

Date:- 7th July, 2020

The Manager,
Listing Department,
National Stock Exchange of India Ltd,
Exchange Plaza,
Plot No. – C – 1, G Block,
Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400051

The General Manager,
Department of Corporate Services,
BSE Ltd.,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers,
Dalal Street, Fort,
Mumbai – 400001


The Secretary,
The Calcutta Stock Exchange Ltd,
7, Lyons Range,
Kolkata – 700001

Dear Sir,

Sub:- Regulation 34 – Electronic copy of the Notice of the 59th Annual General Meeting and Annual Report of the Company for the financial year 2019 – 2020

Pursuant to Regulations 30 and 34 of the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 and further to our letter dated 29th June, 2020 regarding, inter alia, convening of the 59th Annual General Meeting (“AGM”) of the Company on Thursday, the 30th day of July, 2020 through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) facility, please find enclosed the electronic copy of the Notice of the 59th AGM and the Annual Report of the Company for the financial year ended 31st March, 2020, being sent by email to those Members whose email addresses are registered with the Company / Company’s Registrar and Share Transfer Agent (“RTA”) / Depository Participant(s) (“Depository”). The requirements of sending physical copy of the Notice of the 59th AGM and the Annual Report to the Members of the Company have been dispensed with vide MCA Circulars and SEBI Circular. The Notice of the 59th AGM and the Annual Report are also being uploaded on the website of the Company at www.pcblltd.com.

Also, further to the publication of the Newspaper Advertisements regarding the 59th AGM of the Company through VC/OAVM facility which was submitted to the Stock Exchanges vide our letter dated 30th June, 2020, Members of the Company holding shares in physical form who have not registered their email addresses with the Company / Company’s RTA / Depository, can obtain Notice of the 59th AGM of the Company along with the Annual Report for the financial year ended 31st March, 2020 and / or login details for joining the 59th AGM of the Company through VC /OAVM facility including e-voting, by sending scanned copy of the signed request letter mentioning Name, Folio Number and Complete Address, self attested scanned copy of the PAN Card and self attested scanned copy of any document (such as

 **Phillips Carbon Black Limited**
Corporate Office
RPSG House, 2/4 Judges Court Road,
4th Floor, Kolkata - 700 027, India.
T: +91 33 4087 0500/ 0600

Phillips Carbon Black Limited
Registered Office
Duncan House, 31 Netaji Subhas Road, Kolkata - 700001, India
T: +91 33 6625 1461-64. Fax: +91 33 2248 0140/ 2243 6681
E-mail: pcb1@rpsg.in. U: www.pcblltd.com
CIN: L23109WB1960PLCO24602

Aadhar Card, Driving License, Voter Identity Card, Passport) in support of the address of the Member as registered with the Company by email to the Company's RTA's email i.d., viz. kolkata@linkintime.co.in or Company's email i.d., viz. pcbl.investor@rpsg.in . Members holding shares in dematerialized form are requested to update their email addresses with their respective Depositories.

Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), the Company has fixed 23rd July, 2020 as the cut-off date to determine the eligibility of the Members to cast their votes by electronic means and e-Voting during the 59th AGM scheduled to be held on Thursday, the 30th day of July, 2020 through VC/OAVM facility.

You are requested to take the afore-mentioned information on record and oblige.

Thanking You,

Yours faithfully,
For **PHILLIPS CARBON BLACK LIMITED**


K. Mukherjee
Company Secretary & Chief Legal Officer

Encl: Notice of the 59th AGM Notice and the Annual Report of the Company for FY 2019-2020



Phillips Carbon Black Limited

CIN: L23109WB1960PLC024602

Regd. Office: 31, Netaji Subhas Road, Kolkata - 700 001

Tel: (033)-6625-1443; Fax: 033-2248-0140/2243-6681

E-mail: pcbl@rpsg.in; Website: www.pcblltd.com

Notice to the Members

Notice is hereby given that the fifty-ninth Annual General Meeting (AGM) of the Members of Phillips Carbon Black Limited will be held on Thursday, the 30th day of July, 2020 at 10:30 A.M., Indian Standard Time ("IST"), through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") facility to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2020 including Consolidated Audited Financial Statements for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend @ 350%, (i.e. ₹7/- per equity share of ₹2/- each), which includes a Special Dividend @175%, on the occasion of Diamond Jubilee year of the Company, already paid for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Dr. Sanjiv Goenka (holding DIN 00074796), who retires by rotation and being eligible, offers himself for re-appointment.

Registered Office

31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata

Date: 23rd June, 2020

SPECIAL BUSINESS:

To consider, and if thought fit, to pass with or without modification(s) the following Resolution:

4. (As an Ordinary Resolution)

"Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Shome & Banerjee, Cost Accountants, (Firm Registration No 000001), appointed as the Cost Auditors by the Board of Directors of the Company ("the Board") for the financial year ending 31st March, 2021 to conduct cost audits relating to cost records of the Company and that the Cost Auditors be paid a remuneration of ₹4,50,000/- (Rupees Four Lacs Fifty Thousand only) plus applicable taxes.

Resolved further that, the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ("the Act") setting out material facts relating to Special Business to be transacted at the Annual General Meeting is annexed hereto. The Board of Directors of the Company at its Meeting held on 23rd June, 2020 considered that the special business under Item No. 4, being considered unavoidable, be transacted at the 59th AGM of the Company.
2. **General instruction for accessing and participating in the 59th AGM through Video Conferencing (VC)/ Other Audio Visual Means (OVAM) facility.**
 - A. i. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to the General Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("the SEBI Listing Regulations"), the 59th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 59th AGM shall be the Corporate Office of the Company situated at 2/4 Judges Court Road, Alipore, Kolkata - 700027, Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the Meeting through VC/OAVM is annexed herewith (Refer Serial No. 24).
 - ii) **VC/OAVM – Major Guidelines:**
 - a.) Members are requested to join the Fifty-ninth Annual General Meeting (AGM) through VC/OAVM mode not later than 10.15 am IST by clicking on the link <https://www.evoting.nsdl.com> under Members login, where the EVEN of the Company will be displayed, by using the Remote E-Voting credentials and following the procedures mentioned later in these Notes (Refer Serial No. – 24). Facility for joining the VC/OAVM shall be kept open for the Members from 10.00 a.m. IST and may be closed at 10:45 a.m. IST or thereafter.
 - b.) The facility of participation at the AGM will be made available for 1000 members on a first-cum-first-served basis.
 - c.) (i) Members are requested to express their views/send their queries in advance mentioning their name, DP ID and Client ID number /Folio No., email ID, mobile no. at pcbl.agm2020@rpsg.in till 4 p.m. (IST) on Tuesday, 28th July, 2020.
 - (ii) Members who would like to ask questions during the Fifty-ninth AGM of the Company need to register themselves as a speaker by sending their requests preferably along with their questions mentioning their name, DP ID and Client ID number/folio number, email id, mobile number, to the Company's email address at pcbl.agm2020@rpsg.in latest by 4 p.m. (IST) on Tuesday, 28th July, 2020.
 - d.) When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/camera along with good internet speed.
 - e.) The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
 - B. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement for the appointment of proxies. Accordingly, the facility to appoint proxies to attend and cast vote for the Members is not available for this AGM. However, in pursuance of Section 113 of the Act, the Body Corporates are entitled to appoint their authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting during the 59th AGM of the Company.
 - C. In line with the MCA Circulars and SEBI Circular, the Notice of the 59th AGM of the Company has been uploaded on the website of the Company at www.pcbltd.com. The Notice can also be accessed from the websites of the Stock Exchanges, namely, National Stock Exchange (NSE) at www.nseindia.com, Bombay Stock Exchange (BSE) at www.bseindia.com and Calcutta Stock Exchange (CSE) at www.cse-india.com respectively and the AGM Notice is also on the website of NSDL (Agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com.
 - D. Since the AGM will be held through VC / OAVM facility, the Route Map is not annexed to this Notice.
 - E. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e – Voting, for participation in the 59th AGM through VC/ OAVM facility and e- Voting during the 59th AGM.
 - F. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 - G. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI Listing Regulations, Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and the Circulars issued by the Ministry of Corporate Affairs 8th April, 2020, 13th April, 2020 and 5th May, 2020, the Company is providing

facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

- H. The 59th AGM of the Company shall be convened through VC/OAVM in compliance with applicable provisions of the Act read with all the applicable MCA Circulars.
3. The business set out in the Notice will be transacted through remote electronic voting system and the Company is providing facility for voting by remote electronic means. Instructions and other information relating to E-voting are given in the Notice under Note No. 24.
 4. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of the physical copies of the Notice of the 59th AGM and the Annual Report of the Company for the financial year ended 31st March, 2020 including therein the Audited Financial Statements for the year 2019-2020, the afore-mentioned documents are being sent only by email to the Members. Therefore, Members whose email addresses are not registered with the Company or with their Registrar and Share Transfer Agent (RTA) or with their respective Depository Participant/s (DPs), and who wish to receive the Notice of the 59th AGM of the Company along with the Annual Report for the 2019-2020 and all other communications from time to time, can get their email addresses registered by following the steps as mentioned herein below:-
 - a. For Members holding shares in physical form, please send a scanned copy of the signed request letter mentioning your Folio Number, complete address, email address to be registered along with scanned self attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the RTA's email address – kolkata@linkintime.co.in.
 - b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant(s).
 5. The Notice of the 59th Annual General Meeting of the Company and the Annual Report for the financial year 2019-2020 inter alia indicating the process and manner of e-voting will be available on the Company's website at www.pcblltd.com, the websites of the Stock Exchanges, namely, NSE, BSE, and CSE respectively and also on the website of NSDL at www.evoting.nsdl.com for their download.

Taking into account the COVID-19 scenario, it is encouraged by the Company for its Members to view the Full version of the AGM Notice along with the Annual Report of the Company for the Financial Year 2019-20 in electronic mode from the website of the Company, viz., www.pcblltd.com.

However, the copies of the aforesaid documents will also be

available for inspection in the "Investor Relations" segment in the website of the Company at www.pcblltd.com.

6. The Register of Members and Share Transfer Books of the Company shall remain closed from the 24th day of July, 2020 to the 30th day of July, 2020 (both days inclusive).
7. An interim dividend @ 350% (i.e. ₹7/- per equity share of ₹2/- each), which includes a Special Dividend @175% on the occasion of Diamond Jubilee year of the Company, was declared at the Meeting of the Board of Directors of the Company held on 13th February, 2020 to those Members whose names appeared on the Company's Register of Members, or appeared as beneficial owners at the close of business on 26th February, 2020 ('Record Date') and the same was paid on and from 2nd March, 2020.
8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend as and when declared. The Company or its Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the respective Depository Participants of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend(s) are requested to write to the Company.
9. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules') the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹18,36,432/- being the unpaid and unclaimed dividend amount pertaining to the Final Dividend for the Financial Year 2011-2012 on 1st October, 2019.
10. The Company has been sending reminders to Members having unpaid / unclaimed dividend before transfer of such dividend(s) to IEPF. Details of the unpaid / unclaimed dividend are also uploaded as per the requirements, under "Investors Relations" section on the Company's website viz. www.pcblltd.com. Members, who have not yet encashed their dividend pertaining to the Final Dividend for Financial Year 2012-13 are advised to write to the Company immediately claiming dividends declared by the Company. The Final Dividend for the Financial Year 2012-2013 is due to be transferred to the IEPF Fund immediately after 30th August, 2020. In case valid claim is not received by that date, the Company will also proceed to transfer the respective shares to the Demat Account of the IEPF Authority ('IEPF Account') in terms of the IEPF Rules by following the prescribed procedure.
11. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to

the designated Demat Account of the IEPF Authority ('IEPF Account') within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company transferred 1,39,287 Equity shares of the face value of ₹2/- each to the IEPF Account pertaining to the Financial Year 2011-12, on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 28th November, 2019 after following the prescribed procedure. In this regard, the Company has individually informed the Members concerned and also published notice in the newspapers as per the IEPF Rules. The details of such Members and shares transferred for the Financial Year 2011-12 are uploaded in the "Investors Relations" Section of the website of the Company viz. www.pcblltd.com.

12. Dividend and corresponding shares, as stated in Points 10 and 11 above, once transferred to IEPF by the Company, may be claimed only from the IEPF Authority by following the procedure prescribed under the IEPF Rules.

Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer is the Nodal Officer of the Company for the purpose of verification of such claims.

13. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the website of the Company www.pcblltd.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Link Intime India Private Limited in case the shares are held in physical form.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Account No. by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN and Bank Account No. to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and Bank Account details to the Registrar and Share Transfer Agent/ Secretarial Department of the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor (s) shall furnish a copy as the transferor (s) shall furnish a copy of their PAN CARD to the Company.
15. In terms of the SEBI Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April, 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.
16. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A Consolidated share certificate will be returned to such members after making requisite changes thereon.

17. Non-resident Indian Members are requested to inform Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, immediately of:

- Change in their residential status on return to India for permanent settlement.
- Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

18. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/ Depositories for receiving all communications including Annual Reports, Notices, Circulars etc. from the Company electronically.
19. Electronic copies of all the documents referred to in the accompanying Notice of the 59th AGM of the Company and the Explanatory Statement shall be available for inspection in the "Investor Relations" section of the website of the Company at www.pcblltd.com.
20. During the 59th AGM, Members may access the scanned copies of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and the Memorandum and Articles of Association of the Company, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.
21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are advised not to leave their demat account(s) dormant for long. Periodic Statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
22. Details as required in sub-regulation (3) of Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI in respect of the Director seeking re-appointment at the Annual General Meeting, forms an integral part of the Notice. Requisite declarations has been received from the Director for seeking re-appointment.
23. At the 56th AGM held on 21st September, 2017, the Members approved the appointment of M/s. S R Batliboi and Co. LLP, as the Statutory Auditors of the Company having Registration No. 301003E/E300005, for an initial term of five consecutive years i.e. from the conclusion of the 56th AGM till the conclusion of the 61st AGM of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM of the Company. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the 59th

AGM.

24. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND ATTENDING AGM THROUGH VC/OAVM ARE AS UNDER:-

- i) The remote e-Voting period begins on the 27th day of July, 2020 at 9:00 A.M (IST) and ends on the 29th day of July, 2020 at 5:00 P.M (IST). During this period, Members of the Company, holding shares in the physical or dematerialized form, as on the cut-off date of Thursday, the 23rd day of July, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- ii) A person who is not a Member as on the cut-off date should treat this Notice of the 59th AGM for information purpose only.

A. How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>.

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Members' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 113068 then user ID is 113068001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, then please follow the steps as mentioned in Point No. – 4 above of the AGM Notice inter alia, containing the detailed instructions for the same. in Members
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

B. Process for those Members whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to kolkata@linkintime.co.in or the Company’s email id – pcbl.investor@rpsg.in.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to kolkata@linkintime.co.in or the Company’s email id – pcbl.investor@rpsg.in.

2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

C. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

D. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER [In addition to Note No. 2A (ii)]:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 59th AGM of the Company through VC/OAVM Facility.

General Guidelines for shareholders

- i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to akroyco@yahoo.co.in with a copy marked to evoting@nsdl.co.in.
- ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled

upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at or contact Mr. Amit Vishal, Senior Manager/Ms. Pallavi Mhatre, Manager, NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 at telephone no. 022- 24994360/022 24994545 or at E-mail id evoting@nsdl.co.in.

- iii) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, the 23rd day of July, 2020.
 - iv) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Thursday, the 23rd day of July, 2020 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kolkata@linkintime.co.in.
 - v) However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
 - vi) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the Meeting.
 - vii) Pursuant to the provision of Section 108 of the Act read with rules thereof, Mr. Anjan Kumar Roy, Practicing Company Secretary, (Membership No. FCS 5684) has been appointed as the Scrutinizer to scrutinize the Remote e-Voting process and casting vote through the e-Voting system during the Meeting in a fair and transparent manner.
 - viii) During the 59th AGM of the Company, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 59th AGM, formally propose to the Members participating through VC/OAVM facility to vote on the Resolutions as set out in the Notice of the 59th AGM of the Company and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast their votes, the e-Voting will be closed with the formal announcement of the closure of the 59th AGM of the Company.
 - ix) The Scrutinizer shall after the conclusion of e-Voting at the 59th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting system and shall make a consolidated Scrutinizer's Report.
 - x) The Results of voting will be declared within 48 hours from the conclusion of AGM. The declared results along with the Scrutinizer's Report will be available forthwith on the website of the Company www.pcblltd.com and on the website of NSDL. Such results will also be displayed on the Notice Board at the Registered Office as well as the Corporate Office of the Company and shall be forwarded to the National Stock Exchange of India Limited, BSE Limited and Calcutta Stock Exchange Limited.
25. Members desiring any information relating to the accounts are requested to write to the Company at the e-mail i.d. pcb.l.agm2020@rpsg.in latest by Tuesday, 28th July, 2020 by 4 P.M. (IST) so that the Company can reply accordingly.

Registered Office
31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata
Date: 23rd June, 2020

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 4

The Board of Directors, on the recommendation of the Audit Committee, has approved at their Meeting held on 23rd June, 2020, the appointment and remuneration of M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2021 at a remuneration of ₹4,50,000/- (Rupees four Lakhs fifty thousand only) plus applicable taxes.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out under Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

None of the Directors, Key Managerial Personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid Resolution. The Board recommends the passing of the Resolution as set out under Item No. 4 of the Notice for approval by the Members of the Company.

II. DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI LISTING REGULATIONS AND APPLICABLE SECRETARIAL STANDARDS 2 BY ICSI:

(I) RE-APPOINTMENT OF DR. SANJIV GOENKA (ITEM NO. 3)

Dr. Sanjiv Goenka is the Chairman of the Company and also of ₹44,000 Crores RP Sanjiv Goenka Group which has over 45,000 employees and over five hundred thousand shareholders with annual revenues of more than ₹26,000 Crores.

Dr. Goenka was the youngest-ever President of the Confederation of Indian Industry (CII) and of the Indian Chamber of Commerce. He

is also former President of the All India Management Association. He is presently the Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur. This is the fourth time Dr. Goenka has been bestowed this honour. Dr. Goenka is also the Chairman of the Board of Governors of International Management Institute, Delhi, Bhubaneswar and Kolkata.

Dr. Goenka is aged 59 years and is a Commerce Graduate from St. Xavier's College, Kolkata. Dr. Sanjiv Goenka has received numerous awards and three Honorary Doctoral Degrees.

Dr. Goenka is on the Boards of CESC Limited, Saregama India Limited, Firstsource Solutions Limited, CESC Ventures Limited, Spencer International Hotels Limited, Haldia Energy Limited, Spencer and Company Limited and Spencer's Retail Limited.

Dr. Goenka is a Member of the Audit Committee of CESC Limited, CESC Ventures Limited, Chairman of the Stakeholders Relationship Committee of CESC Limited, Saregama India Limited, CESC Ventures Limited and Spencer's Retail Limited, Chairman of the CSR Committee of CESC Limited and Spencer's Retail Limited and Member of Nomination and Remuneration Committee of CESC Limited, CESC Ventures Limited and Spencer's Retail Limited. Dr. Goenka does not hold by himself or for any other person in any manner, any shares in the Company. He is not related to any other director of the Company except Mrs. Preeti Goenka and Mr. Shashwat Goenka.

The Board recommends the Resolution in relation to his re-appointment as a Director, for the approval by the Members of the Company.

Except Dr. Goenka being the appointee and Mrs. Preeti Goenka and Mr. Shashwat Goenka, being related to Dr. Sanjiv Goenka, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise, in the Resolution as set out at Item No. 3 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) of ICSI.

Registered Office

31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata
Date: 23rd June, 2020

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

Date:- 7th July, 2020

The Manager,
Listing Department,
National Stock Exchange of India Ltd,
Exchange Plaza,
Plot No. – C – 1, G Block,
Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400051

The General Manager,
Department of Corporate Services,
BSE Ltd.,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers,
Dalal Street, Fort,
Mumbai – 400001


The Secretary,
The Calcutta Stock Exchange Ltd,
7, Lyons Range,
Kolkata – 700001

Dear Sir,

Sub:- Regulation 34 – Electronic copy of the Notice of the 59th Annual General Meeting and Annual Report of the Company for the financial year 2019 – 2020

Pursuant to Regulations 30 and 34 of the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 and further to our letter dated 29th June, 2020 regarding, inter alia, convening of the 59th Annual General Meeting (“AGM”) of the Company on Thursday, the 30th day of July, 2020 through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) facility, please find enclosed the electronic copy of the Notice of the 59th AGM and the Annual Report of the Company for the financial year ended 31st March, 2020, being sent by email to those Members whose email addresses are registered with the Company / Company’s Registrar and Share Transfer Agent (“RTA”) / Depository Participant(s) (“Depository”). The requirements of sending physical copy of the Notice of the 59th AGM and the Annual Report to the Members of the Company have been dispensed with vide MCA Circulars and SEBI Circular. The Notice of the 59th AGM and the Annual Report are also being uploaded on the website of the Company at www.pcblltd.com.

Also, further to the publication of the Newspaper Advertisements regarding the 59th AGM of the Company through VC/OAVM facility which was submitted to the Stock Exchanges vide our letter dated 30th June, 2020, Members of the Company holding shares in physical form who have not registered their email addresses with the Company / Company’s RTA / Depository, can obtain Notice of the 59th AGM of the Company along with the Annual Report for the financial year ended 31st March, 2020 and / or login details for joining the 59th AGM of the Company through VC /OAVM facility including e-voting, by sending scanned copy of the signed request letter mentioning Name, Folio Number and Complete Address, self attested scanned copy of the PAN Card and self attested scanned copy of any document (such as

 Phillips Carbon Black Limited
Corporate Office
RPSG House, 2/4 Judges Court Road,
4th Floor, Kolkata - 700 027, India.
T: +91 33 4087 0500/ 0600

Phillips Carbon Black Limited
Registered Office
Duncan House, 31 Netaji Subhas Road, Kolkata - 700001, India
T: +91 33 6625 1461-64. Fax: +91 33 2248 0140/ 2243 6681
E-mail: pcb1@rpsg.in. U: www.pcblltd.com
CIN: L23109WB1960PLCO24602

Aadhar Card, Driving License, Voter Identity Card, Passport) in support of the address of the Member as registered with the Company by email to the Company's RTA's email i.d., viz. kolkata@linkintime.co.in or Company's email i.d., viz. pcbl.investor@rpsg.in . Members holding shares in dematerialized form are requested to update their email addresses with their respective Depositories.

Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), the Company has fixed 23rd July, 2020 as the cut-off date to determine the eligibility of the Members to cast their votes by electronic means and e-Voting during the 59th AGM scheduled to be held on Thursday, the 30th day of July, 2020 through VC/OAVM facility.

You are requested to take the afore-mentioned information on record and oblige.

Thanking You,

Yours faithfully,
For **PHILLIPS CARBON BLACK LIMITED**


K. Mukherjee
Company Secretary & Chief Legal Officer

Encl: Notice of the 59th AGM Notice and the Annual Report of the Company for FY 2019-2020

SCALING UP THE **VALUE CHAIN**

Touching lives in more ways than one



Contents

04 Corporate snapshot	08 What we achieved in 2019-20	10 How we performed in the last few years	12 Management review	14 How PCBL addressed the Covid-19 pandemic-induced lockdown		
16 Strategic pillars	18 Our business framework	20 How our stakeholder commitment translated into superior numbers	22 Research & Innovation. PCBL's cutting-edge	26 Brands and applications		
30 Technologies	32 Operating context	34 Human Resource Development	36 Environment, Society and Governance (ESG)	44 Board of Directors		
45 Leadership Team	46 Corporate Information	47 Notice to the Members	55 Board's Report	62 Management Discussion and Analysis	92 Report on Corporate Governance	114 Business Responsibility Report
126 Standalone Financial Statements	180 Consolidated Financial Statements	232 Statement under Section 129 (3) of the Companies Act, 2013 in Form AOC - 1				

About RP-Sanjiv Goenka Group

With ₹44,000 Crore asset base and ₹26,000 Crore revenue, the RP-Sanjiv Goenka Group is one of the India's fastest growing conglomerates with a significant global presence. The Group businesses include power, carbon black, IT-enabled services, consumer and retail, media and entertainment, sports, education and infrastructure and plantations. The Group has an employee strength of 45,000+ and 5,00,000+ shareholders.

Group's Vision

Inclusive Growth fired by
free-spirited Entrepreneurship

Core Values

Customer Happiness

Bring a smile on the face of your customer

Credibility

Instill trust and confidence with your actions

Humaneness

Be caring and respectful to all

Execution Excellence

Put your heart and soul into your actions

Speed

Move ahead of time

Risk Taking

Dare to go beyond

Scaling up the Value Chain

At Phillips Carbon Black Limited, we graduated beyond the commodity trap in the last few years.

We consciously positioned our company as a one-stop solutions provider.

We invested in research & innovation as our principal growth driver.

We emphasized the production of new specialty grades.

We enhanced margins through a larger proportion of value-added products.

We strengthened customer engagement through products and services integral to their growth.

The result of this overarching commitment – scaling up the value chain – broadbased our presence across products, grades, geographies, customers and applications.

Strengthening our sustainability across market cycles.

At our company, Scaling up the Value Chain is not a **strategy**.

It is a mindset to strive for excellence.

Where everyone asks 'Is it sustainable?'

Where every engineer is obsessed with 'customer experience'.

Where the base line is – 'Is it the global benchmark in the world?'

Where every business is driven more around RoCE than market share.

Where the focus is on creating new markets than merely capturing market share.

Where each employee focuses on generating 'More from less'.

Where 'transaction' has been replaced by 'relationship'.

Where the objective is to leave the world cleaner and greener.

Where the priority is to plan for 2025 and beyond.



Phillips Carbon Black Limited.

One of the most exciting carbon black manufacturing companies.

Driven by research and innovation.

Manufacturing a wide portfolio of products.

Investing in cutting-edge technologies.

Enriching the lives of the marginalized.

Scaling up the value chain.

Touching lives in more ways than one.

Our Vision

A trusted **Global** player providing cutting edge solutions to our **Partners** and an exciting workplace to our **People**



Pedigree

Phillips Carbon Black Limited (PCBL) is an integral part of the RP-Sanjiv Goenka Group, one of the most dynamic and exciting industrial groups in India today with an extensive presence across Utilities, Power, Carbon Black, IT-Enabled Services, Consumer and Retail, Media and Entertainment, Sports, Education, Infrastructure and Plantations. PCBL was established in 1960 following collaboration with Phillips Petroleum, a prominent US oil company, with the objective to manufacture carbon black. Carbon black is the pure elemental carbon that takes the form of a black granule and is primarily used as a reinforcing agent in rubber.



Touching lives

More than half a century later, PCBL has emerged as India's largest producer and exporter of carbon black and a leading global player. The carbon black that we manufacture touches a range of rubber and specialty black related applications. Besides, the product is used in the downstream manufacture of plastics, coatings, printing inks, paint /coating, fibres and batteries, among other products. As a result, we manufacture a building block with extensive downstream impacts and applications touching lives in more ways than one.



Capacity

PCBL has a production capacity of 5,71,000 MT per annum with a dedicated capacity for specialty black of 40,000 MT. It generates 76 MW of green power from its co-generation plants located across its manufacturing units. The Company has a presence in more than 40 countries to meet specific end-requirements across rubber, plastics, coatings, inks and other niche products.



Presence

PCBL's four state-of-the-art manufacturing facilities are strategically located in Durgapur, Kochi, Palej and Mundra. This pan-India manufacturing presence makes it possible for the company to serve the growing needs of customers through proximate access and timely delivery across shortening turnaround times. A proximity to ports provides our company with convenient access to imported raw materials and deliveries to international customers. Besides, these locations are proximate to the state electricity grid that makes it possible to market and wheel surplus energy.



Research

PCBL's products are manufactured in line with the highest standards of quality, purity and consistency. The company possesses a range of product grades that address the demanding needs of our customers. Over the years, we invested in cutting-edge research. We invested in future-facing laboratories accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) for Research & Development and Quality Control; we invested in scientists and professionals dedicated to taking the business of our customers ahead through superior products and efficient processes.



Respect

At PCBL, we invest in our environment responsibility with the same commitment we bring to manufacturing excellence. The company was the world's first carbon black company to be awarded Carbon Credit under Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC). We are widely respected for being one of the greenest and cleanest carbon black companies the world over.



Technologies

PCBL has progressively invested and updated its technology as one of the most advanced manufacturing companies. The company's future-facing technology selection makes it possible to switch seamlessly between alternative feedstock, make an efficient use of resources, deliver a wide selection of grades and the highest quality standards, and do all this at some of the highest asset utilization levels.



Customers

PCBL markets carbon black to marquee tyre companies in India and the world. These names comprise household brands like MRF, CEAT, JK Tyre, Apollo, TVS, Bridgestone, Goodyear, Michelin, Continental, Toyo, Yokohama, Nexen, Kumho, Contitech, Trelleborg and Camso. Similarly, the company services the demanding specialty black needs of prominent international companies. The company's strategic relationships with these esteemed customers have been marked by the manufacture of customized products on the one hand and joint product development on the other.

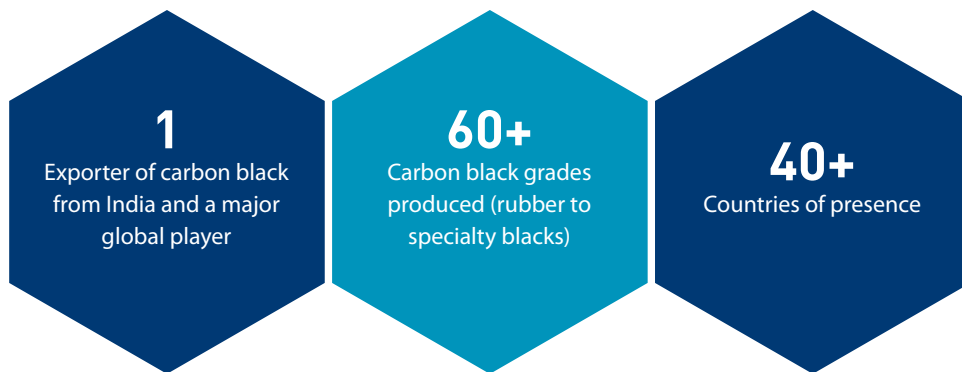


Credible certifications

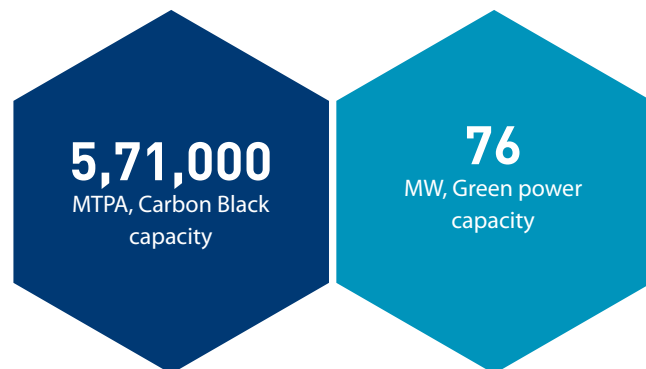
ISO 9001: 2015
 ISO 14001: 2015
 OHSAS18001:2007
 IATF 16949 : 2016
 ISO 45000:2018
 REACH Compliant
 AEO – Indian Customs
 Palej and Kochi plants are NABL-certified



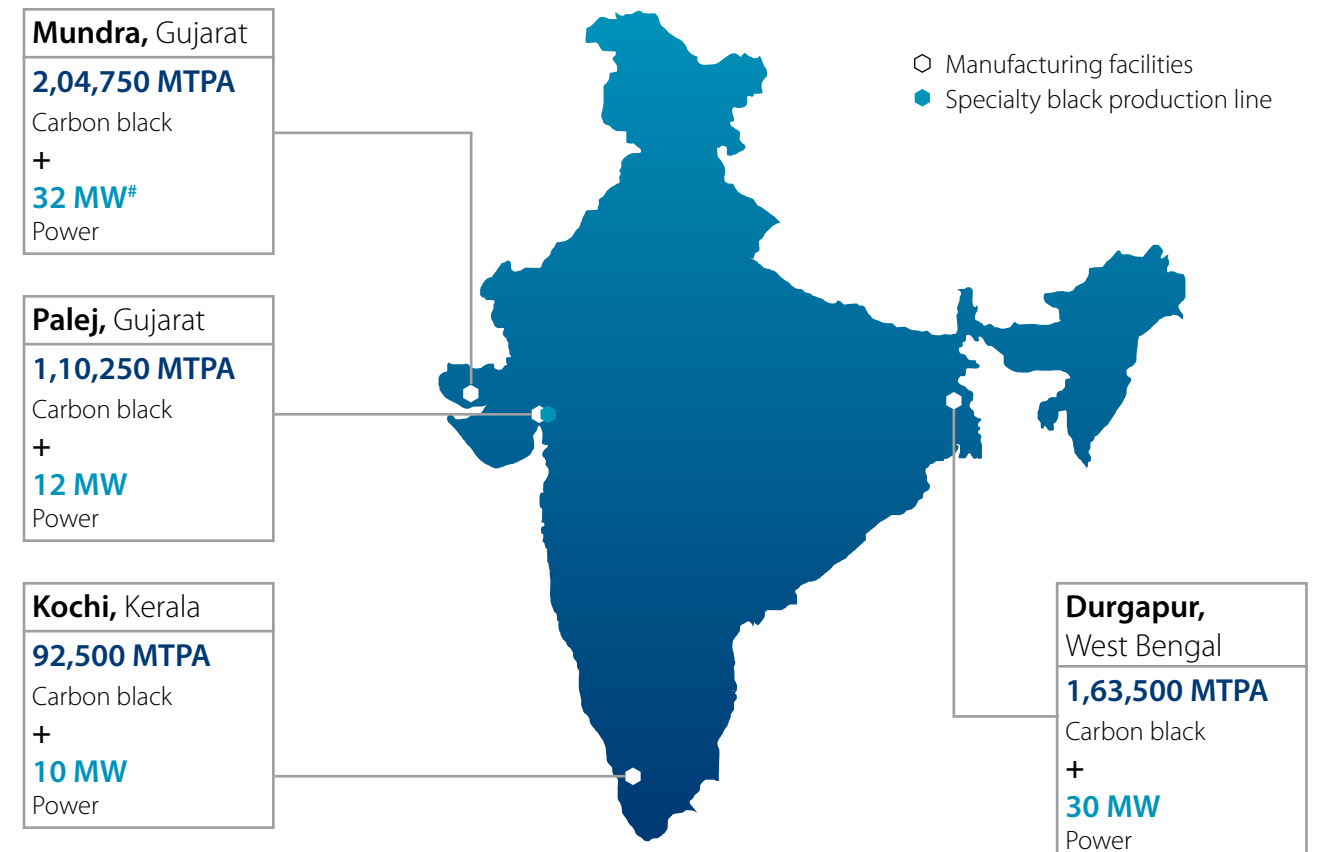
PCBL. The big numbers



Our installed capacity



Our pan-India locations of Manufacturing Units



What we **achieved** in 2019-20



Research and Innovation

- ◆ State-of-the-art Sushila Goenka Research and Development Centre at Palej, Gujarat, resulting in the introduction of new value-added products
- ◆ Sushila Goenka Innovation Centre at Belgium has since become operational



Kochi plant

- ◆ Environment clearance obtained for green power plant.
- ◆ Engineering activities and major equipment ordering process are under progress.



Recognition

- ◆ Business Leader of the Year Award to Mr Kaushik Roy, Managing Director, PCBL, by The Economic Times.
- ◆ Corporate Governance Rating of CGR2+, reflecting best practices of corporate governance
- ◆ Awarded Silver Medal for CSR activities by EcoVadis.
- ◆ Received D – for climate change in the CDP Supplier Engagement Project in 2019



Mundra plant

- ◆ Water treatment plant of capacity 1850 KLD with state-of-the-art technology commissioned.
- ◆ Green power plant of 8 MW construction in progress; commissioning in FY 2020-21



Palej plant

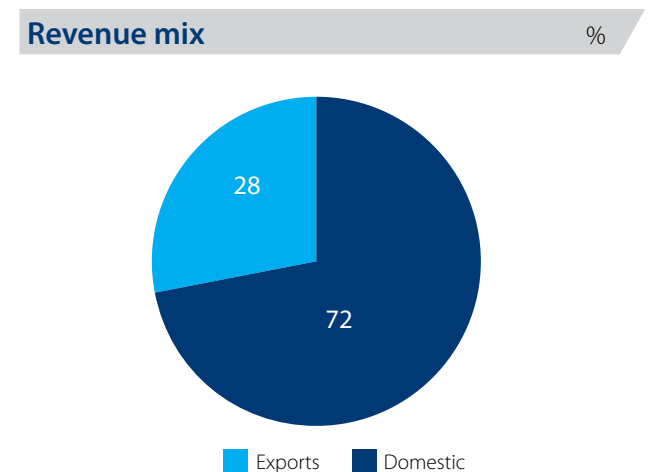
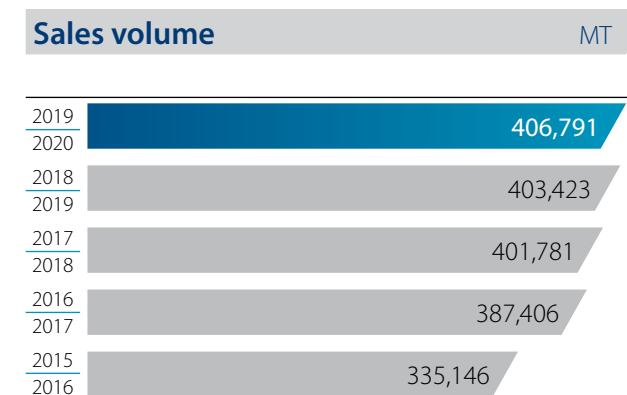
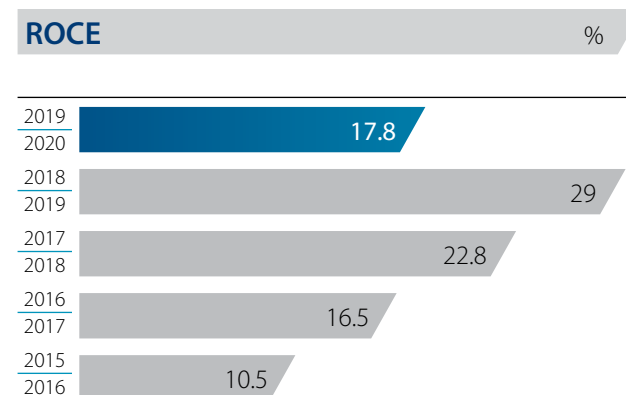
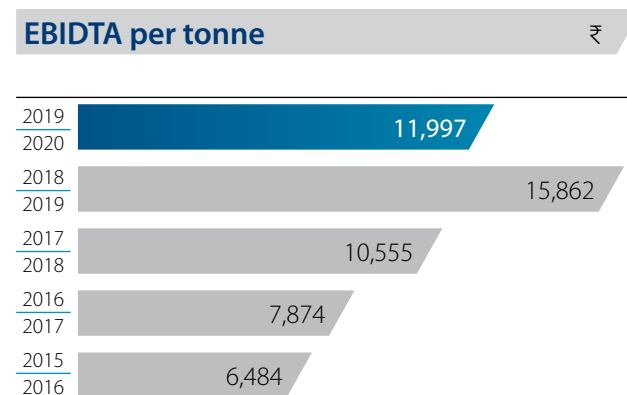
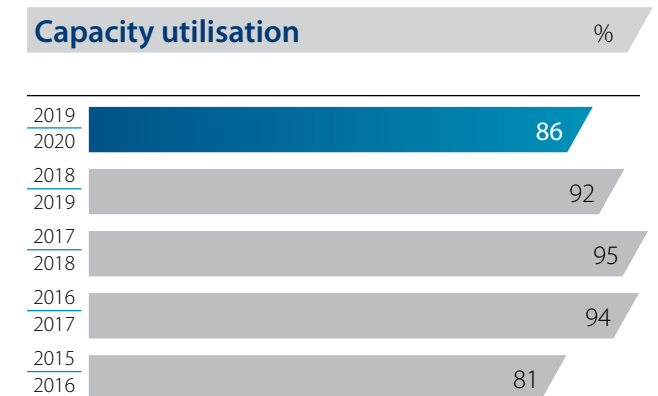
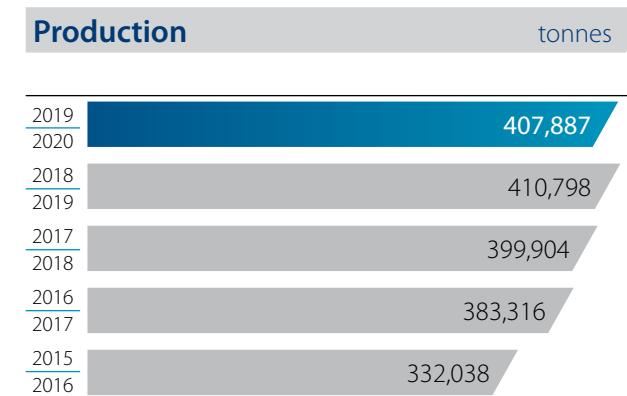
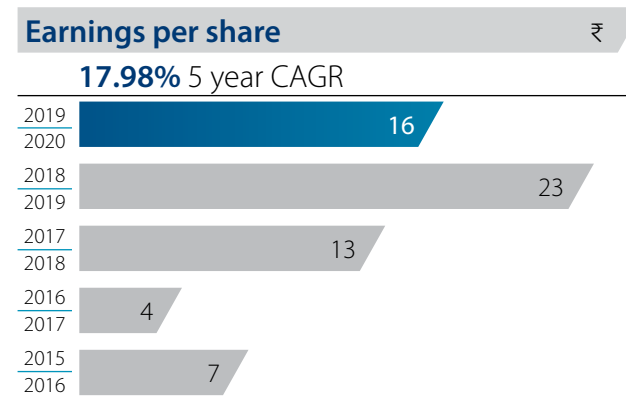
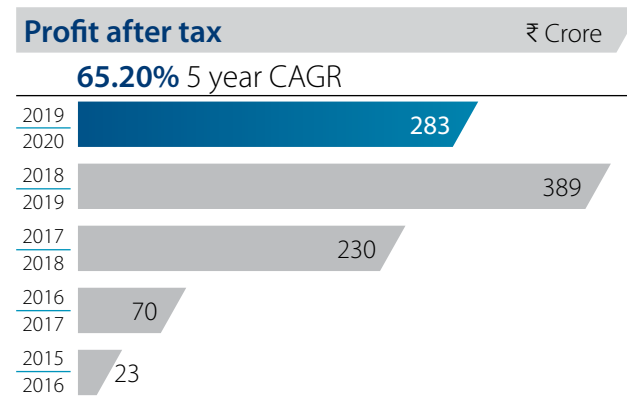
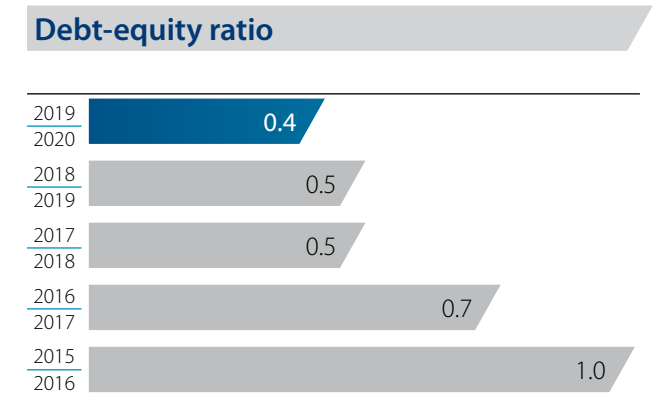
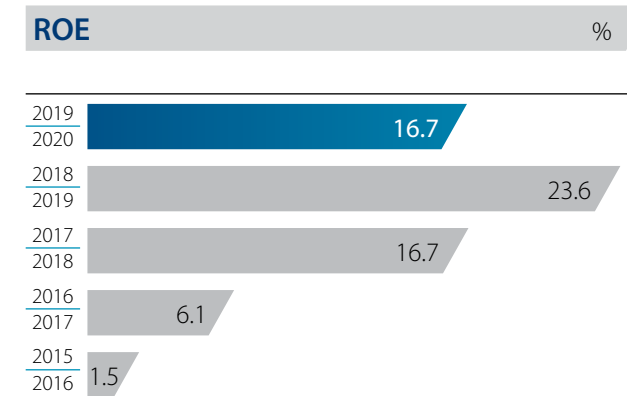
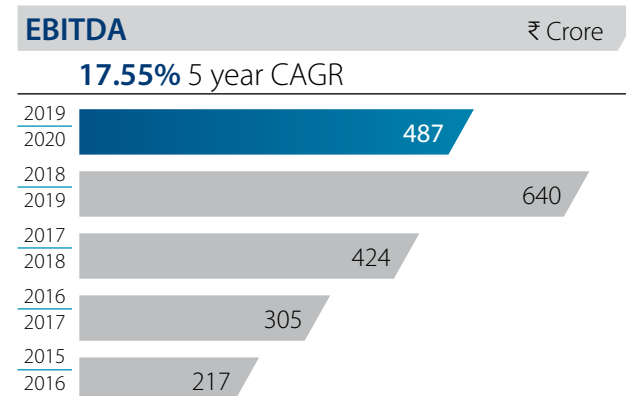
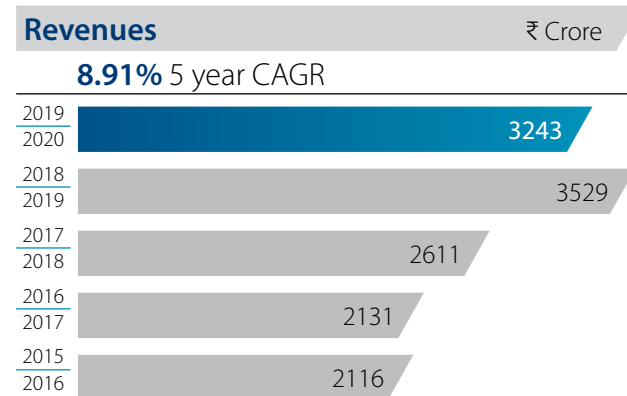
- ◆ Environment clearance obtained for carbon black expansion and green power plant
- ◆ Commissioning of new carbon black manufacturing line and green power plant expected in FY 2020-21



Durgapur plant

- ◆ Achieved improved power generation per ton of carbon black produced
- ◆ Produced new customized grades

How we performed in the last few years





Management review

Thank you, Dear Shareholders

Dear Shareholders,

It is our Diamond Jubilee Year!! A long journey from where Mr. K.P. Goenka started the Company for import substitution, now what we call "Atmanirbhar". My warmest greetings to all of you!!

We began our Diamond Jubilee journey with confidence and performed reasonably well during the first three quarters and then with the rest of the world came a never-before situation – the pandemic – which jolted the local and global markets.

Tough times bring about the best in a prudently-managed Company and despite the gloom it is doing its best to restore production at all factories and ready to reach valued customers across the globe. The situation, however, is still fluid, but we definitely see rays of hope to revive our 60-year old competitive journey

as India's first and the largest manufacturer of carbon black.

The Directors' Report gives details of your Company's performance in a memorable year.

From a strategic perspective, your Company spread its presence through four manufacturing facilities across regions and broad based its products portfolio thus enhancing its revenue visibility and margins.

The outcome of these efforts is reflected in the strength of our Balance Sheet. PCBL finished the year-under-review with a gross debt-equity ratio of 0.36 corresponding to a net worth of ₹1692 Crore. It gives me great pleasure that your Company is extensively under-leveraged and is in a position to protect the integrity of its fundamentals during a period of slow down across the world.

For a number of years, PCBL has invested in cutting-edge research and development.

Our research aims at enhancing the efficiency of our manufacturing process, widened our portfolio and enhanced product attributes. You will be happy that Sushila Goenka Innovation Centre at Belgium has since become operational, strengthening our competitive position during a difficult time.

The Board of Directors declared an Interim Dividend at the rate of 350%, ie ₹7 per equity share of ₹2 each for the financial year ended 31st March, 2020, which includes a special Dividend at the rate of 175% on the occasion of Diamond Jubilee Year of the Company.

Once again, thank you for your sustained support.

