **SECRETARIAL AUDIT REPORT**

The Secretarial Audit Report in terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial personnel) Rules, 2014, has been annexed to this report as **Annexure - B**. There is no qualification, reservation or adverse remark or disclaimer by the Secretarial Auditors which requires any explanation or comments from the Board of Directors of the Company.

M/s. CPA & Co., Company Secretaries in practice has conducted



Secretarial Audit of the Company for the Financial Year 2019-20.

### EXTRACT OF ANNUAL RETURN

Annual Return As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for Financial Year 2019-20 is given in Annexure-C in the prescribed Form No. MGT-9, which is a part of this report and the same is also available on our website: [www.eicl.in](http://www.eicl.in).

### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) and (5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) the Company has followed the applicable Accounting Standards in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2020, and there is no material deviation from the previous year.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2020, and of the profit for the year ended 31<sup>st</sup> March, 2020.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- d) the Directors have prepared the Annual Accounts of the Company on a going concern basis.
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- f) the Directors have laid proper internal financial control and that such financial controls are adequate and are operating effectively.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Under Section 186 of the Companies Act, 2013 the Company has neither given any loan, guarantee nor provided any security in connection with a loan, directly or indirectly, to any person or other body corporate. The Company has made investment in Kaolin India Private Limited on 3<sup>rd</sup> June, 2020 and on account of said investment, the Kaolin India Private Limited has become the wholly owned subsidiary of the Company.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The details of the Related Party Transactions, as per requirement of Accounting Standard-18, are disclosed in notes to the Financial Statements of the Company for the Financial Year 2019-20. All the Directors have disclosed their interest in form MBP-1 pursuant to Section 184 of the Companies Act, 2013 and as & when any changes in their interest take place, such changes are placed before the Board at its meetings. None of the transactions with any of the related parties was in conflict with the interest of the Company. A Statement in the prescribed Form AOC-2 is annexed to this report as **Annexure - D**.

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

As required under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are as follows:-

#### (A) Conservation of energy

##### (i) Steps taken or impact on Conservation of Energy are as under:

- a) Reduction in specific energy consumption was achieved during the year with dedicated drive on conservation with a month-long campaign with energy saving pledge signed by all departments.
- b) Internal energy audit done every quarter and improvement actions implemented.
- c) Non-peak hour operation maximized and all planned maintenance of short duration planned during peak hours.
- d) Migration to energy-efficient motors and factory lighting is under progress
- e) All new motors are energy efficient I2 and I3 rated.
- f) Minimized the running of RO plant by maximizing freshwater source and recharging of water sources through rainwater harvesting.
- g) Rotor resistant starter replaced with VFD drive in Atritor and speed optimized.
- h) VFD connected to compressors and optimized the speed to minimize idle running time

##### (ii) Steps taken by the Company for utilizing alternate sources of energy:

LNG (Liquified Natural Gas) is planned to be replaced with diesel/SKO/FO.

**(iii) Capital investment on Energy Conservation equipment**

During the current Financial Year, the Company has not incurred any major capital expenditure on the energy conservation equipment except maintenance CAPEX.

**(B) Technology absorption**

- Company has taken up a re-engineering program. This is based on own Research & Development findings and collaborative work with leaders in process technology. This is an ongoing program.
- Portion of residue at Thonnakal plant upgraded as feed for Calcined Clay leading to conservation of resources.

**(C) Research & Development activities**

Your Company lays special emphasis on Research & Development activities with an objective to develop new product line for the growth of the Company. The Company's commitment and strong research orientation has played big role such as:

- R & D has been at the forefront of developing new product for Tyre application. Commercial scale production started.
- New products are being worked on with less than 18 months incubation time.
- Research tie ups made with leading institutions in India
- Joint projects with leading customers to provide customer specific solutions based on our material.

Expenditure incurred on Research & Development are as under:-

(₹ in Lacs)

	31st March, 2020	31st March, 2019
a) Capital	—	44.24
b) Recurring	82.28	91.86
<b>c) Total</b>	<b>82.28</b>	136.09
d) Total R&D Expenditure as a percentage of total turnover	<b>0.41</b>	0.48

**(D) Foreign Exchange earnings and outgo**

The Company has recorded export earnings of ₹ 2080 Lacs, import payments of ₹ 1232 Lacs, and expenses in foreign exchange of ₹ 62 Lacs, details of which have been incorporated in the Notes to Accounts No. 36 to 39.

**VIGIL MECHANISM POLICY**

The Company has a "Vigil Mechanism Policy" to facilitate the Directors and employees at all levels, to voice their concerns or observations to the Chairman of the Audit Committee. The policy provides a framework to promote responsible and secure whistleblowing.

The Company has provided a dedicated email ID that can be accessed only by the Chairman of the Audit Committee.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has put in place an Anti-Sexual Harassment mechanism in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees have been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaint of sexual harassment during the year 2019-20.

**HUMAN RESOURCES**

Your Company has successfully aligned human capital with business and organizational objectives. The emphasis has been on teamwork, skill development, and development of leadership and functional capabilities of the employees. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of the Annual Report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary. There were no employees who were employed throughout the financial year or part thereof, by himself/herself or along with his/her spouse and dependent children, held more than two percent of the equity shares of the company.

**INDUSTRIAL RELATIONS**

Frustration at the delay in agreeing the terms of the Long Term Agreement between the Company and its workmen boiled over and resulted in a temporary suspension of operations. Management has made it clear that unless Mining permission is received to restart mining and profitability restored, there can be no increase in payroll cost. Notwithstanding this

incident, the Company appreciates the strong support of all it's employees in taking up the matter at various forums of the Kerala Government through demonstrations, representations, etc.

**ACKNOWLEDGEMENT**

The Board of Directors places on record their appreciation for the continued support and confidence received from Banks, Financial Institutions, Customers, Central and State Governments and other Government authorities.

The Board of Directors are also thankful to all other stakeholders for their valuable sustained support to the Company.

**For and on behalf of the Board**

Place : Gurugram  
Date : 12 June 2020

Sd/-  
**Karan Thapar**  
Chairman  
DIN: 00004264

## **LIST OF ANNEXURES**

- Annexure A** : **CSR Activities**
- Annexure B** : **Secretarial Audit Report (Form No. MR-3)**
- Annexure C** : **Extract of Annual Return (Form No. MGT-9)**
- Annexure D** : **Contract/arrangements entered into by the Company with Related Parties (Form No. AOC-2)**

## **Annexure – A**

### **(Report on Corporate Social Responsibility activities)**

**1. A brief outline of the Company’s CSR Policy, including an overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects and programs:**

The Committee has approved a Corporate Social Responsibility policy and the major guiding principle to attain the CSR objectives in a professional and integrated manner, are as under:-

- Undertake proactive engagement with stakeholders to actively contribute to the socio-economic development of the periphery/community in which it operates.
- Using environment friendly and safe processes in production.
- Create a positive footprint within the society by creating inclusive and enabling infrastructure/environment for livable communities.
- Ensure environmental sustainability by adopting the best ecological practices and encouraging conservation/judicious use of natural resources.
- Work towards mainstreaming the marginalized segments of the society by striving towards providing equal opportunities and making meaningful differences in their lives.
- Focus on educating the girl child and the underprivileged by providing appropriate infrastructure, and groom them as future value creators.
- Assist in skill development by providing direction and technical expertise to the vulnerable thereby empowering them towards a dignified life.
- Emphasize on providing basic nutrition/health care facilities with a special focus on establishing health centers for the mother and child as well as the elderly.
- Facilitate water conservation by reducing water consumption at the plants and taking up rainwater harvesting projects.

The CSR projects are headed by the Executive Director of the Company and the progress in implementation of the projects is presented before the CSR Committee and the Board from time to time.

During the year 2019-20, the Company had taken the following activities:-

1. Rainwater harvesting and supply of potable water in the nearby villages free of cost.
2. Other Social welfare.

**2. The Composition of the CSR Committee:**

The CSR Committee consists of Mr. T. Balakrishnan, Chairman of the Committee, Mr. Vijay Dilbagh Rai and Mr. Suresh Kumar Jain, Members of the Committee.

**3. Average net profits of the Company for the last three Financial Years:**

₹ 3641.37 Lacs

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

₹ 72.83 Lacs

**5. Details of CSR spent during the Financial Year.**

- |  |   |              |
|--|---|--------------|
| a) Total amount spent for the Financial Year | : | ₹ 55.80 Lacs |
| b) Amount unspent, if any                    | : | ₹ 17.02 Lacs |

c) Manner in which the amount spent during the Financial Year is detailed below:

(₹ in Lacs)

1	2	3	4	5	6	7	8
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
<b>Revenue Expenditure</b>							
1	Rainwater harvest/ water to villagers	Social welfare	Thiruvananthapuram (Kerala)	72.83	55.80		DIRECT
	<b>TOTAL</b>			<b>72.83</b>	<b>55.80</b>		

- Give details of implementing agency: NA

6. During the year, the budget outlay of ₹ 72.83 Lacs has been approved by the Board of Directors. As per the program, the Company has started the implementation of CSR activities. However, during the year, it was considered pragmatic to spend ₹ 55.80 Lacs. The Company has a stringent process for selecting CSR projects. Only these projects that yield maximum impact are selected and supported. During the year the Company is also planning to spend the balance amount of ₹ 17.02 Lacs wisely and effectively on CSR. The Company is actively looking to identify additional projects to increase its CSR spending.
7. The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-  
**KARAN THAPAR**  
 Chairman  
 DIN: 00004264

## Annexure – B

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31<sup>ST</sup>, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
EICL LIMITED  
TC-79/4, Veli Thiruvananthapuram  
Kerala— 695 021

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **EICL LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **EICL LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **EICL LIMITED** (“the Company”) for the financial year ended on 31<sup>st</sup> March, 2020, to the extent applicable to the Company according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

**The aforesaid clause [clause (v)] is not applicable to the Company.**

- (vi) The Company is engaged in the business of mining of clay (kaolin) and manufacturing of processed clay, starch and allied products, accordingly, **The Mines Act, 1952** and the rules, regulations made thereunder are specifically applicable to the Company.

For the compliances of Specifically applicable laws mention hereinabove, our examination and reporting is based on the

documents, records and files as produced and shown to us by the Company. In our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with specifically applicable laws.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standard 1 and 2 issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**The aforesaid clause (ii) is not applicable to the Company.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation under the Companies Act, 2013 (the Act), and rules made there under:

- i. Two statutory form was filed with delayed and with additional fees during the financial year under review.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously, as duly recorded and signed by the Chairman of the meeting of the Board of Directors or committees of the Board, therefore no dissenting views were there required to be recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company has following specific events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:

- a) Due to the outbreak of Covid-19 Pandemic and resultant lockdown, physical examination of documents and records was not possible hence all the documents and records were made available to us electronically.
- b) The Company has modified its Charge (Charge ID: 90020935) on 26.02.2020 created in favour of Axis Bank on 28.10.2002 for Second pari passu charge on movable plant and machinery and vehicles and other movable fixed assets relating to Thonnakkal plant of the company for the loan amount of ₹ 30,00,00,000/-.
- c) The Company has modified its Charge (Charge ID: 100059827) on 18.01.2020 created in favour of HDFC Bank on 24.08.2016. The Charge shall now stand increased from ₹ 750 Lakhs to ₹ 3250 Lakhs [including therein LC & BG (Sublimit) of ₹ 500 Lakhs on the security of Fixed Deposits / Cash Deposits valued at ₹ 50 Lakhs] against the security of Stocks and Book Debts, Plant and Machinery and Vehicles of the Company.
- d) During the audit period Mr. Vijay Kishore Sharma (DIN: 05313925), Independent Director of the Company resigned from the Board and committees of the company with effect from 13<sup>th</sup> February, 2020. The Board of the Directors of the company has accepted and took note of the resignation of Mr. Vijay Kishore Sharma. The resolution passed by circulation on 26<sup>th</sup> February, 2020 by the Board of Directors of the Company.