Yours sincerely,

Dr. Sanjiv Goenka
Chairman



Management review

“While we remain cautiously optimistic in our perspective of how demand will play out, we remain committed to staying **viable and sustainable** across market cycles.”

Dear Shareholders,

The year under review was challenging in various respects, comprising a slowdown in the global and Indian economy as well as the impact of a pandemic whose impact became perceptible starting from the last quarter of FY 20.

In FY 20, our revenue stood at ₹3243.54 Crore (₹3528.56 Crore in FY 19), PBT of ₹350.84 Crore (₹538.8 Crore in FY 19) and a PAT of ₹283.49 Crore (₹388.5 Crore in FY 19) in the backdrop of the continued recession in the global automobile industry aggravated by the COVID-19 pandemic.

At the core of our long-term performance has been a consistent focus in rejuvenating our product mix with new offerings. We reinforced our sectoral standing through the commissioning of a state-of-the-art research centre in Palej in FY 19 resulting in the introduction of new value-added products.

Our research-driven and innovation-led focus made it possible to produce products that represented clean versions of conventional ASTM rubber grades, engineered around lower residual levels of sulphur, ash and other contaminants. We coordinated European REACH registration for our products. We retained our position as one of the leading manufacturers of

USFDA-compliant black, which fell under the high purity furnace black category.

This focus made it possible for us to reach out to a wider sweep of customers on the one hand and increase our wallet share of existing customers on the other. We deepened our presence in Korea, China and other countries. We acquired global customers in Europe, Korea, US and others.

We consistently increased the weightage of specialty black and value-added rubber black within our product mix. Its revenue share increased and going ahead, we expect this proportion to double.

During the year under review, we embarked on capacity expansion at our Palej plant. We obtained an environment clearance for an increase in our carbon black and power plant capacities. The units are expected to be commissioned in the current financial year. We embarked on adding another power plant in Kochi.

Since the pandemic tenure cannot be predicted, the marketplace outlook appears uncertain. As a future-facing company, PCBL developed alternative domestic resource providers using multimodal transportation linkages – road, rail and sea - to our plants to ensure manufacturing continuity. We created a centralized team to enhance customer service comprising technical

support, timely delivery, 24/7 support, problem resolution and responsiveness. We deepened the relevance of our virtual plants, making it possible to deliver just-in-time deliveries through local hubs.

We remain committed to a sustained reduction in emissions, waste and carbon footprint, while improving sustainability and our People-Planet-Profit priorities.

As a responsible corporate citizen, we made a humble contribution to the PM CARES Fund and will respond to the call of the nation and humankind at large.

Our people are driving our success with their rich industry experience supported by the time-honoured tradition of integrity and ethical practices. Even during the toughest of times, our front-line personnel maintained plants and kept them operations-ready, which empowered us to kick-start as soon as lock down measures were partially relaxed.

While we remain cautiously optimistic in our perspective of how demand will play out, we remain committed to staying viable and sustainable across market cycles.

The worst will bring the best out of us.

Warm regards,

Kaushik Roy
Managing Director

How **PCBL** addressed the Covid-19 pandemic-induced lockdown



The emergence of Novel Corona Virus, also referred to as Covid-19, represents a seminal moment in the history of the modern world.

The pandemic has already initiated a sweeping re-appraisal of how humankind will exist from this point onwards.

The pandemic has inspired the concept of social distancing with the objective to minimize cross-infections. Among the various safeguards, governments across the world imposed lockdowns to protect their citizens; companies responded by asking employees to work from home. The result was a new way of living for a larger part of the global population.

At PCBL, we responded to this unprecedented reality with a responsible

mix of agility, preparedness, caution and safeguards. A cross-function team comprising the Company's Safety, Health and Environment, Manufacturing Excellence, Human Resources, Administration and Information Technology collaborated to create a holistic plan that maximized employee safety on the one hand and facilitated the Company's growth on the other.



Connecting with people

PCBL launched its 'Connecting with People Series' during the pandemic. The company's senior leadership team engaged with the employees on virtual platforms. These interactions focused on employee well-being, discussions around business realities and the company's prospects. Small groups facilitated productive interactions. Each leader engaged with team members at least twice a week. Functional WhatsApp groups frequently shared plans. The JAM Module on People Connect – PCBL's HCM platform powered by Success Factors, helped celebrate employee birthdays and made employees stay connected during the crisis.



Training

PCBL implemented virtual training programmes on the Learning Management System (LMS) platform. The programmes comprised training on the prevention of sexual harassment (POSH), prohibition of Insider Trading Module and e-technical courses developed. Besides, subject matter experts conducted virtual classes on Process Technology, Engineering, Human Resources and Information Technology. The company assigned online courses on Udemy and Coursera to employees. A training session was launched for the senior leadership team. The company implemented an online safety training calendar.



Health

The company offered support for employee mental and physical well-being at a time of stress and change. It assigned a full-time doctor as the single point of contact for employees seeking support. A helpline number made it easier for employees to reach out. Safety guidelines were formulated to protect employees. Fitness-based videos were circulated among employees. Online and offline counseling by certified medical practitioners from renowned health care facilities enhanced employee morale.



Leadership

PCBL's senior leadership team, comprising the Managing Director, engaged in day-long strategic virtual conferences focusing on operations, communications, cash flow management, capex and training. The leadership engaged with employees on email, assuring them that the management was handling the situation in the best possible way.



HR initiatives

PCBL's HR team took several online initiatives to stay engaged with the employees during the lock-down. The team arranged online contests and games among employees the world over. It released a weekly in-house online magazine with articles on mindfulness, stress management and employee experiences. The HR team cascaded senior management perspectives messages across employees at the manufacturing plants. The company provided protection and support for employees, including essential items for security guards, canteen staffers, workers and their family members. The HR team shared birthdays of all employees with team leaders to facilitate collective celebrations. Important phone numbers were shared to enhance emergency access and responsiveness. The creation of a closed Facebook Group encouraged employees to post videos and photos related to the lock-down.



Culture of preparedness

PCBL's IT infrastructure, hosted on Amazon's AWS Cloud, empowered users to connect to a secured VPN using a two-factor authentication to access PCBL's data centre. This enabled employees with desk jobs (Finance, HR, Statutory etc.) to continue working seamlessly. The company organized online webinars to train non-technical professionals to schedule virtual collaborative meeting and work on SAP ERP modules. The company embarked on creating a Work from Home Policy for Global employees, customized around country norms.



Austerity measures

PCBL responded with speed to the need for austerity measures in the face of this challenging environment. All meetings were conducted on digital platforms, travel (and corresponding costs) were eliminated, corporate advertising and promotion was minimized, mandatory capital expenditure was only permitted, a committee was formed to re-negotiate contracts with vendors/suppliers, extended credit tenure was sought from vendors and suppliers, debt cost was re-negotiated to enhance liquidity. Besides, voluntary pay cuts were undertaken to protect cash flows.



Plant initiatives

PCBL re-arranged seating arrangements at DCS, laboratories and offices to reconcile workplace discipline with the need for social distancing. A disinfecting channel in the plants helped sanitize persons and materials entering the premises. A growing focus on automation is expected to minimize human interaction and dependence in plant operations. The proposed development of Digital Knowledge Management System and Documentation System will comprise the standardization of operating procedures, knowledge documentation of plants functions and assigning relevant responsibilities to identified stakeholders. The company created training programmes in pandemic management and safety precautions for truck drivers and contract workers.

Outlook

PCBL is taking this experience ahead through understanding of emerging business realities, contingency planning for job responsibilities and decision making, fall-back management hierarchy as well as the centralization and digitization of data and documents.

Strategic pillars

Building and protecting our business



Research and Innovation	Financial foundation	Scale	Broadbasing the pyramid	Scaling up the value-chain	Relationships	Integration	Health-Safety-Environment
<p>At PCBL, we have been making consistent investments in research and innovation. We have been investing in competent professionals, equipment and infrastructure. The outcome of this sustained commitment has reflected in accelerated product development, shrinking turnaround times, customized solutions and enhance yield. The company is respected globally as a research-driven player in its chosen space. The state-of-the-art Innovation Centre in Belgium has since become operational, which will further strengthen our position as a knowledge-driven organisation.</p>	<p>At PCBL, we believe that sustainable success is derived from the ability to stay competitive across market cycles. Various initiatives have been taken to optimize costs. We believe that this robust financial foundation represents our most effective sustainable advantage. The Company is extensively under-leveraged and is in a position to protect the integrity of its fundamentals during a period of slowdown across the world.</p>	<p>At PCBL, we have always believed that long-term competitiveness is derived through enhanced scale. At the close of the year under review, the company possessed the largest carbon black manufacturing capacity in India. This scale – spread across four manufacturing locations – has empowered us to effectively amortize fixed costs and service the growing needs of our customers with anytime product availability. The Company's Mundra plant is its largest carbon black plant.</p>	<p>At PCBL, we believe that long-term sustainability is catalyzed through a broadbasing of the product pyramid. Over the years, the company increased its offerings, addressing the emerging and widening needs of its customers. This broadbasing made it possible to moderate the risk quotient of the company so that no grade or product accounted for a disproportionately large share of the company's revenues in the long-term.</p>	<p>At PCBL, we believe that the Triple Bottomline is comprehensively addressed through the selection of value-added products that address niche, clean or critical applications. In line with this priority, the company selected to enter the high margin specialty black grades segment some years ago, scaling it with an expanding portfolio in addition to clean versions of conventional ASTM rubber grades (with lower residual levels of sulphur, ash and other contaminants). This portfolio of high-end rubber products increases end product durability, reduces tyre rolling resistance and enhances fuel economy. Besides, the ability to manufacture customized grades has enhanced customer engagement and wallet share.</p>	<p>At PCBL, our growing success has been derived from the ability to transform one-off transactions with customers into enduring strategic relationships. This has been achieved through the ability to provide customized products that strengthen the customer's business, delivering on time and in full, engaging in joint product development and strengthening the customer's confidence that PCBL is an extension of their own company.</p>	<p>At PCBL, we integrated our manufacturing facilities with prudent core capacity investments on the one hand with green power plants on the other, helping us moderate our break-even point and enhancing operating margins. The company serviced 100% of its power requirements from within and generated annual revenues from the sale of electricity to the state electricity grid.</p>	<p>Safety is of utmost priority at PCBL. We believe that no growth is worth the risk of transgressions that comprise human and environment safety. In view of this, the company invested in equipment, infrastructure, professionals, training and processes that prioritized environment integrity. Besides, the company graduated to the manufacture of specialty black grades that are intrinsically greener and cleaner with a lower carbon footprint. Besides, the company focused on improving energy efficiency, emissions reduction and water consumption.</p>

Our business framework

Global partnerships represent the cornerstone of our value creation process



The context of our business model

Black swans

The world is marked by increasing uncertainty arising out of structural economic shifts, unforeseen pandemics and protectionist policies.

Age of specialization

There is an increasing premium to be paid for the specialist at a time when quality standards are deepening and consumption appetites driven by widening choice.

Specialized outsourcing

Manufacturers are recognizing the need to focus on specific parts of their operations as opposed to capturing the entire value-chain, increasing opportunities for outsourcing partnerships.

Contract manufacturing

The age of contract manufacturing has arrived when specialist back-end manufacturers not only enter into strategic manufacturing arrangements but also market proprietary products.

The credibility we bring to our business

Promoter pedigree

PCBL belongs to a multi-business industrial conglomerate with interests in power, carbon black, it-enabled services, consumer and retail, media and entertainment, sports, education and infrastructure

and plantations. The company's experience in this business spans nearly six decades.

Objective

The company is focused on maximising stakeholder value with continuous focus on research and innovation.

Brand

The company has emerged as one of the most trusted carbon black brands based on its ability to customize products, quality excellence and timely delivery.

Contrarian

The company has consistently invested even during sluggish business cycles.

Focus

The company addresses a large sweep of the carbon black and specialty black segment, marked by multiple products and wider revenue opportunities.

Complex

The company has selected to be present in complex value-added and under-crowded products, marked by multi-stage processes in the carbon black and specialty black niche.

Research and Innovation

The company invested in in-house innovation units, making all product development knowledge-driven, differentiated and representing the highest quality standards.

Our strategic differentiators

Scale

The company possesses a global scale and market share in the products of its presence.

Basket

The company focused on a large basket of research-led products, emerging as a one-stop shop.

Integrated

The company focused on integrated derivatives as opposed to focusing on a standalone product.

Broadbasing

The company has broadbanded its business - raw material sources, products, grades, customers, manufacturing facilities and geographic presence.

Value-addition

The company has extended beyond the commodity trap through a portfolio of high-performance, high-margin grades for rubber and specialty black applications.

In-sourced

The company generates power required to sustain its business in-house, enhancing reliability and moderating costs.

Knowledge

The company made sizable investments in research infrastructure, equipment and people during the decade ended 2019-20.

Conservatism

The company invested in its business without stressing the Balance Sheet.

Environment commitment

The company manufactures products that are green and clean, making it possible for itself and customers to moderate their carbon footprint.

The outcomes of our business

Repeat engagement

The company generated around 90% of its revenues in 2019-20 from customers buying from the company for five years or more.

Margins

Even in a challenging year like 2019-20, the company reported an operating profit margin of 14% and profit after tax of ₹283.49 Crore.

Cost leadership

The company is one of the most competitive in its chosen space in South Asia.

Credit rating

The company's credit rating validates the credibility of its business model.

How our **stakeholder commitment** translated into superior numbers



Research & Innovation. PCBL's cutting-edge



Overview

At PCBL, research and innovation represents our most potent platform for sustainable growth. Over the last number of years, the company deepened

its research commitment comprising forward-looking investments in infrastructure, people and processes. The result is that the company is knowledge-

led with proven capabilities in product application, process efficiency and product customization.

Focus areas

At PCBL, research is focused on evolving new products development, unlocking the hidden potential of existing products for new applications and modifying existing raw materials and products to diversify application potential. The principal areas of the company's focus

comprise carbon black, nano-structured carbonaceous materials and carbon black feedstock. The research function facilitates business growth through continuous competitive intelligence studies, product portfolio analysis, patent portfolio analyses, customer engagement,

market-driven research and intellectual property protection. The relevance of the company's research is enhanced by engagements with different functional teams that help align offerings in line with emerging customer needs.

Value-addition

At PCBL, we seek to develop next generation carbon black in the specialty and ASTM grade segments. The company focuses on the development of new carbon black grades of innovative

surface morphology, colloidal properties through judicious control over the reactor conditions, physical modifications of carbon black or subtle chemical treatment. The company seeks to produce

carbon black grades of particles, particle size and additional surface functionalities to deliver better and diversified features.



New product offerings, FY 2019-20

PCBL developed a series of customized powder and post-treated specialty blacks for specialized ink applications, equivalent or superior to competing grades. In the area of plastics application, PCBL developed a grade using a CBFS blend targeting shoe sole applications

to improve the blackness of the end product and a special semi-conducting grade. PCBL developed carbon black technologies to lower heat development or balanced hysteresis in tyres, lowering tyre rolling resistance and abrasion loss.

Process improvements

PCBL implemented diverse manufacturing approaches, enhancing safety, yield, product quality and pellet quality.

Outlook

Going ahead, PCBL will strengthen technical programs and skills, develop advanced technical capabilities and technology platforms, improve manufacturing processes and widen applications.

Big number

40.77

₹ Crore, cumulative R&D spending in the three years ended 2019-20



Our research and innovation strategy

Development of Novel Carbon Black Grades

We focus on unremitting and rapid expansion of our carbon black product portfolio in specialty businesses, including inks, coatings and plastics master batch segments, as well as customized/modified ASTM/rubber grade carbon black products. The company developed novel carbon black grades while improving the performance of existing grades through modified physical and chemical routes.

Process design modifications/improvements

We evaluate existing carbon black manufacturing processes and technologies to improve the processes, product features and versatility with the objective to produce cleaner grades. The enhanced carbon black manufacturing process strengthens reactor efficiency, productivity, yield and pellet quality.

Carbon black feedstock research

We analyse inbound feedstock to ensure their aptness for carbon black manufacture across yield, quality, specified impurity, process efficiency and conformance with diverse environment/regulatory norms. The team co-explores new vendors to enhance redundancy.

Co-develop products with customers

We collaborate with industries and eminent academic institutes to co-develop next-generation offerings, futuristic projects and data interpretation, among others. In our specialty business, we co-developed a carbon black grade for India's leading plastics manufacturer.

Tracking industry trends

We keep abreast of evolving market dynamics comprising patents and competitive products analyses.

New platforms

We develop new research and innovation platforms in the field of hybrid fillers, nano-structured carbonaceous fillers and superior quality CBFS, concentrating on intellectual property protection and filing.



The Sushila Goenka Research & Development Centre, Palej

Objectives

- Seeding ground for the development of new products and processes
- Partnering with customers and vendors
- Customising products and processes
- Creation and protection of Intellectual Property for Phillips Carbon Black Limited.

Research areas

- Carbon and Carbon Nano-structures Laboratory
- Carbon Polarization
- Carbon Feedstock Research
- Interface and Colloidal Dispersions Laboratory
- Plastics Applications

Infrastructure

- 27,000 sq. ft. build-in area
- Sprawling land area of 80,000 sq. ft.
- ₹20 Crore futuristic facility

Human resources

- Headed by a renowned American expert
- Employs 20 scientists.

Focus areas

- Development of new carbon black grades
- Development of customized carbon black grades and improvement of existing carbon black grades
- Modifications and improvement in process design
- Carbon black feedstock research
- Tracking industry trends and evolving market dynamics

Brands and applications

PCBL. Touching lives in more ways than one



At PCBL, we manufacture products that are used in the downstream manufacture of a range of consumer products intrinsic to the progress and prosperity of humankind

Ratchanaween is pleased with the ink resolution on her printed document

Rahim's truck tyres provide him with superior grip and resistance.

Sunder's drip irrigation system enhanced his farm yield by 23%.

David was pleased with the durability of the conveyor belt at his factory.

Shalini ran eight marathons with the same pair of sports shoes.



Rubber black

Our brand: **Orient Black**

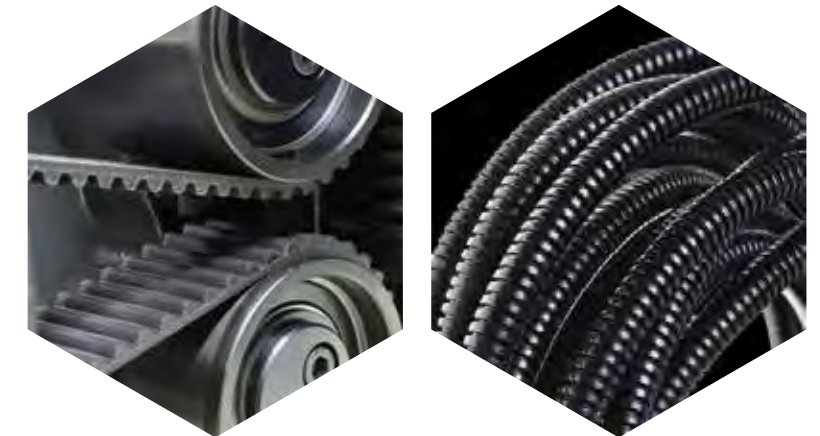
If there is one word that encapsulates this PCBL business segment, it is 'choice'. We empower the business of our customers through a comprehensive portfolio. We provide multiple grades (as classified by the American Society for Testing and Materials standards). We customize our products to address the precise high-performance needs of our customers. The result is that our products do not just address the functional needs of those who buy from us; they enhance the quality integrity of downstream products that makes it possible for our customers to take their business ahead.

Used in Technical and Moulded Rubber Goods

Utility: Improved mechanical properties of rubber for technical and moulded rubber goods

Applications

- Conveyor belts
- Construction
- Damping elements
- Hoses
- Transmission belts
- Mats and shoe soles
- Moulded goods
- Seals and gaskets
- Rubber-to-metal bonded goods
- Unvulcanized sheets
- Adhesives
- Tubing
- Air springs



Used in Tyre manufacture

Utility: Increased durability and efficiency; reduced rolling resistance; enhanced fuel economy

Applications

- Passenger vehicle tyres
- Truck and bus tyres
- Off-the-road tyres
- Agricultural tyres
- Scooter tyres
- Three-wheeler tyres
- Cycle tyres
- Tyre re-trading materials



Specialty black

Our brand: **Royale Black** (*Bleumina* and **NuTONE**)

In a world where customers seek to manufacture around the highest standards of product purity, they inevitably turn to a trusted Specialty Black producer like PCBL. Over the years, the company has provided Specialty Blacks for demanding applications across plastic, inks, coating, adhesive and sealant sectors. The company is one of few to address the stringent United States Food and Drug Administration requirements pertaining to direct/indirect food contact plastics applications (plastics trays and cutlery).

Bleumina

Bleumina

This series of Medium/ High Colour blacks (MCF/HCF) enhances end product aesthetics coupled with durability. Suited for automobile interiors and exteriors, consumer electronics, home appliances, coatings and other demanding applications. Designed for applications across engineering plastics (ABS, SAN, POM, Nylon, PBT, PC and PET).

NuTONE

NuTone

This range of black addresses applications related to offset inks, liquid inks, inkjet inks, coatings, adhesives and sealants. Grades are customized around colour strength, gloss, viscosity, stability and dispersion. Nutone series is available in powder form. Under this brand name, we pioneered the launch of treated black in India.

Utility: Customized grades for colour, conductivity and UV protection

Applications

- FDA & Food contact plastics
- Fibre
- Wire and cables
- Film
- Geo-textile/geo-membrane
- Engineering plastics
- Adhesives and sealants
- High-pressure pipes
- Drip irrigation pipe system
- Printing inks
- Paints/coatings
- Battery
- Fertilizer



Our Specialty Blacks business, 2019-20



In 2019-20, the company strengthened its Specialty Blacks business through various initiatives that considerably increased revenues compared with 2018-19 and increased the share of this product segment within the Company's revenues.

The highlight of this product segment was the launch of three new treated black grades. The complement of this launch with the company's existing portfolio strengthened the company's positioning as a one-stop customer destination.

The company deepened its relevance through a consistently high quality standard that enhanced coloristic value, gloss and dispersibility.

The company increased its presence with this product in India, Korea, China, US, MEA Europe and other countries.

The company entered into strategic collaborations with customers that catalyzed offtake. It engaged with major Indian master-batch manufacturers to develop specialized grades that were well received by the marketplace.

The company penetrated the inks market in India and abroad in FY2019-20, transforming initial customer engagements into strategic partnerships. The company also received an annual contract from a leading global ink manufacturer. The company generated approvals from the largest users of carbon black in wires, cables and engineering plastics.

During the year under review, *Bleumina* exports grew attractively, especially to major global plastic manufacturers and prominent master batch producers. The company also carved out a prominent position in the economic end of specialty grades. Following an extensive product approval process, the company entered into strategic collaborations with customers in the plastics, inks and fiber segments. The company generated a majority of its growth from the international market.

The company reinforced its ability to service a growing customer appetite through an expansion in capacity during the year under review. Besides, the company's ongoing research and consumer feedback facilitated the development of new Royale Black grades addressing pipes and films applications in FY 2019-20.

Going ahead, the use of these products in agriculture applications is projected to grow, especially in the agro-based economies across the globe, mainly in Asia. The consumption of our products in plastic films is showing an increase on account of increased packaging needs

across the food, pharmaceuticals, textile and automotive sectors. The pandemic and e-commerce growth is amplifying the demand for plastic films packaging. Besides, the increased use of pipes across the telecom, power, transport, building & infrastructure, oil & gas pipe, agricultural irrigation, water supply and sewage applications is expected to catalyze the company's offtake of carbon black. In 2019, key ink players approved **NuTONE** in various applications and commercial sales commenced. The company upgraded to higher regulation-compliant grades addressing the food packaging sector. The demand for the company's *Bleumina* brand, addressing Engineering Plastics, is expected to grow at a healthy rate. There is also a growing awareness of the need to use superior grades in footwear applications.

The impact of COVID-19 could delay product trials and approvals to some extent.

Technologies

PCBL. Capitalizing on efficient process technologies

Creating the basis of cost leadership, enhanced quality and environment integrity



Overview

At PCBL, we believe that in a business where increased costs cannot be passed on to customers, there is a premium on competitiveness through the highest standards of process efficiency.

At our company, process efficiency is based on the three pillars of comprehensive management system, higher process knowledge and the increase role of science in all activities. This approach comprises a focus on doing more with less and enhancing the quality bar in a continuous way.

The outcomes of this discipline are reflected in improved yield, energy efficiency, quality standards and maintenance expenditure, the basis of the company's sustainability.

Collaboration

At PCBL, consistently higher process efficiency is derived from cross-functional collaboration. The manufacturing teams engage with Process Technology teams to optimize the use of technology in every process function - from the oil tank farms to warehoused inventory. The Process Technology team explores new technologies that could improve financial outcomes, implementing a pilot

programme in one plant, documenting improvements and replicating across other plants. Besides, this team collaborates with the Feedstock Buying team to procure cost effectively and help plants use new feedstock sources effectively.

Yield improvement

At PCBL, various teams collaborate with the singular objective to enhance yield – generate more for less – and create a library of approaches. The outcomes of this function translate into lower variable costs, reduced carbon emissions and higher output. Attractive yield increases have been evident in the Mundra, Kochi and Durgapur plants. These improvements have translated into higher material yield, improved product quality, longer refractory life and increased reactor evaluation.

Energy efficiency

At PCBL, the manufacturing of carbon black liberates energy. A knowledge library has helped optimize energy output and consumption, enhancing saleable quantity.

Feedstock oil

The feedstock buying team evaluated feedstock for costs and productivity. The

result is that the company widened the feedstock basket to cover anthracene (ATO), carbon black oil (CBO) and ethylene tar (ET), moderating the company's dependence on expensive imported feedstock. The consumption of domestic feedstock quadrupled in 2019-20.

Environment

As a responsible organisation, we strengthened our process efficiency to moderate greenhouse gas emissions per ton of carbon black produced.

Quality

A combination of science and process knowledge strengthened product quality. During the year under review, redesigned pelletization equipment strengthened product quality; this approach was replicated across all plants.

Maintenance costs

Superior process management helped moderate maintenance costs and frequency. During the year under review, new reactor design enhanced refractory life, reduced downtime in changing reactors and improved heat exchanger management for longer campaign life.

Achievements, FY 2019-20

Yield

- Higher yields at Mundra, Kochi and Durgapur
- Yield improvements from improved process conditions, new reactor technology and effective feedstock procurement
- Lower CO2 emissions per MT of carbon black

- Carbon Black feedstock diversification
- Quadrupled purchase of local feedstock
- Improved yield and cost-effectiveness

Manufacturing

- Introduced new computer-designed reactor technology
- Introduced new pelletizer design
- Developed library of energy optimization technology
- Developed new tools for yield optimization
- Achieved longer reactor life
- Developed tools for reducing off-specification output

Operating context

PCBL. Addressing a large growth headroom



Overview

Carbon black is pure elemental carbon in the form of black powder produced by the thermal decomposition of hydrocarbons under controlled conditions. Carbon black's performance in rubber products is largely influenced by specific surface area, particle size and structure.

The influence of carbon black is critical in tyre performance: improves abrasion resistance and tensile strength on the one hand and moderates tyre rolling resistance and fuel consumption on the other.

The product is the pre-eminent filler for automobile tyres and industrial rubber products. Besides, carbon black is used in plastics, printing inks and coatings,

ensuring UV stabilisation, conductivity and superior colouring properties.

The global carbon black industry is concentrated across 10 large players who account for over 60% market share by production capacity. PCBL is ranked in the top seven players and is one of the fastest growing.

Carbon black demand is driven by Original Equipment Manufacturer (OEM) and replacement tyre segment as well as applications in plastics, inks and coatings in automobile, construction, electronics and other industries.

Operating landscape

India is one of the fastest growing markets for carbon black the world over.

A majority of the specialty carbon black market consists of customized specialty grades. These specialty grades possess higher product purity, commanding premium pricing and delivering stronger margins.

Globally, an estimated investment of US\$ 22 billion was planned in tyre production capacity addition in view of the projected demand growth between 2016 and 2021, which could now be deferred in view of the pandemic-induced slowdown. Based on this reality, the demand for specialty carbon black is expected to grow at a CAGR of 3.5% (2016-21).

Growth strategies

At PCBL, we have outlined a medium-term strategic direction based on this reality.

Capacity additions

The company invested in prudent capacity additions in the last two years to service customers within India and abroad. The capacity expansions were commissioned in Mundra (56,000 tonnes per annum) and are in progress at Palej (32,000 tonnes per annum) with a greenfield plant proposed in Southern India when market conditions revive. The complement of these initiatives will make it possible for the company to possess adequate capacity to service the growing needs of its customers.

Value-addition

The company is not just intent on producing more; it is focusing on the production of the right manufacturing mix. In view of the increased focus on demanding grades and applications, the company will increase the proportion of high-end, high margin specialty black grades in its product basket. These grades will comprise clean versions of conventional ASTM rubber grades, high-end rubber products and customized variants.

Widen and deepen shares

The company focuses on building robust customer relationships, providing revenue visibility and integrating the company deeper into their business development plans. In addition to deepening our customer presence, we will continue to penetrate new geographies, strengthening our commitment to provide any quantity of material of any grade to any customer anywhere.

Research & Innovation

The company does not just seek to be known as a carbon black supplier; it seeks to be respected as a thought leader within the carbon black and specialty black business. This differentiated commitment has translated into forward-looking R&D investments in infrastructure, people, equipment, processes, collaborations and knowledge. The company launched centres of research excellence and will invest in a research facility outside India to deepen its trend understanding.

Human Resource Development



Overview

At PCBL, the most potent growth platform lies in our people. Their aggregate knowledge, passion, drive and enthusiasm have transformed PCBL into one of the most exciting carbon black companies in the world.

At PCBL, we are driven by our vision to create an 'Exciting Workplace for our People'. Over the years, we have invested in pillars of Leadership, Culture, Capabilities, Demography and Rewards, which, in turn, have contributed towards a culture of transparency, inclusion and globalness in everything we do.

At our company, we believe that intellectual renewal represents the life-blood of our company. This extends the frontiers of our knowledge across every aspect of our presence. By Scaling up the Value Chain, which is focused on making the good even better, we delegate, empower and energize with the perspective of deepening excellence.

During the year under review, PCBL invested in its people through structured initiatives.

Certified General Management Programme - Season 2: PCBL launched the second season of CGMP (15 months) with IMI-Kolkata for select management employees in line with the strategic business imperative of 'Being Functional Managers to Business Managers'.

13th Batch of GET and MT: PCBL welcomed the 13th Batch of GET and MT in August 2019 under its Employee Induction Programme - Embark PCBLite. The programme comprised a week-long corporate induction for engineer recruits (chemical, electrical, mechanical, instrumentation, power and safety). A Group-level induction was also planned for new joiners with leaders from across the RP-Sanjiv Goenka Group.

PCBL Challengers- Season 2: PCBL launched the second season of PCBL

Challengers, a pan-India B-school case study competition that attracted 15 leading business schools around the theme 'Transforming One Bit At A Time.

Nirantar Gyan Vardan Yojana: Subject matter experts were identified for different functions; tacit knowledge was converted to explicit knowledge on Equipment Knowledge, Maintenance Activities, Alarming Touchpoints, Measures and Best Practices, supported by training. The monthly training calendar covered more than 80% employees across manufacturing units.

Sampark-Employee Recognition Platform: Sampark is a quarterly digital Town Hall communication platform where the senior management explains the quarterly performance, business challenges and strategic direction coupled with an appreciation for outperformers.

Employee Engagement through our AI-HR Chatbot: The company launched

its AI-enabled HR Chatbot to enhance transparency and inclusion. The chatbot engages PCBLites at periodic intervals to gain insights on manager's feedback, career discussions and workplace safety.

'People Connect' powered by Success Factors: In line with PCBL's vision of establishing "Global Practices" across the organization, Success Factor has implemented a year back. It created an integrated HRMS platform of employee life cycle management, reward and learning. The platform helped employees access and update their personal and professional information in their respective online profile. The employees were empowered with easy access to policies and processes. The platform have been designed focusing on employee self-service and manager self-service. During the journey of last year employees have been self-reliant on applying benefits, travel requests etc. and completing the goal setting and performance appraisal process in Success Factor Platform. The learning management system modules have added value in one's development plan through easy availability of monthly calendars, training schedules, pre – post test, online development action plan. Our goal remains to empower employees with information, focus on simplified employee self-service, build a culture of self-learning through one integrated platform and we will keep driving the same agenda in coming future with several HR digital initiatives.

Big numbers



Environment, Society and Governance (ESG)



PCBL has been prioritizing investments in ESG, strengthening holistic business growth, business quality, sustainability and respect. Investors are increasingly aligned through a desire to understand a company's long-term value creation plan and also receive credible, standardized information to support long-term risk assessment. The criteria are used by socially-conscious investors and shareholders to screen investments and assess the company's impact on the world. They affect how the company gathers and retains funding from investment funds with a 'socially responsible' investment strategy.

PCBL's ESG strategy

Environment	Society	Governance
<ul style="list-style-type: none"> GHG emission reduction Tail gas for power generation Sustainable procurement USFDA-compliant black production Leak-proof packaging, non-asbestos gaskets Cleaner than conventional grades (lower sulphur, ash etc. residue/PAH) Transitioning to zero liquid discharge Reuse of treated waste water Rainwater harvesting Environmental awareness/training, technology upgradation Sapling plantations 	<ul style="list-style-type: none"> Monitor/improve health safety Risk-based training programs Zero fatal accidents Safety of plant area inhabitants Virtual Gurukul, Training Academy etc. PCBLite Leaders (workshop) Rewards & Recognition programme Donation and financial assistance 	<ul style="list-style-type: none"> Strong Board with respected Independent Directors Five independent directors out of nine (one woman) Effective Board Committee structures Anti-bribery policy, Quality policy and Sustainability policy Whistleblower policy/Vigil mechanism Sexual Harassment policy Prohibition of Insider trading Policy

PCBL. Environmentally responsible



Overview on sustainability

A growing number of global manufacturers are recognizing financial and environmental benefits from sustainable business practices. Besides, stringent environmental norms regulating agencies are helping reduce resource depletion, water scarcity, pollution and other harmful impacts.

The result of these realities is a greater emphasis on sustainable manufacture. This comprises the manufacture of products through economically sound processes that moderate the consumption of energy and natural resources while reducing negative environmental impact, in addition to enhancing employee, community and product safety.

Besides, there is a growing emphasis on aligning business existence with United Nations' 10 principles for manufacturing responsibility and environmental sustainability, covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

The Management's approach

PCBL's overarching focus lies in consuming less and manufacturing more while minimising environment impact. It is the Group's conviction that the most successful, profitable and sustainable companies are ones benchmarked with the most stringent environmental standards.

PCBL progressively produced carbon black and specialty black through greener alternatives. It invested in low-carbon technologies that translated into enhanced resource and energy efficiency. It increased the proportion of tail gas in generating green power, reducing

its carbon footprint. The risk mitigation policies were outlined keeping in mind its long-term vision on the one hand and enhanced sustainability-driven prosperity on the other. In doing so, the company focused on the reduction of its environmental footprint, planet preservation and moderated resource consumption through a proactive investment in the use of modern technologies, practices, methodologies and standards.

Across the years, the company retained its position as one of the greenest and cleanest carbon black companies. The

company's operations were aligned with the National Action Plan on Climate Change (NAPCC) of the Government of India; the plant environment was maintained in line with the Environment Health Safety (EHS) Policy and established management systems certified by ISO 14001 and OHSAS 18001.

At PCBL, we emphasize manufacturing scalability on the one hand without depleting finite natural resources on the other. This environment responsibility was reinforced through the various R's comprising reduction, recycling, restoration, replacement and renewables.

Renewables: Green Power Plant

To utilize the waste gas coming out of the system, PCBL invested in aggregate green power capacities of 76 MW (as on 31 March, 2020). This aggregate green power investment countered the emission of

waste gas from our manufacturing plants and provided the company with access to clean energy (no fossil fuels being used in power generation). The cumulative green power capacity helped the company meet

100 % of its power requirements. The Company's green power plants are closed loop units resulting in the zero emission of hazardous gases.

Restoration: Greening

PCBL's employees initiated a programme to green facilities in and around its manufacturing units through plantation activities. During 2019-20, the employees planted 1350 trees across manufacturing facilities. The Company invested in

emission-control infrastructure comprising hi-tech PTFE membranes in smoke separator (bag filters). The Company reduced in-plant vehicular movement and increased loadability that resulted in lower carbon footprint. The Company installed

flare stack for the emergency release of gas. It initiated a number of waste reduction initiatives like 'Bring Your Own Cup' initiative for employees to eliminate the use of waste paper cups.

Replacement: Energy efficiency

PCBL progressively invested in systems that moderated energy consumption. The Company replaced sodium vapour lamps with LED equivalents that helped reduce

power consumption. The Company recovered process heat through the installation of in-line heat exchangers. It modified the off gas header line to

increase power generation at the green power plant. The Company is replacing old electric motors in a phased manner with energy-efficient motors.

Reduction: Water conservation

The Company invested in zero liquid discharge facilities at its manufacturing facilities. The Company recycled and

reused water in the process, reducing fresh water consumption. Besides, the Company undertook rainwater harvesting

projects at its manufacturing units. The installation of a condensate recovery system enhanced water savings.

Achievements, FY2019-20

The company deepened its culture of product innovation leading to holistic environmental compliances ranging from rubber to value-added rubber and specialty products.

The company invested deeper in environmental compliances.

The company produced clean versions of conventional ASTM rubber grades,

engineered around lower residual levels of sulphur, ash and other contaminants.

The company registered all its products around European REACH, validating its commitment.

The company developed specialty products with low Polycyclic Aromatic Hydrocarbons.

The company is one of leading manufacturers of USFDA-compliant black, which falls under the high purity furnace black category.

The company was among the first few carbon black manufacturers in India to have earned carbon credits through its green power plant at Palej, under the CDM1 mechanism of the UNFCCC2.

CDP evaluation

In 2019-20, the Company sought CDP evaluation. CDP evaluates organizations engagement with their suppliers on climate change. Purchasing organizations have the potential to incentivize

significant environmental changes through engagement with their suppliers. By evaluating supplier engagement and recognizing best practices, CDP aims to accelerate global action on supply chain

emissions. The Company received a 'D' which is in the Disclosure band. PCBL is among 37% of the companies that reached the disclosure level in its activity group.

Road ahead

Going ahead, the Company will deepen its focus on the reduction of carbon footprint, efficient water recycling, reinforcing its respect as a responsible corporate citizen.

Corporate social responsibility

PCBL. Giving back to society

At PCBL, we are committed to enhancing societal value. The Company has engaged in various initiatives to empower communities. These have comprised engagements in the realms of education, art, health care, sports, environmental sustainability and conservation. The Company's CSR activities are based on the needs of communities with active participation of local communities covering project planning, implementation, monitoring and evaluation before handing over the project to local communities. Instead of implementing one-off activities, the Company lays an emphasis on sustainable solutions.

We are strengthening a sustainable ecosystem around our manufacturing units through strategic need-based interventions in the areas of education, health and sanitation, environment sustainability and holistic community development.

The company contributed to the PM CARES FUND to help the nation fight the Covid-19 pandemic.



Education

Being cognizant of the requirements, aspirations and expectations of the community, the Company provided financial assistance to government-run schools in the vicinity of its facilities and helped them in infrastructure development, computer literacy programmes, facilitation of tuitions, promotion of sports, as well as distribution of school-aid materials and uniforms.



Community development

The Company provided financial assistance to various external projects in backward areas. It helped construct temples and traffic barricades; it contributed towards excavation and beautification of roads and brick work in the surrounding areas, promoted agricultural and rural development, facilitated transportation work, funding for village development work, provided for rural street lights and distributed food to the economically disadvantaged. It ran socio-economic development initiatives in and around its manufacturing units. The Company continued to do its best to support communities during the pandemic. The Company, as a responsible corporate citizen, also contributed to the PM CARES Fund.



Health and Sanitation

As a part of its CSR programmes, the Company is helping build individual household toilets under the Swachh Bharat Abhiyaan and helping develop infrastructure of neighboring villages, through blood donation camps, medical aid and contribution to an event organized by Bengal Chamber of Commerce and Industry (BCCI) and contribution towards a trust set for by Rabindra Sarobar. The Company also funded projects in backward areas that focused on infrastructure development and livelihood generation. Each factory also focused on driving safe workplace initiatives, which resulted in zero fatal accidents at our plants.

In the last month of FY 20, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs on all economic activity. For the Company, the focus shifted to ensuring the health and well-being of employees and minimizing disruption to services for customers. The Company took care of its employees through workplace sanitization, social distancing, mandatory mask wearing, thermal checks at gates, sanitization of loading vehicles at the entry gate of factories and maintaining proper hygiene following MHA guidelines. The Company took various control measures to manage operations smoothly including the option to work from home.

The Company assigned a full-time doctor as the single point of contact for any employee across all plants with symptoms they wished to discuss. There was a helpline number for the employees to reach out to.

The Company made adequate provisions for masks, sanitizers, hand washing and transportation (wherever needed) to employees at its office(s) as well as plants. As of 31st March, 2020, work from home was enabled for 90% of the employees. This reinforced customer confidence in PCBL; many expressed appreciation and gratitude for keeping their businesses running through consistent supplies in the most challenging conditions.



Environment sustainability

PCBL recognizes that its operations have environmental impact. The Company implemented several initiatives to reduce its carbon footprint. The Company invested in equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Besides, it also generate power from the tail gas of the carbon black process, replacing an equal amount of fossil fuel used by the manufacturing unit. The Company also emphasized recycling waste, reusing wastewater and zero discharge in its resource-optimized operations. It conducted sapling plantation drives to develop green belts inside and outside the factory premises. PCBL institutionalized safety and conducted customized risk-based training programmes to enhance safety standards. During the year under review, the Company improved its environmental compliance with innovative implementations like the state of art on-line continuous air monitoring system in all greenfield and brownfield projects to minimize carbon black emissions, protecting environment and neighboring communities. The commissioning of a Zero Liquid Discharge(ZLD) water treatment plant in the water-starved areas of Gujarat was a major initiative in boosting business sustainability.

Environment sustainability: Our Environment, Health and Safety (EHS) Policy provides necessary direction. We plan to align ourselves with the National Action Plan on Climate Change (NAPCC) of the Government of India to mitigate the threat of global warming / climate change through continuous improvement in every sphere of our operations. We installed a rain water harvesting system to reduce raw water consumption. We spearheaded the recycling of waste water in all our factories to achieve ZLD status. We funded the cleaning of rivers and ponds around our units. We supplied organic fertilizers, cow fodder and grass to drought-prone villages located close to our plants. We planted saplings inside and outside our factory premises, developing green belts.

EcoVadis ratings: PCBL was awarded The Silver Medal in recognition of its CSR achievement as per a rating by EcoVadis. EcoVadis is a rating platform to assess corporate social responsibility and sustainable procurement.

Governance at the heart of our company's sustainability

At PCBL, it would be simplistic to state that we are in the business of manufacturing carbon black; we are principally in the business of trust.

We believe that trust is the underlying element why customers buy from us, why employees engage with us, why vendors sell to us, why investors provide us risk capital, why bankers extend debt and why communities support us.



Passion Commitment Benchmark Leadership

Governance at the apex

At PCBL, the core of one's intention is enshrined in how we pursue and address the subject of governance: not just a ticking of the boxes to address a communication need in the Annual Report but a philosophy to be lived. At our company, we have invested in professionalism where executives are provided authority coupled with accountability, where promoters see their roles as trustees of stakeholder interests and where the management of the company is strategically aligned.

Doing things the right way

At PCBL, we believe that governance is about the right things done in the right way. This approach enhances organisational predictability, stability and consistency. This clarity attracts like-minded stakeholders (resource providers, contractors/suppliers, customers, employees and financial partners) who reinforce our eco-system and work with us for years.

Think long-term

At PCBL, we have selected to build our business around long-term patience and resource commitment. This approach has influenced our capital allocation (across assets, technologies, brands, people, locations, products and trade partners). This has extended our decisions from an arbitrage-driven mindset to building long-term value.

Board of Directors

At PCBL, we believe that our strategic direction is largely influenced by our Board of Directors. In view of this, we have placed a premium on our Board composition, which comprises professionals and industrialists of standing. These individuals have enriched our values, experience, multi-sectoral business understanding and strategic quality.

Health, safety and environment

At PCBL, we believe that a visible manifestation of our trust-driven culture lies in an impeccable Health, Safety & Environment track record. Our operations are clean, environmentally responsible and structured around moderated environment impact.

Eco-system

At PCBL, we address the needs of all our stakeholders – employees, vendors, customers, community, shareholders and the government – in a sustainable way. We provide adequate value that makes it possible for them to benefit from our relationship, re-invest in their business and possess adequate capacity to service our growing needs.

Process-driven

At PCBL, we believe that growth can be best derived through investments in processes and systems, especially information technology, secured through checks and balances.

Singular focus

At PCBL, we believe that core competence represents the biggest insurance against a cyclical downturn. In view of this, we have selected to position ourselves not as much as a large integrated carbon black company as much as a knowledge-driven efficient value-added products company. Our manufacturing competence has been leveraged to manufacture carbon black and specialty black grades, strengthening our profitability, sustainability and respect.

Data-driven

At PCBL, we are increasingly data-driven, drawing information from across every aspect of our operations, which are in turn compared with retrospective averages, converted into benchmarks and used as a credible basis for informed decision-making.

Controlled growth

At PCBL, we believe that business sustainability is best derived from controlled growth as opposed to one-off profitability spikes. In line with this conviction, the company has allocated accruals into incremental investments and debt reduction, strengthening the Balance Sheet.

Audit and compliance-driven

At PCBL, we strengthened an audit-driven and compliance-driven approach, enhancing the credibility of our reported numbers. The result is that the company has not incurred statutory penalties in its existence. Our process automation in the area of compliances has graduated us from a paper-driven to digital discipline marked by alerts and stagewise escalation of issues.

Validation

As a validation to the overall commitment to governance, the Company was rated CGR2+ by CARE.

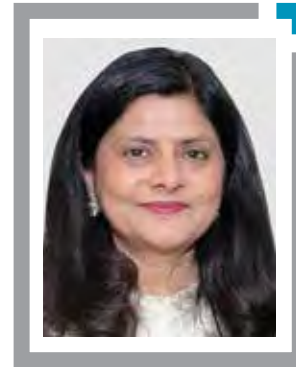
Board of Directors



Dr. Sanjiv Goenka
Chairman



Kaushik Roy
Managing Director



Preeti Goenka



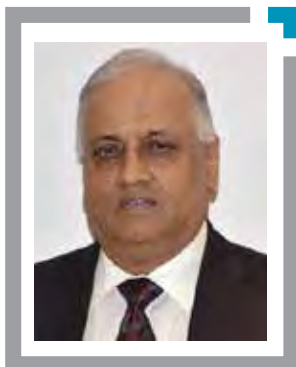
Shashwat Goenka



O P Malhotra



K S B Sanyal



Paras K Chowdhary



Pradip Roy



Kusum Dadoo

Leadership Team

Kaushik Roy
Managing Director

Raj Kumar Gupta
Chief Financial Officer

Kaushik Mukherjee
Company Secretary and Chief Legal Officer

Sabyasachi Bhattacharya
Chief – HR and IT

Utpal Saha
Chief – Project Commercial and Environment Compliance

Arun Batra
Chief – Specialty Blacks

Jiten Keluskar
Chief Procurement Officer

Girish Singh
Chief – Projects, Specialty Process and Technology

Dr. Mosongo Moukwa
Chief – Global R&D

Gautam Kalia
Head – International Markets (Rubber Blacks)

Mainackya Ghosh
Head – National Markets (Rubber Blacks)

Sinjan Pal Majumdar
Head – Business Development and Technical Services (Specialty Blacks)

Sudipto Kumar Ghosh
Head – Projects

Saibal Neogy
Head – Planning and Customer Service

Naresh Parekh
Unit Head – Durgapur

Jignesh Parmar
Unit Head – Palej

Soumyendra Mohan Lahiri
Unit Head – Kochi,
Head – Manufacturing Excellence and EHS

Kingshuk Bose
Unit Head – Mundra

Corporate Information

Board of Directors

Dr. Sanjiv Goenka, Chairman
Kaushik Roy, Managing Director
Preeti Goenka
Shashwat Goenka
O P Malhotra
K S B Sanyal
Paras K Chowdhary
Pradip Roy
Kusum Dadoo

Company Secretary & Chief Legal Officer

Kaushik Mukherjee

Chief Financial Officer

Raj Kumar Gupta

Auditors

S R Batliboi & Co., LLP
Chartered Accountants

Solicitors

Khaitan & Co.

Bankers

Bank of Baroda
Allahabad Bank
CITI Bank, N.A.
Export Import Bank of India
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
State Bank of India
Union Bank of India
Yes Bank Limited
IDFC First Bank

Registered Office

Phillips Carbon Black Limited

31, Netaji Subhas Road
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Phone : +91 33 6625 1443
Fax: +91 33 2248 0140 / 2243 6681
CIN : L23109WB1960PLC024602
Email: pcbl@rpsg.in

Corporate Office

Phillips Carbon Black Limited

RPSG House, 4th Floor
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Kolkata – 700 027
West Bengal, INDIA
Tele : +91 33 4087 0500/0600
Email: pcbl@rpsg.in

MANUFACTURING UNITS

Durgapur

Phillips Carbon Black Limited
27, R.N Mukherjee Road
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Kochi

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Kochi 682 303
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Email:pcbl.kochi@phillipscarbon.com

Mundra

Phillips Carbon Black Limited
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Palej

Phillips Carbon Black Limited
National Highway No. 8
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Regional Offices

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Fax: (044) 2855 3257
Email: pcbl.chennai@phillipscarbon.com

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Gurgaon 122002, Haryana
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Email: pcbl.delhi@phillipscarbon.com

Mumbai

Unit No. 903, Dev Corpora,
Cadbury Junction,
Eastern Expressway,
Thane (W), Mumbai - 400 601
Phone: (022) 4100 7765/84/85
Email:pcbl.mumbai@phillipscarbon.com

Branch Office

Phillips Carbon Black Limited
7822 Ghislenghien,
Rue des Foudriers 1, Belgium
Contact : +32 4913 21888
Email : valerie.smits@rpsg.in

Global R & D Centre

Sushila Goenka Research & Development
Centre

Phillips Carbon Black Limited
National Highway No - 8,
Dist : Bharuch, Palej – 392 220
Gujarat, INDIA
Contact : +91 90999 70256
Email: research.development@
phillipscarbon.com

Innovation Centre

Sushila Goenka Innovation Centre
Phillips Carbon Black Limited
7822 Ghislenghien,
Rue des Foudriers 1, Belgium
Contact : +32 4913 21888
Email : valerie.smits@rpsg.in

Markets

National : pcbl.india@phillipscarbon.com

International

Global : pcbl.international@
phillipscarbon.com
Europe : pcbl.europe@phillipscarbon.com
Japan : adrian.koh@rpsg.in
USA : pcbl.usa@phillipscarbon.com
China : bin.qian@phillipscarbon.com

Specialty Blacks

pcbl.specialtyblack@phillipscarbon.com



Phillips Carbon Black Limited

CIN: L23109WB1960PLC024602
Regd. Office: 31, Netaji Subhas Road, Kolkata - 700 001
Tel: (033)-6625-1443; Fax: 033-2248-0140/2243-6681
E-mail: pcbl@rpsg.in; Website: www.pcbltd.com

Notice to the Members

Notice is hereby given that the fifty-ninth Annual General Meeting (AGM) of the Members of Phillips Carbon Black Limited will be held on Thursday, the 30th day of July, 2020 at 10:30 A.M., Indian Standard Time ("IST"), through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") facility to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2020 including Consolidated Audited Financial Statements for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
- To confirm the payment of Interim Dividend @ 350%, (i.e. ₹7/- per equity share of ₹2/- each), which includes a Special Dividend @175%, on the occasion of Diamond Jubilee year of the Company, already paid for the financial year ended 31st March, 2020.
- To appoint a Director in place of Dr. Sanjiv Goenka (holding DIN 00074796), who retires by rotation and being eligible, offers himself for re-appointment.

Registered Office

31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata
Date: 23rd June, 2020

SPECIAL BUSINESS:

To consider, and if thought fit, to pass with or without modification(s) the following Resolution:

4. (As an Ordinary Resolution)

"Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Shome & Banerjee, Cost Accountants, (Firm Registration No 000001), appointed as the Cost Auditors by the Board of Directors of the Company ("the Board") for the financial year ending 31st March, 2021 to conduct cost audits relating to cost records of the Company and that the Cost Auditors be paid a remuneration of ₹4,50,000/- (Rupees Four Lacs Fifty Thousand only) plus applicable taxes.

Resolved further that, the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ("the Act") setting out material facts relating to Special Business to be transacted at the Annual General Meeting is annexed hereto. The Board of Directors of the Company at its Meeting held on 23rd June, 2020 considered that the special business under Item No. 4, being considered unavoidable, be transacted at the 59th AGM of the Company.
2. **General instruction for accessing and participating in the 59th AGM through Video Conferencing (VC)/ Other Audio Visual Means (OVAM) facility.**
 - A. i. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to the General Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/ CIR/P/ 2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("the SEBI Listing Regulations"), the 59th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 59th AGM shall be the Corporate Office of the Company situated at 2/4 Judges Court Road, Alipore, Kolkata - 700027, Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the Meeting through VC/OAVM is annexed herewith (Refer Serial No. 24).
 - ii) **VC/OAVM – Major Guidelines:**
 - a.) Members are requested to join the Fifty-ninth Annual General Meeting (AGM) through VC/OAVM mode not later than 10.15 am IST by clicking on the link <https://www.evoting.nsdl.com> under Members login, where the EVEN of the Company will be displayed, by using the Remote E-Voting credentials and following the procedures mentioned later in these Notes (Refer Serial No. – 24). Facility for joining the VC/OAVM shall be kept open for the Members from 10.00 a.m. IST and may be closed at 10:45 a.m. IST or thereafter.
 - b.) The facility of participation at the AGM will be made available for 1000 members on a first-cum-first-served basis.
 - c.) (i) Members are requested to express their views/send their queries in advance mentioning their name, DP ID and Client ID number /Folio No., email ID, mobile no. at pcbl.agm2020@rpsg.in till 4 p.m. (IST) on Tuesday, 28th July, 2020.
 - (ii) Members who would like to ask questions during the Fifty-ninth AGM of the Company need to register themselves as a speaker by sending their requests preferably along with their questions mentioning their name, DP ID and Client ID number/folio number, email id, mobile number, to the Company's email address at pcbl.agm2020@rpsg.in latest by 4 p.m. (IST) on Tuesday, 28th July, 2020.
 - d.) When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/camera along with good internet speed.
 - e.) The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
 - B. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement for the appointment of proxies. Accordingly, the facility to appoint proxies to attend and cast vote for the Members is not available for this AGM. However, in pursuance of Section 113 of the Act, the Body Corporates are entitled to appoint their authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting during the 59th AGM of the Company.
 - C. In line with the MCA Circulars and SEBI Circular, the Notice of the 59th AGM of the Company has been uploaded on the website of the Company at www.pcbltd.com. The Notice can also be accessed from the websites of the Stock Exchanges, namely, National Stock Exchange (NSE) at www.nseindia.com, Bombay Stock Exchange (BSE) at www.bseindia.com and Calcutta Stock Exchange (CSE) at www.cse-india.com respectively and the AGM Notice is also on the website of NSDL (Agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com.
 - D. Since the AGM will be held through VC / OAVM facility, the Route Map is not annexed to this Notice.
 - E. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e – Voting, for participation in the 59th AGM through VC/ OAVM facility and e- Voting during the 59th AGM.
 - F. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 - G. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI Listing Regulations, Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and the Circulars issued by the Ministry of Corporate Affairs 8th April, 2020, 13th April, 2020 and 5th May, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
 - H. The 59th AGM of the Company shall be convened through VC/OAVM in compliance with applicable provisions of the Act read with all the applicable MCA Circulars.
3. The business set out in the Notice will be transacted through remote electronic voting system and the Company is providing facility for voting by remote electronic means. Instructions and other information relating to E-voting are given in the Notice under Note No. 24.
4. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of the physical copies of the Notice of the 59th AGM and the Annual Report of the Company for the financial year ended 31st March, 2020 including therein the Audited Financial Statements for the year 2019-2020, the afore-mentioned documents are being sent only by email to the Members. Therefore, Members whose email addresses are not registered with the Company or with their Registrar and Share Transfer Agent (RTA) or with their respective Depository Participant/s (DPs), and who wish to receive the Notice of the 59th AGM of the Company along with the Annual Report for the 2019-2020 and all other communications from time to time, can get their email addresses registered by following the steps as mentioned herein below:-
 - a. For Members holding shares in physical form, please send a scanned copy of the signed request letter mentioning your Folio Number, complete address, email address to be registered along with scanned self attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the RTA's email address – kolkata@linkintime.co.in.
 - b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant(s).
5. The Notice of the 59th Annual General Meeting of the Company and the Annual Report for the financial year 2019-2020 inter alia indicating the process and manner of e-voting will be available on the Company's website at www.pcbltd.com, the websites of the Stock Exchanges, namely, NSE, BSE, and CSE respectively and also on the website of NSDL at www.evoting.nsdl.com for their download.

Taking into account the COVID-19 scenario, it is encouraged by the Company for its Members to view the Full version of the AGM Notice along with the Annual Report of the Company for the Financial Year 2019-20 in electronic mode from the website of the Company, viz., www.pcbltd.com.

However, the copies of the aforesaid documents will also be available for inspection in the "Investor Relations" segment in the website of the Company at www.pcbltd.com.
6. The Register of Members and Share Transfer Books of the Company shall remain closed from the 24th day of July, 2020 to the 30th day of July, 2020 (both days inclusive).
7. An interim dividend @ 350% (i.e. ₹7/- per equity share of ₹2/- each), which includes a Special Dividend @175% on the occasion of Diamond Jubilee year of the Company, was declared at the Meeting of the Board of Directors of the Company held on 13th February, 2020 to those Members whose names appeared on the Company's Register of Members, or appeared as beneficial owners at the close of business on 26th February, 2020 ('Record Date') and the same was paid on and from 2nd March, 2020.
8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend as and when declared. The Company or its Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the respective Depository Participants of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend(s) are requested to write to the Company.
9. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ("IEPF Rules") the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹18,36,432/- being the unpaid and unclaimed dividend amount pertaining to the Final Dividend for the Financial Year 2011-2012 on 1st October, 2019.
10. The Company has been sending reminders to Members having unpaid / unclaimed dividend before transfer of such dividend(s) to IEPF. Details of the unpaid / unclaimed dividend are also uploaded as per the requirements, under "Investors Relations" section on the Company's website viz. www.pcbltd.com. Members, who have not yet encashed their dividend pertaining to the Final Dividend for Financial Year 2012-13 are advised to write to the Company immediately claiming dividends declared by the Company. The Final Dividend for the Financial Year 2012-2013 is due to be transferred to the IEPF Fund immediately after 30th August, 2020. In case valid claim is not received by that date, the Company will also proceed to transfer the respective shares to the Demat Account of the IEPF Authority ('IEPF Account') in terms of the IEPF Rules by following the prescribed procedure.
11. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to

the designated Demat Account of the IEPF Authority ("IEPF Account") within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company transferred 1,39,287 Equity shares of the face value of ₹2/- each to the IEPF Account pertaining to the Financial Year 2011-12, on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 28th November, 2019 after following the prescribed procedure. In this regard, the Company has individually informed the Members concerned and also published notice in the newspapers as per the IEPF Rules. The details of such Members and shares transferred for the Financial Year 2011-12 are uploaded in the "Investors Relations" Section of the website of the Company viz. www.pcblltd.com.

12. Dividend and corresponding shares, as stated in Points 10 and 11 above, once transferred to IEPF by the Company, may be claimed only from the IEPF Authority by following the procedure prescribed under the IEPF Rules.

Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer is the Nodal Officer of the Company for the purpose of verification of such claims.

13. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the website of the Company www.pcblltd.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Link Intime India Private Limited in case the shares are held in physical form.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Account No. by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN and Bank Account No. to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and Bank Account details to the Registrar and Share Transfer Agent/ Secretarial Department of the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor (s) shall furnish a copy as the transferor (s) shall furnish a copy of their PAN CARD to the Company.

15. In terms of the SEBI Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April, 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.

16. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A Consolidated share certificate will be returned to such members after making requisite changes thereon.

17. Non-resident Indian Members are requested to inform Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, immediately of:

- (a) Change in their residential status on return to India for permanent settlement.
- (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

18. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/ Depositories for receiving all communications including Annual Reports, Notices, Circulars etc. from the Company electronically.

19. Electronic copies of all the documents referred to in the accompanying Notice of the 59th AGM of the Company and the Explanatory Statement shall be available for inspection in the "Investor Relations" section of the website of the Company at www.pcblltd.com.

20. During the 59th AGM, Members may access the scanned copies of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and the Memorandum and Articles of Association of the Company, upon Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com.

21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are advised not to leave their demat account(s) dormant for long. Periodic Statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

22. Details as required in sub-regulation (3) of Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI in respect of the Director seeking re-appointment at the Annual General Meeting, forms an integral part of the Notice. Requisite declarations has been received from the Director for seeking re-appointment.

23. At the 56th AGM held on 21st September, 2017, the Members approved the appointment of M/s. S R Batliboi and Co. LLP, as the Statutory Auditors of the Company having Registration No. 301003E/E300005, for an initial term of five consecutive years i.e. from the conclusion of the 56th AGM till the conclusion of the 61st AGM of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM of the Company. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the 59th

AGM.

24. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND ATTENDING AGM THROUGH VC/OAVM ARE AS UNDER:-

- i) The remote e-Voting period begins on the 27th day of July, 2020 at 9:00 A.M (IST) and ends on the 29th day of July, 2020 at 5:00 P.M (IST). During this period, Members of the Company, holding shares in the physical or dematerialized form, as on the cut-off date of Thursday, the 23rd day of July, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- ii) A person who is not a Member as on the cut-off date should treat this Notice of the 59th AGM for information purpose only.

A. How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/.

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Members' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 113068 then user ID is 113068001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, then please follow the steps as mentioned in Point No. – 4 above of the AGM Notice inter alia, containing the detailed instructions for the same. in Members
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

B. Process for those Members whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to kolkata@linkintime.co.in or the Company’s email id – pcbl.investor@rpsg.in.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to kolkata@linkintime.co.in or the Company’s email id – pcbl.investor@rpsg.in.
2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

C. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

D. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER [In addition to Note No. 2A (ii)]:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 59th AGM of the Company through VC/OAVM Facility.

General Guidelines for shareholders

- i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to akroyco@yahoo.co.in with a copy marked to evoting@nsdl.co.in.
- ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled

upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at or contact Mr. Amit Vishal, Senior Manager/Ms. Pallavi Mhatre, Manager, NSDL, Trade World, A'Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 at telephone no. 022- 24994360/022 24994545 or at E-mail id evoting@nsdl.co.in.

- iii) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, the 23rd day of July, 2020.
- iv) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Thursday, the 23rd day of July, 2020 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kolkata@linkintime.co.in.
- v) However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- vi) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the Meeting.

vii) Pursuant to the provision of Section 108 of the Act read with rules thereof, Mr. Anjan Kumar Roy, Practicing Company Secretary, (Membership No. FCS 5684) has been appointed as the Scrutinizer to scrutinize the Remote e-Voting process and casting vote through the e-Voting system during the Meeting in a fair and transparent manner.

viii) During the 59th AGM of the Company, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 59th AGM, formally propose to the Members participating through VC/OAVM facility to vote on the Resolutions as set out in the Notice of the 59th AGM of the Company and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast their votes, the e-Voting will be closed with the formal announcement of the closure of the 59th AGM of the Company.

ix) The Scrutinizer shall after the conclusion of e-Voting at the 59th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting system and shall make a consolidated Scrutinizer’s Report.

x) The Results of voting will be declared within 48 hours from the conclusion of AGM. The declared results along with the Scrutinizer’s Report will be available forthwith on the website of the Company www.pcbltd.com and on the website of NSDL. Such results will also be displayed on the Notice Board at the Registered Office as well as the Corporate Office of the Company and shall be forwarded to the National Stock Exchange of India Limited, BSE Limited and Calcutta Stock Exchange Limited.

25. Members desiring any information relating to the accounts are requested to write to the Company at the e-mail i.d. pcbl.agm2020@rpsg.in latest by Tuesday, 28th July, 2020 by 4 P.M. (IST) so that the Company can reply accordingly.

Registered Office
31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata
Date: 23rd June, 2020

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 4

The Board of Directors, on the recommendation of the Audit Committee, has approved at their Meeting held on 23rd June, 2020, the appointment and remuneration of M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2021 at a remuneration of ₹4,50,000/- (Rupees four Lakhs fifty thousand only) plus applicable taxes.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out under Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

None of the Directors, Key Managerial Personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid Resolution. The Board recommends the passing of the Resolution as set out under Item No. 4 of the Notice for approval by the Members of the Company.

II. DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI LISTING REGULATIONS AND APPLICABLE SECRETARIAL STANDARDS 2 BY ICSI:

(I) RE-APPOINTMENT OF DR. SANJIV GOENKA (ITEM NO. 3)

Dr. Sanjiv Goenka is the Chairman of the Company and also of ₹44,000 Crores RP Sanjiv Goenka Group which has over 45,000 employees and over five hundred thousand shareholders with annual revenues of more than ₹26,000 Crores.

Dr. Goenka was the youngest-ever President of the Confederation of Indian Industry (CII) and of the Indian Chamber of Commerce. He

is also former President of the All India Management Association. He is presently the Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur. This is the fourth time Dr. Goenka has been bestowed this honour. Dr. Goenka is also the Chairman of the Board of Governors of International Management Institute, Delhi, Bhubaneswar and Kolkata.

Dr. Goenka is aged 59 years and is a Commerce Graduate from St. Xavier's College, Kolkata. Dr. Sanjiv Goenka has received numerous awards and three Honorary Doctoral Degrees.

Dr. Goenka is on the Boards of CESC Limited, Saregama India Limited, Firstsource Solutions Limited, CESC Ventures Limited, Spencer International Hotels Limited, Haldia Energy Limited, Spencer and Company Limited and Spencer's Retail Limited.

Dr. Goenka is a Member of the Audit Committee of CESC Limited, CESC Ventures Limited, Chairman of the Stakeholders Relationship Committee of CESC Limited, Saregama India Limited, CESC Ventures Limited and Spencer's Retail Limited, Chairman of the CSR Committee of CESC Limited and Spencer's Retail Limited and Member of Nomination and Remuneration Committee of CESC Limited, CESC Ventures Limited and Spencer's Retail Limited. Dr. Goenka does not hold by himself or for any other person in any manner, any shares in the Company. He is not related to any other director of the Company except Mrs. Preeti Goenka and Mr. Shashwat Goenka.

The Board recommends the Resolution in relation to his re-appointment as a Director, for the approval by the Members of the Company.

Except Dr. Goenka being the appointee and Mrs. Preeti Goenka and Mr. Shashwat Goenka, being related to Dr. Sanjiv Goenka, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise, in the Resolution as set out at Item No. 3 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) of ICSI.

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

Registered Office
31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata
Date: 23rd June, 2020

Board's Report

To the members

Your Directors have pleasure in presenting the fifty-ninth Annual Report on the business and operations of Phillips Carbon Black Limited and the Audited Accounts for the financial year ended 31st March 2020.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹ Crores)	
	Year ended 31.03.20	Year ended 31.03.19
Revenue from operations	3243.54	3528.56
PBDIT	488.03	639.91
Less: Finance and hedging cost including foreign currency fluctuation (net)	44.83	34.73
PBDT	443.20	605.18
Less: Depreciation	92.36	66.38
PBT	350.84	538.80
Tax expense	67.35	150.27
PAT	283.49	388.53
Earnings Per Equity Share (EPS) (In ₹)	16.45	22.54

The financial statements for the year ended 31st March 2020 have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

DIVIDEND

The Board of Directors of the Company at its Meeting held on Thursday, 13th February, 2020 has declared an Interim Dividend @ 350 %, i.e. ₹7/- per equity share on the face value of ₹2/- per equity share, for the financial year ended 31st March, 2020 which includes a Special Dividend @175 %, on the occasion of Diamond Jubilee year of the Company. The said Interim Dividend was paid on and from 2nd March, 2020.

PERFORMANCE OVERVIEW

Carbon Black

Your Company's FY20 EBITDA came down to ₹488 Crores as against ₹640 Crores in the previous year. PAT for the year was ₹283 Crores, which is around 0.72 times that of previous year's PAT of ₹389 Crores in the backdrop of the continued global recession in the automobile industry further aggravated by the COVID-19 pandemic.

Power

Your Company's power segment revenue (excluding inter segment revenue) was at ₹86 Crores, lesser by ₹11 Crores, as compared to ₹97 Crores in FY19, on the back of lower sales volume.

A detailed review of the operations of the Company for the financial year ended 31st March 2020 is given in the Management Discussion and Analysis Report, which forms a part of this Report.

COVID 19-

In view of the lockdown across the country due to the COVID-19 pandemic, the manufacturing operations of the Company across all its locations had been suspended temporarily in compliance with the directives/orders issued by the relevant authorities. The Company has made detailed assessments of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the standalone financial results. The Company is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. Given the criticalities associated with nature, condition and duration of COVID-19, the impact assessment on the Company's financial statements will be continuously made and provided for as required.

Subsequent to year end, Company's plants across all its locations have resumed operations as per government guidelines and directives prescribed.

MANUFACTURING

Carbon Black production during FY20 is 4,07,887 MT as compared to FY 19 4,10,798 MT in the previous year. Production reduction has been observed due to lockdown imposed by the Government because of the COVID-19 pandemic.

Project work on brownfield specialty lines of 32,000 MT is progressing satisfactorily and is expected to be commissioned by the end of FY21. With its strategically located four plants and seamless ability to switch between alternative feedstocks thereby ensuring raw material flexibility, your Company is well poised to service customers in India and overseas. The vicinity of seaports to a couple of the Company's plants facilitate logistic costs within India and abroad.

CORPORATE GOVERNANCE RATING

The Company has obtained a Corporate Governance Rating of CARE CGR2+ (CGR Two Plus) from CARE Ratings dated 12th February, 2020.

CREDIT RATINGS

During the year under review, the Company had received its credit ratings from CARE and ICRA. Both the rating agencies have assigned the Company a long term rating of 'AA-' Stable (Double A minus with 'Stable' outlook) against its long term borrowings. CARE has also assigned a rating of 'A1+' (A one plus) in respect of Company's short term bank facilities and Commercial Paper issuance programme.

LIQUIDATION OF PCBL NETHERLANDS HOLDINGS B.V

PCBL Netherlands Holdings B.V., a step down subsidiary of the Company has been liquidated during the quarter ended 31st December, 2019, in accordance with the local laws of Netherlands.

SUBSIDIARY COMPANIES

The Company has two subsidiaries as on date, namely, Phillips Carbon Black Cyprus Holding Limited and Phillips Carbon Black

Vietnam Joint Stock Company. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Act.

The Company has prepared a Consolidated Financial Statement of the Company and of all the subsidiaries, namely, Phillips Carbon Black Cyprus Holding Limited and Phillips Carbon Black Vietnam Joint Stock Company in the form and manner as that of its own, duly audited by M/s. S R Batliboi & Co., LLP, the statutory auditors in compliance with the applicable accounting standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter referred to as the 'SEBI Listing Regulations').

The Consolidated Financial Statements for the year 2019-20 form a part of the Annual Report and Accounts and shall be laid before the Members of the Company at the AGM while laying its financial statements under sub-section (2) of the said section. Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company at www.pcblltd.com under the segment 'Investor Relations'. Shareholders desirous of obtaining the Accounts of the Company's subsidiaries may obtain the same upon request by email to the Company's email id - pcb.investor@rpsg.in.

The Company does not have any material subsidiary in the immediately preceding accounting year. However, as per Regulation 16 of the SEBI Listing Regulations, as amended, the Company has adopted the policy for determining 'material' subsidiaries, which states that a 'material' subsidiary means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Accordingly, a Policy on 'material subsidiaries' was formulated by the Audit Committee of the Board of Directors of the Company and the same is also posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/policies/>.

SHARE CAPITAL

Your Company's paid-up Equity Share Capital as on 31st March 2020 stood at ₹34.47 Crores. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on 31st March 2020, none of the Directors of the Company hold shares or convertible instruments of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with Regulation 34 of the SEBI Listing Regulations, a separate section on the Management Discussion and Analysis, as approved by the Board of Directors, which includes details on

the state of affairs of the Company is given in 'Annexure-A', which is annexed hereto and forms a part of the Board's Report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT 9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is given in 'Annexure B', which is annexed hereto and forms a Part of the Board's Report and is available on the website of the Company at the link: <https://www.pcblltd.com/annual-general-meetings/>.

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

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in 'Annexure-C', which is annexed hereto and forms a part of the Board's Report.

PUBLIC DEPOSITS

The Company does not have any Public Deposits under Chapter V of the Act and has repaid all Public Deposits that matured and were claimed by the depositors under the earlier Public Deposit Schemes. There is no outstanding balance as on 31st March 2020.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company that have occurred between the close of the financial year ended 31st March 2020 and the date of this Board's Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the Regulators, Courts and Tribunals impacting the going concern status and the Company's operations in future.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A detailed section on the Company's internal financial controls with reference to financial statements and its adequacy is a part of the Management Discussion and Analysis Report, which forms a part of the Board's Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments are given in the notes to the financial statements.

COMMITTEES OF THE BOARD

Currently, the Board has six committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Independent Directors' Committee and the Risk Management Committee. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report section of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company's commitment to create significant and sustainable societal value is manifest in its Corporate Social Responsibility (CSR) initiatives and its sustainability priorities are deeply intertwined with its business imperatives. In accordance with Section 135 of the Act and the rules made thereunder, the Company has formulated a Corporate Social Responsibility Policy, a brief outline of which, along with the required disclosures, is given in 'Annexure-D', which is annexed hereto and forms a part of the Board's Report.

The Company, along with other companies of the Group, has set up the RP-Sanjiv Goenka Group CSR Trust to carry out CSR activities. During the year 2019-20, the Company has undertaken the CSR initiatives in the fields of promoting education, promoting healthcare, environment sustainability and community development thereby helping in the upliftment of the underprivileged and disadvantaged sections of the society. All the CSR activities fall within the purview of Schedule VII of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The detail of the CSR Policy is also posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/policies/>.

The Company continues to do its best to support its communities during the current situation. PCBL as a responsible corporate citizen has contributed in PM CARES Fund.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In compliance with the provisions of Section 177(9) of the Act and SEBI Listing Regulations, the Company has framed a Whistle Blower Policy / Vigil Mechanism for Directors, employees and stakeholders for reporting genuine concerns about any instance of any irregularity, unethical practice and/or misconduct. Besides, as per the requirement of Clause 6 of Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations as amended by SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company ensures to make employees aware of such Whistle -Blower Policy to report instances of leak of unpublished price sensitive information. The Vigil Mechanism provides for adequate safeguards against victimization of Directors or Employees or any other person who avail the mechanism and also provide direct access to the Chairperson of the Audit Committee. The details of the Vigil Mechanism / Whistle Blower Policy are also posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/policies/>.

BOARD EVALUATION

The Company has devised a formal process for annual evaluation of performance of the Board, its Committees and Individual Directors

("Performance Evaluation") which include criteria for performance evaluation of non-executive directors and executive directors as laid down by the Nomination and Remuneration Committee and the Board of Directors of the Company. It covers the areas relevant to the functioning as Independent Directors or other directors, member of the Board or Committee of the Board. The Independent Directors carried out annual performance evaluation of the Chairman and Executive Directors. The Board carried out annual performance evaluation of its own performance. The performance of each Committee was evaluated by the Board, based on report on evaluation received from respective Committees. The Company engaged a leading HR Consulting Firm for compilation of the report and feedback received from the Board members, Committee members and directors in the questionnaires circulated and for identifying key inferences and observations with respect to Performance Evaluation. A consolidated report was shared with the Chairman of the Board for his review and giving feedback to each Director.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for the selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy and the details pertaining to the remuneration paid during the year are furnished in the Corporate Governance Section of the Annual Report.

The Remuneration Policy is also posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/policies/>.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Hence, the provisions of Section 188 of the Act are not attracted. Thus, disclosure in Form AOC-2 is not required. Further, there are no materially significant Related Party Transactions during the year under review made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval.

The Policy on Related Party Transactions duly approved by the Board of Directors of the Company is posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/policies/>.

RISK MANAGEMENT

Risk Management is the process of identification, assessment and prioritisation of risks followed by coordinated efforts to minimise, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities. Risk Management Policy enables the Company to proactively manage uncertainties and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. The Company has laid down a comprehensive Risk

Assessment and Minimisation Procedure in accordance with the requirements of the Act and the SEBI Listing Regulations, which is reviewed by the Audit Committee and approved by the Board from time to time. This procedure is reviewed to ensure that the executive management controls risk through means of a properly defined framework.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 197 of the Act and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees concerned forms a part of the Boards' Report. Having regard to the provisions of Section 136 of the Act, the Annual Report and Accounts, excluding the aforesaid information are being sent to the Members of the Company by e-mail. Any Member interested in obtaining such particulars may write to the Company Secretary of the Company.

KEY MANAGERIAL PERSONNEL

During the year, there was no change in the Key Managerial Personnel of the Company.

DETAILS RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is marked as 'Annexure - E', which is annexed hereto and forms a part of the Boards' Report.

LISTING

The equity shares of the Company continue to be listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE). The Company has paid the requisite listing fees to all the Stock Exchanges for FY 2020-21.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance as prescribed under the SEBI Listing Regulations, together with a certificate from the Company's Auditors confirming compliance, is set out in the Annexure forming part of this Annual Report.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the year 2019-2020, the Board of Directors met five times. The details of the number of meetings of the Board of Directors held during FY 19-20 have been detailed in the Corporate Governance Section of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Act, the Directors, to the best of their knowledge and belief, confirm that:

- i) In the preparation of the annual accounts for the financial year ended 31st March 2020, the applicable accounting standards have been followed and there are no material departures;
- ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis;
- v) Internal financial controls laid down by the Directors have been followed by the Company and such internal financial controls are adequate and are operating effectively; and
- vi) Proper systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declarations from each Independent Director under Section 149(7) of the Act that he/she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations. The Board have taken on record these declarations after undertaking the due assessment of the veracity of the same.

STATUTORY AUDITORS

In terms of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company in 56th Annual General Meeting held on 21st September, 2017, approved the appointment of M/s. S R Batliboi and Co. LLP, Chartered Accountants (ICAI Registration No-301003E/E300005), as the Statutory Auditors of the Company for an initial term of five consecutive years, i.e. from the conclusion of the 56th AGM till the conclusion of the 61st AGM of the Company to be held in the year 2022. The Statutory Auditors have confirmed they are not disqualified from continuing as Auditors of the Company.

The Report given by M/s. S R Batliboi and Co. LLP, Chartered Accountants on the financial statement of the Company for the year 19-20 is part of the Annual Report. The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

COST AUDIT AND AUDITORS

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Audit records maintained by the Company relating to manufacturing of Carbon Black and generation and transmission of electricity at its plants located at Durgapur in West Bengal, Kochi in Kerala, Mundra and Palej in Gujarat, is required to be audited, the Directors of the Company had, on the recommendation of the Audit Committee of the Board of Directors of the Company, appointed Messrs Shome & Banerjee, to audit the cost accounts for the FY 20-21 at a remuneration of ₹4,50,000/- (Rupees Four Lacs Fifty Thousand only). As required under the Act, the remuneration payable to the Cost Auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking ratification of the Members for the remuneration payable to Messrs Shome & Banerjee, Cost Auditors is included at Item No. 4 of the Notice convening the AGM.

The Company has received the written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The Cost Auditors have confirmed they are not disqualified to be appointed as the Cost Auditors of the Company for the financial year ending 31st March, 2020.

The Company submits its Cost Audit Report with the Ministry of Corporate Affairs within the stipulated time period.

SECRETARIAL AUDITORS AND SECRETARIAL STANDARDS

The Secretarial Audit was carried out by M/s. Anjan Kumar Roy & Co., Company Secretaries (ICSI Membership No. FCS 5684) for the financial year ended on 31st March, 2020.

The Report given by the Secretarial Auditors is marked as 'Annexure -F' and forms a part of the Board's Report. The Secretarial Audit Report is self-explanatory and do not call for any further comments. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

During the Financial Year, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

BUSINESS RESPONSIBILITY REPORT

A detailed Business Responsibility Report as required under Regulation 34 of the SEBI Listing Regulations is marked as 'Annexure - G', which is annexed hereto and forms a part of the Board's Report.

QUALIFICATION, RESERVATION OR ADVERSE REMARK IN THE AUDIT REPORTS

There is no qualification, reservation or adverse remark made by the Statutory or Cost or Secretarial Auditors in their Audit Reports issued by them.

DIRECTORS

Dr. Sanjiv Goenka retires by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment.

Details of the proposal of re-appointment of the afore-mentioned Director is mentioned in the Explanatory Statement u/s 102 of the Act of the Notice of the 59th AGM of the Company.

The Policy on Directors' appointment and remuneration, including the criteria for determining the qualifications and positive attributes, forms a part of the Corporate Governance Section of the Annual Report.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business of the Company.

HUMAN RESOURCES

A detailed section on the Company's Human Resource Development is a part of the Management Discussion and Analysis Report, which forms a part of the Board's Report.

DIVIDEND DISTRIBUTION POLICY

The Company's Dividend Distribution Policy is provided in the Annexure forming a part of this Report and is also available on the website of the Company and can be accessed at the link: <https://www.pcblltd.com/policies/>. There has been no change in the Policy during the year.

KEY FINANCIAL RATIOS

Key Financial Ratios for the financial year ended 31st March, 2020, are provided in the Management Discussion and Analysis Report given in 'Annexure – A', which is annexed hereto and forms a part of the Board's Report.

GREEN INITIATIVES

As a responsible corporate citizen, the Company supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs,

Government of India, enabling electronic delivery of documents including the Annual Report etc. to Members at their e-mail addresses previously registered with the DPs and RTAs.

To support the 'Green Initiative', Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/Depositories for receiving all communications, including Annual Report, Notices, Circulars, etc., from the Company electronically.

Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation of the Pandemic, owing to the difficulties involved in dispatching of the physical copies of the Notice of the 59th AGM and the Annual Report of the Company for the financial year ended 31st March, 2020 including therein the Audited Financial Statements for the year 2019-2020, the afore-mentioned documents are being sent only by email to the Members. A newspaper advertisement in this regard has also been published and intimated to the Members of the Company.

ACKNOWLEDGEMENT

Your Company has been able to operate efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all functions and areas as well as the efficient utilization of the Company's resources for sustainable and profitable growth.

Your Directors hereby wish to place on record their appreciation of the efficient and loyal services rendered by each employee, without whose whole-hearted efforts, the overall satisfactory performance would not have been possible. Your Directors also record their grateful appreciation for the encouragement, assistance and co-operation received from members, government authorities, banks, customers and all other stakeholders. They also thank them for the trust reposed in the Management and wish to thank all employees for their commitment and contribution.

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN 00074796)

Kolkata
23rd June, 2020

Dividend Distribution Policy

Preamble

The Equity shares of Phillips Carbon Black Limited (the 'Company' or PCBL) are listed with National Stock Exchange of India Ltd, BSE Limited and The Calcutta Stock Exchange Ltd. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulation'), as amended, all listed companies are required to formulate a Dividend Distribution Policy. The Policy has to be disclosed in the Company's Annual Report and on its website.

Objective

The objective of the Dividend Distribution Policy of the Company is to reward shareholders by sharing a portion of the available profits, after ensuring that sufficient funds are retained for the future business requirements of the Company.

Effective Date

This Policy is effective from the financial year 2017-18.

Definitions

- ▶ 'Act' means the Companies Act, 2013 and Rules made thereunder, including any amendments or modifications thereof.
- ▶ 'Board of Director' or 'Board' means the collective body of the Directors of the Company.
- ▶ 'Company' mean Phillips Carbon Black Limited.
- ▶ 'Policy' means, the 'Dividend Distribution Policy'.

Guidelines for Distribution of Dividend

- ▶ The Company shall pay dividend (including interim dividend) in compliance with the provisions of Section 123 of the Act and Companies (Declaration and Payment of Dividend) Rules, 2014.

- ▶ The Board shall recommend dividend when, according to the Board's opinion, it is financially prudent to do so, especially considering the need to preserve resources.
- ▶ While recommending any dividend for payment by the Company, the Board shall consider the following:
 - Current year's profits, future outlook, with due consideration of internal and external environment.
 - Operating cash flows and treasury position
 - Possibilities of alternative usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.
 - Providing for unforeseen events and contingencies with financial implications.
 - Other factors that may be considered relevant from time to time
- ▶ The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the annual general meeting of the Company.
- ▶ Dividend distribution shall be in accordance with the applicable provisions of the Act and Rules framed thereunder, SEBI Regulations and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

Amendments

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

(Annexure 'A' to the Board's Report)

Management Discussion and Analysis

Global economic overview

The global growth story continued to decelerate in 2019, marked by a weakness in trade and investments. This trend was visible in advanced and emerging markets. Ongoing tariff negotiations between China and USA resulted in an initial agreement on the withdrawal of a few tariffs imposed by each country on the other that came after a prolonged period of rising trade disputes, increasing uncertainty in international trade, business confidence and investments. The result is that global economic growth weakened to an estimated 2.4% as per World Bank compared with 3% in the previous year.

The coronavirus (COVID-19) outbreak at the start of 2020 unleashed a health and economic crises, unprecedented in scope and magnitude, with lockdowns and border closures paralyzing economic activity and laying off millions of workers across the world. With extensive restrictions on economic activities, the global economy was at a virtual standstill through the second quarter of 2020. To minimize the impact of this economic catastrophe, governments across the world rolled out economic stimulus measures.

As per World Bank report, global economy is estimated to contract by 5.2% in 2020 but gradually recover in 2021 based on the assumption that a second infection wave does not emerge. Even as various economic contraction estimates have been offered, GDP growth in advanced economies is expected to plunge to -7% as per World Bank estimate while the emerging and developing economies are expected to shrink by 2.5% during the current calendar year.

China appears to be the only silver lining with a head start in the resumption of economic activities. India went into a complete initial lockdown from March 24th to April 14th to contain the spread of the virus. Thereafter the lockdown was extended multiple times by the Government of India with increasing relaxations for economic activities to resume in safe zones. By the time this report was written, the total COVID-19 cases had crossed 500,000 in India. As a result of the upheaval, India encountered demand challenges, labor shortages owing to reverse migration of migrant labor and therefore compelled the industries to operate at less than rated capacity. In line with economic stimulus measures announced by governments across the world, the Indian government have announced stimulus and reform measures to revive the national economy.

Globally, there is no visibility of the development of an effective vaccine to counter the pandemic across the foreseeable future. As per reports, scientists across the world are working on vaccine development. However, observers believe that humankind would need to learn to live with the virus, expected to inspire a change in consumer behavior, lifestyles and discretionary spending. The immediate impact of the pandemic was perceived on the aviation, hospitality, tourism and automotive sectors.

The success of global efforts to fight the pandemic and economic recovery would largely depend on how well public health and fiscal measures collaborate to counter the virus, minimizing reinfection, safeguarding employment and restoring consumer confidence.

Global Real GDP growth trend#

Particulars	2018	2019	2020 (P)
World Output	3.0	2.4	-5.2
Advanced Economies	2.1	1.6	-7.0
United States	2.9	2.3	-6.1
Euro Area	1.9	1.2	-9.1
Emerging and developing economies	4.3	3.5	-2.5
Russia	2.5	1.3	-6.0
China	6.6	6.1	1.0
India	6.1	4.2	-3.2
Brazil	1.3	1.1	-8.0
South Africa	0.8	0.2	-7.1

*Source : World Bank, Analyst Reports

Global tyre industry insight

The global OEM tyre industry de-grew across geographies in 2019 while the replacement demand delivered better growth in select markets. Passenger car and light truck tyre demand in the OEM market declined by an estimated 4% in 2019 in North America while replacement demand increased by 2% in 2019. The OEM demand in Europe declined by 5% and replacement demand by 3%. Chinese OEM demand was reported to have declined by 9% while replacement demand is estimated to have increased 4% in 2019 versus 2018.

Following the declining trend of passenger cars, truck tyre demand decreased as well, barring exceptions in a few markets. The North American OEM market grew 1% in 2019 while replacement demand declined 13%. Overall truck tyre demand in Europe declined 3%, driven by a 10% decline in OEM demand. The Chinese OEM truck tyre market is reported to have increased 2% while replacement demand declined 1% in 2019.

Indian automobile and tyre industry review

Mirroring the global trend, FY20 was not a favorable year for the Indian automobile industry. Demand declined significantly across all segments. The lockdown impact owing to COVID-19 was visible from March'20 sales, declining significantly on a year-on-year basis. The impact was observed in domestic tyre production too which de-grew by 8% in FY20 as per ATMA report.

Automobile demand growth in FY20#

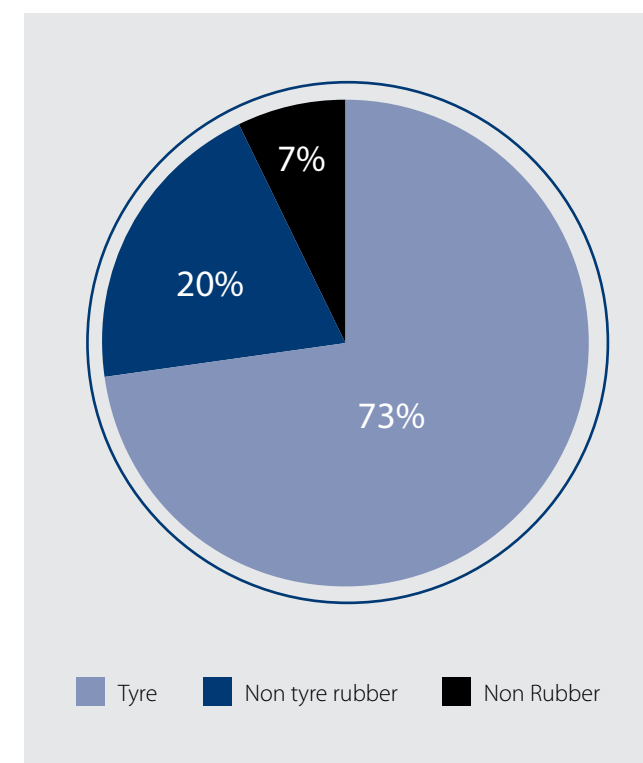
Particulars	FY 20	March'20
Passenger Vehicle	-18 %	-51 %
Commercial Vehicle	-29 %	-88 %
Three Wheeler	-9 %	-58 %
Two Wheeler	-18 %	-40 %

Source: SIAM

The initial lockdown announced by the Indian Government from March 24th 2020 till April 14th 2020 immobilized the country's automotive supply chain. Many automobile component manufacturers along with automobile companies and tyre producers were compelled to stop production during the lockdown. Following a relaxation of economic activities by the government in follow up lockdowns, the automobile and tyre producers operated at less than rated capacity. The labor shortage due to the reverse labour migration increased challenges for downstream users. The stimulus measures announced by the government addressing various sectors could catalyse an economic recovery.

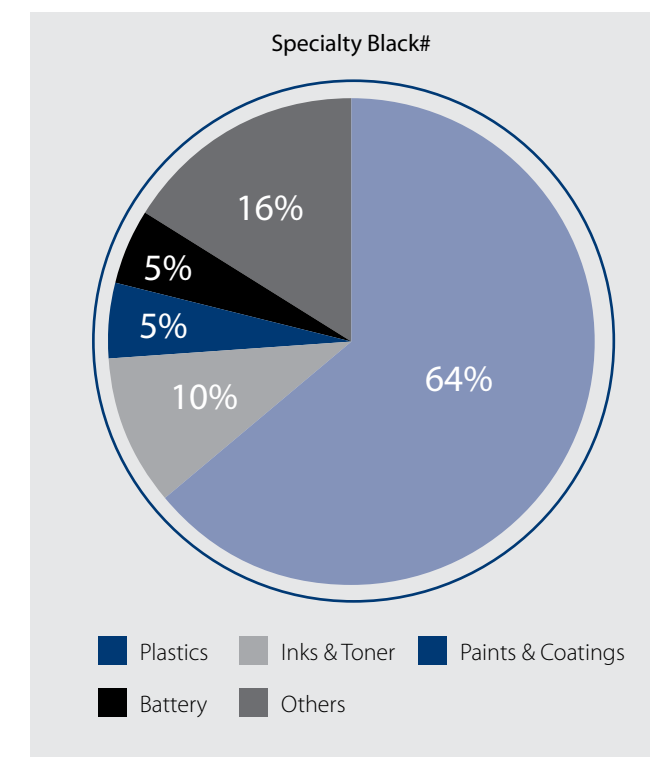
Carbon black industry Overview

Global carbon black industry is concentrated with 10 players accounting for almost 60% of the global production capacity. As far as carbon black application is concerned, consumption is predominantly driven by tyres and other rubber goods while non-rubber application command relatively small share.



*Source : Notch Consulting, Analyst Reports

Carbon black used in high-end non-rubber applications is commonly known as 'Specialty blacks'. Specialty carbon black imparts specific characteristics such as high-quality pigmentation, UV protection, dispersion, viscosity control and electrical conductivity. These blacks find applications in plastics, inks, paints, coatings and batteries used across industries such as automobile, electronics, textiles, construction, packaging etc. Plastics application is the major growth driver accounting for almost 2/3rd volume share of the specialty blacks market.



*Source : Notch Consulting

Post global recession in 2008-09, the Carbon black industry demand has grown by estimated 3.5 % p.a till 2018. Most of this growth was primarily driven by developing economies led by increased demand in China by 8% p.a. Simultaneously, the other Asian economies such as India, Indonesia, South Korea & Thailand too recorded good increase in demand for Carbon Black. The increase in carbon black demand in emerging markets was catered by similar increase in production capacity in Asia primarily China.

Carbon black industry outlook

The global Carbon black industry has witnessed relatively reduced growth in recent times vis-à-vis post global recession era. COVID-19 outbreak has further increased the demand challenges in 2020. The pandemic has impacted global supply chains associated with auto & tyre industries. By the time of writing this Report, all units have resumed production at low capacity utilization on account of weak demand. Some global carbon black plants operated at full capacity utilization for a few weeks, stocked inventories and shut for the remaining period. Though the stimulus measures announced by the global governments should boost demand recovery, global demand is expected to remain sluggish in FY21 compared with FY20.

About Phillips Carbon Black Limited (PCBL)

PCBL is a part of the RP-Sanjiv Goenka Group, one of India's youngest business groups. This Group is a large conglomerate comprising interests in Power, Carbon Black, IT-enabled services, Consumers and Retail, Media and Entertainment, Sports, Education and Infrastructure and Plantations.

With a proud legacy of over 60 years, PCBL is the largest Carbon Black producer in India and the seventh largest in the world. The company was commissioned in association with Phillips Petroleum, a US-based company, in 1960. PCBL commenced commercial production in December 1962. PCBL entered into a technical collaboration with Columbian Chemical for about a decade. In 1996, the Company acquired the Carbon Black Division of Gujarat Carbon Limited. In 1996-97, Carbon and Chemicals India Limited was amalgamated with the Company.

The company inherits the group's core values of customer happiness, credibility, humaneness, execution excellence, speed and risk-taking, which serve as guiding principles for our vision and strategy. PCBL redefined its business by establishing green power plants in each manufacturing facility using the off-gas generated from the carbon black manufacturing process, strengthening its environment responsibility. During the year under review, the company operated manufacturing facilities across four locations - Durgapur in West Bengal, Mundra and Palej in Gujarat as well as Kochi in Kerala. The company commissioned a new production line at the Mundra plant in 2019. The current manufacturing capacity across all four plants combined is 5,71,000 MT per annum including specialty blacks production capacity of 40,000 MT per annum.

PCBL's wide portfolio of ASTM-certified, customized and high-performance products address specific customer requirements. The company has progressively climbed the value chain, expanding its portfolio of high-performance value-added grades for rubber and specialty black applications.