Also Mr. Joy Kumar Jain (DIN: 06406359), Independent Director of the Company resigned from the Board and committees of the company with effect from 11<sup>th</sup> May, 2020. The Board of the Directors of the company has accepted and took note of the resignation of Mr. Joy Kumar Jain. The resolution passed by circulation on 18<sup>th</sup> May, 2020 by the Board of Directors of the Company.

- e) During the audit period the company has passed two special resolutions in Annual General Meeting held on 21<sup>st</sup> June, 2019 relating to-
  - i. To waive off the recovery of excess managerial remuneration paid, to Mr. Suresh Kumar Jain, (DIN: 00003500) Whole-time Director designated as Executive Director of the Company, during the Financial Year 2018-19.
  - ii. To re-appoint Mr. Suresh Kumar Jain (DIN: 00003500) as the Whole-time Director designated as the Executive Director of the Company.



- f) Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Rules, 2016, during the audit period there is no requirements to transfer any shares in the Investor Education and Protection Fund Account.

**For CPA & Co.  
Company Secretaries**

**Sd/-  
CS Ayush Kumar Jain  
Partner**

**ACS. 56424 | C.P.No.: 22420  
UDIN: A056424B000413605**

**Date: 12 June 2020  
Place: Gurugram**

**The report is to be read with our letter of even date which is annexed as Annexure-I and forms an integral part of this report.**

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**Annexure-I**

**To,  
The Members,  
EICL LIMITED  
TC-79/4, Veli Thiruvananthapuram  
Kerala – 695 021**

Our report of even dates is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records, we believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the Compliances of the laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of the corporate and other applicable laws, rules and regulations, standards is the responsibility of the Management; our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For CPA & Co.  
Company Secretaries**

**Sd/-  
CS Ayush Kumar Jain  
Partner**

**ACS. 56424 | C.P.No.: 22420  
UDIN: A056424B000413605**

**Date: 12 June 2020  
Place: Gurugram**

**Annexure – C**

Form No.MGT-9

**EXTRACT OF ANNUAL RETURN****as on the Financial Year ended on 31<sup>st</sup> March, 2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	<b>CIN</b>	:	U26939KL1963PLC002039
ii)	<b>Registration Date</b>	:	18 <sup>th</sup> November, 1963
iii)	<b>Name of the Company</b>	:	EICL Limited
iv)	<b>Category / Sub-Category of the Company</b>	:	Public Limited /Limited by shares
v)	<b>Address of the Registered Office and contact details</b>	:	TC-79/4, Veli, Thiruvananthapuram–695021 (Kerala) Phone: 0471-4095111 Fax: 0471-2742233 Web: <a href="http://www.eicl.in">www.eicl.in</a> Email: <a href="mailto:sect@eicl.in">sect@eicl.in</a>
vi)	<b>Whether listed Company</b>	:	No
vii)	<b>Name, Address &amp; Contact details of Registrar and Transfer Agent, if any</b>	:	RCMC Share Registry Pvt. Ltd., B-25/1, First Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Phone: 011-26387320 Fax: 011-26387322 Web: <a href="http://www.rcmcdelhi.com">www.rcmcdelhi.com</a> Email: <a href="mailto:investor.services@rcmcdelhi.com">investor.services@rcmcdelhi.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of the Main products/ services	NIC Code of the Product / service	% to total turnover of the Company
1	Mining of Clay	08108	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associates	% of Shares held	Applicable Section
1.	D B H International Pvt. Ltd. Flat No. J-3/602, The Views, Mohali Hills, Sector-105, SAS Nagar, Mohali, Punjab-140306	U65100PB1985PTC049210	Holding Company	65%	2(46)

#### IV. SHAREHOLDING PATTERN

##### (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
a)	individual/ HUF	0	0	0	0	0	0	0	0	0
b)	Central Govt	0	0	0	0	0	0	0	0	0
c)	State Govt (s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	46078066	0	46078066	91.65	46078066	0	46078066	91.65	0.00
e)	Banks / FI	0	0	0	0	0	0	0	0	0
f)	Any Other....	0	0	0	0	0	0	0	0	0
	<b>Sub-total (A)(1):-</b>	<b>46078066</b>	<b>0</b>	<b>46078066</b>	<b>91.65</b>	<b>46078066</b>	<b>0</b>	<b>46078066</b>	<b>91.65</b>	<b>0.00</b>
(2)	<b>Foreign</b>									
a)	NRIs -Individuals	0	0	0	0	0	0	0	0	0
b)	Other – Individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corp.	0	0	0	0	0	0	0	0	0
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any Other....	0	0	0	0	0	0	0	0	0
	<b>Sub-total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total shareholding of Promoter: (A)=(A)(1)+(A)(2)</b>	<b>46078066</b>	<b>0</b>	<b>46078066</b>	<b>91.65</b>	<b>46078066</b>	<b>0</b>	<b>46078066</b>	<b>91.65</b>	<b>0.00</b>
<b>B.</b>	<b>Public Shareholding</b>									
1.	<b>Institutions</b>									
a)	Mutual Funds	0	0	0	0	0	0	0	0	0
b)	Banks / FI	0	0	0	0	0	0	0	0	0
c)	Central Govt	0	0	0	0	0	0	0	0	0
d)	State Govt(s)	0	0	0	0	0	0	0	0	0
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)	Insurance Companies	0	0	0	0	0	0	0	0	0
g)	FIs	0	0	0	0	0	0	0	0	0
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)	Others (specify)	0	0	0	0	0	0	0	0	0
	<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2.	<b>Non- Institutions</b>									
a)	Bodies Corp.									
i)	Indian	187991	607	188598	0.37	184814	607	185421	0.37	0.00
ii)	Overseas	0	0	0	0	0	0	0	0	0
b)	Individuals									
i)	Individual shareholders- holding nominal share capital upto Rs.1 lakh	2971861	58527	3030388	6.03	2978003	56349	3034352	6.04	0.01

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	905600	0	905600	1.80	905600	0	905600	1.80	0.00
c)	Others:									
i)	Clearing Member	3712	0	3712	0.01	832	0	832	0.00	0.01
ii)	Non-residents	29178	1203	30381	0.06	31114	1203	32317	0.06	0.00
iii)	Trust	270	0	270	0.00	427	0	427	0.00	0.00
iv)	IEPF Account	38998	0	38998	0.08	38998	0	38998	0.08	0.00
	<b>Sub-total (B)(2):-</b>	<b>4137610</b>	<b>60337</b>	<b>4197947</b>	<b>8.35</b>	<b>4139788</b>	<b>58159</b>	<b>4197947</b>	<b>8.35</b>	<b>0.00</b>
	<b>Total Public Shareholding(B)= (B)(1)+ (B)(2):</b>	<b>4137610</b>	<b>60337</b>	<b>4197947</b>	<b>8.35</b>	<b>4139788</b>	<b>58159</b>	<b>4197947</b>	<b>8.35</b>	<b>0.00</b>
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
	<b>Grand Total(A+B+C)</b>	<b>50215676</b>	<b>60337</b>	<b>50276013</b>	<b>100</b>	<b>50215676</b>	<b>58159</b>	<b>50276013</b>	<b>100</b>	<b>-</b>

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	D B H International Pvt. Limited	32678691	65.00	0	32678691	65.00	0	0.00
2	Karun Carpets Pvt. Limited	13399375	26.65	0	13399375	26.65	0	0
	<b>Total</b>	<b>46078066</b>	<b>91.65</b>	<b>0</b>	<b>46078066</b>	<b>91.65</b>	<b>0</b>	<b>0.00</b>

**Note :**

- A Scheme of Amalgamation has been filed by Karun Carpets Pvt. Ltd. (one of the Promoters of the Company) before the National Company Law Tribunal ("NCLT"), Chandigarh for amalgamation of D B H International Private Limited ["DBHI"], Bharat Starch Products Private Limited ["BSPL"], DBH Investments Private Limited ["DBHInv"] into Karun Carpets Private Limited ["KCPL"].
- DBHI and KCPL are promoters of EICL Limited ["EICL"] and once the Scheme is approved by the shareholders of the above Transferor and Transferee Companies and by the regulatory authorities, including but not limited to National Company Law Tribunal, then the shares of EICL, held by DBHI would get consolidated in KCPL.

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Shareholder's Name	Shareholding			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date wise increase / decrease in Shareholding	No. of shares	% of total shares of the Company
1.	D B H International Private Limited	32678691	65.00	No Change	32678691	65.00
		32678691	65.00			
2.	Karun Carpets Pvt. Ltd.	13399375	26.65	No Change	13399375	26.65
		13399375	26.65			
	<b>Total</b>	<b>46078066</b>	<b>91.65</b>		<b>46078066</b>	<b>91.65</b>

(iv) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

Sl. No.	For each of the top 10 Shareholders Shareholder's Name	Shareholding at the Beginning of the Year		Cumulative Shareholding During the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Hitesh Ramji Javeri	500100	0.99	500100	0.99
2	Radhabai Ramji Javeri	105100	0.21	105100	0.21
3	Ami Hitesh Javeri	100200	0.20	100200	0.20
4	Mitali Hitesh Javeri	100100	0.20	100100	0.20
5	Harsha Hitesh Javeri	100100	0.20	100100	0.20
6	Siddhivinayak Dealcom Pvt.Ltd.	56250	0.11	56250	0.11
7	Investor Education & Protection Fund	38998	0.08	38998	0.08
8	Basons Investments Pvt.Ltd.	32144	0.06	32144	0.06
9	Rina S Kamdar	32033	0.06	32033	0.06
10	Alkaben Vasantbhai Vora	30125	0.06	30125	0.06
		<b>1095150</b>	<b>2.17</b>	<b>1095150</b>	<b>2.17</b>

(v) *Shareholding of Directors and Key Managerial Personnel:*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Rai Vijay Dilbagh	12836	0.02	12836	0.02
2.	Shalini Chawla	10	0.00	10	0.00
	Total	12846	0.02	<b>12846</b>	<b>0.02</b>

V. **INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	2452.72	2000	-	4452.72
ii) Interest due but not paid	Nil	Nil	-	Nil
iii) Interest accrued but not due	Nil	Nil	-	Nil
<b>Total (i+ii+iii)</b>	<b>2452.72</b>	<b>2000</b>	<b>-</b>	<b>4452.72</b>
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	1000	-	-	1000
• Reduction	(749.41)	(2000)	-	(2749.41)
<b>Net Change</b>	<b>250.59</b>	<b>(2000)</b>	<b>-</b>	<b>(1749.41)</b>
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal amount	2703.31	Nil	-	2703.31
ii) Interest due but not paid	Nil	Nil	-	Nil
iii) Interest accrued but not due	Nil	Nil	-	Nil
<b>Total (i+ii+iii)</b>	<b>2703.31</b>	<b>Nil</b>	<b>-</b>	<b>2703.31</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	
		Mr. Suresh Kumar Jain (Executive Director)	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	105.27	105.27
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.11	0.11
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit		
	- Others, specify...	–	–
5.	Others, please specify	–	–
	<b>Total (A)</b>	<b>105.38</b>	<b>105.38</b>
	Ceiling as per the Act		<b>120.00</b>

### B. Remuneration to other Directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Vijay Dilbagh Rai	V.K. Sharma	Shivpriya Nanda	T. Balakrishnan	Joy Kumar Jain	
1.	<b>Independent Directors</b>						
	Fee for attending Board/ Committee Meetings						
	• Sitting Fee	2.75	2.70	3.30	3.80	4.15	16.70
	• Commission	0.0	0.00	0.00	0.00	0.00	0.00
	<b>Total (1)</b>	<b>2.75</b>	<b>2.70</b>	<b>3.30</b>	<b>3.80</b>	<b>4.15</b>	<b>16.70</b>
2.	<b>Other Non-Executive Directors</b>	<b>Karan Thapar</b>					
	Fee for attending Board/ Committee Meetings						
	• Sitting fees	2.95					2.95
	• Commission	0.00					0.00
	<b>Total (2)</b>	<b>2.95</b>					<b>2.95</b>
	<b>Total (B)=(1+2)</b>						<b>19.65</b>
	<b>Total Managerial Remuneration (excluding sitting fees)</b>						-
	<b>Overall Ceiling as per the Act</b>						<b>19.65</b>

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD**

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Shalini Chawla, Company Secretary	M.K. Gupta, CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	33.53	70.54	<b>104.07</b>
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	0.07	<b>0.07</b>
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit			
	- others, specify...	–	–	–
5.	Others, please specify	–	–	–
	<b>Total</b>	<b>33.53</b>	<b>70.61</b>	<b>104.14</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of Companies Act	Brief description	Details of penalty/ punishment/Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## Annexure - D

### Form No. AOC-2

*(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) Name(s) of the related party and nature of relationship  
N.A.
  - (b) Nature of contracts/arrangements/transactions  
N.A.
  - (c) Duration of the contracts / arrangements/transactions  
N.A.
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any  
N.A.
  - (e) Justification for entering into such contracts or arrangements or transactions  
N.A.
  - (f) Date(s) of approval by the Board  
N.A.
  - (g) Amount paid as advances, if any:  
Nil.
  - (h) The date on which the special resolution was passed in General Meeting as required under the first proviso to Section 188  
N.A.
2. (a) Details of material contracts or arrangement or transactions at arm's length basis
  - i. Bharat Starch Products Pvt. Ltd.
  - ii. Premium Transmission Pvt. Ltd.
  - iii. DBH Consulting Ltd.
  - iv. Greaves Cotton Limited

(b) Nature of contracts/arrangements/transactions

  - i. Bharat Starch Products Pvt. Ltd. - Rent paid
  - ii. Premium Transmission Pvt. Ltd. - Sharing of corporate expenses.
  - iii. DBH Consulting Ltd. - Advisory and Consultancy services
  - iv. Greaves Cotton Limited - Sharing of corporate expenses (upto 30-06-2019)



## (c) Duration of the contracts / arrangements/transactions

			<b>Value</b>
i.	Bharat Starch Products Pvt. Ltd.	- 01-04-2019 to 31-03-2020	₹ 21.24 Lacs (Payment)
ii.	Premium Transmission Pvt. Ltd.	- 01-04-2019 to 31-03-2020	₹ 112.67 Lacs (Receipt)
iii.	DBH Consulting Ltd.	- 01-04-2018 to 31-03-2020	₹ 22.28 Lacs (Payment)
iv.	Greaves Cotton Limited	- 01-04-2018 to 30-06-2019	₹ 11.85 Lacs (Receipt)

## (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The above transactions are in the ordinary course of business and at an arm's length basis.

## (e) Date(s) of approval by the Board, if any:

6-08-2019, 07-11-2019, 07-02-2020 & 12-06-2020

## (f) Amount paid as advances, if any:

Nil

Sd/-  
**KARAN THAPAR**  
Chairman  
DIN: 0004264

## INDEPENDENT AUDITOR'S REPORT

### To the Members of EICL Limited Report on the Audit of the Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of EICL Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2020, and its loss and its cash flows for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Expected environment clearance

4. We draw attention to Note 42 to the accompanying financial statements, relating to filing of application with the regulatory authorities for securing environment clearances for their mining land parcels. The classification of underlying land as Property, plant and equipment, conclusion relating to non-impairment of plant and machinery and measurement of site restoration obligation is dependent on such clearances. Our opinion is not modified in this respect of this matter.

### Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Board's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

6. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is

responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

12. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
14. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, We report, to the extent applicable, that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e) the matter described in paragraph 4 under the

- Emphasis of Matters, in our opinion, may have an adverse effect on the functioning of the Company;
- f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
- g) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 12 June 2020 as per Annexure || expressed unmodified opinion; and
- h) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in note 40.2 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandio & CO LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Ashish Gupta**  
Partner  
Membership No.: 504662  
UDIN: 2050466AAAABR5529

**Place:** Gurugram  
**Date:** 12 June 2020

## Annexure I to the Independent Auditor's Report of even date to the members of EICL Limited, on the financial statements for the year ended 31 March 2020

### Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical

verification of its fixed assets under which fixed assets are verified in a phased manner 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. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following property:

(₹ in Lacs)

Nature of property	Total Number of Cases	Whether leasehold /freehold	Gross block as on March 31, 2020	Net block as on March 31, 2020	Remarks
Land Unit - Veli	1	Leasehold	0.15	0.15	Lease deed is pending for renewal

- ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit and no material discrepancies between physical inventory and book records were noticed on physical verification.
- iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

- iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

(₹ in Lacs)

Name of the statute	Nature of dues	Amount involved	Amount paid under Protest	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	MODVAT claimed on lubricant and transformer oil	1073.70	17.48	Year 2000 to 2004	Hon'ble Supreme Court of India
Central Excise Act, 1944	Demand with respect to classification of maize starch	611.11	-	Year 1997 to 2001	Hon'ble Supreme Court of India

- viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to a financial institution or government and neither have any outstanding debentures during the year.
- ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Accounting Standards.
- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi) The company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & CO LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Ashish Gupta**  
Partner  
Membership No.: 504662  
UDIN: 2050466AAAABR5529

**Place:** Gurugram  
**Date:** 12 June 2020

## Annexure II

### Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of EICL Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandio & CO LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sd/-

**Ashish Gupta**

Partner

Membership No.: 504662

UDIN: 2050466AAAABR5529

Place: Gurugram

Date: 12 June 2020

(₹ in Lacs)

Balance Sheet as at	Notes	March 31, 2020	March 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,005.52	1,005.52
Reserves and surplus	3	18,768.33	19,702.46
		<b>19,773.85</b>	<b>20,707.98</b>
<b>Non current liabilities</b>			
Long term borrowings	4	666.67	-
Deferred tax liabilities (net)	5	492.84	1,313.03
Other long term liabilities	6	2.93	3.98
Long term provisions	7	2,006.78	1,914.74
		<b>3,169.22</b>	<b>3,231.75</b>
<b>Current liabilities</b>			
Short term borrowings	8	1,703.31	4,452.72
Trade payables	9		
(a) total outstanding dues of micro enterprises and small enterprises; and		106.88	121.16
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,671.55	3,102.88
Other current liabilities	10	860.09	520.07
Short term provisions	11	307.95	339.30
		<b>6,649.78</b>	<b>8,536.13</b>
<b>TOTAL</b>		<b>29,592.85</b>	<b>32,475.86</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	12		
Tangible assets		16,576.42	18,543.63
Intangible assets		7.50	9.62
Capital work in progress		551.56	1,025.24
Non current investments	13	5.00	5.00
Long term loans and advances	14	2,258.59	2,003.09
Other non current assets	15	15.58	2.47
		<b>19,414.65</b>	<b>21,589.05</b>
<b>Current assets</b>			
Inventories	16	2,062.27	2,105.25
Trade receivables	17	2,576.99	2,659.83
Cash and bank balances	18	43.48	1,964.84
Short term loans and advances	19	1,093.94	1,661.06
Other current assets	20	4,401.52	2,495.83
		<b>10,178.20</b>	<b>10,886.81</b>
<b>TOTAL</b>		<b>29,592.85</b>	<b>32,475.86</b>

Summary of significant accounting policies and other explanatory information 1

The accompanying notes are an integral part of the financial statements

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

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No. 001076N/N500013

For and on behalf of the Board of Directors of EICL Limited

Sd/-

**Suresh Kumar Jain**  
Executive Director  
DIN : 00003500

Sd/-

**Vijay D Rai**  
Director  
DIN : 00075837

Sd/-

**Ashish Gupta** (Membership No.: 504662)  
Partner

Sd/-

**Mahendra Kumar Gupta**  
Chief Financial Officer

Sd/-

**Shalini Chawla**  
Company Secretary

Place : Gurugram

Date : 12 June 2020

(₹ in Lacs)

Statement of Profit and Loss for the year ended	Notes	March 31, 2020	March 31, 2019
<b>INCOME</b>			
Revenue from operations	21	20,226.81	27,113.96
Other income	22	316.36	206.59
<b>Total income</b>		<b>20,543.17</b>	<b>27,320.55</b>
<b>EXPENSES</b>			
Cost of materials consumed		5,651.59	5,782.57
Purchase of traded goods		1,868.96	477.82
Changes in inventories of finished goods, work in progress and stock in trade	23	158.35	651.34
Employee benefits expense	24	3,782.80	4,522.97
Finance costs	25	715.77	596.96
Depreciation and amortisation expense	12	867.23	839.97
Other expenses	26	8,884.84	12,311.26
<b>Total expenses</b>		<b>21,929.54</b>	<b>25,182.89</b>
<b>(Loss)/Profit before exceptional items and tax</b>		<b>(1,386.37)</b>	<b>2,137.66</b>
Exceptional items	27	(563.05)	(136.30)
<b>(Loss)/Profit before tax from continuing operations</b>		<b>(1,949.42)</b>	<b>2,001.36</b>
<b>Tax expense:</b>			
- Current tax		-	777.23
- Income tax relating to earlier years		(195.10)	12.92
- Deferred tax		(820.19)	(21.05)
<b>(Loss)/Profit for the year from continuing operations</b>		<b>(934.13)</b>	<b>1,232.26</b>
<b>(Loss) before tax from discontinuing operations</b>	28	-	<b>(95.62)</b>
<b>Tax expense:</b>			
- Current tax		-	8.69
- Deferred tax		-	(42.10)
<b>(Loss) for the year from discontinuing operations</b>		-	<b>(62.21)</b>
<b>(Loss)/Profit for the year</b>		<b>(934.13)</b>	<b>1,170.05</b>
Earnings per equity share:	29		
- Basic (₹)		(1.86)	2.33
- Diluted (₹)		(1.86)	2.33
Summary of significant accounting policies and other explanatory information	1		

The accompanying notes are an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No. 001076N/N500013

Sd/-

**Ashish Gupta** (Membership No.: 504662)

Partner

Place : Gurugram

Date : 12 June 2020

For and on behalf of the Board of Directors of EICL Limited

Sd/-

**Suresh Kumar Jain**

Executive Director

DIN : 00003500

Sd/-

**Mahendra Kumar Gupta**

Chief Financial Officer

Sd/-

**Vijay D Rai**

Director

DIN : 00075837

Sd/-

**Shalini Chawla**

Company Secretary



(₹ in Lacs)