PCBL has sustained a strong focus on Research and Innovation (R&I). The company works closely with customers to understand their demanding technical requirements with the objective to develop different carbon black grades. This research commitment has empowered the company to focus on the manufacturing of high-performance non-rubber carbon black and specialty carbon black. By leveraging R&I efficiency, the company developed a seamless capability in the use of multiple feedstock like Carbon Black Feed Stock (CBFS), Carbon Black Oil (CBO), Anthracene Oil (ATO) and Ethylene Bottom Oil (EBO) for the manufacture of carbon black.

Rubber applications

Tyres



Present in complete tyre applications across all segments, including:

- Passenger vehicle tyres
- Truck and bus tyres
- Off-the-road tyres
- Agriculture tyres
- Scooter tyres
- Three wheeler tyres
- Cycle tyres
- Tyre re- trading materials

To enhance its research and innovation capability, the company commissioned a state-of-the art R&D center at the Palej plant and an Innovation center in Belgium, Europe.

Manufacturing units

PCBL comprises four manufacturing units located strategically proximate to customer locations and ports in Durgapur (Eastern India), Kochi (Southern India) and Palej and Mundra (Western India).

Particulars	Carbon Black	Power
Durgapur	1,63,500 MT	30 MW
Kochi	92,500MT	10 MW
Palej	1,10,250 MT	12 MW
Mundra	2,04,750 MT	24 MW
Total	5,71,000 MT	76 MW

The company has strengthened its competitiveness by growing its global presence, product portfolio diversification and consistently robust performance, among others.

Global presence

By the virtue of an efficient supply chain and distribution network, PCBL has carved out a presence in more than 40 countries. The company ensures the timely delivery of products through decanting stations and warehouses in proximity to customer locations. The company's customers comprise some of the best-known global tyre majors. Besides, the company established its mark as a key player in the Specialty Black segment the world over.

Diversified product portfolio

PCBL provides a wide portfolio of carbon black grades to address global customer requirements across tyres and niche applications. The rubber black portfolio caters to all renowned global tyres and industrial rubber goods customers, reinforcing the physical properties of their products. The company's portfolio addressed non-rubber high-margin applications, plastic being globally the largest by market size. The specialty portfolio addresses more than 90% of the plastic market by product segment in various industries worldwide. The company possesses deep capabilities in the areas of engineering plastics, fibres, US Food and Drug Administration (FDA)-approved food contact grades, conductors and cables, among others. The company is also intending to build capabilities in ink, paint and coating applications.

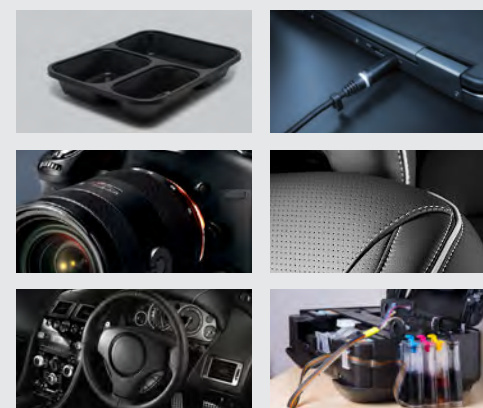
Technical and Moulded Rubber Goods



Present in industrial rubber applications, including:

- Conveyor belts
- Construction
- Damping elements
- Hoses
- Transmission belts
- Mats and shoe soles
- Moulded goods
- Seals and gaskets
- Rubber -to-metal bonded goods
- Unvulcanised sheets
- Adhesives
- Tubing
- Air springs

Non rubber applications



Applications:

- FDA & Food contact plastics
- Fibre
- Wire and Cables
- Film
- Geo -textile / geo - membrane
- Engineering Plastics
- Adhesives and sealants
- High-pressure pipes
- Drip irrigation pipe system
- Printing inks
- Paints/ coatings
- Battery
- Fertilizer

Performance

Carbon Black

Company's FY20 EBITDA was ₹488 Cr despite multiple challenges and headwinds witnessed by the Auto Sector during the year as well as Lockdown due to COVID19 during the month of March'20. The performance reflects increased weightage of value added premium grades in the product mix of the company, improving operational efficiency and increasing geographical footprints in International Markets.

Profit Before Tax (PBT) for the year under review stood at ₹351 Cr as against ₹539 Cr of last year. Profit after Tax (PAT) was at ₹283 Cr against ₹389 Cr of last year.

The Brownfield expansion of Specialty Lines is progressing satisfactorily and is likely to be commissioned within 1st half of FY21.

Power

Segment Revenue of Power (excluding inter segment revenue) was ₹86 Cr in current year as against ₹97 Cr of FY19.

Details of significant changes in Key Financial Ratios

SI	Particulars	Standalone		Consolidated	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
(a)	Debtors Turnover Ratio - Days (Average Trade Receivables * 365 / Total Sales) (Total Sales = Sales of Finished Goods+Sale of Power) Reason for variance: Variance is due to delay in collection on account of lock down across the country due to COVID 19.	70	61	70	61

SI	Particulars	Standalone		Consolidated	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
(b)	Inventory Turnover Ratio - Days (Average Inventories * 365 / Total Sales) Note : Inventories = Raw Materials + Finished Goods + Stores and spares parts (including packing material).	45	40	45	40
(c)	Interest Coverage Ratio [Earning before Interest and Tax (EBIT) / Finance Costs] Note : EBIT = Profit Before Tax + Finance Costs Finance Costs = Interest expenses on debts and borrowings + Other borrowing costs + net loss/(gain) on foreign currency transaction / translation-Interest on lease rent Reason for Variance : On account of general deterioration in economic condition & auto industry.	10.75	16.52	10.86	16.34
d)	Current Ratio (Total Current Assets / Current Liabilities) Note : (Total Current Assets = Inventories + Current Financial Assets + Other Current Assets) (Current Liabilities = Total Current Liabilities - Current borrowings)	1.58	1.85	1.64	1.89
(e)	(i) Long term Debt Equity Ratio (Non-current borrowings / Total Equity) Note : Non-current borrowings includes Current maturities of Long Term Debt Total Equity = Equity share capital + other equity. For ratios for consolidated financial statements, total equity does not include non-controlling interest	0.17	0.21	0.17	0.21
	(ii) Debt Equity Ratio (Total Debt/Total Equity) Note : Total Debt = Non-current borrowings + Current maturities of Long Term Debt + Current Borrowings Refer above for Total Equity For ratios for consolidated financial statements, total equity does not include non-controlling interest	0.36	0.48	0.36	0.48
(f)	Operating Profit Margin (%) (Operating Profit / Revenue from Operations) Operating Profit = Profit before tax + Depreciation and Amortisation expense + Finance Costs + Net loss/(gain) on foreign currency transactions/ translations + Loss on disposal of property, plant and equipment's - Other Income -payment of lease liability Reason for Variance : On account of general deterioration in economic condition & auto industry.	14%	18%	14%	17%

SI	Particulars	Standalone		Consolidated	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
(g)	Net Profit Margin (%) [Profit for the year/ Revenue from Operations] Reason for Variance : On account of general deterioration in economic condition & auto industry.	9%	11%	9%	11%
(h)	Return on Net worth (%) [Profit for the year/ Total Equity] Refer above for Total Equity	17%	24%	17%	23%

Note :

- All the Calculation of ratios has been rounded off to the nearest numbers/ two decimal places where applicable.
- Figures used for calculation of ratios for consolidated financial statements, include share of non-controlling interest wherever applicable.

Research and Innovation focus

Research and innovation are the critical drivers of business, technical and qualitative superiority.

The Research and Development (R&D) practices of Phillips Carbon Black Limited (PCBL) stand out for strategic and novel innovation. These have catalysed the company's 'New Product Development Roadmap' across carbon black, nano-structured carbonaceous materials and carbon black feedstock (CBFS). This research-led innovation focus empowered the company to design a competitive product portfolio that accelerated business growth.

Over the years, the company leveraged the 'Competitive Intelligence Study' with the objective to identify opportunities for the development, innovation, customer engagement, market-driven research and intellectual property protection.

The company's R&D function translated market/business needs related to novel carbon black into commissioned projects and capacities with the objective to widen the portfolio, develop novel products, provide cutting-edge technology solutions, strengthen the performance of existing grades, deepen an understanding of CBFS features to create consistent products and harness partner knowledge and capabilities to establish a harmony with PCBL. PCBL's intra- and inter-organizational technology collaboration leveraged applications research with boundless possibilities.

All the company's four R&D units, located in different plants, were recognized by Department of Science and Industrial Research (DSIR), Government of India.

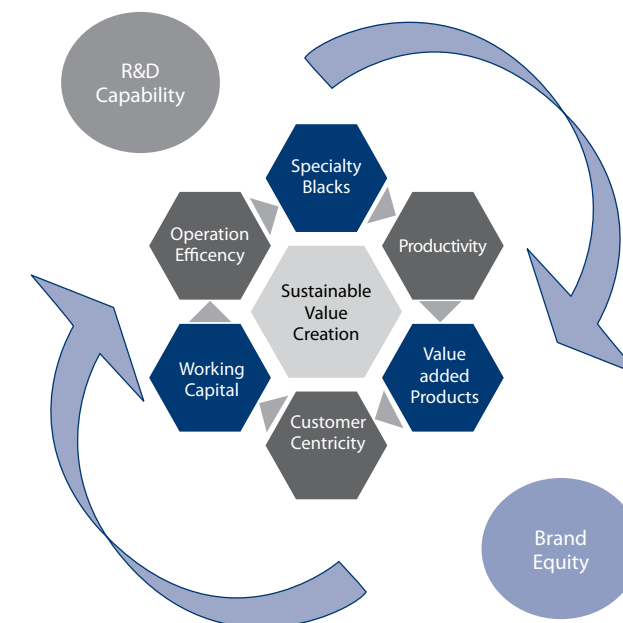
The NABL-accredited R&D units serve as the seeding ground for product development and customer collaboration with the objective to customise the product/process and enhance product/process performance. The R&D units were supported by a team of qualified and experienced process and product development scientists and engineers supported by world-class infrastructure comprising a Gas Chromatography (GC), Elemental Analyser (EDX), Nitrogen Surface Area (NSA) Analyser, Particle Size Analyser (PSA), Dynamic Mechanical Analyser (DMA), optical microscope, rheometer, viscometer, rubber-and plastic-processing equipment, among others.

The R&D team focuses on the development of new products and technologies in line with the demanding processing, application and environmental demands of customers.

Business review and outlook

The carbon black industry reported low global growth in 2019. Subdued demand, declining trade & investments and increasing protectionism by advanced economies contributed to weak offtake. Further, the COVID-19 outbreak disrupted the automotive supply chain in the first half of 2020.

Your company strengthened a number of strategic initiatives across the last five years in the areas of key account management, productivity improvement, new product development, plant reliability improvement, widening resource vendor base, superior working capital management, moderated finance cost and growth in specialty black. Your company's established brand equity, growing proportion of value-added products, efficiency-driven culture and R&D-driven focus on new product development reinforces its competitive edge and customer service.



Opportunities and threats

We are constantly on the lookout for emerging sectoral opportunities, while tracking probable threats.

Opportunities

Low penetration of motor vehicles in developing economies and growing industrialization in emerging economies provide wider opportunities for the growth of the carbon black sector.

Threats

Competition from low cost manufacturers is likely to continue.

Risks and concerns

CBFS is one of the raw materials consumed by your Company. The feedstock material is a residue derived from distillation and subject to price volatility. In the case of extreme volatility and if the Company is unable to pass on an increase in CBFS costs, there be an adverse impact on profit.

Geopolitical conflicts & global trade wars between major economies could impact global automobile demand and tyre production leading to a decline in carbon black demand.

Disruption in the automotive supply chain caused by the COVID-19 outbreak could impact the the demand for carbon black in the short-term.

Any sharp hike in raw material costs arising out of geopolitical conflicts could stretch working capital requirements and increase short-term borrowings, impacting the company's finance cost.

The Company is exposed to a fluctuation in the value of the Indian rupee vis-à-vis other currencies, an exposure that has been fully hedged.

Major expansion plans

A new production line was commissioned at the company's Mundra plant in 2019, thereby increasing the overall manufacturing capacity to 571,000 MT per annum. Capacity expansion projects, including carbon black and green power plant were in various stages of progress by the end of the financial year under review.

Manufacturing and procurement initiatives

Your Company continues to focus on initiatives that improve operational efficiencies, comprising improved yield, new geographies of feedstock sourcing and investment in technical capabilities for the development of new grades for high-performance rubber and non-rubber applications.

Internal financial control system and its adequacy

Your Company has adequate internal financial control systems in all areas of operation. The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and

completeness of the accounting records and timely preparation of reliable financial information. The services of the internal and external auditors are utilised from time to time, as also the in-house expertise and resources. The Company continuously upgrades these systems in line with the best available practices.

Reports and deviations are regularly discussed with the Management Committee Members and actions are taken whenever necessary.

An Independent Audit Committee of the Board reviews the adequacy of the internal financial control.

Information Technology

Your Company continued its strategic focus on IT Security, Data Confidentiality & Data Availability. During the financial year under review, there was no business, financial or reputational loss arising out of IT.

A forward-looking futuristic IT strategy of the Company to adopt Cloud for all critical IT setups, instead of on-premise Servers, optimized the computing resources with scalability and cost optimization, data availability even for work-from-home or remote users during the COVID-19 lockdown period, protecting business continuity of critical transactions, audit and other activities.

Your company's Disaster Recovery servers were located in in the Singapore AWS region. Periodic disaster recovery drills validated systemic effectiveness and business continuity.

All the company's critical IT servers were protected with best-in-class Firewalls (UTM), which were periodically monitored and updated. All access to critical IT servers, including SAP ERP, for home or remote users, took place only through a secure VPN (with two-factor authentication) tunnel. The company adopted one of the best-in-class cloud-based antivirus platforms – all official laptops and desktops were protected and monitored daily for virus/malware threats by the Security Operations team. Necessary update patches and security policies were pushed over the internet daily to all the company's computers even if the user was at home or away from office. Deviations and alerts were monitored closely; corrective/preventive actions were implemented as per need.

The IT team was equipped with one of the best-in-class Remote Support Software Tools to remotely support business users at home or office, protecting business continuity during the lockdown and other emergencies.

The Company did not incur any major additional expense or alteration in its IT infrastructure to handle lockdown-related scenarios. All stakeholders sustained transactions through the work-from-home environment by accessing AWS cloud Servers through the secure VPN from their office laptops, which remained protected and monitored remotely for probable threats.

At the company, robust modern IT platforms like SAP HANA ERP and related Fiori apps, SAP SuccessFactors app and portal provided cutting-edge features like speed, accessibility, data-integrity and security.

As part of a long-term IT strategy, the Company's pan-India data

network was innovatively re-designed with best-in-class new firewalls (UTM) in two cities (as primary and fail-over), hosted at Tier-III ISP data-centres, discarding the on-premise old firewalls. The network bandwidth for plants and head-office, regional offices was increased and optimally tuned to support the increased load of video-conferencing and online meetings/ webinars/training with customers and internal plant teams at a time of no business travel. The IoT-based Plant DCS Data Capture onto the cloud dashboard was conceptualised for pilot testing in one plant.

A new IT setup was implemented in the Head Office at RPSG House, Kolkata, with robust data links to PCBL plants and cloud servers, to support increased IT-enabled business transactions and online meetings.

The Company continued to partner prominent IT partners like IBM, Amazon AWS, SAP, Tata Communications, Dell, HP and others.

Environment, Health, Safety and Social Responsibility

PCBL recognises that its operations can have a potential environmental impact. In view of this, the company implemented several initiatives to moderate its carbon footprint. The company engaged in initiatives to recycle waste and optimise resource optimisation. The Company implemented equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Besides, the company also generated co-generated power from the tail gas of the carbon black process, replacing an equal amount of fossil fuel used by the manufacturing unit. The Company also emphasizes on recycling waste, reusing wastewater and zero discharge in its resource-optimised operations.

The Company also planted saplings to develop green belts inside and outside its factory premises. Institutionalised employee well-being and customised risk-based training programmes to enhance safety. During the year under review, it improved environmental compliance with innovative implementations like state of art on-line Continuous Air Monitoring system across all greenfield and brownfield projects to minimise carbon black emissions, protecting the environment and neighboring communities. The commissioning of a Zero Liquid Discharge (ZLD) water treatment plant in the water-starved areas of Gujarat represents a major initiative in enhancing business sustainability.

Being cognizant of the requirements, aspirations and expectations of the community, the Company extended its social responsibility towards support for education, art, healthcare, sports, environmental sustainability and conservation. The Company financially assisted government-run schools in the vicinity of its facilities in addition to infrastructure development, computer literacy, tuitions, school-aid materials and uniforms. As part of its CSR programmes, the Company is helping build individual household toilets under the Swachh Bharat Abhiyaan and helping develop rural infrastructure. The Company funds projects in backward areas that focus on infrastructure development and livelihood generation.

The Company continues to do its best to support its communities during the current situation. The Company, as a responsible corporate citizen, has contributed in PM CARES Fund.

Human Resource development

People development and building people capability are continuous endeavours at PCBL. The company lives by its vision to create an 'Exciting Workplace for our People'. The company's interventions are mapped around our People Philosophy pillars of Leadership, Culture, Capabilities, Demography and Rewards, enhancing transparency, inclusion and a global mind set.

With the launch of the AI-enabled HR chatbot at PCBL during the year under review, the company mapped employee emotions and moods through a corresponding score based on key drivers like manager behaviour, work team behaviour, workplace safety, career growth and employee development. Based on the chats received, employees were accessed by the leaders to understand their perspective and keep them engaged.

The employee at PCBL has been empowered with the launch of the Integrated Human Capital Management Platform called 'People Connect', powered by Success Factors. The platform builds the employee experience through a seamless integrated Human Capital Management Solution. The intervention creates a learning culture through the Learning Management System portal in line with the 'Building Capability' philosophy. Employees can access self-learning contents online and scan the monthly training calendar across locations.

The Company identified subject matter experts for different functional areas and entered into collaborations to create online training modules by converting tacit knowledge into explicit knowledge.

The success of the first season of the Certified General Management Programme (CGMP) and PCBL Challengers was a precursor for the second season. CGMP is an organizational intervention, grooming identified potentials (Functional Manager to Business Manager) in association with IIM- Kolkata. For this year, 17 PCBLites were identified for the programme.

PCBL Challengers- is a pan-India business case study competition launched across premier B-schools. The intervention positioned the Company as a preferred employer across premier business schools across India. There was a sustainable increase in following on PCBL's social media platforms like LinkedIn, Facebook and Twitter following the launch of the season.

The Company's industrial relations continued to be harmonious; not a single person-day was lost during this financial year on account of industrially-disrupted relations.

On 31st March 2020, there were 1033 permanent employees on the rolls of the Company.

RISK MANAGEMENT

We have reinforced our business sustainability through a robust risk management framework.



Financial risks	Risk mitigation
Credit risks, or the risk of financial loss to the Company if customers or counterparties fail to meet their contractual obligations	Credit profiling Regular monitoring of important developments, namely, payment history, change in credit rating, regulatory changes and industry outlook
Commodity price risk, or the risk that results from changes in market prices for raw materials (mainly carbon black feedstock, which forms the largest portion of the Company's cost of sales)	Maintaining inventory at optimum level through a highly probable sales quarterly forecast, as well as worldwide purchasing activities, diversifying the sources of raw material
Foreign currency risk, or the risk arising from foreign currency transactions that the Company deals in due to operations in international markets	Hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps

Supply-chain risks	Risk mitigation
Increased dependence on limited number of raw material suppliers	Scouting for alternative raw material sources Building long-term partnerships with diverse suppliers
Fluctuations in crude oil prices	Linking price of raw material with the price of product
Emergence of alternate types of Carbon Black Feed Stock (CBFS)	Searching for alternative feedstock, taking trial and validating the product
Dependency on mode of transport	Alternative sources of mode of transport

R&D risks	Risk mitigation
Gap in identifying future needs of customers	Proactive visit of technical representatives and interaction with customers to capture new requirements Quality Function Deployment Encouraging joint project with customer to develop new product
Technology risk	Hiring and retaining people having the experience of working in benchmark industries in the field Attending conferences / exhibitions to scan the changes in the technology landscape and to adopt newer technologies

Manufacturing Risk	Risk mitigation
Generation of off-spec product (defect)	Implementation of Statistical Process Control to identify the cause of process variation and taking action before the generation of off-spec
Equipment breakdown	Adherence to Preventive / Predictive / Conditional monitoring programme and taking preventive action

Marketing risks	Risk mitigation
Competition risk	Strengthening market intelligence and product differentiation
Availability of grades and quantities for respective customers	Detailed forecasting, inventory management

Customer support risks	Risk mitigation
Reduced customer base on account of improper customer feedback analysis and poor assessment	Ensuring customer satisfaction through feedback collection at various levels at regular intervals and taking action to address the issue, if any
Non-availability of material	Maintaining safety stock, factoring in obsolescence Getting approval of different plants / lines for same grades Upgrading plan using Optimizer

Human resource risk	Risk mitigation
Employee disengagement	<p>Conducting focussed group discussions to understand employee perspective at the workplace</p> <p>Organising workplace surveys at regular intervals to gauge employee satisfaction through AI-HR Chatbot and Live Sampark</p> <p>Ensuring safety of employees by strict adherence to safety rules as per OHSAS18001:2007 and use of personal protective equipment at plant</p> <p>Conducting programmes like 'Fun at Work' to create an exciting workplace for employees</p>

Compliance risk	Risk mitigation
Fast changing laws and regulations	<p>Capturing regulatory requirements of different countries and complying with international regulations and norms</p> <p>Engaging an expert agency as 'ONLY REPRESENTATIVE' to help in REACH registration and meeting regulatory requirements for export of carbon black to European countries</p> <p>Emphasising continuously on updating domain knowledge, analysing and highlighting implications and staying ahead of the compliance curve</p>

Environment Risk	Risk mitigation
Environment pollution	<p>Using the process emission (off-gas) for power generation</p> <p>Preventive measures to arrest leakage</p> <p>Adherence to ISO14001:2015 (Environment Management System standard)</p>

Pandemic Risk	Risk mitigation
Operations affected by the spread of the virus	<p>Strict adherence to SOPs for following the highest level of health and hygiene, protecting the spread of the pandemic in the Company's manufacturing units, regional offices and corporate office</p>

Cautionary statement

The financial statements appearing above are in conformity with the accounting principles generally accepted in India. The statements in the Management Discussion and Analysis Report, which may be considered 'forward-looking statements', within the meaning of applicable laws and regulations, have been based upon the current expectations and projection about future events. The actual results could differ from those expressed or implied. Important factors that could influence the Company's operations include global geopolitical shifts, economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as industrial relations. The management cannot, however, guarantee that these forward-looking statements will be realised or achieved.

(Annexure 'B' to the Board's Report)

Form No. MGT- 9 Extract of Annual Return

As on the financial year ended on 31.03.2020

[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)	CIN :	L23109WB1960PLC024602
ii)	Registration Date	31/03/1960
iii)	Name of the Company	Phillips Carbon Black Limited
iv)	Category / Sub-Category of the Company	Public Company / Limited by shares
v)	Address of the Registered Office and contact details:	<p>31, Netaji Subhas Road, Kolkata – 700001, Telephone No. – 033-66251461-64, Fax : 033-2248-0140/2243-6681</p> <p>Address of the Corporate Office and contact details: RPSG House, 2/4 Judges Court Road, 4th Floor, Alipore, Kolkata – 700027 Telephone No: 033 4087 0500/0600 E-mail : pcbl@rpsg.in Website: www.pcblltd.com</p>
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	<p>Link Intime India Pvt. Ltd Address of Registered Office:- C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Contact Details:- 022-49186270, Fax No: 022-49186060 Website: www.linkintime.co.in</p> <p>Address of Branch Office:- Vaishno Chamber, 5th Floor, Room No. – 502 and 503, 6, Brabourne Road, Kolkata – 700001 Contact Details:- 033 – 4004 9728 / 4073 1698, Fax: 033 - 40731698 E-mail: kolkata@linkintime.co.in Website: www.linkintime.co.in</p>

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 main products / services	NIC Code of the Product/service	% to total Turnover of the company
1	Manufacturing of Carbon Black	1920	97.33

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Phillips Carbon Black Cyprus Holdings Limited, 15 Demetriou Karatasou Street, Anastasio Building, 6th Floor, Office / Flat 601, 2024, Stovolos, Nicosia, Cyprus	N.A	Wholly Owned Subsidiary Company	100%	2(87)
2	Phillips Carbon Black Vietnam Joint Stock Company, Lot No. – 04, My Xuan – A – Industrial Zone, Tan Thanh District, Ba-Ria Vung Tan Provinces, Vietnam	N.A	Wholly Owned Subsidiary of Phillips Carbon Black Cyprus Holdings Limited	80%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) [As Per Records with the Registrar]

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2019)				No. of Shares held at the end of the year (as on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
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.	92307785	0	92307785	53.562	92307785	0	92307785	53.562	0%
e) Bank / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	92307785	0	92307785	53.562	92307785	0	92307785	53.562	0%
2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Others- 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
Sub- total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)= A(1)+(A)(2)	92307785	0	92307785	53.562	92,307,785	0	92,307,785	53.562	0%
B. Public shareholding									
1. Institutions									
a) Mutual Funds	3575838	0	3575838	2.0749	2021042	0	2021042	1.172	-0.902
b) Banks / FI	363115	5760	368875	0.2140	196933	5610	202543	0.117	-0.097
c) Central Govt./State Govt(s)	2339500	0	2339500	1.3575	2339500	0	2339500	1.3575	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	17759141	0	17759141	10.3048	20699696	0	20699696	12.0111	+1.7063
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others (specify)									
Alternate Investment Funds	13481	0	13481	0.0078	0	0	0	0	-0.0078
Sub-total (B)(1)	24051075	5760	24056835	13.9591	25257171	5610	25262781	14.6576	0.6985
2. Non- Institutions									
a) Bodies Corp.									
i. Indian	8398140	10000	8408140	4.8781	7564982	8805	7573787	4.3947	-0.4834
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individuals shareholders holdings nominal share capital up to ₹1 Lakhs	33209047	2189500	35398547	20.5402	34097568	1853871	35951439	20.8610	0.3208
ii) Individuals shareholders holdings nominal share capital in excess of ₹1 Lakhs	4748740	0	4748740	2.7555	3997199	0	3997199	2.3194	-0.4361
NBFCs registered with RBI	1165170	0	1165170	0.6761	1124005	0	1124005	0.6522	-0.0239
c) Others (Specify) :-									
i) IEPF	1228190	0	1228190	0.7127	1358647	0	1358647	0.7884	+0.0757
i) Clearing Member	1241598	0	1241598	0.7204	326196	0	326196	0.1893	-0.5311
ii) Non Resident Indians (Repat)	1254610	113840	1368450	0.7941	1780750	82695	1863445	1.0813	-0.2872
iii) Non Resident Indians (Non-Repat)	607042	0	607042	0.3522	609667	0	609667	0.3538	+0.0016
iv) Hindu Undivided Family (HUFs)	1792483	0	1792483	1.0401	1948619	0	1948619	1.1307	+0.0906
v) Trusts	12375	0	12375	0.0072	12365	0	12365	0.0072	-0.0000
vi) Foreign Nationals	2500	0	2500	0.0015	1925	0	1925	0.0011	-0.0004
Sub-total (B)(2)	53659895	2313340	55973235	32.4781	52821923	1945371	54767294	31.7791	-0.6690
Total Public Shareholdings (B) =(B)(1)+(B)(2)	77710970	2319100	80030070	46.4372	78079094	1950981	80030075	46.4367	0.0005
C. Share held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	170018755	2319100	172337855	100	170386879	1950981	172337860	100	0

(ii) Shareholding of Promoters:-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2019)			Shareholding at the end of the year (as on 31.03.2020)			% change in Shares holding 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	Rainbow Investments Limited	86515370	50.201	86515370	86515370	50.201	86515370	0
2	Dotex Merchandise Private Limited	5340000	3.099	5340000	5340000	3.099	5340000	0
3	STEL Holdings Limited	451915	0.262	451915	451915	0.262	451915	0
4	Saregama India Limited	500	0.000	500	500	0.000	500	0
	Total	92307785	53.562	0	92307785	53.562	0	0%

(iii) Change in Promoter's Shareholding

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares held	% of total Shares of the company	Date of Transaction	No. of shares	No. of Shares held	% of total Shares of the company
1	RAINBOW INVESTMENTS LIMITED						
	At the beginning of the year	86515370	50.2010				
	Purchase / Sale			-	-		
	At the end of the year					86515370	50.2010
2	DOTEX MERCHANDISE PRIVATE LIMITED						
	At the beginning of the year	5340000	3.0986				
	Purchase / Sale			-	-		
	At the end of the year					5340000	3.0986
3	STEL HOLDINGS LIMITED						
	At the beginning of the year	451915	0.2622				
	Purchase / Sale			-	-		
	At the end of the year					451915	0.2622
4	SAREGAMA INDIA LIMITED						
	At the beginning of the year	500	0.0003				
	Purchase / Sale			-	-		
	At the end of the year					500	0.0003

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

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2020)	
		No. of Shares held	% of total Shares of the company	Date of Transaction	No. of shares	No. of Shares held	% of total Shares of the company
1	THE WELLINGTON TRUST COMPANY NATIONAL ASSOCIATION MULTIPLE COMMON TRUST FUNDS TRUST EMERGING MARKETS LOCAL EQUITY PORTFOLIO	4102727	2.3806				
	Purchase			19 Jul 2019	307142	4409869	2.5589
	Purchase			26 Jul 2019	360149	4770018	2.7678
	Purchase			02 Aug 2019	226343	4996361	2.8992
	Purchase			09 Aug 2019	25260	5021621	2.9138
	Purchase			16 Aug 2019	220766	5242387	3.0419

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2020)	
		No. of Shares held	% of total Shares of the company	Date of Transaction	No. of shares	No. of Shares held	% of total Shares of the company
	Purchase			23 Aug 2019	274869	5517256	3.2014
	Purchase			30 Aug 2019	410185	5927441	3.4394
	Purchase			27 Dec 2019	89965	6017406	3.4916
	Purchase			31 Dec 2019	117084	6134490	3.5596
	Purchase			03 Jan 2020	77889	6212379	3.6048
	Purchase			10 Jan 2020	243642	6456021	3.7461
	Purchase			17 Jan 2020	341	6456362	3.7463
	Purchase			24 Jan 2020	493317	6949679	4.0326
	AT THE END OF THE YEAR					6949679	4.0326
2	BNK CAPITAL MARKETS LTD.	3669000	2.1290				
	Sale / Purchase						
	AT THE END OF THE YEAR					3669000	2.1290
3	WELLINGTON MANAGEMENT FUNDS (IRELAND) PUBLIC LIMITED COMPANY - WELLINGTON EMERGING MARKETS LOCAL EQUITY FUND	1855210	1.0765				
	Purchase			19 Jul 2019	171805	2027015	1.1762
	Purchase			26 Jul 2019	195426	2222441	1.2896
	Purchase			02 Aug 2019	107598	2330039	1.3520
	Purchase			09 Aug 2019	11449	2341488	1.3587
	Purchase			16 Aug 2019	100425	2441913	1.4169
	Purchase			23 Aug 2019	124222	2566135	1.4890
	Purchase			30 Aug 2019	185915	2752050	1.5969
	Purchase			27 Dec 2019	36364	2788414	1.6180
	Purchase			31 Dec 2019	58738	2847152	1.6521
	Purchase			03 Jan 2020	32856	2880008	1.6711
	Purchase			10 Jan 2020	114339	2994347	1.7375
	Purchase			17 Jan 2020	4553	2998900	1.7401
	Purchase			24 Jan 2020	220770	3219670	1.8682
	Sale			31 Jan 2020	(106736)	3112934	1.8063
	Sale			07 Feb 2020	(2227)	3110707	1.8050
	AT THE END OF THE YEAR					3110707	1.8050
4	FIDELITY FUNDS - PACIFIC FUND	2025045	1.1750				
	Purchase			26 Jul 2019	268069	2293114	1.3306
	Purchase			02 Aug 2019	291535	2584649	1.4998
	Purchase			09 Aug 2019	87057	2671706	1.5503
	Purchase			20 Sep 2019	238088	2909794	1.6884
	AT THE END OF THE YEAR					2909794	1.6884
5	KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION	2339500	1.3575				
	Sale/Purchase						
	AT THE END OF THE YEAR					2339500	1.3575
6	L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA VALUE FUND	1834620	1.0645				
	Sale			03 May 2019	(98000)	1736620	1.0077
	Sale			10 May 2019	(48095)	1688525	0.9798
	Sale			17 May 2019	(25278)	1663247	0.9651
	Sale			31 May 2019	(38627)	1624620	0.9427
	AT THE END OF THE YEAR					1624620	0.9427

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2020)	
		No. of Shares held	% of total Shares of the company	Date of Transaction	No. of shares	No. of Shares held	% of total Shares of the company
7	CHANDRA SINGH LODHA	1237622	0.7181				
	Purchase			17 May 2019	19335	1256957	0.7294
	Sale			24 May 2019	(5000)	1251957	0.7265
	Purchase			14 Jun 2019	2000	1253957	0.7276
	Purchase			21 Jun 2019	8500	1262457	0.7325
	Purchase			05 Jul 2019	15000	1277457	0.7413
	Purchase			12 Jul 2019	5000	1282457	0.7442
	Sale			19 Jul 2019	(5000)	1277457	0.7413
	Purchase			02 Aug 2019	14400	1291857	0.7496
	Purchase			16 Aug 2019	25000	1316857	0.7641
	Purchase			23 Aug 2019	2000	1318857	0.7653
	Purchase			30 Aug 2019	23000	1341857	0.7786
	Purchase			06 Sep 2019	3000	1344857	0.7804
	Purchase			13 Sep 2019	3000	1347857	0.7821
	Purchase			20 Sep 2019	26500	1374357	0.7975
	Purchase			27 Sep 2019	11000	1385357	0.8039
	Purchase			04 Oct 2019	18510	1403867	0.8146
	Sale			01 Nov 2019	(17000)	1386867	0.8047
	Purchase			08 Nov 2019	5000	1391867	0.8076
	Purchase			06 Dec 2019	3000	1394867	0.8094
	Purchase			13 Dec 2019	15400	1410267	0.8183
	Sale			17 Jan 2020	(10000)	1400267	0.8125
	Sale			24 Jan 2020	(7000)	1393267	0.8085
	Purchase			31 Jan 2020	16500	1409767	0.8180
	Purchase			07 Feb 2020	5316	1415083	0.8211
	Sale			14 Feb 2020	(10000)	1405083	0.8153
	Purchase			21 Feb 2020	5000	1410083	0.8182
	Purchase			28 Feb 2020	7400	1417483	0.8225
	Purchase			06 Mar 2020	28000	1445483	0.8387
	Purchase			13 Mar 2020	9500	1454983	0.8443
	Purchase			20 Mar 2020	1200	1456183	0.8450
	Purchase			27 Mar 2020	5000	1461183	0.8479
	AT THE END OF THE YEAR					1461183	0.8479
8	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	1228205	0.7127				
	Sale			05 Apr 2019	(15)	1228190	0.7127
	Sale			18 Oct 2019	(500)	1227690	0.7124
	Purchase			29 Nov 2019	130957	1358647	0.7884
	AT THE END OF THE YEAR					1358662	0.7884
9	BNK SECURITIES PRIVATE LIMITED	873275	0.5067				
	Sale			05 Apr 2019	(100)	873175	0.5067
	Purchase			12 Apr 2019	50	873225	0.5067
	Purchase			26 Apr 2019	50	873275	0.5067
	Sale			03 May 2019	(70)	873205	0.5067
	Purchase			10 May 2019	300	873505	0.5069
	Sale			31 May 2019	(75)	873430	0.5068
	Purchase			14 Jun 2019	50	873480	0.5068

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2019)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2020)	
		No. of Shares held	% of total Shares of the company	Date of Transaction	No. of shares	No. of Shares held	% of total Shares of the company
	Sale			29 Jun 2019	(305)	873175	0.5067
	Purchase			05 Jul 2019	50	873225	0.5067
	Sale			19 Jul 2019	(50)	873175	0.5067
	Purchase			15 Nov 2019	25	873200	0.5067
	Sale			22 Nov 2019	(25)	873175	0.5067
	Purchase			20 Dec 2019	50	873225	0.5067
	Sale			27 Dec 2019	(50)	873175	0.5067
	Purchase			03 Jan 2020	75	873250	0.5067
	Sale			10 Jan 2020	(75)	873175	0.5067
	Purchase			07 Feb 2020	50	873225	0.5067
	Sale			14 Feb 2020	(50)	873175	0.5067
	AT THE END OF THE YEAR					873175	0.5067
10	KUSUM LODHA	784244	0.4551				
	Sale			17 Jan 2020	(7000)	777244	0.4510
	AT THE END OF THE YEAR					777244	0.4510

v) Shareholding of Directors and Key Managerial Personnel: NONE

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹ Lakhs)

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	49136.19	30206.50	0.00	79342.69
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	281.06
Total (i+ii+iii)	49136.19	30206.50	0.00	79623.75
Change in indebtedness during the financial year				
• Addition	0.00	0.00	0.00	0.00
• Reduction	(7438.72)	(10206.50)	0.00	(17645.22)
Interest accrued but not due	0.00	0.00	0.00	593.41
Interest due but not paid	0.00	0.00	0.00	0.00
Net Change	(7438.72)	(10206.50)	0.00	(17051.81)
Indebtedness at the end of the financial year				
i) Principal Amount	41697.47	20000.00	0.00	61697.47
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	874.47
Total (i+ii+iii)	41697.47	20000.00	0.00	62571.94

vi) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sl. No.	Particulars of Remuneration	Name of Managing Director Kaushik Roy	Total Amount (In ₹)
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	107432000	107432000
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	32400	32400
	(c) Profits in lieu of salary Under section 17(3) Income Tax Act, 1961		
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission		
	- as % of profit	0	0
	- others, specify.	0	0
5.	Others, please specify(Contribution to Provident Fund and Gratuity Fund)	6850064	6850064
	Total (A)	114314464	114314464
	Ceiling as per the Act	The remuneration is well within the limits prescribed under the Companies Act, 2013, read with the notification issued from time to time.	

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Names of Directors								Total Amount (in ₹)
		K S B Sanyal	O P Malhotra	Paras K Chowdhary	Pradip Roy	Kusum Dadoo	Sanjiv Goenka	Preeti Goenka	Shashwat Goenka	
1.	Independent Directors									
	a) Fees for attending board / committee meetings	6,55,000	4,85,000	6,25,000	6,25,000	4,45,000	0	0	0	28,35,000
	b) Commission*	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	0	0	0	25,00,000
	c) Others, please specify	0	0	0	0	0	0	0	0	0
	Total (1)	11,55,000	9,85,000	11,25,000	11,25,000	9,45,000	0	0	0	53,35,000
2.	Other Non-Executive Directors									
	a) Fees for attending board / committee meetings	0	0	0	0	0	4,00,000	4,00,000	4,10,000	12,10,000
	b) Commission*	0	0	0	0	0	15,65,00,000	5,00,000	5,00,000	15,75,00,000
	c) Others, please specify	0	0	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	15,69,00,000	9,00,000	9,10,000	15,87,10,000
	Total (B) = (1+2)									16,40,45,000
	Total Managerial Remuneration									16,40,45,000
	Ceiling as per the Act – The remuneration is well within the limits prescribed under the Companies Act, 2013									

Notes:-

* All the Directors, as afore-mentioned, have been paid Commission for the Financial Year 2018-19

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

Sl. No.	Particulars of Remuneration	Name of Managing Director			Total Amount (In ₹)
		CEO	Company Secretary (Kaushik Mukherjee)	CFO (Raj Kumar Gupta)	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		94,85,222	1,15,03,620	20988842
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961		10,917	32,400	43,317
	(c) Profits in lieu of salary Under section 17(3) Income Tax Act, 1961				
2.	Stock Option	Not Applicable	0	0	0
3.	Sweat Equity		0	0	0
4.	Commission		0	0	0
	- as % of profit				
	- others, specify.				
5.	Others, please specify(Contribution to Provident Fund and Gratuity Fund)		7,85,265	6,64,641	14,49,906
	Total (A)		1,02,81,404	1,22,00,661	2,24,82,065

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NONE

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN: 00074796)

Kolkata
23rd June, 2020

(Annexure 'C' to the Board's Report)

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Statement in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Boards' Report for the year ended 31st March, 2020

1. A. Conservation of Energy

(a) Energy conservation measures taken:

The process of manufacture of Carbon Black results in generation of lean gases which have both sensible heat and calorific value. This heat energy is utilized in generation of power in extremely specialised and state of the art

30 MW Green Power Plant at Durgapur,

24MW Green Power Plant at Mundra,

12 MW Green Power Plant at Palej and

10 MW Green Power Plant at Kochi

The entire lean gas is used to generate power for meeting the entire internal process requirements for production of Carbon Black as well as to sell the surplus.

Excess heat generated during production is transferred in various heat exchangers like Waste Heat Boiler(WHB) for steam generation, in Air Pre-Heater (APH) and Oil Pre-Heater(OPH) for heating atmospheric air and Oil Feed stock which are used as input to carbon black manufacturing process and thereby improving the process efficiency.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

-

(c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Reflected in the improved financial performance of the Company.

(d) Total energy consumption and energy consumption per unit of production

As per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto:

Form - A

Form for disclosure of particulars with respect to Conservation of Energy

	Current year 31.03.2020	Previous Year 31.03.2019
A. Power and Fuel consumption		
1. Electricity		
Purchased units (KWH)	2132375	8325164
(a) Total amount (₹ in Lakhs)	833	1,452
Rate per unit (₹)	39.07	17.44
(b) Own generation		
(i) Through diesel generators units (KWH)	-	-
Units per ltr. of diesel oil (KWH)	-	-
Cost per unit (₹)	-	-
(ii) Through steam/turbine generators units (KWH)	-	-
Units per ltr. of fuel/gas oil (KWH)	-	-
Cost per unit (₹)	-	-
(iii) Through green power plants		
(off-gas burning) units (KWH)	195675532	189475698
Units per ltr. of fuel oil (KWH)	1454	741
Cost per unit (₹)	0.03	0.06
2. Coal(specify quality and where used) Quantity(tonnes)	-	-
Total Cost (₹ in Lakhs)	-	-
Average rate (₹)	-	-
3. Furnace Oil Quantity(K.ltr)	-	-
Total Cost (₹ in Lakhs)	-	-
Average rate (₹)	-	-
4. Others/internal generation(process steam) Quantity(MT)	2177167	22,16,635
Total Cost (₹ in Lakhs)	113.08	109.98
Average rate (₹)	5.19	4.96
5. Consumption per unit of production		
CARBON BLACK:		
i) Electricity (KWH/MT)	359	359
ii) Furnace Oil (Ltr./MT)	-	-
iii) Coal	-	-
iv) Others-process steam (MT/MT)	5.34	5.35

B. Technology Absorption:

(a) Efforts made in technology absorption as per Form-B of the Annexure is given hereto:

Form - B

Form for disclosure of particulars with respect to absorption:

1. Specific areas in which Research & Innovation carried out by the Company:

- Development of new grades of carbon blacks for international and domestic markets.
- Expanding further the product portfolio of specialty business with new carbon black grades.
- Improvement of carbon black characteristics to meet more stringent customer specifications.

2. Technical Services (TS)

- New vendor development of Carbon Black Feedstock (CBFS) to improve the yield, productivity and to satisfy environmental compliance
- Novel methods of modifications and processing carbon blacks.
- Capturing specific requirements of new customers and new requirements of existing customers and enabling plant manufacturing team to meet this requirement by modification of product characteristics and process parameters.

- Technical support to customer at various levels of product development and in processing.
- Addressal of customer complaints with intra-organizational collaboratory.
- Aligning the PCBL manufacturing processes of carbon black with International Safety, Health and Environmental (SHE) requirements.
- Empower the process of product stewardship and regulatory affairs in PCBL.
- To develop cost-effective, durable packaging solution of carbon black.

3. Process Technology (PT)

- Improvement in hard black and soft black reactor design to improve vaporization of feedstock and better utilization of available energy in the reactor and thereby improvement in yield and quality as per international benchmarks
- Modification of pelletizer design to improve the stability of carbon black pellets and to improve the weight to volume ratio for increasing packing quantity without increasing bag dimension
- Use of Computerized Fluid Dynamics (CFD) for simulating operating conditions to optimise design and operating parameters of equipment for better output
- Introduction on better control logic for safety and improved performance of heat exchanger
- Identification of the industry best practices in carbon black manufacturing operations to improve the equipment performance and the quality
- Imparting high level of technical knowledge throughout the organisation

4. Benefits derived as a result of the above R&D:

- Expansion of the specialty business.
- Improved sales in domestic and international market and entry into niche markets.
- Customised grade development aligned with strategic partner's for more business share.
- Quality consistency and improvement.
- Improved manufacturing efficiency and reduced costs.
- Gaining trust and confidence of customers on PCBL.
- Intellectual property protection.

5. Future Plan of Action:

- Development of more specialised rubber grades for specific applications in niche market.
- Improvement of product portfolio by developing new grades for non tire rubber applications.
- Further improvement of product portfolio of specialty grade carbon blacks.
- Further improvement in processes for higher yield and better quality.
- More focus on customised grade development aligning strategic business partner's manufacturing and product requirements.
- Enhancement of R&D laboratory facilities and capability for new product and customer development.
- Increased technical expertise to support customers and market development.
- Leveraging external R & D resources for basic research.
- Patent application for new product / process technologies.

6. Expenditure on R & D :

(Amount in ₹ Lakhs)

	Current year 31.03.2020	Previous Year 31.03.2019
(a) Capital	20.24	1,045.43
(b) Recurring	981.94	488.41
(c) Total	1,002.17	1,533.84
(d) Total R&D Expenditure as a percentage of total expenditure	0.34%	0.51%

Technology absorption, adaptation & innovation:

- Efforts in brief towards technology absorption, adaptation & innovation:
 - The revision in Standard Operating Procedures resulted in improved yields.
- Benefits derived as a result of the above efforts:
 - Improved quality of the product
- Particulars of Imported Technology in the last 5 years:
 - Technology Imported: Not applicable
 - Year of Import: Not applicable
 - Has the technology been fully absorbed?: Not applicable
 - If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.: Not applicable

C. Foreign exchange earnings and outgo:

(a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Various initiatives relating to improvement in quality and service, developing new markets, etc have resulted in exports of ₹85178.33 Lakhs

(b) Total foreign exchange used and earned:

	Current year 31.03.2020	Previous Year 31.03.2019
Foreign Exchange used	2,49,001*	2,59,915.73
Foreign Exchange earned	1,53,448*	1,50,712.15

*Includes repayment of loan in foreign currency

*Includes receipt of loan in foreign currency

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN: 00074796)

Kolkata
23rd June, 2020

(Annexure 'D' to the Board's Report)

Report on Corporate Social Responsibility (CSR) Activities

For the financial year 2019-2020

[Pursuant to Section 135 of the Companies Act, 2013, as amended & Rules made thereunder]

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS:

In accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, the Company has framed its CSR Policy to carry out its CSR activities in accordance with Schedule VII of the Act. The Company, is one of the pioneers of the Carbon Black Industry in India. Through the values and principles inherent within the Group, the Company strives to positively impact the community by promoting inclusive growth in the areas of education, art, healthcare, sports, environmental sustainability and conservation etc. Over the period of its long existence, the Company has upheld its tradition of community service and tried to reach out to the underprivileged in order to empower their lives and provide holistic development. The Company's focus areas are concentrated on increasing access to health, education, environment sustainability, community development and holistic development with a focus on underprivileged people living around its manufacturing units and other establishments. The Company's CSR Policy also focuses on leveraging the full range of the Company's resources to broaden access to the basic facilities for the underserved population. The Company wishes to formalize and institutionalize its efforts made in the domain of Corporate Social Responsibility and this Policy shall serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the Policy. This Policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different sections of the

society. The Company's CSR policy is placed on its website and the web-link for the same is <https://www.pcblltd.com/policies/>.

2. THE COMPOSITION OF THE CSR COMMITTEE:

The Composition of the CSR Committee of the Board is as follows:-

Mr. Kaushik Roy *	Chairman
Mr. K S B Sanyal	Member
Mr. Shashwat Goenka	Member

* Mr. Kaushik Roy has been appointed as the Chairman of the CSR Committee w.e.f. 20th May, 2019.

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS:

The average net profit of the Company for the last three financial years is ₹338.62 Crores.

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE):

The prescribed CSR expenditure @ 2% of the average net profit for the last three financial years, as mentioned above, is ₹6.77 Crores.

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

(a) Total amount to be spent for the financial year 2019-2020 - ₹6.77 Crores

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(1) Sl No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount Outlay (Budget) Project or Programs wise (Amt. In ₹)	(6) Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (Amt in ₹)	(7) Cumulative expenditure up to the reporting period (Amt in ₹)	(8) Amount spent: Direct or through implementing agency
1.	Promotion of Sports for children	Promoting Education	27, R.N. Mukherjee Road, Durgapur – 713201	74,500	74,000 (Direct)	74,000	Direct
2.	Computer Training to the under privileged students	Promoting Education	27, R.N. Mukherjee Road, Durgapur – 713201	2,75,500	2,73,594 (Direct)	2,73,594	Direct
3.	Blood donations camps	Community Development	27, R.N. Mukherjee Road, Durgapur – 713201	44,500	41,930 (Direct)	41,930	Direct
4.	Excavation, brick work, traffic barricades	Community Development	27, R.N. Mukherjee Road, Durgapur – 713201	1,72,500	1,69,962 (Direct)	1,69,962	Direct
5.	Rural and agricultural development	Promoting Agricultural and Rural Development	Karimugal, Brahmapuram PO, Kochi – 682 303	21,50,500	20,87,500 (Direct)	20,87,500	Direct
6.	Cow fodder and developing of green belt outside the Plant premises and in the surrounding village areas	Environmental Sustainability	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	7,72,500	7,71,810 (Direct)	7,71,810	Direct
7.	Pulse polio immunisation programmes and medical facilities in the nearby Plant areas	Promoting Healthcare	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	89,500	87,153 (Direct)	87,153	Direct
8.	Distribution of uniforms to school students and providing furniture, desks, bench etc. to the slum children	Promoting Education	Karimugal, Brahmapuram PO, Kochi – 682 303	4,27,500	4,25,019 (Direct)	4,25,019	Direct
9.	Excavation and beautification of road work, street lights and construction of roads	Community Development	National Highway No. 8, Palej – 392220, Dist. Bharuch, Gujarat	19,70,000	18,98,456 (Direct)	18,98,456	Direct
10.	Civil Work and development of nearby village	Community Development	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	17,50,000	16,45,886 (Direct)	16,45,886	Direct
11.	Community development programme organised by Bengal Chamber of Commerce and Industry (BCCI)	Community Development	Kolkata, West Bengal	5,50,000	5,00,000 (Direct)	5,00,000	Direct
12.	Installation of water purifier and cooler, computer training academy, development of roads in the slum areas and assistance to the Sub-divisional Hospital	Community Development	27, R.N. Mukherjee Road, Durgapur – 713201	2,50,000	2,49,563 (Direct)	2,49,563	Direct

(1) Sl No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount Outlay (Budget) Project or Programs wise (Amt. In ₹)	(6) Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (Amt in ₹)	(7) Cumulative expenditure up to the reporting period (Amt in ₹)	(8) Amount spent: Direct or through implementing agency
13.	Setting up of an Institution of Excellence	Sector Permitted by Schedule VII to the Companies Act, 2013	Kolkata, West Bengal	1,00,00,000	1,00,00,000	1,00,00,000	RP-Sanjiv Goenka Group CSR Trust
14	*Contribution to PM CARES Fund	Sector Permitted by Schedule VII to the Companies Act, 2013	Kolkata, West Bengal	10,00,00,000	10,00,00,000	10,00,00,000	PM Cares Fund
Total						11,82,24,873	

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PER CENT, OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD'S REPORT:

Not Applicable.

7. A RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE THAT THE IMPLEMENTATION AND MONITORING OF CSR POLICY, IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY:

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

Sd/-

Kaushik Roy

Managing Director, Chairman of the CSR Committee

(DIN: 06513489)

Place:- Kolkata

Date:- 23rd June, 2020

Sd/-

K.S.B. Sanjal

Director

(DIN: 00009497)

* According to Section 135 of the Companies Act, 2013, the minimum amount that the Company was required to spend as a part of Corporate Social Responsibility ("CSR") was ₹6.77 Crores for the year ending on 31 March, 2020. According to the General Circular No. 10/2020 dated 23 March 2020 and Office Memorandum. No. CSR-05/1/2020-CSR-MCA, dated 28-3-2020 issued by the Ministry of Corporate Affairs ("MCA"), it was clarified that any contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ("PM CARES Fund"), set up with the primary objective of dealing with any kind of emergency or distress situation such as that posed by COVID 19 pandemic, shall qualify as CSR expenditure under the Companies Act, 2013.

Further, an appeal was sent by the Secretary of MCA on 30 March 2020 (D.O. No.05/1/2020 – CSR – MCA) to contribute generously to the PM CARES Fund. It further urged to contribute over and above the minimum prescribed amount, even if the companies had already contributed the prescribed amount towards CSR. Further, it stated that such excess amount can later be offset against the CSR obligation arising in subsequent years, if the companies so desire. Accordingly, for the year ended 31st March 2020, the Company contributed a sum of ₹10 Crores to the PM CARES Fund and ₹1 crore in registered trust for carrying out CSR activities. The Company, before making such contribution to the PM CARES Fund and registered trust, had already spent ₹82.25 Lakhs on its other CSR activities. Hence, a total of ₹11.82 Crores was spent on CSR activities for the year ended 31 March, 2020, spending an extra amount of ₹5.05 Crores for FY 2019-20. In view of the above representation made by the MCA, the Company is to treat the excess CSR expenditure of ₹5.05 Crores to be actually spent in the subsequent years and would be treated to be offset against the future CSR obligations.

(Annexure 'E' to the Board's Report)

Particulars of Remuneration

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (1) The ratio of the remuneration (including sitting fees) of the Directors – Mr. Kaushik Roy, Dr. Sanjiv Goenka, Mrs. Preeti Goenka, Mr. Shashwat Goenka, Mr. O P Malhotra, Mr. K S B Sanyal, Mr. Paras K Chowdhary, Mr. Pradip Roy and Mrs. Kusum Dadoo to the median remuneration of employees of the Company for the financial year 2019 – 2020 is 159.80 : 1, 215.52 : 1, 1.24 : 1, 1.25 : 1, 1.35 : 1, 1.59 : 1, 1.55 : 1, 1.55 : 1 and 1.30 : 1 and the percentage increase/ decrease in their remuneration during the said financial year is 34.39%, 81%, 260%, 13.04%, 3.68%, 37.50%, 30.06%, 20.32% and 11.83% respectively. The increase in remuneration of the Chief Financial Officer (CFO) and the Company Secretary and Chief Legal Officer during the said financial year was 14.82 % and 11.88 % respectively. During the said financial year, there was an increase of 10 % in the median remuneration of employees on the rolls as at 31st March, 2020. There were 1033 permanent employees on the rolls of Company as on 31st March, 2020.
- (2) During the financial year 2019- 2020, the average increase in the remuneration was 10 %
- (3) The average % increase in the salaries of the employees on roll as at 31.03.2020 other than the managerial personnel was 10% in 2019 - 2020 whereas the increase in the managerial remuneration for the same financial year was 15%
- (4) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN: 00074796)

Kolkata
23rd June, 2020

(Annexure 'F' to the Board's Report)

Secretarial Audit Report

Form No. MR-3

For the financial year ended on 31st March, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018]

To,
The Members,
M/s. Phillips Carbon Black Limited
31 Netaji Subhash Road,
Kolkata – 700001

1. We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Phillips Carbon Black Limited (hereinafter called 'the Company') during the financial year ended 31st March, 2020. Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, as provided to us during the said audit over Email and telephone and also based on the information provided by the Company, its officers, agents and authorized representatives over Email and telephone during the conduct of the aforesaid secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also the Company has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
 - (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;
 - (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.: -
 - 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, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; {to the extent applicable to the Company during the year under review}
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, to the extent as applicable.
 - e) The Securities and Exchange Board of India (Share based employee benefits) Regulation, 2014.
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - g) 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;
 - (ii) We have also examined the secretarial compliance on test check basis of the records maintained by M/s. Phillips Carbon Black Limited for the financial year ended on 31st
3. We further report that compliance with applicable laws is the responsibility of the Company and our report constitutes an independent opinion. Our report is neither an assurance for future viability of the Company nor a confirmation of efficient management by the Company.
4. (i) We have examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Phillips Carbon Black Limited for the financial year ended on 31st March, 2020 according to the provisions of the following laws and as shown to us during our audit, as also referred in above paragraphs of this report:
 - (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

March, 2020, with the provisions of the following laws specifically applicable to the Company and as shown to us during our audit;

- a) Petroleum Act, 1934.
- b) The Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016.
- c) The Water (Prevention and Control of pollution) Act, 1974.
- d) The Air (Prevention and Control of pollution) Act, 1981.
- e) The Environment (Protection) Act, 1986.
- f) The Electricity Act, 2003.
- g) The Indian Boilers Act, 1923

5. We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.
6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above in Paragraph 4(I), Paragraph 4(II) and Paragraph 5 of this report;

Further the Management stated that under the provisions of Section 197 of the Companies Act 2013 and Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, particulars of the employees concerned forms part of the Board's Report. The Management further explained that having regard to the provisions of section 136 of the Act, the Annual Report and Accounts, excluding the aforesaid particulars are being sent to the Members of the Company by e-mail. Any Member interested in obtaining such particulars may write to the Company Secretary of the Company. Management has also informed that the company shall file the necessary form disclosing the aforesaid particulars separately with the Ministry of Corporate Affairs;

7. We have checked the compliance with the provisions of the Standard Listing Agreement entered by the Company with the following Stock Exchanges in India and also with

the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable during the period under review and to the best of our knowledge, belief and understanding, we are of the view that the Company has complied with the secretarial functions and board processes to comply with the applicable provisions thereof, during the aforesaid period under review.

- i. Bombay Stock Exchange Limited (BSE)
- ii. The National Stock Exchange of India Limited (NSE)
- iii. The Calcutta Stock Exchange Limited (CSE);
8. We further report that,
 - a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There has been no changes in the composition of the Board of Directors during the period under review.
 - b) Adequate notices are given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance.
 - c) Majority decision is carried through and recorded as part of the minutes.
9. 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 laws, rules, regulations and guidelines, generally applicable to the Company.
10. This Report is to be read with our letter of even date which is annexed herewith as Annexure A, forming an integral part of this Report.

Note 1: The final report was emailed to the company on June 23, 2020, but the same could not be signed due to some technical problem. The UDIN was thereafter generated and this report has been signed subsequently effective June 23, 2020.

Note 2: Due to nationwide lockdown in the wake of COVID 19 pandemic, the aforesaid examination has been carried out on the basis of documents and information received from the company over Email and telephone. However, we also intend to carry out physical verification once the situation is restored to normal.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684B000388847

Place : Kolkata
Date : June 23, 2020

"Annexure A"

To the Secretarial Audit Report of M/s. Phillips Carbon Black Limited

For the financial year ended on 31st March, 2020

To,
The Members,
M/s. Phillips Carbon Black Limited
31 Netaji Subhash Road,
Kolkata – 700001

Our Secretarial Audit Report for the financial year ended 31st March, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is limited to expressing an opinion on existence of adequate board process and compliance management system, commensurate to the size of the Company, based on the secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers and agents of the Company during the said audit.
2. We have followed the audit practices and processes as were appropriate, to the best of our understanding, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to check as to whether correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion. Due to nationwide lockdown in the wake of COVID 19 pandemic, the aforesaid examination has been carried out on the basis of documents and information received from the company over Email and telephone. However, we also intend to carry out physical verification once the situation is restored to normal.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc. and we have relied on such representation, in forming our opinion.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of compliance procedures on test basis. We would not be liable for any business decision or any consequences arising thereof, made on the basis of our report.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684B000388847

Place : Kolkata
Date : June 23, 2020

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance framework of the Company is based on an effective Independent Board of Directors, separation of the supervisory role of the Board of Directors from the executive management team and constitution of the committees of the Board of Directors, as required under applicable laws. The Company strongly believes in ensuring and implementing good Corporate Governance across the entire organization with a view to sustain and improve, with each passing day, the Company's efficiency, effectiveness and social responsibility. The basic philosophy of Corporate Governance in our organization emphasizes on highest levels of transparency, accountability, awareness and equity in all respect of its operations. As a listed company, we are in compliance with the applicable provisions of the Listing Regulations, as amended pertaining to Corporate Governance, including the appointment of the Independent Directors and constitution of Committees. The Board of Directors function either as a full Board or through various committees constituted to oversee specific operational areas. Our Company's management provides the Board of Directors with detailed reports on a periodic basis. Our continuous endeavour aims at designing and improving the flow of activities in an effective manner and ensuring economic prosperity and long term value creation for the enterprise as well as the stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company is fully in compliance with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including any statutory modifications or re-enactments thereof, (hereinafter referred to as the "SEBI Listing Regulations").

II. THE BOARD OF DIRECTORS

A. COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors of the Company (referred to as "The

Board") is entrusted with the implementation of the activities of the Company in an effective and efficient manner as well as it is bestowed with the ultimate responsibility of the Management. The Board of Directors of the Company, being at the core of its Corporate Governance Practice, have the ultimate responsibility for the management, direction, performance, long-term success of the business as a whole and protection of the interests of all its stakeholders.

The Board of the Company consists of a mix of Executive as well as Non-Executive Directors with women directors present on its Board. The Independent Directors form a majority in the Board.

B. TERMS OF REFERENCE

The composition of the Board satisfies the requirements of Regulation 17 of the SEBI Listing Regulations read with Schedule II Part A and Section 149 of the Companies Act, 2013 as amended, ("hereinafter referred to as "the Act").

C. COMPOSITION OF THE BOARD OF DIRECTORS OF THE COMPANY AS ON 31ST MARCH, 2020

The Board comprises:-

Category	No. of Directors	% of total no. of Directors
Non-Executive Promoter Directors	3	33.33
Executive Director, who is the Managing Director of the Company	1	11.11
Non-Executive Independent Directors	5	55.56
Total	9	100

The names and categories of Directors, the number of Directorships and Committee positions held by them in other companies and the shareholdings in the Company are given below:

Name of the Director	Category of the Director	Number of Directorships held in other Public Limited Companies incorporated in India Director ¹	Number of Committee Memberships/ Chairmanships held in other Public Limited Companies incorporated in India		Directorship in other listed entity (Category of Directorship) ³	No. of Shares and Convertible Instruments held in the Company
			Chairman ²	Member ²		
Dr. Sanjiv Goenka (DIN: 00074796)	Promoter, Non-Executive (Chairman)	8	4	2	1. Saregama India Limited (Non-Executive, Non-Independent) 2. CESC Limited (Non-Executive, Non-Independent) 3. Firstsource Solutions Limited (Non-Executive, Non-Independent) 4. CESC Ventures Limited (Non-Executive, Non-Independent) 5. Spencer's Retail Limited (Non-Executive, Non-Independent)	Nil
Mrs. Preeti Goenka (DIN: 05199069)	Promoter, Non-Executive	1	-	-	1. Saregama India Limited (Non-Executive, Non-Independent)	Nil
Mr. Kaushik Roy (DIN: 06513489)	Managing Director	3	-	-	1. Harrisons Malayalam Limited (Non-Executive, Non-Independent) 2. Stel Holdings Limited (Non-Executive, Non-Independent)	Nil
Mr. Shashwat Goenka (DIN: 03486121)	Promoter, Non-Executive	5	0	3	1. CESC Limited (Non-Executive, Non-Independent) 2. Firstsource Solutions Limited (Non-Executive, Non-Independent) 3. CESC Ventures Limited (Non-Executive, Non-Independent) 4. Spencer's Retail Limited (Non-Executive, Non-Independent)	Nil
Mr. K S B Sanyal (DIN: 00009497)	Non-Executive & Independent	3	2	1	1. IFGL Refractories Limited (Non-Executive, Independent) 2. Cimco Limited (Non-Executive, Independent)	Nil
Mr. O P Malhotra (DIN: 00009086)	Non-Executive & Independent	-	-	-	-	Nil
Mr. Paras Kumar Chowdhary (DIN: 00076807)	Non-Executive & Independent	3	1	2	1. CEAT Limited (Non-Executive, Independent)	Nil
Mr. Pradip Roy (DIN: 00026457)	Non-Executive & Independent	3	-	3	1. Precision Wires India Limited (Non-Executive, Independent) 2. Firstsource Solutions Limited (Non-Executive, Independent)	Nil
Mrs. Kusum Dadoo (DIN: 06967827)	Non-Executive & Independent	7	-	5	1. Harrisons Malayalam Limited (Non-Executive, Independent) 2. Bhiwani Vanaspati Limited (Non-Executive, Independent) 3. GKW Limited (Non-Executive, Independent) 4. The Standard Batteries Limited (Non-Executive, Independent) 5. Stel Holdings Limited (Non-Executive, Independent)	Nil

Notes:-

1. Directorships held by Directors in the afore-mentioned Table do not include Private Limited Companies, Foreign Companies, Section 8 Companies, Alternate Directorships and One Person Companies. All the Public Limited Companies, whether listed or not, have been considered in the afore-mentioned Table.

2. Memberships / Chairmanships of only the Audit Committee and the Stakeholders' Relationship Committee of the public limited companies, whether listed or not, have been considered. All other companies including private limited companies, foreign companies and companies under Section 8 of the Act have been excluded.

3. The names of the Listed Entities where the person is a



Director and the Category of Directorship have been depicted in the table as per the new requirement of Schedule V Part C of the SEBI Listing Regulations.

4. None of the Directors are related to each other, except for Dr. Sanjiv Goenka, Mr. Shashwat Goenka and Mrs. Preeti Goenka.
5. The Independent Directors have confirmed that they meet the criteria of independence u/s 149(6) of the Act and Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations and are independent of the management. Necessary confirmations have also been taken from the Directors in compliance with Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, which has come into force with effect from 1st December, 2019.
6. The Company has proper systems to enable the Board of Directors to periodically review the compliance reports of all laws applicable to the Company.
7. During the year 2019-2020, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.
8. The Company has in place, plans for orderly succession for appointment to the Board of Directors and Senior Management.
9. The Company also, has in place, procedures to inform Members of the Board of Directors about the risk assessment and minimization.
10. The Chairman of our Company is a Non-Executive Director and is not related to the Managing Director of the Company.
11. The maximum no. of Directorships held by all our Directors are well within the limit of 7 listed entities and none of the Directors of our Company serve as an Independent Director in more than 7 listed entities. Besides, the Managing Director of our Company does not serve as an Independent Director in any of the listed entities.
12. The maximum no. of Committee Memberships held by all our Directors are well within the limit of 10 Committees and in case of Chairmanship, our Directors do not act as Chairman in more than 5 listed entities.

D. BOARD MEETINGS:-

The Board generally meets at least 4 times a year, with 1 meeting being held in every quarter. The intervening period between two Board Meetings is well within the maximum time gap of one hundred and twenty days as prescribed under the SEBI Listing Regulations. This financial year 2019-2020 witnessed five Board Meetings. The Board Meeting dates are fixed well in advance and necessary intimations and disclosures take place. The notice of the Board meeting is given well in advance to all the Directors. The Agenda of the Board / Committee Meetings is set up by the Company Secretary and includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. The Agenda for the

Board and Committee Meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable.

E. BOARD AGENDA AND CIRCULATION:-

Keeping in view the underlying objective of the Company to impart and enhance the implementation of Green Initiatives across the organisation and with a view to leverage technology and reduce paper consumption, the Company has adopted a practice of making electronic presentation of the Agendas of Board Meeting and other Committee Meetings in the form of a power point presentation. The Agendas are mailed to all the Directors well in advance. However, as and when requests are received from Directors, the Agenda Papers are also circulated in hard copies well before the Board Meeting and other Committee Meetings.

F. DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2019-2020:-

The Board of Directors met 5 times during the financial year ended 31st March, 2020, details of which are depicted below:-

Sl No.	Date	Board Strength	No. of Directors present
1	8th April, 2019	9	4
2	20th May, 2019	9	9
3	19th July, 2019	9	9
4	30th October, 2019	9	8
5	13th February, 2020	9	9

Attendance at Board Meetings and at Annual General Meetings held during the Financial Year 2019-2020:-

The Attendance Record of the Directors at the Board Meetings held on 8th April, 2019, 20th May, 2019, 19th July, 2019, 30th October, 2019 and 13th February, 2020 are captured herein below:-

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting
	Held during tenure	Attended	
Dr. Sanjiv Goenka	5	4	No
Mrs. Preeti Goenka	5	4	No
Mr. Shashwat Goenka	5	4	No
Mr. O.P.Malhotra	5	3	Yes
Mr. K.S.B.Sanyal	5	5	No
Mr. Paras K.Chowdhary	5	4	Yes
Mr. Pradip Roy	5	4	Yes
Ms. Kusum Dadoo	5	5	Yes
Mr. Kaushik Roy	5	5	Yes

Notes:-

1. Necessary Quorum, as per Regulation 17(2A) of the SEBI Listing Regulations, was present for all the Meetings.

G. COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted the "Code of Conduct for Board Members and Senior Management Personnel". The Code of Conduct contains the duties of the Independent Directors as laid down in the Act. The Code is available on the website of the Company at www.pcblltd.com.

All the Directors including the Chairman, the Managing Director and the Senior Management Personnel of the Company have given a declaration of compliance with the Company's Code of Conduct in accordance with Regulation 26(3) of the SEBI Listing Regulations during the year ended 31st March, 2020.

H. POST BOARD MEETING FOLLOW-UP SYSTEM

The Governance processes in the Company include an effective post-meeting follow-up and review and reporting process for actions taken / pending on the decisions of the Board and the Committees of the Board.

III. COMMITTEES OF THE BOARD

The Board has currently established the following Statutory & Non Statutory Committees. The Board Committees play a crucial role in the Governance Structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry clearly defined roles which are considered to be performed by the Members of the Board, as part of Good Corporate Governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committees inform the Board about the summary of the discussion held in the Committee Meetings. The Minutes of the Meeting of all the Committees are placed before the Board for review.

Currently, there are six Committees of the Board – the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee, the Corporate Social Responsibility Committee, the Independent Directors Committee and the Risk Management Committee. The terms of reference of these Committees are determined by the Board from time to time. The composition, name of Members and attendance and the meetings of these Committees are enumerated below:

A. AUDIT COMMITTEE

1. Terms of Reference

The Company has an Audit Committee and the terms of reference are in conformity with the powers as stipulated in Regulation 18 read with Schedule II Part C of the SEBI Listing Regulations and Section 177 of the Act.

The role of the Audit Committee of the Company includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, appointment, remuneration and terms of appointment of the auditors.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and Auditors' Report before submission to the Board for approval, with particular reference to :
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Modified opinion(s) in the draft audit report, if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process.
7. Approval or any subsequent modification of transactions of the Company with related parties.
8. Valuation of undertakings or assets of the listed entity, wherever necessary.
9. Evaluation of internal financial controls and risk management systems.
10. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
12. Discussion with internal auditors any significant findings and follow up thereon.
13. Investigating into any matter in relation to the items specified in the terms of reference and reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.

14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post –audit discussion to ascertain any area of concern.
15. Reviewing the Company's Risk Management Policies.
16. Valuation of undertakings or assets of the Company, wherever it is necessary.
17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
18. Reviewing the compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended at least once in a financial year and verifying that the systems for internal control are adequate and are operating effectively.
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
20. Reviewing the utilization of loans and / advances from / investment by the holding company in the subsidiary exceeding Rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

The Auditors and the Key Managerial Personnel have a right to be heard in the meetings of the Audit Committee when it considers the Auditor's Report.

The Audit Committee is also empowered, pursuant to its terms of reference, to:

- a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- b) Obtain professional advice from external sources to carry on any investigation and have full access to information contained in the records of the Company.
- c) Discuss any related issues with the internal and statutory auditors and the management of the Company.
- d) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- e) Approve subsequent modification of transactions of the Company with related parties.
- f) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- g) Scrutinize the inter-corporate loans and investments and evaluate internal financial controls and risk management systems.
- h) Oversee the vigil mechanism/whistle blower policy of the Company.
- i) Approval of appointment of chief financial officer after

assessing the qualifications, experience and background etc. of the candidate.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- ▶ Management Discussion and Analysis of financial condition and results of operations.
- ▶ Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management.
- ▶ Management letters/letters of internal control weaknesses issued by the statutory auditors.
- ▶ Internal Audit Reports relating to internal control weaknesses.
- ▶ The appointment, removal and terms of remuneration of the chief internal auditor.

Whenever applicable, monitoring end use of funds raised through public issues, right issues, preferential issues by major category (capital expenditure, sales and marketing, working capital etc.), shall form a part of the quarterly declaration of financial results.

In addition, the Audit Committee of the Board is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies, in view of the requirements under Regulation 24 of the SEBI Listing Regulations. No person has been denied access to the Committee. The Minutes of the Meetings of the Board of Directors of the unlisted subsidiary companies are periodically placed before the meeting of the Audit Committee of the Board of Directors of the Company.

2. Composition of the Audit Committee as on 31st March, 2020:-

The Audit Committee comprises 4 Directors, all of whom are Non-Executive Independent Directors. The members of the Audit Committee are, Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary and Mr. Pradip Roy. The Chairman of the Audit Committee, Mr. Paras K Chowdhary, is a Non-Executive Independent Director.

3. Details of Audit Committee Meetings Held During The Financial Year 2019 - 2020 :-

The Audit Committee met 5 times during the financial year ended 31st March, 2020, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	8th April, 2019	4	2
2	20th May, 2019	4	4
3	19th July, 2019	4	4
4	30th October, 2019	4	3
5	13th February, 2020	4	4

Attendance at Audit Committee Meetings held during the Financial Year 2019 - 2020:-

The names of Members and Chairman of the Audit Committee, Meetings held and attendance thereof during the Financial Year –2019 - 2020 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. Paras K. Chowdhary * (Non-Executive & Independent)	Chairman	5	4
Mr. O. P. Malhotra (Non-Executive & Independent)	Member	5	4
Mr. KSB Sanyal (Non-Executive & Independent)	Member	5	5
Mr. Pradip Roy (Non-Executive & Independent)	Member	5	4

* Mr. Paras K Chowdhary was appointed as the Chairman of the Audit Committee w.e.f. 20th May, 2019.

4. Meetings

- ▶ Audit Committee Meetings were held on 8th April, 2019, 20th May, 2019, 19th July, 2019, 30th October, 2019 and 13th February, 2020 respectively. The intervening period between two Audit Committee Meetings is well within the maximum time gap of one hundred and twenty days as prescribed under the SEBI Listing Regulations. The necessary quorum was present for all the meetings. The Annual Accounts for the year ended 31st March, 2019 was reviewed by the Audit Committee at its meeting held on 20th May, 2019. The Audit Committee also reviewed the Audited Financial Results for the year ended 31st March, 2019 and Unaudited Financial Results for the quarters ended 30th June, 2019, 30th September, 2019 and 31st December, 2019 before recommending their adoption to the Board.
- ▶ Mr. Paras K Chowdhary, the Chairman of the Audit Committee attended the Fifty-eighth Annual General Meeting of the Company held on 19th July, 2019 to answer the shareholder's queries.
- ▶ The Managing Director, Chief Financial Officer, Head of Internal Audit and the representatives of the Statutory Auditors and Cost Auditors of the Company are invited by the Audit Committee to its Meetings. The Auditors are heard in the meetings of the Audit Committee when it considers the financial results of the Company and auditors' views thereon are taken into consideration.

- ▶ The Company Secretary acts as Secretary to the Audit Committee.
- ▶ All Members of the Audit Committee are financially literate and have accounting and related financial management expertise.

5. Role of Internal Auditor

The Internal Audit has a well laid internal audit methodology, which assesses and promotes strong ethics and values within the organization and facilitates in managing changes in the business and regulatory environment. It encompasses all the aspects of business such as operational, financial, information systems, risk management and all the regulatory compliances are reviewed periodically. The Internal Auditor makes presentations and reports to the Audit Committee of the Board of Directors of the Company on a quarterly basis pertaining to the key internal audit findings and the action plan agreed with the Management.

B. NOMINATION AND REMUNERATION COMMITTEE

1. Terms of Reference

The Company has a Nomination and Remuneration Committee and the terms of reference are in conformity with the provisions of Regulation 19 read with read with Schedule II Part D of the SEBI Listing Regulations and Section 178 of the Act.

The role of the Committee inter alia includes the following:

- ▶ Identify persons qualified to become Directors or hold senior management positions and advise the Board for such appointments/removals where necessary
- ▶ Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees
- ▶ Evaluate the performance of Independent Directors and the Board of Directors and to decide whether to continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- ▶ Devise a policy on Board diversity
- ▶ Recommend to the Board, all remuneration, in whatever form, payable to senior management
- ▶ Specify the manner for effective evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

In accordance with the recommendation of the Committee, the Company has since formulated a Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company. The Committee is responsible for recommending the fixation and periodic revision of remuneration of the Managing Director. The Committee also decides on payment

of commission to Non-Executive Directors and other Senior Managerial Personnel. The performance evaluation criteria for Non-Executive Directors including Independent Directors laid down by Committee and taken on record by the Board includes -

- Attendance and participation in the Meetings.
- Preparedness for the Meetings.
- Understanding of the Company and the external environment in which it operates and contributes to strategic direction.
- Raising of valid concerns to the Board and constructive contribution to issues and active participation at meetings.
- Engaging with and challenging the management team without being confrontational or obstructionist.

The evaluation of Independent Directors shall be done by the entire Board of Directors which shall include –

- performance of the Directors; and
- fulfilment of the independence criteria as specified in the SEBI Listing Regulations and their independence from the management:

Provided that in the afore-said evaluation, the Directors who are subject to evaluation shall not participate.

2. Composition of the Nomination and Remuneration Committee as on 31st March, 2020:-

The Nomination and Remuneration Committee comprises 3 Directors, all of whom are Non - Executive Independent Directors. The Members of the Nomination and Remuneration Committee are Mr. O P Malhotra, Mr. K S B Sanyal, and Mrs. Kusum Dadoo. The Chairman of the Nomination and Remuneration Committee, Mr. O P Malhotra, is a Non-Executive Independent Director.

3. Details of Nomination and Remuneration Committee Meetings Held During the Financial Year 2019 - 2020 :-

The Nomination and Remuneration Committee met 3 times during the financial year ended 31st March, 2020, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	20th May, 2019	3	3
2	19th July, 2019	3	3
3	13th February, 2020	3	3

Attendance at Nomination and Remuneration Committee Meetings held during the Financial Year 2019 - 2020:-

The names of Members and Chairman of the Nomination and Remuneration Committee, Meetings held and attendance thereof during the Financial Year –2019 - 2020 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. O P Malhotra * (Non-Executive Independent Director)	Chairman	3	3
Mr. K S B Sanyal (Non-Executive Independent Director)	Member	3	3
Mrs. Kusum Dadoo (Non-Executive Independent Director)	Member	3	3

*Mr. O P Malhotra was appointed as the Chairman of the Nomination and Remuneration Committee w.e.f. 20th May, 2019.

4. Meetings

- During the year ended 31st March, 2020, the Nomination and Remuneration Committee met 3 times on 20th May, 2019, 19th July, 2019 and 13th February, 2020 respectively.
- Necessary Quorum as per Regulation 19(2A) of the SEBI Listing Regulations, was present for all the Meetings.
- The Chairman of the Nomination and Remuneration Committee, Mr. O P Malhotra was present at the Fifty-eighth Annual General Meeting of the Company held on 19th July, 2019 to answer the shareholders' queries.
- The Company Secretary is in attendance at the Nomination and Remuneration Committee Meetings.

5. Remuneration Policy

In compliance with the requirements of Act and Rules made thereunder and pursuant to Regulation 19 of the SEBI Listing Regulations read with Schedule II Part D to the said Regulations, the Board of Directors has a Nomination and Remuneration Policy for its Directors, Key Managerial Personnel, Functional Heads and other employees of the Company.

Non – Executive Directors

The Non-Executive Directors are paid remuneration based on their contribution and current trends. The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee decides the remuneration of the Non-Executive Directors.

The remuneration paid to the Non-Executive Directors by way of sitting fees is ₹1,00,000/- per Meeting for the Board Meetings, ₹50,000/- per Meeting for the Audit Committee Meetings, ₹20,000/- per Meeting for the Independent Directors' Committee Meetings and ₹5000/- per Meeting each for the Nomination and Remuneration Committee Meetings, Stakeholders Relationship Committee Meetings,

Corporate Social Responsibility Committee Meetings and Risk Management Committee Meetings.

In addition to the afore-mentioned remuneration being paid by way of sitting fees, Commission was also paid to the Non-Executive Directors for the financial year 2018-19 during the financial year 2019-20.

The details of the remuneration paid to the Non – Executive Directors have been enumerated below:-

I. Details of Sitting Fees/ Remuneration

A. Sitting Fees/ Commission paid to the Non -Executive Directors

The sitting fees for the Board and the Committee Meetings and Commission paid to the Non-Executive Directors during the year ended 31st March, 2020 are as follows:-

Dr. Sanjiv Goenka – Sitting Fees ₹4,00,000/- and Commission ₹15,65,00,000/-, Mr. Shashwat Goenka – Sitting Fees ₹4,10,000/- and Commission ₹5,00,000/-, Mrs. Preeti Goenka – Sitting Fees ₹4,00,000/- and Commission ₹5,00,000/-, Mr. K S B Sanyal – Sitting Fees ₹6,55,000/- and Commission ₹5,00,000/-, Mr. O P Malhotra – Sitting Fees ₹4,85,000/- and Commission ₹5,00,000/-, Mr. Paras K Chowdhary – Sitting Fees ₹6,25,000/- and Commission ₹5,00,000/-, Mr. Pradip Roy – Sitting Fees ₹6,25,000/- and Commission ₹5,00,000/- and Mrs. Kusum Dadoo - Sitting Fees ₹4,45,000/- and Commission ₹5,00,000/-.

The Company also reimburses the out of pocket expenses incurred by the Directors for attending the Meetings.

Executive Director

Payment of remuneration to the Managing Director, who is the Executive Director of the Company, is governed by the agreement executed between him and the Company and are also governed by the Board and Shareholders' resolutions. The remuneration structure comprises salary, variable pay, perquisites and allowances and retirement benefits in the forms of superannuation and gratuity. The Company does not have any Employee Stock Option Scheme.

Executive Director	Business relationships with the Company, if any	All elements of remuneration package, i.e. salary, benefits, bonuses, pension etc. for the year ended 31st March, 2020	
		Description	Amount (₹ in Lakhs)
Mr. Kaushik Roy *	Managing Director	Salary and Allowances,	463.14
		Contribution to Provident, Gratuity and Superannuation Funds	111.42
		Perquisites	589.35
		Total	1163.91

* Service Contract: For a period of three years w.e.f 5th February, 2019. The Board of Directors at its Meeting held on 30th

October, 2018 approved the re-appointment of Mr. Kaushik Roy as the Managing Director of the Company for a further period of 3 years w.e.f 5th February, 2019 and the same was also approved by the shareholders by way of Postal Ballot and E-voting on 9th March, 2019.

*Notice Period: Ninety days notice from either side

* Severance Fees: Ninety days salary in lieu of notice

* Stock Options: None

6. Succession Policy

Succession Planning is a process of ascertaining the need for filling positions at the Board, senior management and other key positions. It involves identification for the said roles, assessment of their potential and developing next generation of leaders as potential successors for key leadership roles in the Company. The Company has in place a Succession Policy and the Board of Directors of the Company reviews and monitors the implementation of the Policy on an annual basis to ensure its effectiveness and to satisfy that plans are in place for orderly succession for appointments to the Board and to the Senior Management. The Board of Directors of the Company has given the authority to Nomination and Remuneration Committee of the Board of Directors of the Company for implementing this Policy and its related procedures. The afore-said Policy is available on the website of the Company and may be accessed at the link: <https://www.pcblltd.com/general-policies/>.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

1. Terms of Reference

The Company has a Stakeholders' Relationship Committee and the terms of reference of the Stakeholders' Relationship Committee are in conformity with the provisions of Regulation 20 read with Schedule II Part D of the SEBI Listing Regulations and Section 178 of the Act. The Stakeholders' Relationship Committee specifically looks into the various aspects of interest of shareholders, debenture holders and other security holders.

The role of the Committee inter alia includes the following:

- Resolve the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

2. Composition of the Stakeholders' Relationship Committee as on 31st March, 2020:-

The Stakeholders' Relationship Committee comprises 3 Directors, out of which 2 Directors are Non - Executive Independent Directors and 1 Director is an Executive Director of the Company. The Members of the Stakeholders' Relationship Committee are Mr. K S B Sanyal, Mrs. Kusum Dadoo and Mr. Kaushik Roy. Under the Chairpersonship of a Non-Executive Independent Director, Mrs. Kusum Dadoo, the Stakeholders' Relationship Committee of the Board of Directors meets at regular intervals and specifically looks into the various aspects of interests of the shareholders and other security holders.

3. Details of Stakeholders' Relationship Committee Meetings Held During the Financial Year – 2019 - 2020:-

The Stakeholders Relationship Committee met 2 times during the financial year ended 31st March, 2020, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	19th July, 2019	3	3
2	13th February, 2020	3	3

Attendance at Stakeholders' Relationship Committee Meetings held during the Financial Year 2019 -2020:-

The names of Members and Chairperson of the Stakeholders Relationship Committee, Meetings held and attendance thereof during the Financial Year 2019 – 2020 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mrs. Kusum Dadoo* (Non-Executive & Independent)	Chairperson	2	2
Mr. K S B Sanyal (Non-Executive & Independent)	Member	2	2
Mr. Kaushik Roy (Managing Director)	Member	2	2

* Mrs. Kusum Dadoo was appointed as the Chairperson of the Stakeholders' Relationship Committee w.e.f. 20th May, 2019.

Name and designation of Compliance Officer: Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer.

Name and designation of the Nodal Officer for IEPF related matters: Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer.

4. Meetings

- ▶ During the year ended 31st March, 2020, the Stakeholders' Relationship Committee met twice on 19th July, 2019 and 13th February, 2020.

- ▶ The Chairperson of the Stakeholders Relationship Committee, Mrs. Kusum Dadoo was present at the Fifty-eighth Annual General Meeting of the Company held on 19th July, 2019 to answer the queries of the security holders.

- ▶ The Company Secretary is in attendance at the Stakeholders' Relationship Committee Meetings.

- ▶ The Company has a User ID and Password in place for logging into the SEBI Complaints Redressal System – 'SCORES' and can view the complaints which have been lodged by the shareholders. The Company ensures that timely redressals are made against any complaints raised by the shareholders relating to registration of share transfers, issue of new share certificates, sub-division or consolidation of shareholdings etc.

5. Status of Shareholders' Complaints

Number of complaints received during the year ended 31st March, 2020 as per records of the Company	Number of complaints resolved during the year ended 31st March, 2020	Number of complaints pending as on 31st March, 2020
5	5	Nil

*The Company has received confirmations from National Stock Exchange of India Limited, Bombay Stock Exchange Limited, The Calcutta Stock Exchange Ltd. and from our Registrar Link Intime India Pvt. Ltd. that no investor complaints are pending against the company as on 31st March, 2020.

6. Share Transfer

Mr. Kaushik Roy, Managing Director, Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer and Mr. Raj Kumar Gupta, Chief Financial Officer are severally authorized to approve share transfers in physical mode.

D. RISK MANAGEMENT COMMITTEE

1. Terms of Reference

The Company has a Risk Management Committee and the terms of reference of the Risk Management Committee are in conformity with the provisions of Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee looks into the monitoring and reviewing of the risk management plan and such other functions, as it may deem fit and such function specifically covers cyber security.

Pursuant to the provisions of the Act, a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company have also been dealt with in the Board's Report.

2. Composition of the Risk Management Committee as on 31st March, 2020:-

The Risk Management Committee comprises 3 Directors, out of which 1 Director is an Executive Director and the other 2

Directors are the Non-Executive Independent Directors. This composition is in line with the requirement of Regulation 21 of the SEBI Listing Regulations. The Members of the Risk Management Committee are Mr. Kaushik Roy, Mr. Paras K Chowdhary and Mr. Pradip Roy. Under the Chairmanship of the Executive Director, who is the Managing Director of our Company, Mr. Kaushik Roy, the Risk Management Committee of the Board of Directors meets at least once in a financial year to inform the Board Members about the risk assessment and minimization procedures and adoption of requisite risk mitigation measures and their implementation thereof.

3. Details of Risk Management Committee Meeting Held During the Financial Year 2019 - 2020:-

The Risk Management Committee met once during the financial year ended 31st March, 2020, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	13th February, 2020	3	3

Attendance at Risk Management Committee Meeting held during the Financial Year 2019 -2020:-

The names of Members and Chairman of the Risk Management Committee, Meetings held and attendance thereof during the Financial Year 2019 – 2020 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. Kaushik Roy (Managing Director)	Chairman	1	1
Mr. Paras K Chowdhary (Non-Executive Independent Director)	Member	1	1
Mr. Pradip Roy (Non-Executive Independent Director)	Member	1	1

4. Meetings

- ▶ During the year ended 31st March, 2020, the Risk Management Committee met once on 13th February, 2020.

- ▶ The Chairman of the Risk Management Committee is the Managing Director of the Company.

- ▶ The Company Secretary is in attendance at the Risk Management Committee Meeting.

- ▶ The Risk Management process involves the identification, evaluation/assessment, prevention and control of

the risks, determining the cost of risk likely to be and ensuring that adequate financial resources are available for implementing the selected technique, measuring and monitoring effectiveness of controls and reviewing and reporting the Risk Management process at appropriate intervals, at least annually.

E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has a Corporate Social Responsibility Committee and the terms of reference are in conformity with the provisions of Section 135 read with Schedule VII of the Act and the Rules framed thereunder. The CSR Committee monitors the implementation of CSR projects or programmes undertaken by the Company.

The role of the Committee inter alia includes the following:-

- ▶ Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Act.
- ▶ Recommend the amount of expenditure to be incurred on the activities referred to in the above point.
- ▶ Monitor the Corporate Social Responsibility Policy of the Company from time to time.

2. Composition of the Corporate Social Responsibility Committee as on 31st March, 2020:-

The Corporate Social Responsibility Committee comprises of 3 Directors out of which 1 is an Executive Director, 1 is a Non - Executive Independent Director and 1 is a Non-Executive Director. The Chairman of the Committee is Mr. Kaushik Roy, an Executive Director, who is also the Managing Director of the Company. The Members of the Corporate Social Responsibility Committee are, Mr. Kaushik Roy, Mr. K S B Sanyal and Mr. Shashwat Goenka.

3. Details of Corporate Social Responsibility Committee Meetings Held During the Financial Year 2019 - 2020:-

The Corporate Social Responsibility Committee met 2 times during the financial year ended 31st March, 2020, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	20th May, 2019	3	3
2	13th February, 2020	3	3

Attendance at Corporate Social Responsibility Committee Meetings held during the Financial Year 2019 – 2020:-

The names of Members and Chairman of the Corporate Social Responsibility Committee, Meetings held and attendance thereof during the Financial Year 2019 – 2020 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. Kaushik Roy* (Managing Director)	Chairman	2	2
Mr. K S B Sanyal (Non-Executive and Independent)	Member	2	2
Mr. Shashwat Goenka (Non-Executive)	Member	2	2

* Mr. Kaushik Roy was appointed as the Chairman of the Corporate Social Responsibility Committee w.e.f. 20th May, 2019.

4. Meetings

- ▶ During the year Corporate Social Responsibility Committee met twice on 20th May, 2019 and 13th February, 2020 respectively.
- ▶ The Company Secretary is in attendance at the Corporate Social Responsibility Committee.
- ▶ The Corporate Social Responsibility Policy of the Company is posted on the website of the Company at the link: <https://www.pcblltd.com/general-policies/>.
- ▶ The details of CSR expenditure spent during the financial year 2019-20 have been elaborated in 'Annexure -D' to the Board's Report.

F. INDEPENDENT DIRECTORS' COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has an Independent Directors' Committee and the terms of reference are in conformity with the provisions of Section 149 read with Schedule IV to the Act and the Rules framed thereunder and Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations. Necessary confirmations have also been taken from the Directors in compliance with Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, which has come into force with effect from 1st December, 2019. The statutory role of the Independent Directors' Committee of the Board of Directors is encapsulated herein below:-

- To review the performance of Non-Independent Directors and the Board as a whole;
- To review the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- To assess the quality, quantity and timeliness of flow of information between the Company Management and Board that is necessary for the Board to effectively and reasonably perform their duties.

Familiarization Programme of the Independent Directors

In accordance with the Code of Conduct for Independent Directors specified under the Act and the SEBI Listing Regulations, the Company has in place a familiarization programme for all its Independent Directors. Such familiarization programmes help the Independent Directors to understand the Company's strategy, business model, operations, markets, organization structure, risk management etc. and such other areas as may arise from time to time.

The policy on the familiarization programmes imparted to the Independent Directors is posted on the website of the Company and may be accessed at the link: <https://www.pcblltd.com/general-policies/>.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board.

Global Business	Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

All the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and they are all independent of Management. The Board of Directors of the Company have taken on record the declarations and confirmations submitted by the Independent Directors under Regulation 16(1)(b) read with 25(8) of the SEBI Listing Regulations after undertaking the due assessment of the veracity of the same.

2. Composition of the Independent Directors' Committee as on 31st March, 2020:-

The Independent Directors' Committee comprises all 5 Independent Directors. The Members of the Independent Directors' Committee are Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary, Mr. Pradip Roy and Mrs. Kusum Dadoo. The Chairman of the Committee is Mr. Paras K Chowdhary, a Non-Executive Independent Director.

3. Details of Independent Directors' Committee Meeting Held During the Financial Year 2019-2020 :-

The Independent Directors' Committee met once during the financial year ended 31st March, 2020, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	13th February, 2020	5	5

Attendance at Independent Directors' Committee Meeting held during the Financial Year 2019- 2020:-

The names of Members and Chairman of the Independent Directors' Committee Meeting held and attendance thereof during the Financial Year 2019 – 2020 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. Paras K Chowdhary* (Non-Executive & Independent)	Chairman	1	1
Mr. O P Malhotra (Non-Executive & Independent)	Member	1	1
Mr. K S B Sanyal (Non-Executive & Independent)	Member	1	1
Mr. Pradip Roy (Non-Executive & Independent)	Member	1	1
Ms. Kusum Dadoo (Non-Executive & Independent)	Member	1	1

* Mr. Paras K Chowdhary was appointed as the Chairman of the Independent Directors' Committee w.e.f. 13th February, 2020.

4. Performance Evaluation for Directors

Pursuant to the provisions of the Act and Regulation 25(4) of the SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, individual directors and of its Committees. The Company had appointed an external independent agency for carrying out the aforesaid evaluation process in a transparent manner by using the questionnaire provided by the agency, considering the various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations, compliance and governance etc. The Directors expressed their satisfaction over the evaluation process.

IV. SUBSIDIARY COMPANIES

The Company has 2 unlisted subsidiaries as on date, namely, Phillips Carbon Black Cyprus Holdings Limited and Phillips Carbon Black

Vietnam Joint Stock Company. One of the former subsidiaries of the Company, namely, PCBL Netherlands Holdings B.V., a step-down subsidiary of the Company, has been liquidated in accordance with the local laws of Netherlands w.e.f. 30th October, 2019. The Minutes of Meetings of the Board of Directors of the unlisted subsidiary companies are placed before the Meetings of the Board of Directors of the Company and the review of the financial statements, in particular, the investments made by the unlisted subsidiaries are taken on record and discussed at the Board Meeting of the Company.