Statement of Cash Flows for the year ended	March 31, 2020	March 31, 2019
<b>A. Cash flow from operating activities:</b>		
(Loss)/Profit before tax from continuing operations	(1,949.42)	2,001.36
(Loss) before tax from discontinuing operations	-	(95.62)
Adjustments for:		
Depreciation and amortisation expense (refer note 28)	867.23	889.20
Interest expense	613.08	439.40
Site restoration amortisation	102.68	157.56
Interest income	(142.41)	(32.10)
Unrealised exchange fluctuation (gain)/ loss	(15.52)	11.21
Loss on sale of fixed assets (net)	20.03	1.40
Exceptional items	563.05	136.30
Liabilities no longer required written back	(1.80)	-
Bad debts written off	2.91	-
Provision for bad and doubtful debts/advances	51.41	107.99
<b>Operating profit before working capital changes</b>	<b>111.24</b>	<b>3,616.70</b>
<b>Adjustments for changes in working capital :</b>		
- Movement in trade receivables	44.04	1,993.24
- Movement in other receivables (current and non current)	200.61	(1,374.80)
- Movement in inventories	42.98	1,372.95
- Movement in trade and other payables (current and non current)	515.51	(723.31)
<b>Cash generated from operations</b>	<b>914.38</b>	<b>4,884.78</b>
Direct taxes refund/(paid), net	176.17	(1,039.17)
<b>Net cash generated from operating activities (A)</b>	<b>1,090.55</b>	<b>3,845.61</b>
<b>B. Cash flow from investing activities:</b>		
Additions to fixed assets and capital work in progress	(795.31)	(3,393.16)
Proceeds from sale of fixed assets	3.39	254.39
Movement in deposits with banks	(1.14)	32.02
Interest received	155.42	19.09
<b>Net cash generated (used in) investing activities (B)</b>	<b>(637.64)</b>	<b>(3,087.66)</b>

(₹ in Lacs)

Statement of Cash Flows for the year ended	March 31, 2020	March 31, 2019
<b>C. Cash flow from financing activities:</b>		
Proceeds/ (repayment of) from borrowings		
- Receipts	1,000.00	2,000.00
- Repayments	(2,000.00)	(282.08)
Proceeds / (Repayment of ) from cash credits/ working capital demand loan (net)	(749.41)	777.53
Interest paid	(613.08)	(440.49)
Dividends paid	-	(754.14)
Dividend taxes	-	(155.02)
<b>Net cash (used in)/ from financing activities (C)</b>	<b>(2,362.49)</b>	<b>1,145.80</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(1,909.58)</b>	<b>1,903.75</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,931.58</b>	<b>27.83</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>22.00</b>	<b>1,931.58</b>
<b>Cash and cash equivalents comprise</b>		
Cash	7.82	8.14
Balance with banks in current accounts	14.18	23.44
Deposits with bank with maturity of less than three months	-	1,900.00
<b>Total</b>	<b>22.00</b>	<b>1,931.58</b>

**Note:**

Refer note 28 with respect to the disclosure of amounts of net cash flows attributable to the operating, investing and financing activities of the discontinuing operations.

This is the Statement of Cash Flows referred to in our report of even date

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001076N/N500013

For and on behalf of the Board of Directors of EICL Limited

Sd/-  
**Suresh Kumar Jain**  
Executive Director  
DIN : 00003500

Sd/-  
**Vijay D Rai**  
Director  
DIN : 00075837

Sd/-  
**Ashish Gupta** (Membership No.: 504662)  
Partner

Sd/-  
**Mahendra Kumar Gupta**  
Chief Financial Officer

Sd/-  
**Shalini Chawla**  
Company Secretary

**Place** : Gurugram  
**Date** : 12 June 2020

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Background and nature of operations

EICL Limited, a Company incorporated in India in 1963, under the Companies Act 1956, was part of the erstwhile Thapar Group. The Company is engaged in the business of mining of clay (Kaolin) and manufacturing of processed clay, starch and allied products.

The Company had discontinued its manufacturing operations of starch and allied products in Shimoga unit from September 2018 and Yamunanagar unit w.e.f. 31 January 2018.

### b. Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The financial statements have been prepared under the historical cost convention on the accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

### c. Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

### d. Property, Plant and Equipment

Property, Plant and Equipment comprised of tangible assets including capital spares, leasehold improvements, restoration obligation by law, technical knowhow costs and research and development assets are stated at cost and less accumulated depreciation and impairment losses, if any. Cost includes direct expenses related to acquisition, installation, restoration and interest incurred during construction period. Cost is measured at amounts incurred initially to acquire or construct tangible fixed assets and includes any cost directly attributable to

bringing the assets to the location and conditions necessary for it to be capable of operating in the manner intended. Cost also includes estimates of site restoration recorded at present value of obligation.

Intangible assets are recognised if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and cost of the asset can be measured reliably in accordance with Accounting Standard – 26, 'Intangible assets'.

### e. Depreciation and amortisation

i) Depreciation on tangible assets is provided as per straight line method at higher of the following:-

Depreciation on original cost as specified in Schedule II to the Companies Act, 2013 or depreciation based on the residual / estimated useful life of the asset\*

Category	Useful life (years)
Factory and other buildings	3-60
Plant and equipment	10-25
Furniture and fixtures	10
Office equipment	5
Vehicles and cycles	8

\* 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 costing ₹ 5,000 or less are fully depreciated in the year of addition.

Leasehold land and leasehold improvements are depreciated on a straight line method basis over the period of lease.

Land related to mining which is freehold is not depreciated.

### ii. Intangible Assets

Intangible assets including technical know-how/ brand and computer software/ licence fee are amortised on straight line basis over their useful lives of 10 years and 5 years respectively from the date of acquisition / implementation.

The amortisation period and method are reviewed at each year end.

### f. Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as

current investments; all other investments are classified as long term investments. Long term investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair value.

**g. Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**h. Inventories**

Inventories, including stores and spare parts (other than stores and spares accounted for as Property, Plant and Equipment), raw materials (including clay matrix-mined and purchased) are valued at weighted average cost. Work in progress and finished goods, are valued at lower of cost and net realisable value. Cost includes direct expenses and is determined on the basis of weighted average method.

Total mining expenses are considered as raw material cost for clay matrix – mined.

In respect of finished goods and work in progress, cost includes raw material cost plus conversion costs and other overheads incurred to bring the goods to their present location and condition based on normal operating capacity.

**i. Employees benefits**

**Short term employee benefits**

Short term employee benefits are recognised in the period during which the services have been rendered.

**Long term employee benefits**

**Defined contribution plans (Provident fund and employees state insurance schemes)**

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer

make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognised and administered by the Government of India.

The Company's contributions to the above schemes are expensed in the Statement of profit and loss.

**Defined benefit plans (Gratuity)**

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'gratuity plan') covering all employees. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employees' salary and years of employment with the Company. The Company has taken gratuity policy with HDFC Life Insurance and SBI Life Insurance to cover the liability. The Company provides for the gratuity plan based on actuarial valuations in accordance with Accounting Standard 15 (revised).

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the Statement of profit and loss in the year in which such gains or losses arise.

**Other employee benefits**

**Leave encashment**—The Company has recognised liability for short term compensated absences on full cost basis with reference to unavailed earned leaves at the year end. To the extent, the compensated absences qualify as a long term benefit, the Company has provided for the long term liability at year end as per the actuarial valuation using the Projected Unit Credit Method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the Statement of profit and loss in the year in which such gains or losses arise.

**j. Foreign currency transactions**

- i. Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing at the date of transaction.
- ii. Foreign currency monetary items are re-measured at the year-end exchange rates. Exchange differences arising on settlement of foreign currency transactions or re-measurement of monetary items at the reporting date are recognized as income or expense in the Statement of profit and loss.

- iii. The premium or discount on forward exchange contracts covered under AS 11 “The effect of Changes in Foreign Exchange Rates”, not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purposes is amortized as expense or income over the life of the contracts.
- iv. Derivative contracts relating to firm commitments or highly probable forecast transactions are recorded at fair value through Statement of profit and loss at each reporting date.

**k. Research & development expenses**

Revenue expenditure incurred on research and development is charged to Statement of profit and loss in the year it is incurred. Capital expenditure is included in the respective heads under fixed assets and depreciation/amortisation thereon is charged to depreciation in the profit and loss account.

**l. Government grant**

Government grants relating to depreciable fixed assets are treated as deferred income and recognised in the Statement of profit and loss over the remaining useful life of the related assets.

**m. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sales**

- a) Revenue from sale of goods is recognised when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

**n. 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.

**o. Taxation**

**i. Current tax**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**ii. Deferred tax**

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**p. 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.

**q. Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating 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.

**r. Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where reliable estimate of the obligation cannot be made.

Long term provisions relating to site restoration of mining land are discounted to present value of future obligations wherever required.

**s. Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank and

in hand and short-term deposits with a maturity of three months or less.

**t. Discontinued operation**

A discontinued operation is a component of the entity that has been disposed and that represents a separate line of business. The results of discontinued operation are presented separately in the Statement of profit and loss. Revenue and expenses relating to discontinuing operations being disclosed in the notes.

**u. Assets held for sale**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use and the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell and are presented separately in the Balance sheet. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

**2 SHARE CAPITAL**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	(₹ in Lacs)	Number	(₹ in Lacs)
<b>Authorised share capital</b>				
Equity shares of ₹ 2 each	90,000,000	1,800.00	90,000,000	1,800.00
Preference shares of ₹ 100 each	3,000,000	3,000.00	3,000,000	3,000.00
		<b>4,800.00</b>		<b>4,800.00</b>
<b>Issued, subscribed and fully paid up share capital</b>				
Equity shares of ₹ 2 each	50,276,013	1,005.52	50,276,013	1,005.52
		<b>1,005.52</b>		<b>1,005.52</b>

a) There is no movement in the equity share capital during the current year and the previous year.

**b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having the par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) The Company has neither issued any equity shares for consideration other than cash nor any bonus shares issued during the immediately preceding five financial years. Also there has been no buy back of shares either in the aforesaid period.

**d) Shares held by Holding Company****Equity shares**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	(₹ in Lacs)	Number	(₹ in Lacs)
DBH International Private Limited	32,678,691	653.57	32,678,691	653.57

**e) Details of shareholders holding more than 5% shares in the Company**

Name of Shareholders	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% of holding	Number of shares held	% of holding
<b>Equity shares</b>				
DBH International Private Limited	32,678,691	65.00	32,678,691	65.00
Karun Carpets Private Limited	13,399,375	26.65	13,399,375	26.65

f) A Scheme of Amalgamation has been filed by Karun Carpets Private Limited (one of the promoter of the Company) before the National Company Law Tribunal ("NCLT"), Chandigarh for amalgamation of DBH International Private Limited ["DBHI"], Bharat Starch Products Private Limited ["BSPL"], DBH Investments Private Limited ["DBHInv"] into Karun Carpets Private Limited ["KCPL"]. DBHI and KCPL are promoters of EICL Limited ["EICL"] and once the Scheme is approved by the shareholders of the above Transferor and Transferee Companies and by the regulatory authorities, including but not limited to National Company Law Tribunal, then the shares of EICL, held by DBHI would get consolidated in KCPL.