V. GENERAL BODY MEETINGS

1. Location and time of the last 3 Annual General Meetings (AGM) held and Special Resolutions Passed:

AGM	Date	Venue	Time	Special Resolution Passed
58th	19th July, 2019	"Dr. R P Goenka Auditorium", IMI	10.30 A.M	Yes
57th	27th July, 2018	"Dr. R P Goenka Auditorium", IMI	10.00 AM	Yes
56th	21st September, 2017	"Dr. R P Goenka Auditorium", IMI	10.30 A.M	Yes

2. Details of Special Resolutions passed last year through Postal Ballot :-

During the year under review, neither any Special Resolution was passed through Postal Ballot last year nor any Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

- Disclosure regarding re-appointment of Directors in accordance with Regulation 36(3) of the SEBI Listing Regulations has been provided in the Notice convening the Annual General Meeting of the Company.

VI. DISCLOSURES

1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large :

No such transactions took place during the year ended 31st March, 2020. The Board has approved the revised policy on materiality of related party transactions and on dealing with related parties including clear threshold limits duly approved by the Board of Directors of the Company and such policy is reviewed by the Board of Directors once in every three years and updated accordingly. This Revised Policy is posted on the Company's website at the following link: <https://www.pcblltd.com/general-policies/>

2. Disclosure by Senior Management in accordance with Regulation 26(5) of the SEBI Listing Regulations:

For the financial year ended 31st March, 2020, the Senior

Management Personnel of the Company have confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions entered into with the Company that may have a potential conflict with the interests of the Company at large.

3. Disclosures on Compliance of Law :

The Company has complied with the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures were imposed by SEBI, Stock Exchanges, or any statutory authorities on any matter related to capital markets during the last three years.

4. Vigil Mechanism / Whistle Blower Policy:

The Company has a Whistle Blower Policy / Vigil Mechanism which is posted on the website of the Company at the link: <https://www.pcblltd.com/download/whistle-blower-policy-vigil-mechanism/> for its Directors and Employees to report their concerns about the Company's working or about any violation of its policies. The vigil mechanism provides for adequate safeguards against victimization of Director (s) or Employee (s) or any other person who avail the mechanism and also provide direct access to the Chairman of the Audit Committee. No personnel have been denied any access to the Audit Committee. Besides, as per the requirement of Clause 6 of Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations as amended, our Company ensures to make employees aware of such Whistle-Blower Policy to report instances of leak of unpublished price sensitive information.

5. Code for Prevention of Insider Trading Practices

In compliance with the SEBI Regulation on Prohibition of Insider Trading, as amended, the Company has in place a comprehensive Code of Conduct to Regulate, Monitor and Report Trading by Insiders, for its Directors and Senior Management Officers. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company. The Code clearly specifies, among other matters, that Directors and Designated Persons of the Company, as defined in the Code, can trade in the shares of the Company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and other material events as per the Code. The intimation of the closure of Trading Window, as per the SEBI Regulations on Prohibition of Insider Trading, as amended, is given to the Stock Exchanges before the end of every quarter with effect from the 1st day of the month immediately succeeding the end of every quarter till 48 hours after the declaration of financial results of the Company to the stock exchanges. The same is intimated to the Designated Persons as well. Furthermore, amendments to the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' which was effective from 1st April, 2019 has been approved by the Board of Directors of the Company and thereafter intimated to the Stock Exchanges. These afore-mentioned Codes are posted on the website of the Company at the link: <https://www.pcblltd.com/general-policies/>.

Annual Declarations containing the annual disclosures of holding of securities have been obtained from all the Directors and the Designated Persons of the Company for the financial year ended 31st March, 2020. Besides, a declaration has also been obtained from the Managing Director of the Company ensuring compliance with Regulation 9 Sub regulations 1 and 2 of the SEBI (Prohibition of Insider Trading) Regulations as amended.

Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer, is the Compliance Officer who also acts as the Chief Investor Relations Officer.

6. Details of compliance with mandatory requirements and adoption of non mandatory requirements

All mandatory requirements have been complied with and the non-mandatory requirements are dealt with at the end of the Report.

7. Policy for determining 'material' subsidiaries

The Company has adopted a Policy on Material Subsidiary in line with the requirements of the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries. The policy on Material Subsidiary is available on the website of the Company at the following link: <https://www.pcblltd.com/general-policies/>.

8. Commodity price risk or foreign exchange risk and hedging activities

1. Risk Management Policy of the Company with respect to the Commodities and Forex:

Commodities form a major part of the raw materials required for the Company's products portfolio and hence commodity price risk is one of the important market risks for the Company. Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of company's cost of sales. The Company endeavours to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Company's own requirements. Further, a significant portion of Company's volume is sold based on formula driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Company also endeavours to offset the effects of increases in raw material costs through price increases in its non - contract sales, productivity improvement and other cost reduction efforts. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

The Company operates in International markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Company's operating activities (when the revenue or expense is denominated in foreign currency),

borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Company's foreign currency transactions are in USD while the rest are in Euro, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Company's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contract and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates. The details of foreign exchange exposures as on 31st March, 2020 are disclosed in Notes to the Standalone Financial Statements.

2. Exposure of the Listed Entity to commodity and commodity risks faced by the entity throughout the year:

The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

9. Certificate from the Managing Director and the Chief Financial Officer

Certificate from Mr. Kaushik Roy, Managing Director and Mr. Raj Kumar Gupta, Chief Financial Officer, in terms of Regulation 17(8) and the quarterly certificate from Mr. Kaushik Roy, Managing Director and Mr. Raj Kumar Gupta, Chief Financial Officer, in terms of Regulation 33(2A) of the SEBI Listing Regulations for the financial year ended 31st March, 2020 was placed before the Board of Directors of the Company in its Meeting held on 23rd June, 2020.

10. Code of Conduct

A Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013, has been adopted by the Board. The Code of Conduct for Board Members and Senior Management Personnel of the Company is posted on the Company's website at the following link: <https://www.pcblltd.com/code-of-conduct/>.

All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis for the financial year ended 31st March, 2020. A declaration to this effect signed by the Managing Director in terms of SEBI Listing Regulations forms a part of this Annual Report.

11. Declaration by Independent Directors under Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations and Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019

During the financial year ended 31st March, 2020, the Company received declarations in terms of the provisions of Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations from the

following Independent Directors namely, Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary, Mr. Pradip Roy and Mrs. Kusum Dadoo. Necessary confirmations were also taken from the afore-mentioned Independent Directors in compliance with Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 which has come into force with effect from 1st December, 2019.

12. Sexual Harassment Policy

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all employees of the Company. The Internal Complaints Committee (ICC) is set up for the purpose of providing protection against the sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. The status of complaints is as given below:-

No. of complaints filed during the financial year	No. of complaints disposed of during the financial year	No. of complaints pending as on the end of the financial year
Nil	Nil	Nil

13. Dividend Distribution Policy

The Company has formulated a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI Listing Regulations. The policy has been detailed in the Board's Report and is posted on the Company's website at the following link: <https://www.pcblltd.com/general-policies/>.

14. Utilization of funds raised through preferential allotment or qualified institutions placement

No funds were raised by the Company through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

15. Certificate from a Company Secretary in practice

The Company has obtained a Certificate from a Company Secretary in practice dated 23rd June, 2020 stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other such statutory authority.

16. Acceptance of recommendations of any Committee of the Board

All the recommendations made by any Committee of the Board during the financial year 2019-2020 have been duly accepted and taken on record by the Board of Directors of the Company.

17. Fees paid on a consolidated basis to the statutory auditor

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor

and all entities in the network firm / network entity in which the statutory auditor is a part for the financial year 2019-20 is ₹85,75,646/-.

18. Directors and Officers Insurance ('D and O Insurance')

The Company has in place D and O Insurance Policy for all its Independent Directors of such quantum and covering all such risks as may be determined by the Board of Directors of the Company.

19. Anti-Bribery Policy

The Company has formulated an Anti-Bribery Policy which explains the Company's individual responsibility to comply with anti-bribery and anti-corruption laws around the world and to ensure that any third parties that the Company engages to act on its behalf, do the same. The policy has been detailed in the Board's Report and is posted on the Company's website at the following link: <https://www.pcblltd.com/download/anti-bribery-policy/>.

20. Annual Secretarial Compliance Report

The Company has undertaken an Annual Secretarial Compliance Audit for the financial year 2019-20 for all applicable compliances as per SEBI Regulations and Circulars/Guidelines issued thereunder.

Accordingly, the Annual Secretarial Compliance Report for the financial year ended 31st March, 2020 has been issued by our Auditors, Messrs. Vinod Kothari & Company, Practising Company Secretaries, and the same has been submitted to the Stock Exchanges within the prescribed timeline.

21. Corporate Governance Rating obtained by the Company

The Company has obtained a Corporate Governance Rating of CARE CGR2+ (CGR Two Plus) from CARE Ratings dated 12th February, 2020.

22. Credit Rating obtained by the Company

During the year under review, the Company had received its credit ratings from CARE and ICRA. Both the rating agencies have assigned the Company a long term rating of 'AA-' Stable (Double A minus with 'Stable' outlook) against its long term borrowings. CARE has also assigned a rating of 'A1+' (A one plus) in respect of Company's short term bank facilities and Commercial Paper issuance programme.

VII. MEANS OF COMMUNICATION

1. The quarterly results of the Company were announced within due time as per the statutory requirements and were sent to the Stock Exchanges. These results were also published in the leading English newspapers, such as Business Standard (All Editions), and in Bengali newspapers in Aajkal (Kolkata).
2. The results are also posted on the Company's website: www.pcblltd.com.
3. Whenever the Company issues any press release, it is immediately sent to the Stock Exchanges as well as posted on the Company's website. The Company also puts forth the key information about the Company and its performance, including quarterly results, official news releases and presentations made to institutional investors or analysts and credit ratings, on its website – www.pcblltd.com regularly for the benefit of its shareholders and the public at large. The intimations are also given to the Stock Exchanges simultaneously.
4. This Annual Report has a detailed chapter on Management Discussion and Analysis.

VIII. GENERAL SHAREHOLDER INFORMATION

Provided in the 'General Shareholder Information' Section of the Annual Report and Accounts

IX. STATUS OF ADOPTION OF THE NON MANDATORY REQUIREMENTS

The Company has duly fulfilled the following discretionary requirements as prescribed in Sub – Regulation 1 of Regulation 27 Part E of Schedule II of the SEBI Listing Regulations as follows:

Reporting of Internal Auditor: Internal Auditors of the Company make presentations to the Audit Committee on their Reports and has direct access to the Audit Committee.

Other Items: The rest of the Non Mandatory Requirements will be implemented by the Company as and when required and/or deemed necessary by the Board.

X. CONFIRMATION OF COMPLIANCE

The Statutory Auditors' Certificate states that the Company has complied with the conditions of Corporate Governance and the same is annexed hereto.

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN: 00074796)

Auditors' Certificate

Auditors' Certificate Regarding Compliance of Conditions of Corporate Governance

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of
Phillips Carbon Black Limited

1. The Corporate Governance Report prepared by Phillips Carbon Black Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes (Revised) requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for

Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31,2020 and verified that at-least one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held April 1,2019 to March 31,2020:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - (g) Corporate Social Responsibility Committee
 - v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**
Partner
Membership Number: 058652
UDIN: 20058652AAAABE1447

Place of Signature: Kolkata
Date: June 23, 2020

General Shareholder Information

- ▶ **Annual General Meeting: Date, Time and Venue:** 30th July, 2020 at 10:30 A.M. The Company is conducting meeting through Video Conferencing (VC) /Other Audio Visual Means (OAVM) pursuant to the General Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 5, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/ CMD1/ CIR/P/ 2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular").
- ▶ **Financial Year:** 1st April 2019 to 31st March, 2020
- ▶ **Book Closure:** 24th July, 2020 to 30th July, 2020 (both days inclusive)
- ▶ **Interim Dividend Payment Date:** The Board of Directors of the Company at its Meeting held on Thursday, 13th February, 2020 has declared an Interim Dividend @ 350 %, i.e. ₹7 /- per equity share of ₹2/- each, for the financial year ending 31st

March, 2020 which includes a Special Dividend @175 %, on the occasion of Diamond Jubilee year of the Company. The said Interim Dividend was paid on and from 2nd March, 2020.

▶ Listing on Stock Exchanges and Stock Codes:

- a) The Calcutta Stock Exchange Ltd. - 10026125
7, Lyons Range,
Kolkata – 700001
- b) Bombay Stock Exchange Limited - 506590
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001
- c) National Stock Exchange of India Ltd. - PHILIPCARB
Exchange Plaza,
Bandra Kurla Complex
Bandra (E), Mumbai – 400051

Listing Fees for all the above Stock Exchanges for FY 2019 - 2020 have been paid.

Market Price high, low, close during each month from April, 2019 to March, 2020 (in ₹) (as available from the website of National Stock Exchange of India Limited and Bombay Stock Exchange Limited):-

Month	High		Low		Close	
	NSE	BSE	NSE	BSE	NSE	BSE
April'19	180.00	180.00	153.00	153.40	156.55	156.60
May'19	160.60	160.70	122.00	122.00	147.65	148.00
June'19	154.00	154.00	108.65	108.80	116.25	116.25
July'19	137.95	137.90	105.80	106.45	120.50	120.40
August'19	129.75	130.00	109.45	109.50	111.80	111.80
September'19	139.40	139.30	108.00	108.00	118.75	118.70
October'19	130.85	130.75	108.05	108.00	126.25	126.25
November'19	131.00	131.00	120.30	117.00	125.50	125.30
December'19	127.20	126.75	109.20	109.25	118.45	118.45
January'20	147.45	147.40	117.10	117.10	125.05	125.05
February'20	131.80	131.80	105.25	105.25	106.10	106.10
March'20	114.50	114.30	54.10	54.20	62.70	62.85

Monthly Comparison Chart of the Share Prices (in ₹) with the NSE Nifty and BSE SENSEX along with the No. of Shares traded during the period April, 2019 to March, 2020:-

Month	Nifty / Sensex (Close)		Share Price (Close) (₹)		No. of Shares Traded	
	NSE	BSE	NSE	BSE	NSE	BSE
April'19	11748.15	39031.55	156.55	156.60	8798347	1641460
May'19	11922.80	39714.20	147.65	148.00	16930451	2669248
June'19	11788.85	39394.64	116.25	116.25	10080215	1598150
July'19	11118.00	37481.12	120.50	120.40	17723021	2357731
August'19	11023.25	37332.79	111.80	111.80	9665193	1248768
September'19	11474.45	38667.33	118.75	118.70	36701453	4450339
October'19	11877.45	40129.05	126.25	126.25	13124030	1456947
November'19	12056.05	40793.81	125.50	125.30	18891580	1693233
December'19	12168.45	41253.74	118.45	118.45	11134593	1112795
January'20	11962.10	40723.49	125.05	125.05	34776376	3254212
February'20	11201.75	38297.29	106.10	106.10	12070609	1807784
March'20	8597.75	29468.49	62.70	62.85	11573660	1625852

► **Registrar and Share Transfer Agent:**

Link Intime India Pvt. Ltd.
Vaishno Chamber, 5th Floor,
Room No : 502 & 503
6, Brabourne Road, Kolkata – 700001
Telephone No: (033) 4004 9728, Fax No: (033) 4073 1698
Website: www.linkintime.co.in
E-Mail: kolkata@linkintime.co.in

► **Share Transfer Process**

The shares in physical form for transfer should be lodged at the office of the Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd., Kolkata or at the Registered Office of the Company. The transfers are processed within 10 days from the date of receipt of such request for transfer, if technically found to be in order and complete in all respects. As per directives issued by SEBI it is compulsory to trade in securities of any Company's equity shares in dematerialized form.

As per the requirement of Regulation 40(9) of the SEBI Listing Regulations, the Company has obtained the half yearly certificates from the Company Secretary in practice for due compliance of the share transfer formalities, which, is then submitted to the Stock Exchanges within a period of 30 days* from the end of each half-year.

► **Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

The Company Secretary in practice conducts the Audit every quarter and issues us the Report which, is then submitted to the Stock Exchanges within a period of 30 days* from the end of each quarter.

► **Compliance Certificate certifying Compliance under Regulation 7(2) of the SEBI Listing Regulations**

Pursuant to Regulation 7(3) of the SEBI Listing Regulations, the Company obtains a Compliance Certificate duly signed by both the Compliance Officer of the Company and the Authorised representative of the share transfer agent, namely Link Intime India Pvt. Ltd confirming that all the activities in relation to the share transfer facility are maintained by the Company's Registrar and Share Transfer Agent, which is a SEBI approved category-1 Registrar having Registration Number: INR000004058.

As per the requirement of Regulation 7(3) of the SEBI Listing Regulations, the Company has obtained the half yearly certificates signed by both the Compliance Officer and its Registrar and Share Transfer Agent for due compliance of the provisions of this Regulation, which, is then submitted to the Stock Exchanges within a period of 30 days* from the end of each half-year.

► **Intimation of loss of share certificates pursuant to Regulation 39(3) of the SEBI Listing Regulations**

Pursuant to Regulation 39(3) of the SEBI Listing Regulations, the Company intimates the loss of share certificates to the Stock Exchanges, as and when received, within a period of 2 days* from the date of receipt of such intimation.

► **Statement on Investors' Complaints pursuant to Regulation 13(3) of the SEBI Listing Regulations**

Pursuant to Regulation 13(3) of the SEBI Listing Regulations, the Company obtains a Statement on Investors' Complaints on a quarterly basis from its Registrar and Share Transfer Agent, which, is then submitted to the Stock Exchanges within a period of 21* days from the end of each quarter.

► **Certificate in the matter of Regulation 74(5) of the SEBI (Depositories and Participants) Regulations, 2018**

Pursuant to Regulation 74(5) of the SEBI (Depositories and Participants) Regulations, 2018, the Company obtains a Certificate in compliance to the captioned subject on a monthly basis from its Registrar and Share Transfer Agent, stating that the securities received from the depository participants for dematerialisation during the month, were confirmed to the depositories by the Registrar and the securities comprised in the said certificates have been listed on the Stock Exchanges where the earlier issued securities were listed. This certificate, so obtained by the Company, is then submitted to the Stock Exchanges within the stipulated time period* from the end of every month.

* NB:- Owing to COVID-19 and the proactive steps taken by the Government of India in declaring a 21 days lockdown effective from 24th March, 2020, relaxations have been given in all the afore-mentioned timelines by the various Circulars issued by SEBI from time to time, within which the various intimations are required to be made to the Stock Exchanges.

► **Dematerialization**

The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerializing the shares, the shareholders should open a demat account with a Depository Participant (DP). He/ She is required to submit a Demat Request Form duly filled up along with the share certificates to his/her DP. The DP will allocate a demat request number and shall forward the request physically as well as electronically, through NSDL/CDSL, to the Registrar and Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialised and an electronic credit of shares is given in the account of the shareholder.

► **Policy on Preservation and Utilisation of Stationery**

Pursuant to the requirement of SEBI Circular No. – SEBI/HO/

MIRSD/DOP1/CIR/P2018/73 dated 20th April, 2018 relating to strengthening of guidelines and raising industry standards for RTA, Issuer Companies and Banker to an Issue, the Registrar and the Share Transfer Agent (RTA) of the Company has in place a written policy on the preservation and utilisation of stationery and both the Company and its RTA ensure strict control on the stationery including blank certificates and warrants and also ensure periodical check by physical verification.

Distribution of Shareholding as on 31st March, 2020:-

Shareholding Pattern – Size of Holdings	No. of Shares	Percentage (%) to share capital	No. of Shareholders	Percentage (%) to Total holders
1 – 500	88064	85.75	11235454	6.52
501 – 1000	7278	7.09	5748631	3.33
1001 – 2000	3815	3.71	5716831	3.32
2001 – 3000	1414	1.38	3591890	2.08
3001 – 4000	585	0.57	2100084	1.22
4001 – 5000	465	0.45	2194931	1.28
5001 – 10000	601	0.59	4334976	2.52
10001 & above	476	0.46	137415063	79.73
Total	102698	100	172337860	100

► **Shareholding Pattern as on 31st March, 2020:-**

Nature of holdings	No. of Shares	% of Holdings
Non Resident Indians	2473112	1.435
Institutional Investors	26623353	15.448
Promoters	92307785	53.562
Bodies Corporate	9036353	5.243
Resident Individuals	41897257	24.312
Total	172337860	100

► **Dematerialisation of shares:**

Nature of holdings	Shares	%
NSDL	151579659	87.96
CDSL	18807220	10.91
Total	170386879	98.87

► **ISIN NO. INE602A01023**

► **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Nil**

► **Plant Locations**

The Company's plants are located at Durgapur in West Bengal, Kochi in Kerala, Palej and Mundra in Gujarat. The detailed addresses of the Company's plants have also been given separately in the Annual Report.

► **Address for correspondence :**

1) **Registrar and Share Transfer Agent:**
(For share and dividend related queries)

Link Intime India Pvt. Ltd.
Vaishno Chamber, 5th Floor,
Room No : 502 & 503
6, Brabourne Road, Kolkata – 700001
Telephone No: (033) 4004 9728, Fax No: (033) 4073 1698
Website: www.linkintime.co.in
E-Mail: kolkata@linkintime.co.in

2) **Company**
(For any other matter and unresolved complaints)

Mr. Kaushik Mukherjee
Company Secretary
Phillips Carbon Black Limited
Registered Office : 31, Netaji Subhas Road
Kolkata – 700 001
Phone No. : (033) 6625 1461-1464
Fax : (033) 2243 6681/ 2248 0140
Corporate Office : RPSG House, 2/4 Judges Court Road,
4th Floor, Kolkata – 700027
Phone No. : (033) 4087 0500 / 0600
E – Mail : kaushik.mukherjee@rpsg.in

For and on behalf of the Board

Kolkata
23rd June, 2020

Dr. Sanjiv Goenka
Chairman
(DIN: 00074796)

DECLARATION BY THE MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT UNDER REGULATION 26(3) OF THE SEBI LISTING REGULATIONS

I, Kaushik Roy, Managing Director of Phillips Carbon Black Limited declare that all the Members of the Board of Directors and Senior Management Personnel have complied with the Company's Code of Conduct for Board Members and Senior Management Personnel for the year ended 31st March, 2020 in terms of the SEBI Listing Regulations.

Kolkata
Date:- 23rd June, 2020

Kaushik Roy
Managing Director
(DIN: 06513489)

CERTIFICATE OF DISQUALIFICATION / NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V, Para C, Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
Phillips Carbon Black Limited
31, Netaji Subhas Road,
Kolkata – 700 001

- This certificate is issued in accordance with the terms of our engagement letter dated 01st June, 2020.
- We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Phillips Carbon Black Limited having CIN: L23109WB1960PLC024602 and having its Registered Office at 31, Netaji Subhas Road, Kolkata – 700 001 [hereinafter referred to as 'the Company'], produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para - C, sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In our opinion and to the best of our information and according to the verifications (including status of Directors Identification Number(s) [DIN] at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	DR. SANJIV GOENKA	00074796	30/10/1986
2.	MRS. PREETI GOENKA	05199069	27/07/2018
3.	MR. KAUSHIK ROY	06513489	05/02/2013
4.	MR. SHASHWAT GOENKA	03486121	01/09/2014
5.	MR. KANWAR SATYABRATA SANYAL	00009497	23/02/1995
6.	MR. OM PARKASH MALHOTRA	00009086	21/12/1989
7.	MR. PARAS KUMAR CHOWDHARY	00076807	24/12/1999
8.	MR. PRADIP ROY	00026457	31/01/2011
9.	MRS. KUSUM DADOO	06967827	01/04/2015

- Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.
- This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **D. DUTT & CO.**
Company Secretaries
UNIQUE CODE NUMBER: I2001WB209400

(DEBABRATA DUTT)
Proprietor
FCS-5401

Place: Kolkata
Date: 23.06.2020

C.P. No. 3824
UDIN No.: F005401B000370546

(Annexure 'G' to the Board's Report)

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2020, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (referred to as the "SEBI Listing Regulations"). The Company has also published a Comprehensive Sustainability Report.

The Business Responsibility Report outlines the performance of the Company from the environmental, social and governance perspective. The details on these various aspects discussed in this Report are available in the Company's Sustainability Report. The Board of Directors have approved the Sustainability Policy of the Company, and the Sustainability Report is available on the Company's website at www.pcblltd.com.

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number	L23109WB1960PLC024602
2.	Name of the Company	Phillips Carbon Black Limited
3.	Registered Office Address	31 N.S. Road, Kolkata – 700001
4.	Corporate Office Address	RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700027
5.	Website	www.pcblltd.com
6.	Email	pcbl@rpsg.in
7.	Financial year reported	2019- 2020
8.	Sectors engaged in	NIC Code - 1920 - Manufacturing of Carbon Black
9.	Key products/services the Company manufactures	Manufacturing of Carbon Black and Power Generation
10.	Locations where business activities are undertaken by the Company	The Company's businesses and operations are spread across the country. The Company's plants are located at Durgapur in West Bengal, Kochi in Kerala, Palej and Mundra in Gujarat. The detailed addresses of the Company's plants have also been given separately in the Annual Report.
11.	Markets served by the Company	All over India and 40+ international markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (₹ in Crores)	34.47
2.	Total Income (₹ in Crores)	₹3,243.54
3.	Total Profit after Tax (₹ in Crores)	₹283.49
4.	Total Spending on Corporate Social Responsibility (CSR) as % of profit after tax	This is detailed in 'Annexure – D' to the Board's Report, which forms a part of this Annual Report
5.	List of activities in which CSR expenditures have been incurred	The list of CSR activities are detailed in 'Annexure – D' to the Board' Report, which forms a part of this Annual Report

SECTION C: OTHER DETAILS

1.	Details on subsidiary companies	The Company has 2 subsidiaries as on 31st March 2020, namely:- 1. Phillips Carbon Black Cyprus Holdings Limited, 2. Phillips Carbon Black Vietnam Joint Stock Company
2.	Participation of subsidiary companies in the Business Responsibility (BR) initiatives of the parent Company	Foreign subsidiary companies
3.	Participation of other entities (suppliers, contractors, etc.) in the BR initiatives of the Company	Not applicable

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1.	Details of Director/Directors responsible for BR	The Business Responsibility (BR) functions are inter alia, monitored by the CSR Committee of the Board of Directors of the Company, formed in terms of Section 135 of the Companies Act, 2013, as amended
(a)	Details of Director/Directors responsible for the implementation of the BR policy/policies	The CSR Committee of the Board of Directors, functions under the Chairmanship of Mr. Kaushik Roy, Managing Director of the Company. The CSR Committee also comprises Mr. Shashwat Goenka, a Non-executive Director, and Mr. K S B Sanyal, a Non-executive Independent Director, as Members. The details of the Directors responsible for the implementation of the BR policies are as follows: 1. DIN : 06513489 Name : Kaushik Roy, Designation : Managing Director 2. DIN : 03486121 Name : Shashwat Goenka Designation : Non-Executive Director 3. DIN : 00009497 Name : K S B Sanyal Designation : Non-Executive Independent Director
(b)	Details of the BR Head	Mr. Kaushik Roy, Managing Director and a Member of the CSR Committee of the Board of Directors of the Company, has the overall responsibility for the BR activities and his details are as follows:- DIN : 06513489 Name : Kaushik Roy Designation : Managing Director Telephone No. : 033-4087 0500/0600 Email ID : pcbl.investor@rpsg.in

2. PRINCIPLE-WISE BR POLICIES—AS PER NATIONAL VOLUNTARY GUIDELINES

Although the Company's business strategy evolves with industry realities and a changing marketplace, sustainability remains integral to the Company's foundational values, defining not only what the Company does, but also how the Company does it. The seeds of being environmentally and socially responsible are sowed deep into the Company's foundation and culture and all the activities of the Company are performed with the aim to contribute to the business sustainability, with every passing day, while creating value for the stakeholders. The National Voluntary Guidelines provide the following principles as encapsulated herein space below :

<p>01 Principle</p> <p>Corporate Governance for Ethics, Transparency and Accountability [P1]</p>	<p>02 Principle</p> <p>Sustainability of Products & Services across Life-cycle [P2]</p>	<p>03 Principle</p> <p>Employee Well-being [P3]</p>
<p>04 Principle</p> <p>Stakeholder Engagement [P4]</p>	<p>05 Principle</p> <p>Human Rights [P5]</p>	<p>06 Principle</p> <p>Protection and Restoration of the Environment [P6]</p>
<p>07 Principle</p> <p>Regulatory Policy [P7]</p>	<p>08 Principle</p> <p>Supporting Inclusive Growth and Equitable Development [P8]</p>	<p>09 Principle</p> <p>Providing Value to Customers and Consumers [P9]</p>

(a) Details of compliance [Reply in Y/N]

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for....?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy/policies been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy/policies conform to any national/international standards? If yes, specify?	The policies of the Company generally conform to the Principles of the National Voluntary Guidelines (NVGs) on Social, Environment and Economic Responsibilities of Business, issued by the Ministry of Corporate Affairs (MCA), Government of India in July, 2011.								
4.	Has the policy/policies been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy/policies to be viewed online.	The policies are uploaded on the website of the Company at www.pcblltd.com under the segment 'Investor Relations'. The web link on which the policies can be viewed are https://www.pcblltd.com/policies/								
7.	Has the policy/policies been formally communicated to all the relevant internal and external stakeholders?	Yes, the policies have been communicated to all the key internal and external stakeholders. Communication is an ongoing process and it is intended to cover both the internal and external stakeholders. Besides, the web link of all our policies are also depicted in the Board's Report and the Corporate Governance Report, which forms a part of the Annual Report, and the same stands communicated to the stakeholders accordingly.								
8.	Does the Company have an in-house structure to implement the policy/policies?	Yes.								
9.	Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy/policies?	Yes, the Company has a Stakeholders' Relationship Committee of the Board of Directors to look into the various aspects of interests of the shareholders and other security holders of the Company. Further, the Company also has a Whistle Blower Policy / Vigil Mechanism to enable the Directors and Employees of the Company to address their genuine concerns about any instance of irregularity, unethical practice and/or misconduct, etc., if any, to the Chairperson of the Audit Committee. Our Company also ensures to make the employees aware of such Whistle Blower Policy so as to enable them to report instances of leak of unpublished price sensitive information.								
10.	Has the Company carried out an independent audit/evaluation of the working of the policy/policies by an internal or external agency?	The evaluation of the CSR activities, undertaken by the Company in accordance with the CSR policy formulated in this regard, is done by the respective CSR Committee of the Board of Directors of the Company set up in terms of the Companies Act, 2013.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

BUSINESS RESPONSIBILITY POLICIES AND GUIDELINES

A part of the RP-Sanjiv Goenka Group, one of India's leading business conglomerates, which has diverse interests in Power, Carbon Black, IT-enabled services, Consumers and Retail, Media and Entertainment, Sports, Education and Infrastructure and Plantations, Phillips Carbon, over the decades, has emerged as one of the most acclaimed carbon black brands, on the strength of global repute, product customization, quality excellence and timely delivery. Our Company's business practices reflect our ethical conduct, transparency and customer commitment that have earned us the trust and confidence of the stakeholders. Our Company has aligned its policies and guidelines with the principles depicted under the Business Responsibility framework. The context of the BR principles is also captured in the Sustainability Policy, the Sustainability Report and the Code of Conduct adopted by the Company, implementation of which is ensured through the well established systems and processes existing all across the organization.

01 Principle

Corporate Governance for Ethics, Transparency and Accountability

The Company believes that economic value cannot be sustained unless it is created on a foundation of ethics and responsibility. It has a strong legacy of fair, transparent and ethical governance practices. The Company has a 'Code of Conduct for Board Members and Senior Management Personnel' in place to serve as a source of guiding principle for all Directors and Senior Management Officers of our Company.

A Board-approved policy on 'Ethics and Code of Conduct' serves as a source of guiding principle for Phillips Carbon Black Limited's (PCBL's) corporate governance philosophy, which is anchored in the RP-Sanjiv Goenka Group Core Values of 'Customer Happiness – Bring a smile on the face of your Customer', 'Credibility – Instill trust and confidence with your actions', 'Humaneness – Be caring and respectful to all', 'Execution Excellence – Put your heart and soul into your actions', 'Speed – Move ahead of time' and 'Risk Taking – Dare to go beyond'. PCBL employees are bound by the 'Ethics and Code of Conduct' policy for conducting their day-to-day work affairs, participating in activities outside their jobs in a lawful manner and without any conflict with their responsibilities as employees. The policy is also intended for ensuring fair dealings with customers, suppliers, contractors and other stakeholders to our business.

As a part of Corporate Governance Structure and the Code of Conduct, the Company has placed necessary safeguards to avoid any conflict of interest. The management is required to confirm that they have not entered into any material transaction that could have potential conflict of interest to its business.

Strategic Supervision of the Business Responsibility Practices and Disposal of Stakeholders Grievances

The Stakeholders Relationship Committee of the Board of Directors of the Company looks into the various aspects of interests of the shareholders and other security holders of the Company. The Company received complaints, from time to time, from its shareholders and all of those were satisfactorily resolved by the Company. The details relating to the number of shareholders' complaints received and resolved during the year have been separately shown in the 'Corporate Governance Report', which forms a part of the Annual Report 2019 - 2020.

The CSR Committee of the Board of Directors of the Company monitors the implementation of the CSR projects or programmes undertaken by the Company. The role of this Committee is to formulate and recommend to the Board, a CSR Policy, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Company from time to time. Besides, the CSR Committee is also bestowed with the responsibility of reviewing, monitoring and providing a strategic direction to the Company's sustainability practices and integrating its social, environmental and economic responsibilities. During the year, the CSR Committee of the Board of Directors of the Company met twice to review the implementation of the CSR activities and the sustainability performance of the Company.

In addition to the above, the Company also has in place a Whistle Blower Policy / Vigil Mechanism to enable the Directors and Employees of the Company to report their concerns about the Company's working or about any violation of its policies. The Company also enables employees to report instances of leak of unpublished price sensitive information by virtue of its Whistle Blower Policy. No stakeholder complaints have been received in the past financial year under the Whistle Blower Mechanism/ Vigil Mechanism.

Furthermore, protecting all the women employees in the Company, the Company also has an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All these policies have been detailed in the 'Corporate Governance Report', which forms a part of the Annual Report 2019 – 2020. No complaints have been received in the past financial year under the purview of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

02 Principle

Sustainability of Products & Services across Life-cycle

The Company is inspired by the transforming business landscape and has also emerged as one of the forerunners in leading this change. The Company produces Carbon Black that serves a wide range of rubber and non-rubber related applications. The Company understands that customers increasingly prefer responsible businesses and with a view to cater to the same, the Company has integrated responsibility and sustainability into both its purpose and products. The Company operates state-of-the-art integrated manufacturing plants across India as well as NABL accredited laboratories for Research and Development and Quality Control. Innovation for a changing world has multiple facets in the context of our Company's business. Accordingly, the Company's overall innovation approach encompasses manufacturing processes, product features and customers with the aim of imparting sustainable value creation for its products and services across its life-cycle.

Sustainability is the heart of our Company's long-term approach to value creation, safeguarding our license to operate. It outlines the factors that help us set benchmarks with responsible production practices. It articulates our efforts to develop new products and innovate new processes. Eventually, our Company enables us to create a safe and exciting work environment for our employees.

Maximizing Resource Efficiency - Some of these elements are discussed briefly:

Manufacturing Excellence

1) Manufacturing best practices and how we are broad basing the know how across all plants:

- ▶ DMT: Total plant area is divided into 4 areas. And each area has its own cross functional team. The team meets on daily basis to discuss regards the improvement in their area. The major activity covers sharing safety moment, SOP talk, KPI discussion (Discussing and tracking the level of key

problems in the area), Abnormality round and discussion on previously identified key problems

- ▶ FIP: It is short term project focusing on one problem using DMAIC methodology. Currently such projects are running in the plants. In which most of them are fruitful and about to touch their targets
- ▶ RCA: RCA's is a tool to identify the root cause of chronic problems and failure thereby solving the problem permanently and to avoid repetition. Earlier RCA's are done when there is stoppage of reactor and for incidents. Now the recent addition in this year is that RCA's been done for small failures and for any near miss reported. 8D methodology is used for identifying root cause. And RCA's learnings been shared as OPL (One Point Lesson) to all the other Units for horizontal deployment. Apart from that OPL are introduced for educating and training people on critical activity
- ▶ KAIZEN Program: Introduced Kaizen idea generating process called KICS (Kaizen Idea Generating Sheet) and approval process. After the approval KAIZEN is implemented.
- ▶ 5S activity: A self-sustaining approach to keep the workplace clean and organized to improve productivity, quality & safety. Initiated 5S implementation process to the level of 3S in seven departments. It is monitored with regular audits in a defined frequency.
- ▶ Implementation of WCM tools & concepts like Autonomous Maintenance, OPL, RCA, FIP to enhance process improvement.
- ▶ Facilitation of safety culture through DMT's by reporting LE, UA, UC & Near Miss.

2) Technological advancements for enhancing efficiency:

- ▶ Increased Power generation by efficient distribution of waste gas.
- ▶ Installed advance control system to regulate Power Plant voltage ensuring zero power failure during grid voltage fluctuation which enhanced the Carbon Black process continuous run to achieve remarkable production. It also helps the plant equipment to avoid thermal shock during sudden blackout.
- ▶ We enhanced our existing inline blending system for oil / cost optimisation which will also help us to take trials for new grades. This is implemented across all lines and shall be horizontally deployed to other upcoming lines.
- ▶ For reducing off spec generation during grade changeover a FIP project has been taken. The team took the Lean manufacturing concept of SMED (Single minute exchange of dye) and identified various non-value added activity and team took effort to remove the non-value-added activity from the process thereby reduced the average changeover time.
- ▶ Overall Plant Effectiveness is being monitored which is the product of availability, Performance and Quality.

Availability is not only limited to the reactor stoppage it also includes the critical equipment stoppage which leads to the reduction in the rate of production and off spec generation. Overall Plant Effectiveness (OPE) is monitored on daily basis and discussed in morning meeting an also displayed near control room in the form of clock. RCA's are triggered when there is decline in the value. It is a measure to quickly evaluate manufacturing performance. It is used to analyse the overall plant performance and to identify the loss drivers that can be focused to get maximum operational efficiencies. It is also used to plan for debottlenecking plants to increase performance by changing baselines

3) Improvement in yield due to technological interventions :

- ▶ Debottlenecking projects & optimization of Air, Oil & Flame Temperature has contributed an increase in production rate considerably.
- ▶ Enhanced our existing atomising air system to improve efficiency of plant operations.
- ▶ New designed reactor installation has improved the yield.

4) Various efficiency and productivity enhancing indicatives :

- ▶ Sieve Residue reduction to improve productivity.

5) Further additions to the quality management standards being followed by Company and steps taken up to improve the quality of output:

- ▶ Palej R&D Center has developed standard work instructions for feedstock blend & parameters to be used across all unit's
- ▶ Installation of Suction Pressure transmitter for maintaining suction which improved moisture quality in storage tank.
- ▶ Palej Unit has successfully renewed ISO 9001:2015 certification audit & surveillance audit for IATF 2016.
- ▶ Kochi unit is certified to from ISO/IEC 17025:2005 (2ND Edition) and in-process of transition to ISO/IEC 17025: 2017 (3rd Edition).
- ▶ Kochi Unit is in advance stages of preparing LPRS (Laboratory Proficiency Rating System) which is competing in 100 laboratories globally.

Sustainable Products

Top three of the Company's products or services whose designs have incorporated social or environmental concerns, risks and/or opportunities and for each such product, the following details in respect of resource use (energy, water, raw material, etc.) per unit of product are listed herein below:-

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain
- (b) Reduction during usage by consumers (energy, water, etc.) achieved since the previous year
 - (i) FDA-compliant black for coatings—Our Company is the third global producer of such type of Carbon Black

grade. This high purity furnace black powder is used in coating applications such as cookware in developed and developing countries. Utensils made out of this grade are capable of working in wide range of temperatures from 0 to 200°C, without affecting any property. Quality consistency and conformance to the US Food and Drug Administration (FDA) 21 Code of Federal Regulations (CFR) 178.3297 is very critical for this product.

- (ii) Water Based Ink application –Our Company developed this product in the last year mainly for UV curing ink application to commensurate with latest market trend. The recent trend of ink industries emphasized on using low Volatile Organic Content (VOC) as per the guidelines/policies issued by Environmental Protection Authority of most of the countries. Therefore, ink/coatings manufacturers are focused on developing faster drying formulations. Our Product has been already under evaluation by the top two ink manufacturers in the world, in the US and UK. Thus, by developing this product, we have moved towards environment-friendly chemicals such as UV curing ink formulations, being a responsible corporate citizen.
- (iii) Carbon Black for Fertilizer—Our Company developed this product for colouring the fertilizer. This is a new application of Carbon Black which we identified. Since this product will be ultimately used for crop application, this product complies with European food contact regulation EC 10/2011, which ensure certain degree of purity in the carbon black. Two leading fertilizer producers in India already approved this product and product is under industrial trial.

Responsible and Sustainable Sourcing

The Company's upstream and downstream partners in the supply chain are critical to ensure the quality, continuity, efficiency and risk mitigation. Producing 60+ grades of carbon black including 34 specialty grades, feedstock sourcing is very critical to sustaining our business. The Company's manufacturing facilities are located near the ports and this facilitates switching over to alternative feedstock according to production requirements without interruptions. This strategy also reduces the freight cost and minimizes uncertainty. Besides, this also leads to lower diesel consumption, which in turn, reduces air pollution and helps conserve natural resources.

Besides, another key to the Company's value chain are the petroleum refineries and blenders. The Company's primary raw material is heavy residue from the fluid catalytic cracking (FCC) units of refineries or residue from the naphtha cracker units of petroleum plants. Blenders play a major role in collecting these residues from the refineries and blending it to match the Company's specific quality requirements, thereby rationalizing logistical expenses. The Company primarily uses good quality Carbon Black Feedstock (CBFS) such as FCC bottom oil, Ethylene bottom oil and Anthracene oil for developing various grades rubber blacks and specialty blacks and also possesses a prudent inventory management mechanism to ensure seamless operations across all its plants. The incoming raw materials pass through stringent quality checks. The Company

is an Occupational Health and Safety Assessment Series (OHSAS) certified organization and is committed towards identifying, preventing and managing risks pertaining to Health and Safety (H&S), social responsibility and environment in its supply chain. The Company has also broad-based its raw material sources by fostering partnerships with multiple vendors, both in India and abroad.

The Company has helped its logistics partners across road and waterways to adopt best practices and reduce in-transit losses. Better quality packaging, for instance, lowers chances of product damage, while enhancing customer satisfaction. At the same time, packaging efficiency is enhanced by loading products into bigger bags. In a freight-sensitive industry, the Company enjoys an advantage on its inbound and outbound materials, owing to the strategic location of its facilities.

The Company conducts annual meetings with major raw material suppliers (comprising 80-90% of its purchased value) and vessel owners located outside India. The Company also meets its domestic suppliers frequently. Its interactions focus on market intelligence, quality, pricing and areas of improvement. Besides, the Company also exchanges its thoughts at various levels through corporate events such as industrial fairs, conferences and seminars.

It encourages its suppliers to implement environmental and safety management practices. All of the Company's locations are ISO 9001, IATF 16949, ISO 14001 and OHSAS 18001 certified. These standards enforce performance evaluation against environmental, safety, quality and manufacturing performance across the length of the value chain.

Concomitant to this, the Company also understands that the support of local businesses is quite vital in ensuring the growth of a company. Hence, keeping this in view, the Company has created various support mechanisms and policies to assist the growth of local businesses and a strategic local manufacturing development roadmap was established by the company in the field of Purchase along with the development of local manufacturers for different types of Air Preheater (APH) bellows, alloy casting tubes, gear box, palletizer, paper bag packing M/c, etc. through reverse engineering.

Last but not the least, in order to increase the confidence of local and small vendors, the Company is:

- ▶ Providing technical guidance as an when required
- ▶ Paying periodic visits to the local manufacturer's factory
- ▶ Following supportive terms and conditions at the initial stage to encourage the local and small vendors.

Mechanism to recycle products and waste

1) Waste recycling- both solid waste & liquid waste:

- ▶ Solid wastages like Plastic, wood, discarded drums are send to recycler approved by local Pollution control board
- ▶ Liquid waste i.e. Effluent water from plant washing treated in ETP is reused in Gardening and other process
- ▶ Installation of New Water Treatment Plant to achieve Zero Liquid Discharge

- ▶ ETP Sludge generated is sent for Co-Processing or disposed off to approved TSDF site.
- ▶ Used oil is reuse or sent to registered re-processor.
- ▶ Discarded containers/Barrels /Liners/Waste Paper Bag / Plastic Bag were sent to authorize recycler.
- ▶ Since our Plant is ZLD, we don't produce any waste water. Recycled water is used in scrubber, mixture.
- ▶ Secured Land Fill constructed as per CPCB norms in Kochi Unit for storage of ETP sludge – First of its kind in Carbon Black industry in the country.
- ▶ E-waste: Agreement signed with TSDF and E-waste are being stored in the dedicated waste storage area and from there E-waste sent to TSDF.

2) Discharging and water recycling & harvesting:

- ▶ The new water treatment plant which we installed is state of art. We have adopted one of the best technology for WTP availability in the world. This WTP is a fully automatic where there is a remote possibility of water spillage which will be resulting in savings of substantial amount of water. In our new Water Treatment Plant we will be able to treat all kind of water to meet our product specifications. To comply with the Condition of Environmental Clearance i.e. Zero liquid discharge.
- ▶ Effluent treatment plant, which is manned round the clock, treats the entire effluent water from the plant and recycled back for process consumption, thus maintaining 'Zero effluent discharge'.
- ▶ Upgradation of the ETP with latest technological developments, has been taken up at Kochi plant.
- ▶ Rain water harvesting system has been established to conserve Water.

03 Principle

Employee Well-being

People Development and Building People Capability is a continuous endeavour at PCBL. We live by our Vision to create an 'Exciting Workplace for our People'. Our interventions are mapped around our People Philosophy pillars of Leadership, Culture, Capabilities, Demography and Rewards, creating a culture of transparency, inclusivity and a global mind set.

PCBL under its Culture Pillar of People Philosophy had launched its AI enable HR Chatbot to create a culture of transparency and inclusivity. Through this the organization has well managed to understand its employee emotions and monitor the company's overall mood score. The chatbot provides critical insights about employee well being by collecting feedback on different drivers like Manager's feedback, Career discussion, Safety at Workplace, etc. Based on the chats received employees are reached by the Top Management Team to understand their grievances and provide a

helping hand to make them feel excited at their workplace.

The Company is focusing on the Leadership pillar by strengthening the Performance Management system (PMS), which is based on the B2MOM (Big Idea, Business Theme, Methods, Obstacle and Measures) concept. The B2MOM-driven PMS process empowers managers to drive team performance and team development and drive coaching as an inherent trait of a leader, and builds leaders' ownership on reward decisions.

It has been a year since PCBL launched the integrated digital Human Capital Management Platform- 'People Connect' powered by Success Factors in line with its vision of establishing "Global Practices" across the organization. The platform integrates the employee life cycle which includes on- boarding, learning & development, performance management and reward. The platform have been designed focusing on employee self-service and manager self-service and empowers employee to be their own HR. The employees have been empowered with easy access to policies and processes as well. During the journey of last year, employees have been self-reliant on applying benefits, travel requests etc. and completing the goal setting and performance appraisal process on Success Factor Platform. The learning management system modules have added value in one's development plan through easy availability of monthly calendars, training schedules, pre – post test, online development action plan.

Post the success of the first seasons, PCBL successfully launched the second season of PCBL Challengers and Certified General management Programme. 'PCBL Challengers'- is a pan-India business case study competition launched across premiere B-schools. This year the theme of the case study was 'Transforming One Bit At A time. The competition observed a whopping participation from about 200 teams from across institutes who came up with valid marketing strategies, feasibility study, ROI mapping substantiating their solution to the cited concern. This leveraged the employer branding of the organization and positioned it as a preferred employer across premier B-Schools of India. There was a sustainable growth of followers on PCBL's social media platforms like LinkedIn, Facebook and Twitter.