**3 RESERVES AND SURPLUS**

(₹ in Lacs)

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>Capital reserves*</b>	<b>6.34</b>	<b>6.34</b>
<b>Capital redemption reserve*</b>	<b>3,441.38</b>	<b>3,441.38</b>
<b>General reserve*</b>	<b>5,566.85</b>	<b>5,566.85</b>
<b>Surplus in Statement of Profit and Loss:</b>		
Balance at the beginning of the year	10,687.89	10,427.00
Add: Profit for the year	(934.13)	1,170.05
<b>Appropriations</b>		
Less: Final dividends relating to previous year		
- Equity shares	-	502.76
Less: Interim dividends for the year		
- Equity shares	-	251.38
Less: Corporate dividend tax	-	155.02
<b>Balance at the end of the year</b>	<b>9,753.76</b>	<b>10,687.89</b>
<b>Total</b>	<b>18,768.33</b>	<b>19,702.46</b>

\* There has been no movement during the year.

**4 LONG TERM BORROWINGS**

(₹ in Lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non current	Current	Non current	Current
<b>Secured</b>				
<b>Term loans</b>				
Rupee term loans from banks	666.67	333.33	-	-
<b>Total</b>	<b>666.67</b>	<b>333.33</b>	<b>-</b>	<b>-</b>

**Notes:**

- Secured term loan of ₹ 1,500 lacs was sanctioned by HDFC Bank Limited during the year and an amount of ₹ 1,000 lacs was drawn during the year, which carries an interest @ 1 year MCLR + 0.85% p.a. repayable in 6 equal quarterly installments starting from November 2020. First charge of the said term loan is on factory land and building located in Mangalapuram and plant and machinery of Company.
- Current maturities of long term borrowings are disclosed under the head other current liabilities (refer note 10).



**5 DEFERRED TAX LIABILITIES (NET)**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax liabilities:</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books	1,149.24	1,630.82
	<b>1,149.24</b>	<b>1,630.82</b>
<b>Deferred tax assets:</b>		
Employee benefits	64.76	97.62
Provision for doubtful debts and advances	85.49	99.72
Carry forward business loss and depreciation	401.17	-
Site restoration obligation	104.98	120.45
	<b>656.40</b>	<b>317.79</b>
<b>Deferred tax liabilities (net)</b>	<b>492.84</b>	<b>1,313.03</b>

**Notes :**

The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax Liabilities (net) as at 31 March 2019 basis the rate prescribed in the said section. The impact of re-measurement of Deferred Tax Liabilities (net) as at 31 March 2019 amounting to ₹ 359.71 lacs has been recognised in the Statement of Profit and Loss for the year ended 31 March 2020.

**6 OTHER LONG TERM LIABILITIES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits from vendors	2.53	3.58
Deposits from customers	0.40	0.40
<b>Total</b>	<b>2.93</b>	<b>3.98</b>

**7 LONG TERM PROVISIONS**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Provision for employee benefits</b>		
Leave encashment (refer note 31)	46.54	57.18
Site restoration obligation [Note (a)]	1,960.24	1,857.56
<b>Total</b>	<b>2,006.78</b>	<b>1,914.74</b>

**Notes :**

(a) Site restoration obligation w.r.t. mining land of clay business is recognised on 01 April 2016 in view of the requirement of Accounting Standard 10 - "Property, Plant and Equipment" read with Accounting Standard 29- "Provisions, Contingent Liabilities and Contingent Assets". The details are given below:

<b>Opening present value of obligation</b>	<b>1,857.56</b>	<b>1,713.77</b>
Less : Expenses incurred during the year	-	(13.77)
Add : Finance charge during the year	102.68	157.56
<b>Closing present value of obligation</b>	<b>1,960.24</b>	<b>1,857.56</b>

**8 SHORT TERM BORROWINGS**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Secured</b>		
<b>Loans repayable on demand</b>		
<b>From banks</b>		
Cash credit account with scheduled banks (note a and b)	1,703.31	1,452.72
Working capital demand loans (note a and b)	-	1,000.00
	<b>1,703.31</b>	<b>2,452.72</b>
<b>Unsecured</b>		
<b>From bank</b>		
Short tem capex loan (note c)	-	2,000.00
<b>Total</b>	<b>1,703.31</b>	<b>4,452.72</b>

**Notes:**

- a) Cash credit facility and working capital demand loans along with bank guarantees and letter of credit facilities given by the banks are secured by hypothecation of finished goods, semi-finished goods, consumable stores and spares, raw material and book debts of the Company.
- b) Cash credit facility and working capital demand loans from the bank comprises of the following:
- (i) Cash credit facility of ₹ 2,500 lacs sanctioned by Axis Bank is repayable on demand and carries interest @ 3 months MCLR + 1% p.a. (2018-19 : 3 months MCLR + 0.50% p.a). Working capital demand loan of ₹ 1,000 lacs from Axis bank carries interest @ 3 months MCLR p.a which was repaid during the year.
  - (ii) Cash credit facility /working capital demand loan of ₹ 1500 lacs from HDFC Bank is repayable on demand and carries interest @ 1 year MCLR +0.85% (2018-19 : 1 year MCLR + 0.25% p.a).
  - (iii) Cash credit facility / working capital demand loan of ₹ 1,500 lacs sanctioned by ICICI Bank is repayable on demand and carries interest @ 6 months MCLR + 1.50% p.a. (2018-19 : @ 6 months MCLR + 0.50% p.a).
- c) Unsecured short term capex loan of ₹ 2,000 lacs taken from HDFC Bank Limited during previous year, carries interest @ 1 year MCLR + 0.25% p.a. The loan was fully repaid in January 2020.

**9 TRADE PAYABLES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total dues to Micro and Small Enterprises (refer note below)	106.88	121.16
Dues to others	1,305.45	972.05
Creditors for expenses	2,366.10	2,130.83
<b>Total</b>	<b>3,778.43</b>	<b>3,224.04</b>

**Note:**

Dues to micro, small and medium enterprises pursuant to Section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid	106.88	121.16
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at Balance Sheet date.	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-
	<b>106.88</b>	<b>121.16</b>

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMEDA'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at Balance Sheet date has been made in the financial statements based on the information received and available with the Company.

**10 OTHER CURRENT LIABILITIES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings (Refer Note : 4)	333.33	-
Unpaid dividends	21.48	21.28
Employee related payables	297.15	155.83
Capital creditors	67.25	44.18
Advances from customers	54.97	54.31
<b>Statutory dues:</b>		
GST payable	22.73	28.11
Provident fund payable	32.76	33.56
Tax deducted at source payable	25.82	39.50
Employee state insurance payable	0.08	0.29
Service tax and other statutory dues	-	0.05
<b>Other liabilities</b>		
Other payables*	4.52	142.96
<b>Total</b>	<b>860.09</b>	<b>520.07</b>

\* Other payable for previous year includes ₹ 136.30 lacs paid towards penalty as referred to in note 27.2

**11 SHORT TERM PROVISIONS**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Provision for employee benefits</b>		
Leave encashment payable (refer note 31)	210.80	223.22
<b>Others</b>		
Provision for income tax [net of advance tax including tax deducted at source ₹ 5,744.44 lacs (2018-19: ₹ 7,042.98 lacs)]	97.15	116.08
<b>Total</b>	<b>307.95</b>	<b>339.30</b>

## 12 PROPERTY, PLANT AND EQUIPMENT for the year ended March 31, 2020

Particulars	Gross block				Depreciation/ amortisation				Net block			
	Upto March 31, 2019	Additions during the year	Sale/ adjustments	Transferred to Asset held for sale	Upto March 31, 2020	For the year Continuing Operations	For the year Discontinued Operations	Sale/ adjustments	Transferred to Asset held for sale	Upto March 31, 2020	As at March 31, 2019	As at March 31, 2020
<b>Tangible assets</b>												
Land & site development	438.22	-	-	438.07	0.15	6.57	-	-	7.13	0.15	0.00	437.51
Leasehold	9,576.34	49.44	-	1,310.79	8,314.99	-	-	-	-	0.21	8,314.78	9,576.13
Freehold	3,572.83	198.30	-	179.30	3,591.83	142.36	-	-	2.33	1,715.69	1,876.14	1,997.17
Factory and other buildings	16,251.77	569.87	2.78	-	16,818.86	645.53	-	2.78	-	10,662.48	6,156.38	6,232.04
Plant and equipment	218.79	-	-	-	218.79	10.57	-	-	-	156.81	61.98	72.55
Furniture and fixtures	297.48	10.26	96.47	-	211.27	25.31	-	75.66	-	170.44	40.83	76.69
Office equipment	62.50	-	-	-	62.50	-	-	-	-	59.89	2.61	2.61
Leasehold improvements	254.19	9.11	4.88	-	258.42	31.91	-	2.45	-	134.72	123.70	148.93
Vehicles and cycles												
<b>Total tangible assets</b>	<b>30,672.12</b>	<b>836.98</b>	<b>104.13</b>	<b>1,928.16</b>	<b>29,476.81</b>	<b>862.25</b>	-	<b>80.89</b>	<b>9.46</b>	<b>12,900.39</b>	<b>16,576.42</b>	<b>18,543.63</b>
<b>Intangible assets</b>												
Computer software / license fees	252.40	3.04	12.61	-	242.83	4.98	-	12.43	-	235.33	7.50	9.62
<b>Total intangible assets</b>	<b>252.40</b>	<b>3.04</b>	<b>12.61</b>	-	<b>242.83</b>	<b>4.98</b>	-	<b>12.43</b>	-	<b>235.33</b>	<b>7.50</b>	<b>9.62</b>
<b>Total</b>	<b>30,924.52</b>	<b>840.02</b>	<b>116.74</b>	<b>1,928.16</b>	<b>29,719.64</b>	<b>867.23</b>	-	<b>93.32</b>	<b>9.46</b>	<b>13,135.72</b>	<b>16,583.92</b>	<b>18,553.25</b>
Capital work in progress (See notes a to d below)											551.56	1,025.24

## for the year ended March 31, 2019

Particulars	Gross block				Depreciation/ amortisation				Net block			
	Upto March 31, 2018	Additions during the year	Sale/ adjustments	Transferred to Asset held for sale	Upto March 31, 2019	For the year Continuing Operations	For the year Discontinued Operations	Sale/ adjustments	Transferred to Asset held for sale	Upto March 31, 2019	As at March 31, 2018	As at March 31, 2019
<b>Tangible assets</b>												
Land and site development	0.15	438.07	-	-	438.22	0.56	-	-	-	0.71	437.51	-
Leasehold	8,303.30	1,273.04	-	-	9,576.34	-	-	-	-	0.21	9,576.13	8,303.09
Freehold	3,540.86	31.97	-	-	3,572.83	142.28	-	-	-	1,575.66	1,997.17	2,107.48
Factory and other buildings	16,066.25	201.97	16.45	-	16,251.77	627.96	-	16.45	-	10,019.73	6,232.04	6,658.03
Plant and equipment	202.42	16.37	-	-	218.79	13.79	-	-	-	146.24	72.55	69.97
Furniture, fixtures	255.50	42.87	0.89	-	297.48	18.64	-	0.89	-	220.79	76.69	52.46
Office equipment	62.50	-	-	-	62.50	-	-	-	-	59.89	2.61	2.61
Leasehold improvements	206.55	59.00	11.36	-	254.19	29.61	-	5.56	-	105.26	148.93	125.34
Vehicles and cycles												
<b>Total tangible assets</b>	<b>28,637.53</b>	<b>2,063.29</b>	<b>28.70</b>	-	<b>30,672.12</b>	<b>832.84</b>	-	<b>22.90</b>	-	<b>12,128.49</b>	<b>18,543.63</b>	<b>17,318.98</b>
<b>Intangible assets</b>												
Computer software / license fees	244.32	8.08	-	-	252.40	7.13	-	-	-	242.78	9.62	8.67
<b>Total intangible assets</b>	<b>244.32</b>	<b>8.08</b>	-	-	<b>252.40</b>	<b>7.13</b>	-	-	-	<b>242.78</b>	<b>9.62</b>	<b>8.67</b>
<b>Total</b>	<b>28,881.85</b>	<b>2,071.37</b>	<b>28.70</b>	-	<b>30,924.52</b>	<b>839.97</b>	-	<b>22.90</b>	-	<b>12,371.27</b>	<b>18,553.25</b>	<b>17,327.65</b>
Capital work in progress											1,025.24	1,093.32

### Notes :

- Land includes provision for site restoration w.r.t. mining land used by the Company for clay business amounting to ₹ 1,554 lacs (2018-19: ₹ 1,554) in view of amendment in Accounting Standard 10 - "Property, Plant and Equipment" issued by ICAI. The value of the obligation was assessed based on the present value of future obligation as on 1 April 2016.
- Additions to plant and machinery include additions to research and development assets amounting to ₹ Nil (2018-19: ₹ 44.24 lacs) and depreciation charge for the year includes ₹ 52.41 lacs (2018-19: ₹ 57.19 lacs) on account of research and development assets.
- Additions to factory and other buildings includes ₹ Nil (2018-19: ₹ 5.63 lacs) and additions to plant and machinery includes ₹ Nil (2018-19: ₹ 8.83 lacs) on account of capitalisation of foreign exchange fluctuation of long term borrowings.
- Depreciation for the year on assets held for sale (Shimoga Unit) is ₹ Nil (Previous year: ₹ 49.23 lacs).

**13 NON CURRENT INVESTMENT**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Trade investments (valued at cost unless otherwise stated)</b>		
Investment in equity	5.00	5.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

**Details of trade investments (unquoted)**

Name of the body corporate	Number of shares		Face value (₹)	Partly paid/ Fully paid	Amount (₹ in Lacs)	Amount (₹ in Lacs)
1	2	3	4	5	6	
	As at March 31, 2020	As at March 31, 2019			As at March 31, 2020	As at March 31, 2019
<b>Equity</b>						
Kerala Enviro Infrastructures Limited	50,000	50,000	10	Fully paid	5.00	5.00
	<b>50,000</b>	<b>50,000</b>			<b>5.00</b>	<b>5.00</b>

**14 LONG TERM LOANS AND ADVANCES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good</b>		
Capital advances	84.02	195.03
Security deposits	226.82	235.43
Loans and advances to related parties (note a)	2.00	2.00
<b>Other loans and advances</b>		
- Duty / taxes paid under protest recoverable (also refer note 40.2)	17.48	22.50
- Balances with tax authorities	1,839.43	1,213.70
- Others (refer note b)	88.84	334.43
<b>Total</b>	<b>2,258.59</b>	<b>2,003.09</b>

**Note:**

- a) Amounts due from related parties:
- Bharat Starch Products Private Limited 2.00 2.00
- b) Others includes the excess of plan asset over present value of gratuity obligation of ₹ 65.45 lacs (2018-19 : ₹ 312.70 lacs).

**15 OTHER NON CURRENT ASSETS**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Margin money deposits (note a)	15.58	2.47
<b>Total</b>	<b>15.58</b>	<b>2.47</b>

**Note:**

- a) Margin money deposits are under lien with banks for issuance of bank guarantee and letter of credit.

**16 INVENTORIES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	617.16	334.14
Work in progress*	81.85	72.50
Finished goods#	757.80	925.50
Stores and spares	605.46	773.11
<b>Total</b>	<b>2,062.27</b>	<b>2,105.25</b>

\* Includes by-products and others of ₹ 1.24 lacs (2018-19 ₹ 2.21 lacs).

# Includes by-products of ₹ 20.37 lacs (2018-19 ₹ 28.22 lacs) and traded goods of clay products of ₹ 30.18 lacs (2018-19 ₹ 83.33 lacs).

**17 TRADE RECEIVABLES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Secured, considered good	208.52	54.31
Unsecured, considered good	2,353.96	2,538.74
	<b>2,562.48</b>	<b>2,593.05</b>
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	14.51	66.78
Unsecured, considered doubtful	336.71	285.30
Less: Provision for doubtful debts	(336.71)	(285.30)
	<b>14.51</b>	<b>66.78</b>
<b>Total</b>	<b>2,576.99</b>	<b>2,659.83</b>

**18 CASH AND BANK BALANCES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalents</b>		
Cash on hand	7.82	8.14
<b>Bank balances</b>		
- in current accounts	14.18	23.44
- in deposits with maturity of less than three months	-	1,900.00
	<b>22.00</b>	<b>1,931.58</b>
<b>Other bank balances</b>		
Margin money deposits	-	11.98
Unpaid dividend accounts	21.48	21.28
	<b>21.48</b>	<b>33.26</b>
<b>Total</b>	<b>43.48</b>	<b>1,964.84</b>

**19 SHORT TERM LOANS AND ADVANCES**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good</b>		
Advances to vendors	85.09	62.29
Loans and advances to related parties	-	3.29
Balances with tax authorities	696.96	1,406.42
Prepaid expenses	60.91	84.21
Others	250.98	104.85
<b>Total</b>	<b>1,093.94</b>	<b>1,661.06</b>

**20 OTHER CURRENT ASSETS**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good</b>		
Fixed assets held for sale(at lower of cost and net realisable value)(note a)	4,401.52	2,482.82
Interest receivable	-	13.01
<b>Total</b>	<b>4,401.52</b>	<b>2,495.83</b>

**Note:**

- a) Fixed assets held for sale represent land and buildings of gross book value ₹ 4,810.04 lacs (2018-19: ₹ 2,881.88 lacs) and net book value ₹ 4,401.52 lacs (2018-19: ₹ 2,482.82 lacs) located at Shimoga and Cuddalore unit, which management intends to divest within the next 12 months at amounts equal to or exceeding the asset carrying values at the respective Balance Sheet dates.

**21 REVENUE FROM OPERATIONS**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	20,202.06	27,059.44
Other operating revenues		
- Sale of scrap	24.75	54.52
<b>Total</b>	<b>20,226.81</b>	<b>27,113.96</b>

**Details of products sold**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Clay products	19,747.50	25,834.43
By-products and others	479.31	1,279.53
<b>Total</b>	<b>20,226.81</b>	<b>27,113.96</b>



**22 OTHER INCOME**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on deposits (gross)* [tax deducted at source of ₹ 10.06 lacs (2018-19: ₹ 3.21 lacs)]	142.41	32.10
Liabilities no longer required written back	1.80	-
Service charges	105.52	130.54
Exchange fluctuation (net)	33.93	33.86
Miscellaneous income	32.70	10.09
<b>Total</b>	<b>316.36</b>	<b>206.59</b>

\* Includes ₹ 52.67 lacs being interest on income tax refund received during the year

**23 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Opening stock</b>		
Finished goods	925.50	1,550.34
Work in progress	72.50	99.00
<b>Total</b>	<b>998.00</b>	<b>1,649.34</b>
<b>Closing stock</b>		
Finished goods	757.80	925.50
Work in progress	81.85	72.50
<b>Total</b>	<b>839.65</b>	<b>998.00</b>
<b>Changes in inventories of finished goods, work in progress and stock in trade</b>	<b>158.35</b>	<b>651.34</b>

**Details of inventory:**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	As at March 31, 2019
<b>Finished goods</b>		
Clay products	737.43	897.28
By-products	20.37	28.22
<b>Total</b>	<b>757.80</b>	<b>925.50</b>
<b>Work in progress</b>		
Clay products	80.61	70.29
By-products	1.24	2.21
<b>Total</b>	<b>81.85</b>	<b>72.50</b>

**24 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus (note b)	3,479.91	4,255.01
Contribution to provident and other funds	160.31	171.91
Gratuity expense (note a)	(2.74)	(1.06)
Staff welfare expenses	263.92	302.62
	<b>3,901.40</b>	<b>4,728.48</b>
Less: Amount capitalised during the year	118.60	205.51
<b>Total</b>	<b>3,782.80</b>	<b>4,522.97</b>

**Notes:**

- a) Gratuity expenses is netted off with income on trust fund amounting to ₹ 107.55 lacs (2018-19: ₹ 107.25 lacs).  
b) Employee benefit expenses includes research and development expenses (also refer note 41).

**25 FINANCE COSTS**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense		
- On fixed period loans	235.25	143.25
- Others (Note a)	480.52	453.71
<b>Total</b>	<b>715.77</b>	<b>596.96</b>

**Note:**

- a. Includes ₹ 102.68 lacs (2018-19: ₹ 157.56 lacs) towards finance charges for the year on the site restoration cost provided based on present value of future obligation.

**26 OTHER EXPENSES**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Manufacturing expenses</b>		
Stores consumed	255.30	461.51
Power and fuel	5,251.78	7,040.85
Repairs and maintenance		
- Plant and machinery	575.46	886.82
- Factory buildings	52.84	156.17
- Others	103.82	165.62
Other manufacturing expenses	405.02	703.19
Less : Amount adjusted against site restoration obligation	-	(13.77)
Royalty	81.83	194.46
<b>Total (A)</b>	<b>6,726.05</b>	<b>9,594.85</b>

(₹ in Lacs)

Particulars	Year ended	
	March 31, 2020	March 31, 2019
<b>Administration expenses</b>		
Rent	226.63	260.54
Rates and taxes	74.04	45.34
Insurance	20.99	20.69
Directors' sitting fees	19.65	19.25
Office and other expenses (note a)	213.82	379.49
Legal and professional expenses	127.58	176.40
Security service charges	157.69	152.51
Payment to auditors (note 30)	38.00	45.60
Travelling and conveyance	135.43	193.60
Charity and donation	13.73	49.12
Bad debts/advances written off (net)	2.91	-
Provisions for doubtful debts/advances	51.41	26.90
Bank charges	35.37	26.89
Loss on sale/write off of fixed assets	20.03	1.40
Corporate Social Responsibility (CSR) Expenses (note b)	55.81	62.12
<b>Total (B)</b>	<b>1,193.09</b>	<b>1,459.85</b>
<b>Selling and distribution expenses</b>		
Packing and forwarding expenses	552.50	779.02
Commission to selling agents and others	65.12	70.80
Rebates and discount	46.84	51.13
Other selling expenses	301.24	355.61
<b>Total (C)</b>	<b>965.70</b>	<b>1,256.56</b>
<b>Total (A + B + C)</b>	<b>8,884.84</b>	<b>12,311.26</b>

**Note:**

- a) Office and other expenses includes research and development expenses (note 41).  
b) As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas of CSR activities are rain water harvesting, supply of water and promoting education to villagers. The funds were primarily allocated and utilised for the activities which are specified in Schedule VII of the Companies Act, 2013.