PCBL has launched its second season of CGMP in association with IMI- Kolkata this year for its 17 Management employees, carefully chosen based on their Potential and Performance, discussed during the Talent Review Session and objective feedback received from their HODs and Reporting Managers. The programme is designed for developing and grooming business skills holistically in our employees and is in line with our Business Strategic Imperative to move from 'Being Functional Mangers to Business Managers'. During each quarter, the participants undergoes a rigorous 15 days classroom session that involves professor led lectures, interaction with industry Experts from within and outside PCBL, credit based pen and paper exam, virtual discussions with Professors during onsite and working on PCBL Live Project under able Mentorship and guidance. On successful completion of the programme the participants will be handed over Management Course Certification by IMI- Kolkata.

Under PCBL People Philosophy Pillar of Building Capabilities,

Learning and Development is a strategic focus driven across the organization. Subject Matter Experts are identified for different functional areas and with their support tacit knowledge have been converted to Explicit Knowledge by developing subject matter contents on Equipment Knowledge, Maintenance Activities, Alarming Touchpoints, Measures and Best Practices. Rigorous training is imparted to the participants through classroom and virtual sessions on these topics. Based on the training need analysis identified through discussion with Unit Heads and Functional Heads, monthly unit training calendar is designed and uploaded on our Learning Management System(LMS) which is hosted on our Success Factor platform. Training calendar is so designed that the Technical training covers 70% of the schedule, while Safety programmes and Behavioural programmes cover 20% and 10% of the monthly schedule respectively. The training effectiveness is gauged through the Reaction Level feedback received from the participants and the online Pre and Post test score of the participants. At PCBL we ensure monthly training calendar adherence of more than 80% across units.

The Company's industrial Relations (IR) continues to be harmonious and not a single man- day was lost in the financial year.

In addition to the afore-mentioned information, few more details are encapsulated herein below:-

- Total number of employees:**
Total number of permanent employees (management staff) - 782
Total number of permanent employees (non-management staff) – 251
Employee with disability - 2
- Total number of employees hired on a temporary/ contractual/casual basis:**

Total number of employees hired on	Temporary basis	Nil
	Casual basis	Nil
	Contractual basis	303
- Total number of permanent women employees:**
Total number of permanent women employees – 45
- Total number of permanent employees with disabilities:**
Total number of permanent employees with disabilities - 2
- Employee association which is recognized by the management:**
The Workmen of Phillips Carbon Black Limited are members of recognized trade union.
- Number of complaints relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on the end of the financial year
1.	Child labour /forced labour /involuntary labour	Not applicable	Not applicable
2.	Sexual harassment	NIL	Not applicable
3.	Discriminatory employment	NIL	Not applicable

No.	Category	No of complaints filed during the financial year	No of complaints pending as on the end of the financial year
1.	Child labour /forced labour /involuntary labour	Not applicable	Not applicable
2.	Sexual harassment	NIL	Not applicable
3.	Discriminatory employment	NIL	Not applicable

7. Percentage of the under-mentioned employees who were given safety and skill upgradation training in the last year?

% of safety training in the last year for under mentioned employees	No. of persons	% of total strength in the respective category
Permanent Employees	644	82
Permanent Women Employees	28	62
Casual / Temporary / Contractual Employees	228	75
Employees with Disabilities	2	-

04 Principle

Stakeholder Engagement

Our Company's Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders which include customers, shareholders, employees, supply chain partners, regulators and communities, civil society in and around where it does business and government.

The Company believes that as owners of financial capital, investors are critical to sustaining the long-term momentum of our business. Additionally, robust investor confidence is a key differentiator in a competitive industry scenario and that is what shapes up a culture of transparency and ownership in the organization.

The Company's vision of becoming a trusted Global player that will provide cutting-edge solutions to its Partners and an exciting workplace to its People revolves around its mapped strategy, customer-centricity, process orientation, robust financials and brand building. The Company believes that an effective stakeholder engagement process is a strong foundation to progress sustainably towards its vision. The Company actively engages with the stakeholders in its own operations and beyond to bring transformational change.

The Company engages in multiple ways with specific important stakeholders:-

Customers:
Over the years, the Company has established itself as one of the reputed carbon black brands owing to its product customization, quality excellence and on-time delivery. Our Company works with leading tyre companies within India and around the globe. Similarly, the non-rubber customers include prominent names across the globe.

Shareholders:
The Company adopts a holistic and responsible approach to business, a commitment by being transparent in its disclosures. The Company believes in complete transparency and ethical business

practices. Every quarter, the Company announces the audited results that are approved by the Board of Directors (or Committees) and submitted to the stock exchanges, regularly organizes investor meets and analyst congregations in India and abroad, intimates press releases to the Stock Exchanges and also discloses its plans to achieve carbon neutrality by responding to the CDP questionnaire. The Company also provides crucial data and insights to global investors thereby helping them make informed decisions.

Supply Chain Partners:

The Company's supply chain partners (both upstream and downstream) are critical to ensure quality, continuity, efficiency and mitigation of risks. Our Company's strong worldwide network of channel partners enables us to leverage the knowledge of the local market trends.

Regulators:

Our Company proactively evaluates its impact and improves its performance, conforming to prevailing environmental, social and corporate governance regulations – be it local, national or global. Our processes and systems are guided by internationally recognised quality, environmental and social standards. These standards not only ensure adherence to the applicable regulatory norms but stay ahead of them as well. Since these standards and their applications are monitored through both internal and external audits, the veracity of relevant information and authenticity of practices and procedures are never compromised.

Besides manufacturing carbon blacks that ensure the best possible hygiene and safety standards, our Company also adheres to different global food contact regulations such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Code of Federal Regulations (CFR) of the USFDA, Commission Regulation of European Union and Indian Standard (Fourth Revision) requirements.

Employees:

Our Company is committed to foster a diverse, inclusive and safe environment where all people can not just achieve their best, but are encouraged to share their ideas. By honing each individual's skills, abilities and experiences, our Company aims at achieving superior business and personal outcomes.

Communities:

Our Company aims at strengthening a sustainable ecosystem around its manufacturing units through strategic interventions in areas such as education, health and sanitation, community development and environment sustainability. The needs of the community are assessed through periodic interactions with various stakeholder groups.

Our Company addresses all the issues raised by the various stakeholders from time to time.

05 Principle

Human Rights

The Company seeks to uphold and promote human rights in its operations. The various aspects of human rights are embedded in the organisation's values/policies/guidelines and are taken care of judiciously by the management. The Company has in place 'Ethics and Code of Conduct' Policy and various other Policies relating to Fair and Ethical Workplace for all its employees and the Company works relentlessly towards strengthening and introducing systems to ensure a sound implementation of these Policies.

The Company also looks into the various aspects of interests of its shareholders and other security holders and ensures timely redressal of their grievances. The details relating to the number of shareholder's complaints received and resolved during the year have been separately shown and detailed in the 'Corporate Governance Report', which forms a part of the Annual Report 2019 - 2020.

06 Principle

Protection and Restoration of the Environment

The Company is well aware of the importance of environmental sustainability. Sustainability is dependent on the issues that matter most to the business both for the short term and the long term. Therefore, the Company's strategy aims at addressing those issues with diligence and speed. The Company focuses on efficiency in the operative life of the end-product and proper disposal of the end-product.

With the aim of turning greener in varied ways, the Company recognizes the necessity of preserving the environment and reducing emissions and wastes. The Company has taken all requisite measures to mitigate the environmental risks and is also being proactive in managing the related environmental aspects. The Company manages its various environmental risks through the various modes as depicted herein below:-

1. Development in Green power plants and how much emissions have been reduced:

- ▶ New Green power project would replace equivalent power generated from a thermal power plant by a cleaner source resulting in greenhouse gas (GHG) emission reductions of around 26281 T CO2 per annum.
- ▶ Emissions of Particulate matter, SO2, NOX, H2S from all stacks is within the limits i.e.

1	Particulate Matter	150 Mg/NM3
2	SO2	40 Mg/NM3
3	NOX	25 Mg/NM3
4	H2S	45 Mg/NM3

2. Mitigation measures in place for Environment risks:

- ▶ Flare stacks which is used as an Air Pollution Control

Measure (APCM) for flaring the extra tail gas which not required for the operation of CPP or during a shutdown in CPP Operation.

- ▶ Stack Sampling is done every month for all 9 stacks and 24 hours sampling is done for Ambient Air quality in which following parameters are measured i.e. SO2, NO2, PM<2.5 and PM<10µM
- ▶ Secondary Bag filter System in series with all the primary bag filter systems as pollution control equipment to take care of any particulate matter carryover –First one of its kind in any Carbon Black Industry.
- ▶ Secured Land Fill constructed as per CPCB norms for storage of ETP sludge – first of its kind in Carbon Black industry in the country.
- ▶ Rain water harvesting system has been established to conserve Water.
- ▶ Bio gas plant to environment friendly disposal of canteen wastes and to recover energy.
- ▶ Green belt development around the factory to form an eco-barrier.

3. Emissions.

We have installed Continuous monitoring systems in our plants to ensure our emissions are within the limiting standard of Pollution Control Board. Emissions and monthly reports are being submitted to the Pollution Control Board. Further Stack monitoring, effluent sampling and ambient air quality monitoring are carried out in regular frequency by authorized third party agencies and the reports are being submitted to Pollution Control Board monthly. We have installed 3 ambient air quality monitoring stations in plant premises to ensure the ambient air quality of the plant premises.

4. Decrease energy consumption per unit of production:

- ▶ Specific energy consumption reduced in CB plant by the following initiatives
- ▶ Conventional lights are replaced with advanced energy efficient LED lights
- ▶ Replacement of IE-2 motors with IE-3motors
- ▶ Auto ON/OFF provision given for plant lighting operation.

5. Green Belt Development.

- ▶ 850 saplings planted in and around Palej, Kochi & Mundra Units in FY2019-20
- ▶ Distribution of 500 saplings to PCBL & Contractor Employees was done on World Environment Day (5th June)

6. Eco-friendly practices being followed, both in and around factory premises :

- ▶ Co generation of Green power from Tail gas of Carbon Black Manufacturing process
- ▶ Waste reduction
- ▶ Segregation, reuse and disposal of Solid waste
- ▶ Treated effluent water is recycled back to process thus maintaining 'Zero Liquid Discharge'

07 Principle

Regulatory Policy

The Company works with apex industry institutions that are engaged in policy advocacy like Indian Chamber of Commerce (ICC), Bengal Chamber of Commerce and Industry (BCC&I), Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industries (CII), The Associated Chambers of Commerce & Industry of India (Assocham), All India Management Association (AIMA), Federation of Indian Export Organisations (FIEO) and Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL). The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interest of diverse stakeholders. Some of the industries that are engaged in policy formation are as follows:

The Company is in engagement with the aforementioned bodies for contributing to the advancement or improvement of the society at large and for public good, in various ways.

08 Principle

Supporting Inclusive Growth and Equitable Development

The Company is relentlessly strengthening a sustainable ecosystem around its manufacturing units through strategic need-based interventions in the areas of education, health and sanitation, environment sustainability and holistic community development. The needs of the community are assessed through periodic interactions with the various stakeholder groups. With the mantra of the Company being 'TOUCHING LIVES IN MORE WAYS THAN ONE', PCBL aims at co-creating value by seeking a clear understanding of how the operations and products are interconnected with the evolving aspirations of the stakeholder fraternity.

In line with the Corporate Social Responsibility (CSR) Policy, the Company has been undertaking community-oriented programmes to promote sustainable and inclusive development of the deprived sections of the population. The CSR Policy formed by the Board of Directors applies to all CSR initiatives and activities taken up by the Company for the benefit of different sections of the society. The Company has been undertaking various activities with regard to education, health, community development and environment sustainability to support and facilitate the development of the

underprivileged and disadvantaged sections of the society. The CSR projects are undertaken in consultation with the stakeholders to ensure that they are relevant and respond to the needs of the community for which they are implemented. The CSR projects are mostly undertaken by the in-house team of the Company. The Company has involved its own employees as volunteers engaged with various projects. Furthermore, every project has a Committee that participates in and contributes to the project. The Company also believes in participatory approach while planning and implementing the community development initiatives. The Company's CSR projects at several locations are developed in consultation and participation with various stakeholders, including the local communities. Moreover, regular stakeholder consultations are held at regular intervals for all the projects to ensure sustainability.

The Company conducts periodic assessment of its projects under the CSR programme. The CSR Committee of the Board of Directors formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, recommends the amount of expenditure to be incurred on account of CSR activities, monitors the CSR Policy and reviews the implementation of the projects and programmes undertaken by the Company during the year. Reports are sought from the implementing agencies, wherever they are involved, in order to understand the impact of the initiatives. In-house projects are also being reviewed and monitored on a regular basis.

Some of the important initiatives undertaken by the Company are mentioned hereinbelow:-

Education:

Being cognizant of the requirements, aspirations and expectations of the community, the Company extends its social responsibility towards providing inclusive growth in the realms of education, art, healthcare, sports, environmental sustainability and conservation. It provides financial assistance to government-run schools in the vicinity of its facilities and helps them in infrastructure development, computer literacy programmes, facilitation of tuitions, Contribution of fund towards promotion of sports for the school children, distribution of school-aid materials and uniforms.

Health and Sanitation:

As part of its CSR programmes, the Company is helping to build individual household toilets under the Swachh Bharat Abhiyaan and helping to develop infrastructure of neighboring villages, contributed towards blood donation camps, provided Medical aids, and contribution to an event organized by Bengal Chamber of Commerce and Industry (BCCI) and contribution towards a trust set up by Rabindra Sarovar.

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally. The Company is taking utmost care of its staff and workforce like sanitization, social distancing, mandatory mask wearing, thermal check at gate, and sanitization of loading vehicles at the entry gate of factories and maintaining proper hygiene following the MHA guidelines. The Company has taken various

control measures to smoothly manage the operations which also includes Work From Home.

The Company has also assigned a full-time doctor as the single point of contact for any employee across all plants who might have symptoms which they want to discuss. There is a helpline number for the employees to reach out.

The Company is making adequate provision for masks, sanitizers, facility for hand washing and transportation (wherever needed) to its employees at its office(s) as well as plants. As of March 31, 2020, work from home was enabled to close to 90 percent of the employees to work remotely and securely. This response has reinforced customer confidence in PCBL and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

The Company also funds projects in backward areas that focus on infrastructure development and livelihood generation. Each factory also focuses on driving safe workplace initiatives, which has resulted in zero fatal accidents at our plants.

Community Development:

The Company provides financial assistance to various external projects in backward areas. It also helps construct temples, making of traffic barricades, contribution towards excavation and beautification of roads and brick work in the surrounding areas, promoting agricultural and rural development, Facilitating transportation work, funding for village development work and provided for street lights for the villages and distribute food to the economically disadvantaged people. It runs its Zown socio-economic development initiatives in and around its manufacturing units The Company continues to do its best to support its communities during the current situation. The Company, as a responsible corporate citizen, has contributed in PM CARES Fund. The company's thoughts are with those directly affected by COVID-19 and with the healthcare professionals, and support staff whose role in combating this virus is wholeheartedly appreciated.

Environment Sustainability:

PCBL recognises that its operations have environmental impact and therefore has implemented several initiatives to reduce its carbon footprint, recycling wastes and undertaking steps that encourage resource optimisation. The Company has in place various equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Besides, it also enjoys co-generated power from the tail gas of the carbon black process, thereby replacing equal amount of fossil fuel used by the manufacturing unit. The Company also emphasizes on recycling waste, reusing wastewater and zero discharge in its resource-optimised operations. It also conducted sapling plantation drives to develop green belts inside and outside the factory premises. Additionally, PCBL has institutionalised safety and conducted customised risk-based training programmes to enhance its safety standards. During the year under review, we improved our environmental compliance with innovative implementations like state of art On-line Continuous Air Monitoring system in all Greenfield and brownfield projects to minimise carbon black emissions, thereby protecting Environment and neighboring Communities. Further, Commissioning of Zero Liquid Discharge(ZLD) water treatment plant in the water starved

areas of Gujarat is a major initiative in boosting the sustainability of our business.

Details of the amount spent for the respective projects have been detailed and furnished separately in 'Annexure – D' to the Board's Report.

09 Principle

Providing Value to Customers and Consumers

Customers are the cornerstone of our business and we believe in providing the best in class products and services to them. As an organization which upholds and makes significant efforts to ensure good governance and believes that 'Corporate Governance is embedded in its Corporate Culture', the Company complies with all the laws of the land. Over the years, the Company has established itself as one of the reputed carbon black brands globally on the strength of product customization, quality excellence and timely delivery. The Company works with the leading tyre companies in India and across the globe and its non-rubber customers also include prominent international brands.

'Product Responsibility' for the Company begins from the product development stage itself. Knowing the exact customer requirement, be it in India or the international customers, is the basis for the Company to develop the required grade of carbon black. The Company has established the process of 'being fit' for its customers' product, application and regulation requirements. The Company continually strives to establish an excellent relationship with its customers and proactively cater to their needs. It is committed to manufacturing carbon blacks that comply with different food contact regulations across the globe, including the European Union, USA, India and China. There are a few parameters which makes the Company a preferred supplier such as:- Collaborative effort towards product development, Best-in-class supply chain management, Constant engagement and servicing and Customised grades of carbon black to meet specific requirements.

Listening to customers

The Company engages with customers on three broad levels:

Directly

The Company connects with customers to understand their requirements on technical, commercial and supply chain, while also developing new products by touching base with the concerned departments.

Supply chain partner

The Company relies on supply chain partners to understand the specific requirements of niche markets or geographies. The supply chain partner is the Company's gateway to reach micro-level customers to meet their requirement with its advanced technological developments.

Global conferences

The Company participates in conferences and exhibitions across the world to foster alliances with existing customers and at the same time, reaching out to prospective ones and communicating the evolving nature of its business.

The process of capturing the voice of the customer is established through different levels of interaction, visits and customer's periodic rating. The rating is reviewed on a regular basis. With every passing year, the Company is becoming more aware and systematic in its approach towards gathering customer feedback and addressing customer complaints and issues. The Company has put in place a robust system for handling customer grievances. To address key customer concerns, the Company conducts a Root Cause Analysis (RCA) methodically and resolves customer complaints with utmost speed.

The Company also ensures compliance with quality standards like International Organization for Standardization (ISO) and the applicable regional regulations. The Company provides product information details in the packaging labels, facilitating transparency in communication.

As the Company continues to grow and move forward, it shall continue its efforts of sustainable business practices. The Company's indomitable focus on environmental and social responsibility as well as its commitment towards creating a happy and safe workplace for its employees is the common thread across all its growth strategies and it shall continue to tread the path laid by its Vision.

INDEPENDENT AUDITOR'S REPORT

To
The Members of Phillips Carbon Black Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Phillips Carbon Black Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Standalone Ind AS 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 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 audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to note 33 of the accompanying standalone Ind AS financial statements which states the impact of Coronavirus disease 2019 (COVID 19) on the operations of the Company. Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 15 of the standalone Ind AS financial statements) The Company makes sales to various customers, both domestic and international, whereby the prices of the products are subject to negotiations based on various factors including crude oil prices, movement in other variable costs, volatility in foreign currencies, level of offtake by customers and demand supply situation in carbon black market. Such prices are agreed through a formal contract. The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed and the rates are agreed, or based on management's estimate.	Our audit procedures included the following: <ul style="list-style-type: none"> We have evaluated the Company's process and controls around revenue recognition, estimation of discounts and timing of recognizing sales as per contractual terms, including testing effectiveness of such controls. We have considered the contractual terms of the sales contracts and tested credit memos issued during the year and subsequent to the year-end. We have inquired of key sales personnel regarding retroactive pricing adjustments, and discussed with management regarding their awareness of pricing negotiations that could affect current year revenue.

Key audit matters	How our audit addressed the key audit matter
Sales are also affected based on varying delivery terms, as agreed with the customers, which determines the timing of recognition of such sales. The amounts involved being material to these financial statements, and dependent on various factors stated above, revenue recognition was determined to be a key audit matter in our audit.	<ul style="list-style-type: none"> We obtained direct balance confirmations from customers on a sample basis as at the year-end or performed alternate audit procedures where such confirmations could not be obtained. We have performed procedures on the Company's key components, analyzing the revenues, cost of sales and discounts / incentives in comparison with historical data. We have analyzed pricing adjustments and credit notes issued after the reporting date. We also discussed with the management on the likely timing of issuance of credit notes to customers where discounts have been recorded and are pending to be passed on to the concerned customers. We also obtained necessary representation from the management in this regard. We tested sample of sales transactions at the year-end to determine the appropriateness of timing of recognition of such sales.

Provisions for claims & litigations and disclosure of contingent liabilities (as described in note 11.1 and note 24 of the standalone Ind AS financial statements)

The Company is involved in litigations, both for and against the Company, comprising of tax matters, compliances and other disputes.

The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its advisors and lawyers. This involves a high level of management judgement and assumptions which impact the risk assessment and consequential provisioning or disclosure of contingencies in the financial statements.

This area is significant to our audit, since the completeness and appropriateness of accounting and disclosures for contingencies is dependent on such management judgement and assumptions.

How our audit addressed the key audit matter
Our audit procedures included the following: <ul style="list-style-type: none"> We evaluated and tested the Company's processes and controls for monitoring of such claims, litigations, disputes, compliances and assessment thereof for determining the likely outcome. We read the summary of the litigations prepared by the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise. We obtained legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of such litigations and validate the management's judgements and assumptions. We discussed with the management, including the Company's internal tax experts and head of legal matters to understand the basis of management's judgements and estimates. We obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters. We read the minutes of the board meetings, and tested the Company's legal expenses to determine the completeness of claims, disputes and litigations. We tested the adequacy of disclosures in the standalone Ind AS financial statements. We also obtained necessary representation from the management in this regard.

Key audit matters

Fair Valuation of investments in unquoted equity and preference shares (as described in note 4(a) of the standalone Ind AS financial statements)

The Company has fair valued its non-current investments in unquoted equity and preference shares of few companies as at the year end.

Determining the fair value of such unquoted investments requires valuation techniques which has been performed by independent valuation experts, applying applicable valuation methodologies.

The fair valuation of these investments, being material to these financial statements, was determined to be a key audit matter in our audit.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We obtained the last audited financial statements for the year ended March 31, 2019, and the unaudited management certified financial statements / trial balance for the year ended March 31, 2020, where relevant, of the investee companies and traced the composition of the net asset value of such investee companies used in fair valuation exercise, to the same.
- We read such financial information to determine any matters which should have been considered for the valuation exercise and discussed with the management for the year ended March 31, 2020 if there are any other significant developments since the last audited financial statements.
- We compared the fair valuation of such investments as on March 31, 2020 with the fair valuation as on March 31, 2019 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation.
- We also obtained suitable management representation in this regard.
- Further, we obtained Independence confirmation from the concerned valuers and assessed their competence.

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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, 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 for the Standalone Ind AS Financial Statements

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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, 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 the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 SAs 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 standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS 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 in place 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.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE SECTION ON “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR EVEN REPORT ON THE EVEN DATE

- specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 11.1 and 24 to the standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**
Partner
Membership Number: 058652
UDIN: 20058652AAAABF2186

Place: Kolkata
Date: June 23, 2020

To
The Members of **Phillips Carbon Black Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment (fixed assets).
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the company except leasehold land at Chennai aggregating ₹2,521.08 Lakhs as at March 31, 2020 for which title deed is yet to be executed in favour of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) 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 section 148(1) of the Companies Act, 2013, related to the manufacture and sale of carbon black and sale of power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount** (₹ In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	184.31	1997-98 to 1998-99 2003-04 to 2015-2016	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	4,785.97	2004-05 to 2016-17	Customs Excise and Service Tax Appellate Tribunal
		3.08	2009-10	Ministry of Finance
	Service Tax	602.06	2012-13	Customs Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	8.70	2009-10, 2012-13	Customs Excise and Service Tax Appellate Tribunal
		38.30	2006-07 to 2010-11	Deputy Commissioner of Custom
		11.80	2008-09 to 2009-10	Supreme Court
Central Sales Tax Act, 1956	Central Sales Tax	138.61	2007-08	Senior Joint Commissioner Commercial Taxes.

Name of the statute	Nature of the dues	Amount** (₹ In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
		51.31	2013-14	Dy. Commissioner of Commercial Taxes
		458.13	1994-96, 1999-00 to 2000-01	High Court at Calcutta
		27.45	2016-17 to 2017-18	Joint Commissioner
		498.72	2003-04 to 2004-05, 2011-12, 2015-16	West Bengal Commercial Taxes Appellate & Revisional Board
		593.54	2004-05	Supreme Court
Gujarat Value Added Tax Act, 2006	Value Added Tax	22.57	2006-07	Gujarat Value Added Tax Tribunal
		593.44	2013-14	Appellate Commissioner
KVAT Act, 2003	Value Added Tax	17.73	2011-12, 2013-14	Appellate Tribunal, Ernakulam
		26.95	2011-12	Dy. Commissioner of Commercial Taxes
West Bengal Sales Tax Act, 1994	Sales Tax Act	67.46	2003-04	West Bengal Commercial Taxes Appellate & Revisional Board
		92.72	1994-96, 1999-2001, 2004-05	West Bengal Taxation Tribunal
West Bengal Value Added Tax Act, 2003	Value Added Tax	78.31	2007-08	Senior Joint Commissioner Commercial Taxes
		786.37	2016-17 to 2017-18	Joint Commissioner Commercial Taxes
		289.78	2005-06, 2015-16	West Bengal Taxation Tribunal
Kerala General Sales Tax Act, 1963	Sales Tax	54.58	2004-05	Supreme Court

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or government during the year. The Company did not have any outstanding loans or borrowing from government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans during the year hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013

where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**
Partner
Membership Number: 058652
UDIN: 20058652AAAABF2186

Place: Kolkata
Date: June 23, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management 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 its 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these standalone Ind AS financial statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS 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 control over financial reporting with reference to these standalone Ind AS financial statements includes 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 Over Financial Reporting With Reference to these standalone Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS 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 over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 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 **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**
Partner
Membership Number: 058652
UDIN: 20058652AAAABF2186

Place: Kolkata
Date: June 23, 2020

Standalone Ind AS Balance Sheet as at 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	1,50,944.94	1,49,439.95
Capital work-in-progress	3(b)	30,558.41	17,504.16
Investment property	3(c)	447.73	447.73
Intangible assets	3(d)	101.48	143.11
Right of use assets	3(e)	12,497.95	-
Financial assets			
(i) Investments	4(a)	17,673.25	27,867.98
(ii) Loans	4(e)	2,032.67	1,935.27
(iii) Other financial assets	4(f)	139.20	139.20
Non current tax assets (Net)	7	837.62	-
Other non-current assets	5	4,240.19	2,497.14
Total Non-current assets		2,19,473.44	1,99,974.54
Current assets			
Inventories	6	32,618.87	46,029.23
Financial assets			
(i) Investments	4(a)	-	10,510.94
(ii) Trade receivables	4(b)	58,824.46	65,265.78
(iii) Cash and cash equivalents	4(c)	10,797.23	7,393.56
(iv) Other bank balances	4(d)	268.01	188.52
(v) Loans	4(e)	62.51	179.74
(vi) Other financial assets	4(f)	2,252.75	194.32
Other current assets	5	4,922.22	7,726.71
Total Current assets		1,09,746.05	1,37,488.80
TOTAL ASSETS		3,29,219.49	3,37,463.34
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	8	3,446.77	3,446.77
Other equity	9	1,65,721.24	1,61,360.34
TOTAL EQUITY		1,69,168.01	1,64,807.11
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(i)	21,501.40	27,363.27
(ii) Other financial liabilities	10(c)	10,430.57	-
Provisions	11	199.23	131.28
Deferred tax liabilities (Net)	12	25,487.08	25,671.86
Total Non-current liabilities		57,618.28	53,166.41
Current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(ii)	32,966.96	45,201.89
(ii) Trade payables	10(b)	-	-
a) Total outstanding dues of micro enterprises and small enterprises		1,265.27	358.87
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		40,588.47	50,437.34
(iii) Other financial liabilities	10(c)	18,192.44	13,945.89
Provisions	11	8,390.81	8,321.11
Current tax liabilities (Net)	14	-	88.38
Other current liabilities	13	1,029.25	1,136.34
Total Current liabilities		1,02,433.20	1,19,489.82
TOTAL LIABILITIES		1,60,051.48	1,72,656.23
TOTAL EQUITY AND LIABILITIES		3,29,219.49	3,37,463.34

The accompanying notes form an integral part of these Standalone Ind AS financial statements.

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants
Kamal Agarwal
Partner
Membership Number: 058652

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

K. S. B. Sanyal
Director
(DIN: 00009497)

Kolkata
Date: June 23, 2020

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

Standalone Ind AS Statement of Profit and Loss for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from operations	15	3,24,353.75	3,52,855.68
Other income	16	2,412.75	1,941.06
Total Income		3,26,766.50	3,54,796.74
Expenses			
Cost of materials consumed	17(a)	2,18,571.80	2,35,195.95
Changes in inventories of finished goods	17(b)	378.81	(5,539.79)
Employee benefits expense	18	13,437.55	11,092.09
Finance costs	19	4,589.81	3,677.40
Depreciation and amortisation expense	20	9,236.21	6,638.36
Other expenses	21	45,468.43	49,852.59
Total Expenses		2,91,682.61	3,00,916.60
Profit before tax		35,083.89	53,880.14
Income-tax expense			
Income-tax expense	22	-	-
Current tax (net of utilisation of minimum alternate tax credit)		5,731.60	15,086.90
Deferred tax		1,002.89	(60.11)
Total tax expense		6,734.49	15,026.79
Profit for the year		28,349.40	38,853.35
Other Comprehensive Income			
Items that will not be reclassified to profit or loss, net of taxes			
Re-measurement loss on post-employment defined benefit-plans (net of tax)		(178.40)	(120.38)
Net (loss)/gain on FVTOCI equity instruments (net of tax)		(8,942.60)	(188.86)
Other Comprehensive Income for the year, net of tax		(9,121.00)	(309.24)
Total Comprehensive Income for the year, net of tax		19,228.40	38,544.11
Earning per equity share :			
[Nominal Value per share - ₹2/- (Previous year - ₹2/-)]	27	-	-
Basic (₹)		16.45	22.54
Diluted (₹)		16.45	22.54

The accompanying notes form an integral part of these Standalone Ind AS financial statements.

This is the Standalone Ind AS Statement of Profit and Loss referred to in our report of even date.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kamal Agarwal
Partner
Membership Number: 058652

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

K. S. B. Sanyal
Director
(DIN: 00009497)

Kolkata
Date: June 23, 2020

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

Standalone Ind AS Statement of Cash Flows for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
A. Cash Flow from Operating Activities		
Profit before Tax	35,083.89	53,880.14
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	9,236.21	6,638.36
Finance costs	4,589.81	3,677.40
Allowance for doubtful debts / expected credit losses - trade receivable	-	500.69
Allowance for doubtful debts / expected credit loss written back	(384.02)	-
Interest income from certain financial assets	-	(30.68)
Interest income from loan to subsidiary	(56.31)	(51.18)
Dividend income from equity instruments designated at FVOCI	(527.99)	(390.58)
Gain on sale of investments carried at FVTPL	(990.94)	(797.69)
Fair Value gains on investments at FVTPL	79.81	(354.58)
Liabilities no longer required written back	(508.75)	(270.99)
Loss on disposal/discard of property, plant and equipment	100.58	16.15
Provision for Inventory	89.74	-
Provisions for claims and litigations	778.13	2,025.40
Unrealised Foreign exchange differences (net)	359.71	(433.02)
	12,606.36	10,529.28
Operating profit before changes in operating assets and liabilities	47,690.25	64,409.42
Working capital adjustments		
(Increase)/Decrease in inventories	13,320.63	(15,039.07)
(Increase)/Decrease in financial and non-financial assets	9,011.14	(20,109.17)
Increase/(Decrease) in financial and non-financial liabilities	(10,161.74)	12,553.13
	12,170.03	(22,595.11)
Cash generated from operations	59,860.28	41,814.31
Income taxes paid (net of refunds)	(6,561.79)	(12,811.51)
NET CASH FLOWS FROM OPERATING ACTIVITIES	53,298.49	29,002.80
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(23,070.75)	(23,273.90)
Proceeds from disposal of property, plant and equipment	1.71	121.08
Purchase of current investments	(3,30,700.71)	(2,57,700.00)
Proceeds from sale/redemption of current investments	3,37,427.60	2,52,491.40
Proceeds from redemption of preference shares	4,775.00	-
Interest received	-	115.07
Dividend received from equity instruments designated at FVOCI	527.99	390.58
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(11,039.16)	(27,855.77)
C. Cash Flow from Financing Activities		
Proceeds from non-current borrowings	-	18,300.00
Repayment of non-current borrowings	(6,777.54)	(4,018.54)
Payment of lease Liability	(2,268.30)	-
Increase/(decrease) in cash credit facilities from banks	174.80	(17,165.25)
Proceeds from current borrowings	73,288.76	1,11,706.50
Repayment of current borrowings	(85,698.49)	(1,01,513.79)
Dividends paid	(14,463.89)	(9,673.44)
[excluding amount transferred to unpaid dividend account and remain unclaimed at year end and includes tax on dividend ₹2,479.72 Lakhs (previous year ₹1,664.95 Lakhs)]		
Finance cost paid	(3,111.00)	(4,674.12)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(38,855.66)	(7,038.64)
Net increase/(decrease) in Cash and Cash Equivalents	3,403.67	(5,891.61)
Opening Cash and Cash Equivalents [Refer Note 4(c)]	7,393.56	13,285.17
Closing Cash and Cash Equivalents [Refer Note 4(c)]	10,797.23	7,393.56

Standalone Ind AS Statement of Cash Flows for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Changes in liabilities arising from financing activities

Particulars	1 April 2019	Cash Flows	Other	31 March 2020
Current borrowings	45,201.89	(12,234.93)	-	32,966.96
Lease Liability	6,629.82	(2,268.30)	8,931.89	13,293.41
Non-current borrowings (including Current Maturities)	34,140.81	(6,777.54)	1,367.24	28,730.51
Total liabilities from financing activities	85,972.52	(21,280.77)	10,299.13	74,990.88

Particulars	1 April 2018	Cash Flows	Other	31 March 2019
Current borrowings	52,264.00	(6,973.25)	(88.86)	45,201.89
Non-current borrowings (including Current Maturities)	19,469.79	14,281.46	389.56	34,140.81
Total liabilities from financing activities	71,733.79	7,308.21	300.70	79,342.70

Accounting Policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes form an integral part of these Standalone Ind AS Statement of Cash Flows

This is the Standalone Ind AS Statement of Cash Flows referred to in our report of even date.

For S. R Batliboi & Co. LLP

ICAI Firm Registration Number 301003E/E300005

Chartered Accountants

Kamal Agarwal

Partner

Membership Number: 058652

Kolkata

Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director

(DIN: 06513489)

Kusum Dadoo

Director

(DIN: 06967827)

K. S. B. Sanyal

Director

(DIN: 00009497)

Kaushik Mukherjee

Company Secretary

Raj Kumar Gupta

Chief Financial Officer

Standalone Ind AS Statement of Changes in Equity for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	31 March, 2020		31 March, 2019	
		No of shares	Amount	No of shares	Amount
Equity shares of ₹2/- (31 March, 2019 ₹2/-) each issued, subscribed and paid up:					
Opening balance	8	172,337,860	3,446.77	172,337,860	3,446.77
Closing balance		172,337,860	3,446.77	172,337,860	3,446.77

B. Other equity

Particulars	Notes	Reserves and Surplus					Other reserves Fair value through other comprehensive income reserve	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings		
As at 1 April, 2019	9	152.81	22,411.79	7,338.43	60.34	1,16,297.69	15,099.28	1,61,360.34
Profit for the year		-	-	-	-	28,349.40	-	28,349.40
Other comprehensive income for the year (net of tax)		-	-	-	-	(178.40)	(8,942.60)	(9,121.00)
Total Comprehensive Income for the year ended, net of tax		-	-	-	-	28,171.00	(8,942.60)	19,228.40
Dividends paid (including ₹2,479.72 Lakhs tax on dividends)	26	-	-	-	-	(14,543.37)	-	(14,543.37)
Transitional adjustment on implementation of Ind AS 116 (net of tax of ₹174.05 Lakhs)		-	-	-	-	(324.13)	-	(324.13)
Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred. Refer Note 4(a)		-	-	-	-	(1,356.24)	1,356.24	-
As at 31 March, 2020		152.81	22,411.79	7,338.43	60.34	1,28,244.95	7,512.92	1,65,721.24

Particulars	Notes	Reserves and Surplus					Other reserves Fair value through other comprehensive income reserve	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings		
As at 1 April, 2018	9	152.81	22,411.79	7,338.43	60.34	88,536.59	15,288.14	1,33,788.10
Profit for the year		-	-	-	-	38,853.35	-	38,853.35
Other comprehensive income for the year (net of tax)		-	-	-	-	(120.38)	(188.86)	(309.24)
Total Comprehensive Income for the year ended, net of tax		-	-	-	-	38,732.97	(188.86)	38,544.12
Dividends paid (including ₹1,664.95 Lakhs tax on dividends)	26	-	-	-	-	(9,764.83)	-	(9,764.83)
Loss on fair valuation of preference shares of companies under control/significant influence of the holding company		-	-	-	-	(1,207.04)	-	(1,207.04)
As at 31 March, 2019		152.81	22,411.79	7,338.43	60.34	1,16,297.69	15,099.28	1,61,360.34

The accompanying notes form an integral part of these Standalone Ind AS financial statements

This is the Standalone Ind AS Statement of Changes in Equity referred to in our report of even date.

For S. R Batliboi & Co. LLP
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants
Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

K. S. B. Sanyal
Director
(DIN: 00009497)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

Corporate Information

Phillips Carbon Black Limited is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 29. Equity shares of the Company are listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited. The registered office of the Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

These standalone financial statements were approved and authorised for issue in accordance with resolution of the Board of Directors on June 23, 2020.

1. Basis of Preparation and Other Significant Accounting Policies

1.1.1. Compliance with Ind AS

These standalone financial statements comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These standards and policies have been consistently applied to all the years presented, unless otherwise stated. The standalone financial statements are presented in Indian Rupee (₹), which is the Company's functional and presentation currency.

1.1.2. Historical cost convention

These standalone financial statements have been prepared on a historical cost basis, except the following, which are measured at fair values:-

- certain financial assets and liabilities (including derivative instruments);
- Plan assets of defined benefit employee benefit plans

1.1.3. Current versus Non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

1.2. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.3. Other financial assets (other than Investments)

1.3.1. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income.

1.3.2. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

1.3.3. Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the Company determines whether there has been a significant increase in credit risk.

1.3.4. Derecognition of financial assets

A financial asset is derecognised only when

- The rights to receive cash flows from the asset have expired
- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.5. Fair value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods

used to determine fair values includes discounted cash flow analysis and available quoted market prices. All methods of assessing fair values result in general approximation of fair values and such value may never actually be realised.

1.4. Derivatives Instruments

The Company enters into certain derivative contracts to hedge risks, which are not designated as hedges. Derivatives are recognised at fair values on the date a derivative contract is entered into and subsequent fair value changes are recognised in the statement of profit and loss at the end of each reporting period.

1.5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.6. Foreign currency transactions and translation

1.6.1. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. At the year end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1.7. Changes in accounting policies and disclosures

- The Company applied Ind AS 116 Leases for the first time. Ind AS 116 Leases supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

provisions of the Standards, with the date of initial application on 1st April 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. As a lessee, the Company previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Company. Under Ind AS 116, the Company assesses whether a contract contains a lease, at the inception of a contract. A contract contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys a right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of asset throughout the period of lease and (iii) the Company has the right to direct the use of the asset.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹6,131.64 Lakhs, and a lease liability of ₹6,629.82 Lakhs. Cumulative impact of applying the standard gross of taxes amount is ₹498.18 Lakhs and net of taxes amount is ₹323.13 Lakhs which is debited to retained earnings.

Also refer Note 10(d) for impact of adoption of Ind- AS 116 on the financial statements of the Company.

- Several other amendments, as outlined below, applies for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company

- Ind AS 12 Uncertainty over Income Tax Treatment
- Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement,
- Ind AS 12 Income Taxes
- Ind AS 23 Borrowing Costs

1.8. Rounding of amounts

All amounts disclosed in the standalone Financial Statements and notes have been rounded off to the nearest Lakhs (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

NOTE 2: Critical Estimates And Judgement

The preparation of standalone financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of contingent assets and liabilities at the date of these standalone financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates is recognised in the period in which the estimates are revised and future periods are impacted.

The areas involving critical estimates of judgments are: Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represents obligation that will be settled in future and require assumptions to project benefit obligations. Post-employment benefits accounting is intended to reflect the recognition of future benefits cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the company to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and benefit costs incurred.

Estimation of expected useful lives and residual values of property, plants and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the Company's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities and Provisions for claims and litigations

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business. The Company consults with legal counsel and certain other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques which involve various judgements and assumptions. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumption about these factors could affect the reported fair value of financial instruments. Refer Note 30 for further disclosures.

NOTE 3(a): Property, plant and equipment

Accounting Policy

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction or at deemed cost as on the date of transition to Ind AS less accumulated depreciation, impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation

In case of certain property, plant and equipment, depreciation is provided on a pro-rata basis on the straight line method over the

estimated useful lives of the assets which are different than the rates prescribed under the Schedule II to the Companies Act 2013.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Equipment and Electrical Installations over estimated useful life of 18 to 20 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on historical cost/deemed cost of other property, plant and equipment (except land) is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013.

The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting year.

An item of property, plant and equipment or its components recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The cost of property plant and equipment not ready to use are disclosed under capital work in progress.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

TANGIBLE ASSETS

(All amounts in ₹ Lakhs, unless otherwise stated)

	Freehold Land	Leasehold Land	Buildings	Non-Factory Buildings and Flats	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Electrical Installations	Railway Sidings	Total
Year ended 31 March 2020											
Gross carrying amount											
Opening balance as at 1 April 2019	20,206.19	42,920.48	7,563.04	8,089.12	92,110.83	160.82	670.69	17.94	2,232.26	1.40	1,73,972.77
Additions during the year	-	-	154.72	1,057.51	7,120.83*	555.18	96.21	-	175.76	-	9,160.21
Disposal during the year	-	-	-	-	(145.48)	(10.52)	(31.25)	-	(5.12)	-	(192.37)
Closing Gross carrying amount	20,206.19	42,920.48	7,717.76	9,146.63	99,086.18	705.48	735.65	17.94	2,402.90	1.40	1,82,940.61
Accumulated Depreciation											
Opening balance as at 1 April 2019	-	-	1,250.62	483.05	21,441.27	85.53	474.59	14.76	781.60	1.40	24,532.82
Depreciation during the year	-	-	352.80	219.00	6,656.90	46.25	118.53	1.52	157.92	-	7,552.92
Adjustment of depreciation on disposal	-	-	-	-	(47.72)	(7.64)	(29.85)	-	(4.86)	-	(90.07)
Closing Accumulated Depreciation	-	-	1,603.42	702.05	28,050.45	124.14	563.27	16.28	934.66	1.40	31,995.67
Net carrying amount as at 31 March, 2020	20,206.19	42,920.48	6,114.34	8,444.58	71,035.73	581.34	172.38	1.66	1,468.24	-	1,50,944.94
Year ended 31 March 2019											
Gross carrying amount											
Opening balance as at 1 April 2018	20,206.19	42,920.48	7,286.36	5,810.21	78,229.86	160.70	567.56	17.94	2,191.88	1.40	1,57,392.58
Additions during the year	-	-	276.68	2,278.91	14,065.16*	4.57	107.11	-	40.81	-	16,773.24
Disposal during the year	-	-	-	-	(184.19)	(4.45)	(3.98)	-	(0.43)	-	(193.05)
Closing Gross carrying amount	20,206.19	42,920.48	7,563.04	8,089.12	92,110.83	160.82	670.69	17.94	2,232.26	1.40	1,73,972.77
Accumulated Depreciation											
Opening balance as at 1 April 2018	-	-	917.91	344.53	15,634.33	69.11	371.04	12.95	614.56	1.40	17,965.83
Depreciation during the year	-	-	332.71	138.52	5,856.05	19.75	106.77	1.81	167.21	-	6,622.82
Adjustment of depreciation on disposal	-	-	-	-	(49.11)	(3.33)	(3.22)	-	(0.17)	-	(55.83)
Closing Accumulated Depreciation	-	-	1,250.62	483.05	21,441.27	85.53	474.59	14.76	781.60	1.40	24,532.82
Net carrying amount as at 31 March, 2019	20,206.19	42,920.48	6,312.42	7,606.07	70,669.56	75.29	196.10	3.18	1,450.66	-	1,49,439.95

* Includes ₹ Nil (31 March 2019 : ₹339.20 Lakhs) on account of duty saved on assets imported under the EPCG scheme.

- Cost and accumulated depreciation include ₹4,786.38 Lakhs (31 March, 2019 - ₹4,775.22 Lakhs) and ₹894.10 Lakhs (31 March, 2019 - ₹698.33 Lakhs), respectively in respect of Buildings on Leasehold Land.
- Title deed of the above immovable properties are held in the name of the Company except leasehold land amounting to ₹2,521.08 Lakhs (31 March, 2019 - ₹2,521.08 Lakhs) for which execution of leasehold deed is pending.
- The Company has borrowings from banks, which carry security charge over certain of the above property, plant and equipment. (Refer note 10(a) for details).
- Gross carrying amount on leasehold land represents amount paid under certain lease agreements where the Company has an option to renew the properties on expiry of the lease period. The Company based on terms and conditions of lease agreements has assessed these lease arrangements to be perpetual in nature, accordingly leasehold land is not amortised.
- Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 20).

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(b): Capital Work-in-Progress

CAPITAL WORK IN PROGRESS

Particulars	Total
Year ended 31 March, 2020	
Opening balance as at 1 April 2019	17,504.16
Additions during the year	22,794.00*
Capitalization during the year	(9,739.75)
Closing Gross carrying amount	30,558.41
Year ended 31 March, 2019	
Opening balance as at 1 April 2018	6,684.43
Additions during the year	27,698.78*
Capitalization during the year	(16,879.05)
Closing Gross carrying amount	17,504.16

1. During the year the Company has capitalised the following expenses to cost of Property, plant and equipment/capital work-in-progress:

	31 March, 2020	31 March, 2019
Finance Cost	900.31	248.08
Salaries and wages	616.10	458.85
Other Overheads	156.76	785.51
	1,673.17	1,492.44
Add: Balance brought forward from previous year	169.20	319.43
Less: Capitalised during the year to Property, plant and equipment	-	1,642.67
Balance lying in capital work-in-progress	1,842.37	169.20

Refer Note 10 (a) for rate used to determine the amount of borrowings cost eligible for capitalisation.

* Includes ₹281.54 Lakhs (31 March 2019 ₹586.65 Lakhs) on account of duty saved on assets imported under the EPCG scheme.

NOTE 3(c): Investment property

Accounting Policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Particulars	Land
Year ended 31 March, 2020	
Opening gross carrying amount at 1 April, 2019	447.73
Closing gross carrying amount	447.73
Year ended 31 March, 2019	
Opening gross carrying amount at 1 April, 2018	447.73
Closing gross carrying amount	447.73

Estimation of fair value

The Company's investment property consists of freehold land in Angul, Orissa, India.

The fair value of the investment property is based on current prices for similar property. The main inputs used are quantum, area, location, demand, and trend of fair market value in the area.

The fair value is determined by an accredited independent valuer. Fair valuation is based on market approach method and categorised as Level 2 fair value hierarchy. As at 31 March 2020 and 31 March 2019, the fair values of the properties are ₹539.42 Lakhs and ₹514.06 Lakhs respectively.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 30 (iv).

NOTE 3(d): Intangible assets

Accounting Policy

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation, impairment loss, if any.

Computer Software for internal use, which is primarily acquired from third party vendors, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation method and period

Computer software is amortized on a straight line basis over estimated useful life of three years from the date of capitalisation.

Amortisation method and useful lives are reviewed periodically at each financial year end.

Particulars	Computer Software
Year ended 31 March, 2020	
Gross carrying amount	
Opening balance as at 1 April 2019	225.12
Additions during the year	-
Closing Gross carrying amount	225.12
Accumulated amortisation	
Opening balance as at 1 April 2019	82.01
Amortisation charge during the year	41.63
Closing accumulated amortisation	123.64
Net Carrying Amount	101.48
Year ended 31 March, 2019	
Gross carrying amount	
Opening balance as at 1 April 2018	111.11
Additions during the year	114.01
Closing Gross carrying amount	225.12
Accumulated amortisation	
Opening balance as at 1 April 2018	66.47
Amortisation charge during the year	15.54
Closing accumulated amortisation	82.01
Net Carrying Amount	143.11

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer note20).