(₹ in Lacs)

Particulars	Year ended March 31, 2020	
	Paid in cash	Yet to be paid in cash
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	55.81	-
<b>Total of (i) and (ii)</b>	<b>55.81</b>	<b>-</b>

(₹ in Lacs)

Particulars	Year ended March 31, 2020	
	Paid in cash	Yet to be paid in cash
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	62.12	-
<b>Total of (i) and (ii)</b>	<b>62.12</b>	<b>-</b>

## 27 EXCEPTIONAL ITEMS

**27.1** The Company has incurred ₹ 563.05 lacs on the pre-operative expenditure since inception of its calcined clay project planned at Cuddalore, Tamil Nadu which has been abandoned due to uncertainty on availability of raw materials. The amount so incurred on pre-operative expenditure has been charged to profit and loss account for the year and shown as an exceptional item and the Land and building aggregating to ₹ 1,928.16 lacs have been retired from their proposed use and the Board has decided to find an active buyer for the same, accordingly, these assets have been classified as held for sale in Note 20 to the financial statements.

**27.2** The Company during the Financial Year ended 31 March 2019 had made a payment of Penalty of ₹136.30 lacs, as directed by Hon'ble High Court of Kerala, to comply with all conditions / directions relating to the environment clearance matter.

## 28 DISCONTINUING OPERATIONS

During 2017-18 management decided to sell certain assets of the Shimoga undertaking to a company as per Assets Transfer agreement dated 21 February 2018, consequent to which physical transfer of movable assets took place during the previous year and immovable assets were shown under Assets held for sale. The operation of Shimoga unit were discontinued w.e.f September 2018.

### 28.1 Discontinuing operations

**i. The following statement shows the revenue and expenses of continuing and discontinuing operations.** (₹ in Lacs)

Particulars	Continuing Operations		Discontinuing Operations		Total	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>INCOME</b>						
Revenue from operations	20,226.81	27,113.96	-	895.03	20,226.81	28,008.99
Other income	316.36	206.59	-	3.04	316.36	209.63
<b>Total income</b>	<b>20,543.17</b>	<b>27,320.55</b>	<b>-</b>	<b>898.07</b>	<b>20,543.17</b>	<b>28,218.62</b>
<b>EXPENSES</b>						
Cost of materials consumed	5,651.59	5,782.57	-	442.09	5,651.59	6,224.66
Purchase of traded goods	1,868.96	477.82	-	-	1,868.96	477.82
Changes in inventories of finished goods, work in progress and stock in trade	158.35	651.34	-	205.50	158.35	856.84
Employee benefits expense	3,782.80	4,522.97	-	63.65	3,782.80	4,586.62
Finance costs	715.77	596.96	-	-	715.77	596.96
Depreciation and amortisation expense	867.23	839.97	-	49.23	867.23	889.20
Other expenses	8,884.84	12,311.26	-	233.22	8,884.84	12,544.48
<b>Total expenses</b>	<b>21,929.54</b>	<b>25,182.89</b>	<b>-</b>	<b>993.69</b>	<b>21,929.54</b>	<b>26,176.58</b>
<b>(Loss)/ Profit before tax and exceptional items</b>	<b>(1,386.37)</b>	<b>2,137.66</b>	<b>-</b>	<b>(95.62)</b>	<b>(1,386.37)</b>	<b>2,042.04</b>
Exceptional items	(563.05)	(136.30)	-	-	(563.05)	(136.30)
<b>(Loss)/Profit before tax</b>	<b>(1,949.42)</b>	<b>2,001.36</b>	<b>-</b>	<b>(95.62)</b>	<b>(1,949.42)</b>	<b>1,905.74</b>
Tax expense:						
- Current tax	-	777.23	-	8.69	-	785.92
- Income tax relating to for earlier years	(195.10)	12.92	-	-	(195.10)	12.92
- Deferred tax	(820.19)	(21.05)	-	(42.10)	(820.19)	(63.15)
<b>(Loss)/ Profit for the year</b>	<b>(934.13)</b>	<b>1,232.26</b>	<b>-</b>	<b>(62.21)</b>	<b>(934.13)</b>	<b>1,170.05</b>

## ii. The following statement shows the assets and liabilities of discontinuing operations.

(₹ in Lacs)

Statement of assets and liabilities	March 31, 2020	March 31, 2019
<b>Current assets</b>		
Short term loans and advances	18.74	18.74
Other current assets (fixed assets held for sale)	2,482.81	2,482.81
<b>A. Total current assets</b>	<b>2,501.55</b>	<b>2,501.55</b>
<b>Current liabilities</b>		
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) dues of others	-	-
Other current liabilities	2.21	2.21
Short term provisions	-	-
<b>B. Current liabilities</b>	<b>2.21</b>	<b>2.21</b>
<b>Net Assets (A-B)</b>	<b>2,499.34</b>	<b>2,499.34</b>

## iii. Cash flow statement of discontinuing operations.

(₹ in Lacs)

Statement of Cash Flows for the year ended	March 31, 2020	March 31, 2019
A. Cash flow from operating activities:	-	428.88
B. Cash flow from investing activities:	-	(180.08)
C. Cash flow from financing activities:	-	-
<b>Net cash and cash equivalent generated from discontinuing operations</b>	<b>-</b>	<b>248.80</b>

## 29 EARNINGS PER SHARE

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) <b>Net profit after tax available to equity shareholders</b>		
Net profit for the year	(934.13)	1,170.05
b) Weighted average number of equity shares outstanding for basic and diluted earnings per share	50,276,013	50,276,013
c) Face value per share	2	2
d) Basic and diluted earnings per equity share	(1.86)	2.33

**30 AMOUNT PAID TO AUDITORS**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
For statutory audit	27.00	27.00
For tax audit	3.00	3.00
For GST audit	5.00	10.50
For certification	0.77	2.23
For expenses	2.23	2.87
<b>Total</b>	<b>38.00</b>	<b>45.60</b>

**31 EMPLOYEE BENEFITS**

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

**Defined contribution plans**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employer's contribution to provident fund *	160.31	171.91
Employer's contribution to ESI**	1.25	2.28

\* Included in contribution to provident fund

\*\* Included in staff welfare expenses

**Defined benefit plans**

Company has defined benefit plan in terms of gratuity.

**a. The assumptions used to determine the gratuity and leave encashment benefits obligations are as follows:**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.04%	7.47%
Expected rate of increase in compensation levels	6.00%	8.00%
Rate of return on plan assets	6.04%	7.47%

**b. Reconciliation of opening and closing balances of benefit obligations:**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Projected benefit obligation at the beginning of the year	1127.03	1,106.97
Current service cost	69.97	66.43
Interest cost	84.19	83.69
Benefits paid	(72.75)	(89.92)
Actuarial gain	(60.36)	(40.14)
<b>Projected benefit obligation at the end of the year</b>	<b>1,148.08</b>	<b>1,127.03</b>

**c. Reconciliation of fair value of assets:**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Fair value of plan assets at the beginning of the year	1,439.74	1418.62
Expected return on plan assets	107.55	107.25
Assets Transferred Out/Divestments	(250.00)	-
Benefits paid	(72.75)	(89.92)
Actuarial (loss) / gain on plan assets	(11.01)	3.79
Fair value of plan assets at the end of the year	<b>1,213.53</b>	<b>1,439.74</b>

**d. Gratuity expense recognised in the Statement of Profit and Loss:**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	69.97	66.43
Expected return on plan assets	(107.55)	(107.25)
Interest cost	84.19	83.69
Actuarial (gain) / loss	(49.35)	(43.93)
<b>Total (also refer note 24)</b>	<b>(2.74)</b>	<b>(1.06)</b>

**e. Amounts for the current and previous years are as follows:**

(₹ in Lacs)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
<b>Defined benefit plan-Gratuity</b>					
Defined benefit obligation	(1,148.08)	(1,127.03)	(1,106.97)	(1,498.97)	(1,321.52)
Plan assets*	1,213.53	1,439.74	1,418.62	1,233.10	1,059.56
<b>Surplus / (deficit)</b>	<b>65.45</b>	<b>312.71</b>	<b>311.65</b>	<b>(265.87)</b>	<b>(261.96)</b>
Experience adjustment on plan liabilities	(94.25)	(46.21)	(495.13)	(32.14)	24.72
Experience adjustment on plan assets	(11.01)	3.79	1.01	7.60	5.88

\* Plan assets are maintained with insurance companies in debt and traditional funds.

**32 LEASE COMMITMENTS:**

The Company has entered into leasing arrangements for office buildings and godown for storage of inventory that are cancellable at the option of the Company. Rent expense on account of cancellable leases for the year ended 31 March 2020 amounts to ₹ 226.63 lacs (2018-19 : ₹ 260.54 lacs).

The Company has entered into leasing arrangements for Gurugram office on 15 February 2019 for the period of 6 years, out of which the minimum commitment is for 2 years There after the lease can be cancelled at the option of lessee.

The Company has entered into leasing arrangements for godown at Haryana on 20 January 2020 for the period of 5 years, out of which the minimum commitment is for 3 years There after the lease can be cancelled at the option of lessee.

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

(₹ in Lacs)		
<b>Payments falling due:</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Payable not later than 1 year	38.93	17.19
Payable later than 1 year not later than five years	49.06	15.07
	<b>87.99</b>	<b>32.26</b>

### 33 RELATED PARTY TRANSACTIONS

#### i) List of related parties

##### A. Holding Company

DBH International Private Limited

##### B. Associates

**Enterprise over which Key management personnel have significant influence over the company:**

Karun Carpets Private Limited

##### C. Enterprises over which substantial shareholders of the Company and their relatives have significant influence:

Greaves Cotton Limited

Premium Transmission Private Limited

Pembrill Industrial & Engineering Co. Limited

Greaves Leasing Finance Limited

Dee Greaves Limited

Bharat Starch Products Private Limited

Aravali Sports & Cultural Foundation

DBH Consulting Limited

DBH Investments Pvt. Limited

Ampere Vehicles Private Limited

Kaolin India Private Limited

##### D. Key management personnel and their relatives

Mr. Karan Thapar – Chairman

Ms. Devika Thapar (Daughter of Mr. Karan Thapar)

Mr. Karam Thapar (Son of Mr. Karan Thapar)

Mr. Vijay Kishore Sharma - Director ( Upto 13.02.2020)

Mr. T. Balakrishnan - Director

Mr. Vijay Dilbagh Rai - Director

Ms. Shivpriya Nanda - Director

Mr. Joy Kumar Jain - Director (Upto 11.05.2020)

Mr. Suresh Kumar Jain -Executive Director

Mr. Mahendra Kumar Gupta - Chief Financial Officer

Ms. Shalini Chawla - Company Secretary



ii) Particulars	Holding Company				Enterprise over which Key management personnel have significant influence over the company		Enterprises over which substantial shareholders and their relatives have significant influence		Key management personnel and their relatives		Total	
	2019-20		2018-19		2019-20		2018-19		2019-20		2018-19	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Reimbursement of expenses received</b>												
Premium Transmission Private Limited	-	-	-	-	-	-	112.67	113.95	-	-	112.67	113.95
Greaves Cotton Limited	-	-	-	-	-	-	11.85	40.10	-	-	11.85	40.10
<b>Receiving of services</b>												
DBH Consulting Limited	-	-	-	-	-	-	16.41	22.52	-	-	16.41	22.52
<b>Rent paid</b>												
Bharat Starch Products Private Limited	-	-	-	-	-	-	21.24	21.24	-	-	21.24	21.24
<b>Dividend paid on equity shares</b>												
DBH International Private Limited	-	490.13	-	-	-	-	-	-	-	-	-	490.13
Karun Carpets Private Limited	-	-	-	-	-	200.99	-	-	-	-	-	200.99
<b>Director's commission</b>												
Mr. Karan Thapar	-	-	-	-	-	-	-	-	-	-	11.73	11.73
Mr. Vijay Kishore Sharma	-	-	-	-	-	-	-	-	-	-	2.58	2.58
Mr. T. Balakrishnan	-	-	-	-	-	-	-	-	-	-	2.11	2.11
Mr. Vijay Dilbagh Rai	-	-	-	-	-	-	-	-	-	-	2.11	2.11
Ms. Shivpriya Nanda	-	-	-	-	-	-	-	-	-	-	2.11	2.11
Mr. Joy Kumar Jain	-	-	-	-	-	-	-	-	-	-	2.82	2.82
<b>Director's sitting fees</b>												
Mr. Karan Thapar	-	-	-	-	-	-	-	-	2.95	2.95	2.95	2.95
Mr. Vijay Kishore Sharma	-	-	-	-	-	-	-	-	2.70	2.70	2.70	3.30
Mr. T. Balakrishnan	-	-	-	-	-	-	-	-	3.80	3.80	3.80	3.30
Mr. Vijay Dilbagh Rai	-	-	-	-	-	-	-	-	2.75	2.75	2.75	2.25
Ms. Shivpriya Nanda	-	-	-	-	-	-	-	-	3.30	3.30	3.30	3.60
Mr. Joy Kumar Jain	-	-	-	-	-	-	-	-	4.15	4.15	4.15	3.85
<b>Remuneration</b>												
Mr. Suresh Kumar Jain (refer note below)	-	-	-	-	-	-	-	-	105.38	105.38	171.78	171.78
Mr. Mahendra Kumar Gupta (refer note below)	-	-	-	-	-	-	-	-	70.54	70.54	99.00	99.00
Ms. Shalini Chawla (refer note below)	-	-	-	-	-	-	-	-	33.53	33.53	44.79	44.79
<b>Other expenses</b>												
Aravali Sports & Cultural Foundation	-	-	-	-	-	-	-	7.50	-	-	-	7.50

Note - KMP's remuneration includes the employer's contribution of provident fund amounting to ₹ 9.97 lakhs

**33b RELATED PARTY TRANSACTIONS (Cont'd)****iii) Balance outstanding at the year end**

(₹ in Lacs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivable from enterprises over which substantial shareholders and their relatives have significant influence		
Bharat Starch Products Private Limited	2.00	2.00
Premium Transmission Private Limited	7.78	-
Greaves Cotton Limited	-	3.29

**34 DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Clay matrix (note a)	2,251.09	1,776.43
Others (note b)	3,400.50	4,006.14
<b>Total</b>	<b>5,651.59</b>	<b>5,782.57</b>

**Note:**

- a) Clay matrix cost is inclusive of clay mining expenses.  
b) Others include chemicals and packing materials etc.

**35 VALUE OF IMPORTS ON C.I.F BASIS**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw material	1,106.04	661.07
Stores and spare parts	-	3.68
Capital goods	151.11	93.95
<b>Total</b>	<b>1,257.15</b>	<b>758.70</b>

**36 EARNINGS IN FOREIGN EXCHANGE CALCULATED ON F.O.B. BASIS**

(₹ in Lacs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Export of Clay products	2,079.65	2,599.08
	<b>2,079.65</b>	<b>2,599.08</b>

\* Excludes ₹ Nil (FY 2018-19 ₹ 9.92 lacs) relating to discontinued operations.

**37 EXPENDITURE IN FOREIGN CURRENCY**

(₹ in Lacs)

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Commission	36.64	65.65
Travelling	2.97	6.52
Consultancy (see note a)	22.28	22.52
Interest	-	10.45
Others	0.39	4.88
	<b>62.28</b>	<b>110.02</b>

**Note:**

The Company has included a provision of ₹ 5.87 Lacs in consulting fee.

**38.1 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount (US\$)	Amount (₹ in Lacs)	Amount (US\$)	Amount (₹ in Lacs)
Trade receivables	571,077	423.40	432,294	294.61
Trade payables	(97,439)	(72.24)	(35,836)	(24.42)
	<b>473,638</b>	<b>351.16</b>	<b>396,458</b>	<b>270.19</b>

**38.2 PARTICULARS OF HEDGED FOREIGN CURRENCY EXPOSURE**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount (US\$)	Amount (₹ in Lacs)	Amount (US\$)	Amount (₹ in Lacs)
Forward contracts against Trade receivables	-	-	200,000	136.30
	-	-	<b>200,000</b>	<b>136.30</b>

**39 INDIGENOUS AND IMPORTED CONSUMPTION**

Particulars	Indigenous		Imported		Total
	Value (₹ in Lacs)	%	Value (₹ in Lacs)	%	Value (₹ in Lacs)
<b>Raw material(s)</b> (note a)					
2019-20	4,419.32	78.20%	1,232.27	21.80%	5,651.59
2018-19	5,001.82	86.50%	780.75	13.50%	5,782.57
<b>Consumables</b> (note b)					
2019-20	255.30	100.00%	0.00	0.00%	255.30
2018-19	457.82	99.20%	3.68	0.80%	461.50

a) Excludes ₹ Nil (FY 2018-19 ₹ 442.09 lacs) relating to discontinued operations.

b) Excludes ₹ Nil (FY 2018-19 ₹ 0.54 lacs) relating to discontinued operations.

## 40 CONTINGENT LIABILITIES AND LITIGATIONS

### 40.1 Commitments / Contingent liabilities

- i) Estimated amounts of contracts remaining to be executed on capital account (net of advances) ₹ 230.60 lacs (2018-19 : ₹ 763.63 lacs).
- ii) Estimated amount of liability on export obligation remaining to be completed against EPCG scheme and Advance authorisations of ₹ 91.06 lacs (2018-19 : ₹ 26.21 lacs).

### 40.2 Litigations

- i) Excise matters:
  - a) Demands aggregating to ₹ 1,073.70 lacs for the year 2000 to 2004 with respect to using of lubricating oil and transformer oil in the plant and machinery used for manufacture of excisable and as well as exempted goods and cenvat credit of service tax, which was subsequently quashed by the Central Excise and Service Tax Appellate Tribunal (CESTAT), referring the matter back for fresh assessment. The Commissioner, Central Excise, Panchkula instead of fresh adjudication, went into appeal before the Hon'ble High Court at Chandigarh which was dismissed by the Hon'ble High Court. The Commissioner, Panchkula filed a Special Leave Petition before the Hon'ble Supreme Court of India, where the matter is pending for adjudication. Consequently amount deposited under protest amounting to ₹ 17.48 lacs have been considered good and recoverable and no provision for the same has been considered necessary. Further, till the time demands are received by the Company amounts of contingent liabilities, if any, is not ascertainable.
  - b) With respect to classification of maize starch for excise purposes, the Commissioner, Excise raised a demand of ₹ 611.11 lacs, which was set aside by CESTAT. The Commissioner filed an appeal before the Hon'ble Supreme Court of India against the order of CESTAT, where the matter is pending for adjudication.
- ii) With respect to a dispute of lease charges of ₹ 1,204.60 lacs on the lease land at Veli, the Company approached the Hon'ble High Court of Kerala and the Hon'ble High Court has directed the Principal Secretary (Revenue) to make fresh assessment in this matter which is not yet finalized by the relevant authority. However, the Company has filed a review petition before the Secretary (Revenue), Government of Kerala to review the said order and requested to consider that
  - a. the lease rent fixation and the application for renewal of lease submitted by Company has to be considered under the Rules for Lease of Land for Industrial Purposes which has been overlooked or not considered in the said order.
  - b. the lease of the land provided to the Company be extended in accordance with the Rules for Lease of Land in Industrial Development Area and Development of Plots for Industrial Purposes.

The Company is confident that the department will pass order in favour of the Company shortly.

### 40.3 Show cause notice on classification of products

The Company had received a show cause notice on April 9, 2015 from Directorate General of Central Excise Intelligence (DGCEI) dated March 31, 2015 on mis-classification of clay products for which the Company has represented and filed the reply with the authority and a favourable order was passed by the Commissioner of Central Excise and Customs, Trivandrum. Subsequently, the department has filed an appeal against the order of Commissioner, which is currently pending for hearing.

The Department has issued such show cause notices for the subsequent period also and the reply has been filed by the Company giving reference to the disposal of first show cause notice.

## 41 RESEARCH AND DEVELOPMENT EXPENSES

Particulars	(₹ in Lacs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses	73.75	83.78
Office and other expenses	8.53	8.08

## 42 MINING OPERATIONS

The Company holds various mining leases over lands situated in Thonnakkal and Veiloor Villages of Trivandrum (Kerala) and other places. These mining leases were granted over a period of 1994 to 2008. Following the judgment of the Hon'ble High Court of Kerala, the mining activities in both Melthonnakkal and Veiloor Villages had been suspended. The Company during the financial year ended 31 March 2019 had made a payment of Penalty of ₹ 136.30 lacs, being disclosed as exceptional item, as directed by Hon'ble High Court of Kerala, to comply with all conditions / directions relating to the environment clearance matter. Post complying with the directions of the Hon'ble Court, the Company is following up for the Environment Clearance for both the Thonnakkal and Veiloor Villages mines before the mining authorities of Kerala. Besides, the Company also has other mining land at Thonnakkal (AJC) for which all clearance has been received, while for land at other places are at different stages of approvals.

The Company shall be able to resume its mining operations on receipt of such environmental clearances and also consequently achieve full level of production and improved profitability. The Company has been granted Environment Clearance for part of its Thonnakkal Mines and it is confident of securing the aforementioned clearance related to other locations, which has been used as the basis in concluding classification of the underlying land as property, plant and equipment, non-impairment of plant and machinery, and measurement of site restoration obligations.

## 43 GOODS & SERVICE TAX ACCUMULATION ON INPUTS

As per Rule 89(5) of the CGST Rules, the restrictions were imposed on refund only to the extent of goods used for making outward supplies attracting lower rate of GST and effectively denies refund in respect of ITC on input services. The Company has accumulated Input Tax credit of ₹ 1,839.43 lacs as of 31 March 2020 comprising of both goods and services, which have been classified as non-current asset in the financial statements. Such restriction has neither been provided for nor contemplated in the parent provision of Section 54(3). Considering the fact that the rule has been made in excess of what has been provided in the Act, the Company's management is evaluating various legal and administrative options.

## 44 IMPACT OF COVID-19

The operations of the Company were impacted, due to shutdown of its plant and offices following nationwide lockdown by the Government of India due to COVID 19. The Company has resumed operations in a phased manner as per directives from the Government of India from 01 June 2020. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31 March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

## 45 PREVIOUS YEAR FIGURES

Previous year figures have been re-grouped / reclassified, wherever necessary to conform the current year classification.

This is the Summary of significant accounting policies and other explanatory information as referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001076N/N500013

For **and on behalf of the Board of Directors of EICL Limited**

Sd/-  
**Suresh Kumar Jain**  
Executive Director  
DIN : 00003500

Sd/-  
**Vijay D Rai**  
Director  
DIN : 00075837

Sd/-  
**Ashish Gupta** (Membership No.: 504662)  
Partner

Sd/-  
**Mahendra Kumar Gupta**  
Chief Financial Officer

Sd/-  
**Shalini Chawla**  
Company Secretary

**Place** : Gurugram  
**Date** : 12 June 2020