NOTE 3(e) Right of use assets

Accounting Policy

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1.2. Impairment of non-financial assets.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

The right-of-use assets are also subject to impairment.

Particulars	Right of use assets
Year ended 31 March, 2020	
Gross carrying amount	
Balance as of 1 April 2019 (Recognised on transition date of IND AS 116) (Refer Note 1.7)	6,131.64
Additions during the year	8,007.97
Closing Gross carrying amount	14,139.61
Accumulated amortisation	
Balance as of 1 April 2019	-
Amortisation charge during the year	1,641.66
Closing accumulated amortisation	1,641.66
Net Carrying Amount as at 31 March, 2020	12,497.95

NOTE 4 (a): INVESTMENTS

Accounting Policy

1. Investment in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment losses, if any. Investments are tested for impairment whenever an event or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount. If, in a subsequent period, recoverable amount equals or exceeds the carrying amount, the impairment loss recognised is reversed accordingly.

1.1 Investment (other than investment in subsidiaries)

1.1.1. Classification

The Company classifies its investments as those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss).

The classification depends on the Company's business model for managing the investments and the contractual terms of cash flows.

For investments measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies the debt investments when and only when the business model for managing those investment changes.

1.1.2. Measurement

At initial recognition, the Company measures a investment at its fair value plus, in the case of investment not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in the statement of profit and loss.

(a) Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the investment and the cash flow characteristics of the investment. The Company classifies its debt instruments as:

Fair value through profit and loss: Investments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in statement of profit and loss and presented on net basis in the statement of profit and loss within other income/ other expense in the period in which it arises.

(b) Equity Instrument

The Company subsequently measures all equity investments at fair value through Other Comprehensive Income and there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. At the time of derecognition of such investments, the gain or loss is transferred to retained earnings.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Non-Current		
Investments in Equity Instruments (fully paid-up) - Subsidiary company		
Unquoted		
Phillips Carbon Black Cyprus Holdings Limited	2,164.91	2,164.91
18,118 (31 March, 2019: 18,118) equity shares of Euro 1/- each		
Total (A)	2,164.91	2,164.91
Investments in Equity Instruments (fully paid-up) - Other body corporate		
Quoted		
Bank of Baroda	19.24	46.26
35,930 (31 March, 2019: 35,930) equity shares of ₹2/- each **		
Indian Overseas Bank	0.80	1.65
11,400 (31 March, 2019: 11,400) equity shares of ₹10/- each **		
Norplex Oak India Limited	-	-
380,000 (31 March, 2019: 380,000) equity shares of ₹10/- each ^		
Maple Circuits Limited	-	-
765,000 (31 March, 2019: 765,000) equity shares of ₹10/- each ^		
CESC Limited	6,888.96	12,320.21
1,686,198 (31 March, 2019: 1,686,198) equity shares of ₹10/- each **		
CESC Ventures Limited	397.77	2,097.46
337,239 (31 March, 2019: 337,239) equity shares of ₹10/- each **		
Spencers Retail Limited	751.20	1,618.75
1,011,718 (31 March, 2019: 1,011,718) equity shares of ₹5/- each **		
Total (B)	8,057.97	16,084.33
Unquoted		
Apeejay Charter Private Limited	3.82	0.16
1,600 (31 March, 2019: 1,600) equity shares of ₹10/- each **		
Accurate Commodeal Private Limited	1,629.74	481.85
390,000 (31 March, 2019: 390,000) equity shares of ₹10/- each **		
Woodlands Multispeciality Hospital Limited	504.82	421.89
145,480 (31 March, 2019: 145,480) equity shares of ₹10/- each **		
Ritushree Vanijya Private Limited	630.58	1,445.14
1,900 (31 March, 2019: 1,900) equity Shares of ₹10/- each **		
Solty Commercial Private Limited	630.54	1,445.10
1,900 (31 March, 2019: 1,900) equity Shares of ₹10/- each **		
Subhrashi Vinimay Private Limited	-	1,606.52
Nil (31 March, 2019: 13,000,000) equity shares of ₹10/- each (Refer Note 4)		
Fairluck Commercial Company Limited	-	745.12
Nil (31 March, 2019: 6,670,000) equity shares of ₹10/- each (Refer Note 4)		
Spotboy Tracom Private Limited	1,873.00	1,300.48
330,875 (31 March, 2019: 330,875) equity shares of ₹10/- each **		
Elphinstone Properties (P) Ltd.	-	628.93
Nil (31 March, 2019: 4,500,000) equity shares of ₹10/- each (Refer Note 4)		
RPG Industries (P) Ltd.	226.19	283.75
402,000 (31 March, 2019: 402,000) equity shares of ₹10/- each **		
Total (C)	5,498.69	8,358.94
Investments in Preference Shares (fully paid-up) - Other		
Devise Properties Private Ltd.	709.80	656.73
1,050,000 (31 March, 2019: 1,050,000) 0% Convertible Preference Shares of ₹100/- each at par #		
Lebnitze Real Estate (P) Ltd.	-	603.07
Nil (31 March, 2019: 950,000) 0% Convertible Preference Shares of ₹100/- each at par #		
5,017,110 (31 March, 2019: Nil) 6% Non Cumulative Non Convertible Redeemable Preference Share of ₹100/- each at par # (Refer Note 4)	1,241.88	-
Norplex Oak India Limited	-	-
50 (31 March, 2019: 50) preference shares of ₹100/- each ^		
Maple Circuits Limited	-	-
50 (31 March, 2019: 50) preference shares of ₹100/- each ^		
Total (D)	1,951.68	1,259.80
(E)=(A)+(B)+(C)+(D)	17,673.25	27,867.98

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Current		
Investments in Preference Shares (fully paid-up) - Other		
Unquoted		
Rainbow Investments Limited	-	4,504.66
NIL (31 March, 2019: 4,775,000) 2% cumulative non convertible redeemable preference shares of ₹100 each #		
Investments in Mutual Funds #		
Unquoted		
ICICI Prudential Liquid - Direct Plan Growth	-	6,006.28
NIL (31 March, 2019: 2,172,909.254) of face value ₹100/- each		
	-	10,510.94
1. Additional Information		
(a) Aggregate amount - market value of quoted investments	8,057.97	16,084.33
(b) Aggregate amount of unquoted investments	9,615.28	22,294.59

Investments carried at Fair value through profit or loss

** Investments carried at Fair value through Other Comprehensive Income (FVOCI) - Refer note 2 below

^ The cost of quoted and unquoted investments in equity instruments (fully paid up) and preference shares (fully paid up) respectively have been written off in the past, though quantity thereof appears in the books

- These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVOCI as the management believes that this provides a more meaningful presentation for long term investments, than reflecting changes in fair values immediately in statement of profit and loss. Based on the aforesaid election, fair value changes are accumulated within Equity under "Fair Value Changes through Other Comprehensive Income - Equity Instruments". The Company transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.
- Refer note 30 for information about fair value measurements and note 31 for credit risk and market risk on investments.
- The Company has received, specified number of 6% Non Cumulative Non Convertible Redeemable Preference Share of Lebnitze Real Estate (P) Ltd. in exchange of existing equity shares of Subhrashi Vinimay Private Ltd, Fairluck Commercial Company Ltd. and Elphinstone Properties (P) Ltd. and 0% convertible preference share of Lebnitze Real Estate (P) Ltd., pursuant to the scheme of amalgamation of aforesaid companies approved by the National Company Law Tribunal.

Fair value loss and its consequential impact arising on recognition of these preference shares and de-recognition of existing investment in equity shares/preference shares has been accounted for through other comprehensive income/statement of profit and loss as per the requirement of relevant Ind AS.

NOTE 4(b): TRADE RECEIVABLES

Accounting Policy

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

	As at 31 March, 2020	As at 31 March, 2019
Secured		
Considered Good	80.00	100.00
Unsecured		
Considered Good	58,744.46	65,165.78
Receivables which have significant increase in credit risk	96.32	159.45
Receivables - credit impaired	867.50	1,188.39
Less : Allowance for significant increase in credit risk	(96.32)	(159.45)
Less: Allowance for credit impaired receivables	(867.50)	(1,188.39)
	58,824.46	65,265.78

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.
- Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 4(c): CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

	As at 31 March, 2020	As at 31 March, 2019
Balances with banks	10,768.73	6,561.39
Remittances in transit	21.77	826.03
Cash on Hand	6.73	6.14
	10,797.23	7,393.56

NOTE 4(d): OTHER BANK BALANCES

	As at 31 March, 2020	As at 31 March, 2019
Balances with Banks		
- In Unpaid Dividend Accounts*	268.01	188.52
	268.01	188.52

* Earmarked for payment of Unclaimed Dividends

NOTE 4(e): LOANS

(Unsecured considered good)

	As at 31 March, 2020	As at 31 March, 2019
Non-current		
Security deposits	1,263.49	1,231.94
Loan to Related Party		
Phillips Carbon Black Cyprus Holding Limited (Subsidiary) (Refer Note 28)	619.42	563.11
Other Loans		
Loan to Employees @	149.76	140.22
	2,032.67	1,935.27
@ Includes amount due from an officer of the Company	5.50	11.50
Current		
Security deposits	9.10	9.10
Other Loans		
Loan to Employees @	53.41	170.64
	62.51	179.74
@ Includes amount due from an officer of the Company	6.00	6.00

NOTE 4(f): OTHER FINANCIAL ASSETS

(Unsecured considered good)

	As at 31 March, 2020	As at 31 March, 2019
Non-Current		
Margin Money Deposit against guarantees	139.20	139.20
	139.20	139.20
Current		
Derivative Instruments not designated as hedges	2,155.18	-
- Foreign Exchange Forward Contracts		
Unbilled Revenue from sale of power	97.57	194.32
	2,252.75	194.32

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 5: OTHER ASSETS

(Unsecured considered good, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Non-current		
Capital advances		
- Considered Good :	3,252.18	1,918.52
- Considered Doubtful :	45.62	45.62
Less : Allowance for doubtful advances	(45.62)	(45.62)
Deposits under Protest	388.92	452.39
Others		
Advances to Suppliers/ Service providers (other than capital)	442.04	-
Prepaid Expenses	96.50	126.23
Advances to Employees	60.55	-
	4,240.19	2,497.14
Current		
Advances other than capital advances		
Advances to Suppliers/ Service providers (other than capital)		
- Considered Good :	2,684.00	1,293.07
- Considered Doubtful :	16.18	16.18
Less : Allowance for doubtful advances	(16.18)	(16.18)
Others		
Balances with Government Authorities *		
- Considered Good :	708.35	5,007.80
- Considered Doubtful :	216.46	216.46
Less : Allowance for doubtful advances	(216.46)	(216.46)
Advances to Employees	12.54	-
Prepaid Expenses	545.62	386.89
Export Benefit Receivables #	971.71	1,038.95
	4,922.22	7,726.71

* Balances with Government Authorities primarily includes amounts realisable from the GST Authorities and customs authorities of India and the unutilised GST input credits on purchases to be utilised against future GST liabilities. These are generally realised within one year and hence these balances have been classified as current assets.

Export Benefit Receivables primarily consist of amounts receivable from government authorities of India towards incentives on export sales made by the Company

Note 6: INVENTORIES

(At lower of cost and net realisable value)

Accounting Policy

Inventories are stated at lower of cost and net realisable value.

- Raw materials, Stores and Spares and Packing Material: cost is determined on moving weighted average method and includes cost of purchase and other incidental costs. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Finished goods: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Raw materials	19,893.35	30,900.18
Finished goods	7,932.70	8,311.51
Stores and spares parts *	4,792.82	6,817.54
* [including packing material ₹768.69 Lakhs (Previous Year ₹572.57 Lakhs)]		
	32,618.87	46,029.23

NOTE 7: NON CURRENT TAX ASSETS (NET)

	As at 31 March, 2020	As at 31 March, 2019
Advance payment of Taxes	837.62	-
[Net of Provision for Tax ₹41,732.62 Lakhs (31 March, 2019: ₹ Nil)]		
	837.62	-

NOTE 8: EQUITY SHARE CAPITAL

	As at 31 March, 2020	As at 31 March, 2019
Authorized share capital		
310,000,000 (31 March, 2019: 310,000,000) equity shares of ₹2/- each	6,200.00	6,200.00
Issued, subscribed and paid-up		
172,337,860 (31 March, 2019: 172,337,860) equity shares of ₹2/- each fully paid up (Refer (i) below)	3,446.77	3,446.77
	3,446.77	3,446.77
(i) There was no change in number of equity shares issued during the year ended 31 March, 2020 and 31 March, 2019. No equity shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.		
(ii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company :-	Number of Shares	Number of Shares
	(Holding %)	(Holding %)
Rainbow Investments Limited - Holding Company	86,515,370	86,515,370
	(50.20%)	(50.20%)
(iii) Terms/ Rights attached to equity shares		
The Company has only one class of equity shares having par value of ₹2/- per share and each shareholder is entitled for one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
(iv) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94.		
(v) 48 equity shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India.		

NOTE 9: OTHER EQUITY

	As at 31 March, 2020	As at 31 March, 2019
(i) Reserves and Surplus		
Capital Reserve (Refer a below)	152.81	152.81
Securities Premium (Refer b below)	22,411.79	22,411.79
Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below)	60.34	60.34
General reserve (Refer d below)	7,338.43	7,338.43
Retained Earnings (Refer e below)	1,28,244.95	1,16,297.69
(ii) Other Reserves		
Equity Instruments through Other comprehensive income (Refer f below)	7,512.92	15,099.28
	1,65,721.24	1,61,360.34

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
(a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation - Balance brought forward	152.81	152.81
(b) Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013		
Balance as at the beginning of the year	22,411.79	22,411.79
Balance as at the end of the year	22,411.79	22,411.79
(c) Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward	60.34	60.34
(d) General Reserve - balance brought forward	7,338.43	7,338.43
Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.		
(e) Retained Earnings		
Balance as at the beginning of the year	1,16,297.69	88,536.59
i) Profit for the year	28,349.40	38,853.35
ii) Items of other comprehensive income recognised directly in Retained Earnings		
- Remeasurement of post-employment defined benefit obligation, net of tax	(178.40)	(120.38)
iii) Dividends paid (including ₹2,479.72 Lakhs (Previous year ₹1,664.95 Lakhs) tax on dividends) (Refer note 26)	(14,543.37)	(9,764.83)
iv) Impact on transition on adoption of Ind As 116 (net of tax of ₹174.05 Lakhs)	(324.13)	-
v) Loss on fair valuation of preference shares of companies under common control/ holding company	-	(1,207.04)
vi) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred from other comprehensive income.	(1,356.24)	-
Balance as at the end of the year	1,28,244.95	1,16,297.69
Retained Earnings are the profits and gains that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.		
(f) Other Comprehensive Income		
Equity Instruments through Other Comprehensive Income		
Balance as at the beginning of the year	15,099.28	15,288.14
i) Changes in fair value of FVOCI Equity Instruments, net of tax	(8,942.60)	(188.86)
ii) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, (included in (i) above) transferred to retained earnings. Refer Schedule 4(a)	1,356.24	-
Balance as at the end of the year	7,512.92	15,099.28

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 10(a): BORROWINGS

Accounting Policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be utilised. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current and non-current liabilities based on repayment schedule agreed with banks.

(i) Non-current borrowings

	As at 31 March, 2020	As at 31 March, 2019
SECURED LOANS		
Term loans from Banks	28,730.51	34,140.81
Less: Current maturities of Long Term Debt [included in Note 10(c)]	(7,229.11)	(6,777.54)
	21,501.40	27,363.27

Out of the Term Loans in (i) above, loans amounting to :

- ₹19,246.66 Lakhs (31 March 2019 - ₹22,597.24 Lakhs) are secured with a first charge by way of a hypothecation over all moveable properties of the Company both present and future, ranking pari passu with charge created in favour of other term lenders.
- ₹9,483.85 Lakhs (31 March 2019 - ₹11,543.57 Lakhs) is secured with a first charge by way of a hypothecation on the entire fixed assets (Property, plant and equipment) of the company both present and future ranking pari passu with charge created in favour of other term lenders.

Maturity Profile of Long Term Borrowings	As at 31 March, 2020	As at 31 March, 2019
Loan with residual maturity of upto 1 and 3 years	12,646.65	-
Loan with residual maturity of upto 3 and 5 years	16,083.86	22,597.24
Loan with residual maturity of upto 5 and 10 years	-	11,543.57
	28,730.51	34,140.81

Interest rate on Rupee loans from Banks are based on spread over respective Lenders benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR. All of the above are repayable in periodic instalments over the maturity period of the respective loans.

(ii) Current Borrowings

	As at 31 March, 2020	As at 31 March, 2019
SECURED LOANS FROM BANKS		
Loans repayable on demand	12,966.96	12,495.39
Other loans	-	2,500.00

a) Nature of Security

Secured by first charge by way of hypothecation of all the Company's current assets, namely all the stock of raw material, stock in process, semi finished goods and finished goods, consumable stores and spares not relating to plant and machinery (consumable and spares) both present and future, bills receivable, bills whether documentary or clean, outstanding monies, receivable, book debts and all other current assets of the Company both present and future, ranking pari passu without any preference or priority of one over the others and also by second charge on the company's immovable and movable fixed assets (Property, plant and equipment), both present and future ranking pari passu without any preference or priority of one over the others.

	As at 31 March, 2020	As at 31 March, 2019
UNSECURED LOANS		
Loans repayable on demand		
- From Banks	20,000.00	30,206.50
	32,966.96	45,201.89

Balance outstanding as at 31 March 2020 in respect of Commercial Paper was ₹ Nil (31 March, 2019: ₹ Nil). Maximum amount outstanding at any time during the year was ₹7,500 Lakhs (31 March, 2019: ₹25,000 Lakhs)

Refer notes 3(a), 4(b) and 6 for details of assets pledged as security as set out in the above note. Refer note 31 for information about liquidity risk and market risk on borrowings.

NOTE 10(b): TRADE PAYABLES

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Accounting Policy

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Current

	As at 31 March, 2020	As at 31 March, 2019
Total outstanding of Dues to Micro Enterprises and Small Enterprises	1,265.27	358.87
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	40,588.47	50,437.34
	41,853.74	50,796.21

Information relating to Micro, Small and Medium Enterprises (MSME):

	As at 31 March, 2020	As at 31 March, 2019
(i) The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	1176.80	316.56
Interest	9.81	24.31
(ii) The amount of interest paid by the buyer under Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of payment made to suppliers beyond the appointed day during the year		
Principal	-	-
Interest	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	3,846.92	1,997.22
Interest	36.35	2.87
(iv) The amount of interest accrued and remaining unpaid at the end of the year	88.47	42.31
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23	46.16	27.18

NOTE 10(c): OTHER FINANCIAL LIABILITIES

Accounting Policy

i) Short Term Employee Benefits

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

ii) Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) and does not include non-lease components (maintenance charges etc.). In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Non Current		
Lease Liability	10,430.57	-
Current		
Current maturities of long term Debt	7,229.11	6,777.54
Interest accrued but not due	874.47	281.06
Unpaid Dividends [Refer Note (i) below]	268.01	188.52
Others:		
Security Deposits received	89.90	108.90
Employee benefits payable	2,520.17	1,544.91
Capital creditors	3,162.21	2,684.84
Directors' fees & commission payable	1,026.00	1,614.09
Derivative instrument not designated as hedges - foreign-exchange forward contracts	-	746.03
Lease Liability	2,862.84	-
Others	159.73	-
	18,192.44	13,945.89

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTE 10(d): LEASES

The Company's lease contract which qualifies as leases under Ind AS 116, are majorly in respect of leases for storage tanks, buildings and vehicles.

Following are the impact of adoption of Ind AS 116 on the financial statement of the Company for the year ended 31 March, 2020.

Impact on Balance Sheet (Increase/Decrease)

	31 March, 2020	31 March, 2019
Assets		
Right of use assets (Refer details below)	12,497.95	6,131.64*
Liabilities		
Lease Liabilities (Refer details below)	13,293.41	6,629.82 *

* Recognised on date of transition of Ind AS 116

Impact on Statement of Profit and Loss

Particulars	31 March, 2020
Depreciation and amortisation	1,641.66
Finance Cost	885.39
Other expenses	(2,268.30)
Decrease in profit for the year	258.75

Impact on Statement of Cash Flow

Particulars	31 March, 2020
Payment of principal portion of lease liability	1,382.91
Payment of interest portion of lease liability	885.39
Net Cash Flow used in Financing activity	2,268.30

Following are the changes in the carrying value of right-of- use assets for the year ended 31 March 2020.

Particulars	Right of Use Assets
Balance as of 1 April 2019 (Recognised on transition date)	6,131.64
Additions to Right to use assets during the year	8,007.97
Deletion of Right to use assets during the year	-
Depreciation during the year	(1,641.66)
Balance as of 31 March 2020	12,497.95

Aggregate amount of depreciation has been included under 'Depreciation and amortisation expense' in the Statement of Profit and Loss (Refer Note 20).

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

The following are the movement in lease liabilities during the year ended 31 March 2020.

Particulars	Lease Liability
Balance as of 1 April 2019 (Recognised on transition date)	6,629.82
Addition to lease liability during the year	8,007.97
Finance cost accrued during the year	885.39
Deletion of Right to use assets during the year	-
Payment/adjustments of lease liabilities	(2,229.77)
Balance as of 31 March 2020	13,293.41
Current	2,862.84
Non-Current	10,430.57

NOTE 11: PROVISIONS

Accounting Policy

(I) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

	As at 31 March, 2020	As at 31 March, 2019
Non-current		
Provision for Employee Benefits (Refer Note 18.1)		
Provision for gratuity	34.10	31.05
Provision for post retirement medical liability and Others	165.13	100.23
	199.23	131.28
Current		
Provision for Employee Benefits (Refer Note 18.1)		
Provision for gratuity	606.64	913.99
Provision for compensated absences	990.00	848.87
Provision for post retirement medical liability/others	20.07	14.74
Provisions for claims and litigations (Refer Note 11.1)	6,774.10	6,543.51
	8,390.81	8,321.11

11.1 Provisions for claims and litigations

The Company has estimated the provisions for pending claims and litigations based on the assessment of probability for these demands crystallising against the Company in due course. The table below gives information about movement in claims and litigations, and provisions

	As at 31 March, 2020	As at 31 March, 2019
At the beginning of the year	6,543.51	6,386.71
Add: Incurred during the year	778.13	2,025.40
Less : Paid / adjusted during the year	547.54	1,868.60
At the end of the year	6,774.10	6,543.51

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

NOTE 12: DEFERRED TAX LIABILITIES

(All amounts in ₹ Lakhs, unless otherwise stated)

	Balance as at 1st April, 2019	Recognized to Profit or Loss during the year	Recognized to/Reclassified from OCI	Adjusted with liability	Balance as at 31st March, 2020
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	27,438.08	566.73	-	-	28,004.81
Financial Assets at Fair value through Other Comprehensive Income	2,365.13	-	(1,013.62)	-	1,351.51
Others	33.32	-	-	-	33.32
	29,836.53	566.73	(1,013.62)	-	29,389.64
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	119.52	-	-	-	119.52
Items allowable for tax purpose on payments/adjustment	2,842.65	(53.30)	-	-	2,789.35
Allowance for doubtful debts - trade receivable	488.46	122.33	-	-	610.79
Impact on adoption of Ind AS 116 (With effect from 1 April 2019)	-	-	-	174.05	174.05
Fair value changes on financial assets	-	208.85	-	-	208.85
Minimum Alternate Tax Credit*	714.04	(714.04)	-	-	-
	4,164.67	(436.16)	-	174.05	3,902.56
Net Deferred Tax Liabilities:	25,671.86	1,002.89	(1,013.62)	(174.05)	25,487.08

Note:

(i) Pursuant to The Taxation Laws (Amendment) Ordinance, 2019, corporate assesses have been given the option under section 115BAA of the Income Tax Act, 1961 to apply lower income tax rate with effect from April 1, 2019, subject to certain conditions specified therein. The Company has assessed the impact of the Ordinance and believes that it will continue to remain in the existing tax structure for the foreseeable future based on its forecasted profits. Accordingly, no effect in this regard has been considered in measurement of tax expenses for the purpose of these financial statements. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expenses when there is reasonable certainty to avail the lower rate of tax.

(ii) The Company has unrecognised credits of Minimum Alternative Tax pertaining to earlier years which has not been accounted for in accordance with accounting policy of the Company. (Refer Note 22)

	Balance as at 1st April, 2018	Recognized to Profit or Loss during the year	Recognized to/Reclassified from OCI	Adjusted with liability	Balance as at 31st March, 2019
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	26,885.55	552.53	-	-	27,438.08
Borrowings	41.44	(41.44)	-	-	-
Financial Assets at Fair value through Other Comprehensive Income	2,687.32	-	(322.19)	-	2,365.13
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	45.33	(45.33)	-	-	-
Others	-	33.32	-	-	33.32
	29,659.64	499.08	(322.19)	-	29,836.53
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	111.08	-	-	119.52
Items allowable for tax purpose on payments/adjustment	2,589.81	252.84	-	-	2,842.65
Allowance for doubtful debts - trade receivable	293.19	195.27	-	-	488.46
Minimum Alternate Tax Credit*	4,040.93	-	-	(3,326.89)	714.04
	6,932.37	559.19	-	(3,326.89)	4,164.67
Net Deferred Tax Liabilities:	22,727.27	(60.11)	(322.19)	3,326.89	25,671.86

* Utilised during the year against normal tax liability

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 13: OTHER CURRENT LIABILITIES

Accounting Policy

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. If the grant received is to compensate the import cost of assets, and is subject to an export obligation as prescribed in the EPCG scheme, than the recognition of the grant would be linked to fulfilment of the associated export obligations. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other current liabilities. Revenue grant is recognised as an income in the period in which related obligation is met.

	As at 31 March, 2020	As at 31 March, 2019
Advances from Customers	138.59	164.23
Dues payable to Government Authorities	441.31	385.46
Liability for Export Obligation / Government grants	449.35	586.65
	1,029.25	1,136.34

NOTE 14: CURRENT TAX LIABILITIES (NET)

	As at 31 March, 2020	As at 31 March, 2019
Provision for Income Tax	-	88.38
[Net of Advance Tax Nil (31 March, 2019: ₹36,008.45 Lakhs)]		
	-	88.38

NOTE 15: REVENUE FROM OPERATIONS

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade and other discounts, rebates and amounts collected on behalf of third parties.

Where the Company is the principal in the transaction, the sales are recorded at their gross values. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing component, non-cash considerations and consideration payable to the customer (if any). Any amounts received for which the Company does not provide any distinct goods or services are considered as a reduction of purchase cost.

However, Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company regardless of when the payment is being made and specific criteria have been met for each of the Company's activities as described below.

Sale of carbon black

Revenue from sale of carbon black is recognised when the control of the goods has passed to the buyer as per the terms of contract. In case of domestic sales, the performance obligation is satisfied upon delivery of the finished goods at customer's location. In case of export sales, the performance obligation is satisfied once the goods are shipped and the bill of lading has been obtained.

Sale of power

Revenue from the sale of power is recognised upon transmission of units to the buyer net of Unscheduled Interchange gains/losses as per the terms of contract with the customer.

Other Operating revenues

Exports entitlements (arising out of duty draw back, Merchandise exports from India Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Company and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Sales of Finished Goods		
Carbon black	3,13,556.80	3,40,603.47
Sale of Power	8,647.65	9,745.69
Other Operating Revenues		
Scrap sales	440.85	507.93
Exports Incentive	1,708.45	1,998.59
Total revenue from operations	3,24,353.75	3,52,855.68
India	2,37,026.12	2,68,493.78
Outside India	85,178.33	81,855.38
Total revenue (excluding scrap sales and exports incentive)	3,22,204.45	3,50,349.16

NOTE 16: OTHER INCOME

Accounting Policy

- Interest Income
Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.
- Dividends
Dividends are recognised in the statement of profit and loss only when the right to receive payment is established and the amount of the dividend can be measured reliably which is generally when shareholders approve the dividend.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest income from certain financial assets	-	30.68
Unwinding of interest on loan to subsidiary	56.31	51.18
Dividend income from equity instruments designated at FVOCI	527.99	390.58
Others		
Gain on sale of investments carried at FVTPL	990.94	797.69
Fair Value gains on financial assets (investments) at FVTPL	79.81	354.58
Provision/Liability no longer required written back	508.75	270.99
Miscellaneous income	248.95	45.36
	2,412.75	1,941.06

NOTE 17(a) : COST OF MATERIAL CONSUMED

	Year ended 31 March, 2020	Year ended 31 March, 2019
Opening Stock	30,900.18	23,158.49
Add : Purchases	2,07,564.97	2,42,937.64
Less : Closing Stock	(19,893.35)	(30,900.18)
Cost of material consumed	2,18,571.80 *	2,35,195.95

* Net of reversal of excess provision in respect of entry tax payable on imports of raw material in the state of West Bengal.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 17(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

	Year ended 31 March, 2020	Year ended 31 March, 2019
Closing Stock (Carbon black)	7,932.70	8,311.51
Less: Opening Stock (Carbon black)	(8,311.51)	(2,771.72)
	378.81	(5,539.79)

NOTE 18 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

- The liability or asset recognised in the balance sheet in respect of Defined benefit plans is the present value of the Defined benefits obligation at the end of the reporting period less the fair value of plan assets. The Defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.
- The present value of the Defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.
- The net interest cost is calculated by applying the discount rate to the net balance of the Defined benefit obligation and the fair value of plan assets. This cost is included in Employees Benefits Expense in the statement of profit and loss.
- Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity.
- Changes in the present value of the Defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(II) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(III) Other short-term employee benefit obligations

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Salaries, wages and bonus	10,999.03	9,052.84
Contribution to provident and other funds (Refer note 18.1)	1,378.01	1,047.99
Staff welfare expense (Refer note 18.1)	1,060.51	991.26
	13,437.55	11,092.09

NOTE 18.1: Employee Benefits:

(I) Post employment obligations

(A) Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of last drawn salary and the period of service and paid as lump sum at exit. Gratuity payable is not restricted to the maximum limit prescribed under the Payment of Gratuity Act, 1972. The

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested solely with the Life Insurance Corporation of India.

(B) Post-retirement medical benefits (PRMB)

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit], a defined benefit retirement plan is extended to certain employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. The scheme is unfunded.

The following table sets forth the particulars in respect of the defined benefit plans of the Company for the year ended 31st March, 2020:

Particulars	Gratuity Fund (Funded)			PRMB (Unfunded)
	Present Value of Obligation	Fair value of plan assets	Net Amount	Present Value of Obligation
(i) 1 April 2019	2,676.33	(1,731.29)	945.04	45.56
Current Service Cost	191.16	-	191.16	-
Past Service Cost	-	-	-	-
Interest expense/(Income)	187.65	(148.64)	39.01	3.12
Total Amount recognised in profit or loss	378.81	(148.64)	230.17	3.12
Remeasurements (gain)/loss				
(Gain)/loss from change in financial assumptions	165.07	(9.25)	155.82	2.99
(Gain)/loss arising from experience adjustments	116.10	-	116.10	(0.77)
Total amount recognised in other comprehensive income	281.17	(9.25)	271.92	2.22
Employer's contributions	-	(806.39)	(806.39)	-
Benefit payments	(139.99)	139.99	-	(4.39)
31 March 2020	3,196.32**	(2,555.58)	640.74	46.51
(ii) 1 April 2018	2,097.37	(1,470.92)	626.45	32.35
Current Service Cost	164.39	-	164.39	-
Past Service Cost	281.53	-	281.53	-
Interest expense/(Income)	147.76	(101.41)	46.35	2.32
Total Amount recognised in profit or loss	593.68	(101.41)	492.27	2.32
Remeasurements (gain)/loss				
(Gain)/loss from change in financial assumptions	161.67	(14.12)	147.55	0.67
(Gain)/loss arising from experience adjustments	24.77	-	24.77	12.14
Total amount recognised in other comprehensive income	186.44	(14.12)	172.32	12.81
Employer's contributions	-	(346.00)	(346.00)	-
Benefit payments	(201.16)	201.16	-	(1.92)
31 March 2019	2,676.33**	(1,731.29)	945.04	45.56

** Include ₹332.92 Lakhs (31 March, 2019: ₹314.16 Lakhs) related to present value obligation of gratuity payable for contractual workers. This is an unfunded plan.

The expected return on plan assets is determined after taking into consideration composition of plan assets held, assessed risks of asset management, historical results of return on plan assets, Company's policies for plan asset management and other relevant factors.

The expenses for the above mentioned benefits have been included and disclosed under the following line items:-

Gratuity - under 'Contribution to Provident and other Funds' in Note 18

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 18

	2019-20	2018-19
(iii) Actual Return on Plan Asset	148.64	101.41

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(iv) The net liability disclosed above relating to funded and unfunded plans are as follows

	As at 31 March, 2020	As at 31 March, 2019
Present value of funded obligations	3,196.32	2,676.33
Fair value of plan assets	(2,555.58)	(1,731.29)
Deficit of funded plan	640.74	945.04
Unfunded plans (PRMB)	46.51	45.56
	687.25	990.60

(v) Principal : Actuarial assumptions

	As at 31 March, 2020	As at 31 March, 2019
(i) Discount rate	6.30%	7.20%
(ii) Salary escalation rate #	7.00%	7.00%
(iii) Medical inflation rate	5.00%	5.00%
(iv) Mortality Table (In service)	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
(v) Mortality Table (Post Retirement)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)

The estimate of future salary increase considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Company ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Company's ALM objective is to match asset with gratuity obligation. The Company actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Company has not changed the process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

(vi) Sensitivity Analysis

		Increase/ (Decrease) in DBO		Increase/ (Decrease) in DBO		
		As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019	
Discount Rate - Gratuity	Decrease by 1%	212.71	172.93	Increase by 1%	(182.09)	(148.18)
Discount Rate - PRMB	Decrease by 1%	3.79	3.63	Increase by 1%	(3.30)	(3.17)
Salary escalation Rate	Decrease by 1%	(183.19)	(149.99)	Increase by 1%	209.95	171.71
Life expectancy	Rated up by 1 Years	1.64	1.49	Rated down by 1 yr	(1.67)	(1.49)
Long term increase in health care cost (medical)	Decrease by 1%	(1.86)	(1.83)	Increase by 1%	2.11	2.07

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar opposite directions, while the plan's sensitivity to such changes can vary over time.

(vii) Risk Exposure

Through its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below:

- Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
- Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(C) Provident Fund

Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or cessation of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust set up by the Company. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss.

The Actuary has carried out actuarial valuation of the plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and deterministic approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, the future anticipated shortfall with regard to interest rate obligation of the Company amounts to ₹69.28 Lakhs (31 March, 2019: ₹15.68 Lakhs) and outstanding as at the balance sheet date amounts to ₹138.69 Lakhs (31 March, 2019: ₹69.41 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal Actuarial Assumptions	As at 31 March, 2020	As at 31 March, 2019
Discount Rate	6.30%	7.20%
Expected Return on Exempted Fund	8.25%	8.65%
Expected EPFO return	8.50%	8.65% for first 1 year and 8.60% thereafter.

(II) Defined Contribution Plans

The Company has certain Defined Contribution Plans viz. Provident Fund and Superannuation Fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The Company has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of Basic and Dearness Allowance of the member with Superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹195.92 Lakhs (31 March 2019-₹151.92 Lakhs)

(III) Defined Benefit Liability and Employer Contributions

Expected contribution to Post-employment benefit plans for the year ending 31 March, 2020 is ₹307.82 Lakhs (31 March, 2019: ₹630.81 Lakhs)

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2019 - 5 years) for employees and 10 years (31 March, 2019 - 11 years) for contractual employees. The expected maturity analysis of undiscounted gratuity and post employment medical benefits is as follows:

Particulars	Less than a year	Between 1 -2 years	Between 2 -3 years	Between 3 -4 years	Between 4 -5 years	Between 5 -11 years	Total
31 March, 2020							
Defined benefit obligation							
Gratuity	1,047.49	188.40	208.25	321.98	241.10	1,519.24	3,526.46
Provident fund	16.27	10.99	11.19	10.80	10.86	47.30	107.41
Post employment medical benefits	4.42	4.40	4.38	4.33	4.27	19.94	41.74
Total	1,068.18	203.79	223.82	337.11	256.23	1,586.48	3,675.61
31 March, 2019							
Defined benefit obligation							
Gratuity	955.68	111.78	179.36	191.75	285.25	1,442.66	3,166.48
Provident fund	10.28	6.30	6.04	6.06	6.05	24.93	59.66
Post employment medical benefits	4.46	4.46	4.44	4.42	4.37	20.70	42.85
Total	970.42	122.54	189.84	202.23	295.67	1,488.29	3,268.99

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 19 : FINANCE COSTS

Accounting Policy

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest expense on debts and borrowings	3,676.58	3,566.32
Interest on lease liabilities	885.39	-
[on adoption of Ind AS 116 with effect from 1 April 2019, Refer Note 10(d)]		
Other Borrowings Costs	27.84	111.08
	4,589.81	3,677.40

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 March, 2020	Year ended 31 March, 2019
Depreciation of property, plant and equipments (Refer Note 3(a))	7,552.92	6,622.82
Amortization of intangible assets (Refer Note 3(d))	41.63	15.54
Depreciation on Right of Use Assets (Refer Note 3(e))	1,641.66	-
	9,236.21	6,638.36

NOTE 21 : OTHER EXPENSES

	Year ended 31 March, 2020	Year ended 31 March, 2019
Consumption of stores and spares	3,462.53	5,267.51
Consumption of packing materials	6,393.17	5,918.40
Power and fuel	1,740.21	2,285.04
Water charges	555.83	559.32
Rent [Refer Note 10(d)]	469.21	2,101.52
Rates and taxes	831.24	1,457.08
Repairs and maintenance:	-	-
- Buildings	152.08	223.74
- Plant and Machinery	1,986.24	4,000.95
- Others	274.96	277.14
Insurance	333.92	220.08
Travelling and conveyance	1,118.14	1,235.98
Subscriptions and donations *	3,552.58	2,498.22
Freight outward (net of recovery)	9,130.36	8,249.52
Commission to selling agents	3,241.09	3,238.45
Directors' sitting fees & Commission	1,066.45	1,641.49
Research and development expenses (refer note 23)	981.94	488.41
Net gain on foreign currency transaction/translation	(106.91)	(204.75)
Loss on disposal of property, plant and equipments	100.58	16.15
Allowance for doubtful debts / expected credit loss - trade receivable (net)	(384.02)	500.69
Corporate Social Responsibility Expenditure [refer note (a) below]	1,182.25	374.30
Payment to auditors [refer note (b) below]	85.75	90.73
Miscellaneous expenses	9,300.83	9,412.62
	45,468.43	49,852.59

* Includes ₹3,500 Lakhs (Previous Year ₹2,000 Lakhs) toward contribution to political parties by way of electoral bonds through "The Electoral Bond Scheme, 2018".

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(a) Details of CSR expenditure:

	Year ended 31 March, 2020	Year ended 31 March, 2019
(i) Gross amount required to be spent by the Company during the year	677.24	358.41
(ii) Amount spent during the year for purposes other than construction/acquisition of any asset	1,182.25*	374.30*

* Includes ₹100.00 Lakhs (FY 31 March, 2019 ₹285.00 Lakhs) paid to registered trust for carrying out CSR activities.

As per the general circular and office memorandum issued by the Ministry of Corporate Affairs ("MCA"), any contribution to "PM Cares Fund" shall qualify as CSR expenditure under the Companies Act, 2013.

Further, As per appeal sent by the Secretary of MCA on 30 March 2020 (D.O. No.05/1/2020 – CSR – MCA), if the Company contributes over and above their minimum obligation of amount required to be contributed for CSR, such excess amount can later be offset against the CSR obligation of the Company arising in subsequent years.

Accordingly, the Company contributed a sum of ₹1,000 Lakhs to the PM Cares Fund for the year ended 31st March 2020,

In view of the above representation made by the MCA, excess CSR expenditure of ₹505.01 Lakhs would be available to offset against the company's future CSR obligation.

(b) Details of payment to auditors

	Year ended 31 March, 2020	Year ended 31 March, 2019
As auditor:		
Audit Fees	50.95 *	33.00
Limited reviews	16.95	12.00
Tax audit fees	6.95	6.00
Others services	6.25	37.89 **
Reimbursement of expenses	4.65 #	1.84
	85.75	90.73

* Include fees amounting to ₹8.00 Lakhs paid for previous year

Include ₹2.88 Lakhs paid for previous year

** Includes fees for proposed QIP of equity shares of the Company.

NOTE 22 : TAX EXPENSE

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect of situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit/ loss nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax assets. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Unrecognised MAT are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the MAT to be recovered.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

	Year ended 31 March, 2020	Year ended 31 March, 2019
a. Income-tax expense recognised in the statement of Profit and Loss		
Current tax		
Current tax on profits for the year	5,731.60	15,086.90
Total current tax expense	5,731.60	15,086.90
Deferred Tax		
Origination and reversal of temporary differences	1,002.89	(60.11)
Total deferred tax (benefit)	1,002.89	(60.11)
Income-tax expense	6,734.49	15,026.79
b. Income-tax expense on other comprehensive income		
Current Tax - Remeasurement of post employment defined benefit obligation	95.81	64.68
Total current tax expense on Other Comprehensive Income	95.81	64.68
Deferred tax - Fair value through other comprehensive income - equity instruments	1,013.62	322.19
Total deferred tax expense / (benefit) recognised in Other Comprehensive Income	1,013.62	322.19
Income-tax expense recognised in Other Comprehensive Income	1,109.43	386.87
c. Reconciliation of statutory rate of tax and the effective rate of tax		
Profit before income tax	35,083.89	53,880.14
Enacted Income tax rate in India applicable to the Company	34.95%	34.95%
Tax on Profit before tax at the enacted Income tax rate in India	12,261.82	18,831.11
Adjustments:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Items not deductible / Income exempt from tax	(250.93)	229.36
Incentives / additional benefits allowable under Income-tax	(3,485.81)	(4,023.58)
Utilisation of previously unrecognised minimum alternative tax	(1,549.36)	-
Other items	(243.23)	(10.10)
Total Income tax expense	6,734.49	15,026.79
Effective tax rate	19.20%	27.89%

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 23: RESEARCH AND DEVELOPMENT EXPENSES

Accounting Policy

The Company's business research and development concentrates on the development of improved finished goods and better operational efficiency. Research costs are expensed as incurred. Expenditure on development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

Revenue Expenses

	Year ended 31 March, 2020					Year ended 31 March, 2019				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Raw Materials & Stores Consumed	168.71	23.19	-	132.18	13.34	-	-	-	-	-
Salaries Wages and Bonus	439.34	79.44	61.13	239.02	59.75	393.24	67.58	56.17	212.23	57.26
Contribution to Provident and Other Funds	36.84	7.58	4.20	20.34	4.72	33.26	6.21	3.91	18.54	4.60
Staff Welfare Expense	24.60	1.03	0.79	22.01	0.77	18.51	1.35	1.12	14.89	1.15
Miscellaneous Expenses	312.45	34.99	26.92	224.23	26.31	43.40	3.45	-	39.95	-
Total	981.94	146.23	93.04	637.78	104.89	488.41	78.59	61.20	285.61	63.01

Capital Expenditure (included under Gross Carrying Amount in Note 3(a))

	Year ended 31 March, 2020	Year ended 31 March, 2019
Non-Factory Building	-	1,045.43
Plant and Equipment	20.24	-
	20.24	1,045.43

NOTE 24: CONTINGENT LIABILITIES

Accounting Policy

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, 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 a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Contingent Liabilities for :		
(a) (i) Claims against the Company not acknowledged as debts :		
Income-tax matters under dispute	253.08	253.08
Excise duty matters under dispute	277.16	403.58
Sales tax matter under dispute	30.13	27.14
Service tax matters under dispute	625.52	625.52
Value added tax matters under dispute	85.86	159.76
(ii) Other money for which the Company is contingently liable		
Excise duty matters under dispute	156.53	156.53
(b) Outstanding bank guarantees etc.	1,272.93	1,241.91
(c) Guarantees or counter guarantees or counter indemnity given by the Company		
On behalf of bodies corporate and others		
- Limit	9.00	9.00
- Outstanding	9.00	9.00

It is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 25: COMMITMENTS

	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Property, plant and equipment (net of capital advances)	6,031.78	659.77

NOTE 26: DIVIDEND ON EQUITY SHARE

	Year ended 31 March, 2020	Year ended 31 March, 2019
Final Dividend for the year ended 31 March 2018 of ₹1.2/- per share on face value of ₹2/- per share	-	2,068.05
Dividend Distribution tax on above	-	425.09
Interim Dividend for the year ended 31 March 2020 of ₹7/- per share on face value of ₹2/- per share	12,063.65	6,031.83
(31 March 2019 ₹3.5/- per share on face value of ₹2/- per share)		
Dividend Distribution tax on above	2,479.72	1,239.86
	14,543.37	9,764.83

NOTE 27: EARNING PER EQUITY SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Basic and Diluted		
(i) Number of Equity Shares outstanding	172,337,860	172,337,860
(ii) Face value of each Equity Share (₹)	2.00	2.00
(iii) Profit after Tax available for Equity Shareholders (₹ in Lakhs)	28,349.40	38,853.35
(iv) Basic and Diluted earnings per Share (₹) [(iii)/(i)]	16.45	22.54

The Company does not have any dilutive potential equity shares.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 28: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 31 March, 2020	As at 31 March, 2019
Rainbow Investments Limited	Holding Company	India	50.20%	50.20%

(b) Subsidiaries

The Company has following subsidiary and step down subsidiary company:-

Name	Type	Place of Incorporation	As at 31 March, 2020	As at 31 March, 2019
Phillips Carbon Black Cyprus Holdings Limited	Wholly Owned Subsidiary	Cyprus	100%	100%
PCBL Netherlands Holdings B.V.	Wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited	Netherlands	Refer Note below	100%
Phillips Carbon Black Vietnam Joint Stock Company	Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited	Vietnam	80%	80%

Note: PCBL Netherlands Holdings B.V. a wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the year 31 March, 2020 in accordance with the local laws of Netherlands.

(c) Key management personnel of the Company and the Holding Company with whom transactions have taken place

Name	Relationship
i) Sanjiv Goenka	Chairman and Non Executive Director
ii) Shashwat Goenka	Non Executive Director
iii) Preeti Goenka	Non Executive Director
iv) Kaushik Roy	Managing Director
v) O P Malhotra	Non Executive Independent Director
vi) K S B Sanyal	Non Executive Independent Director
vii) Paras K Chowdhary	Non Executive Independent Director
viii) Pradip Roy	Non Executive Independent Director
ix) Kusum Dadoo	Non Executive Independent Director
x) Raj Kumar Gupta	Chief Financial Officer
xi) Kaushik Mukherjee	Company Secretary
xii) Sunil Bhandari	Employee holding Directorship in Holding Company
xiii) Subhrangshu Chakraborty	Person holding Directorship in Holding Company
xiv) Yugesh Kanoria	Person holding Directorship in Holding Company (with effect from 28 June, 2019)

(d) Others with whom transactions have taken place during the year

Name	Relationship
Rainbow Investments Limited	Holding Company
RPG Power Trading Company Limited	Fellow Subsidiary
Trade Apartment Private Limited	Fellow Subsidiary
Dynamic Success Projects Private Limited	Fellow Subsidiary
CESC Limited	Company under the control of the Holding Company as per Ind AS-110
CESC Ventures Limited	Company under the control of the Holding Company as per Ind AS-110
Spencer's Retail Limited	Company under the control of the Holding Company as per Ind AS-110
Guilfree Industries Limited	Company under the control of the Holding Company as per Ind AS-110
Accurate Commedeal Pvt. Limited	Company under the control of the Holding Company as per Ind AS-110 (with effect from 26 March, 2020)
Woodlands Multispeciality Hospital Limited	Fellow Subsidiary
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrisons Malayalam Limited	Associate of Holding Company
Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Staff Provident Institution (Provident Fund)	Post Employment Benefit Plan of the Company (Other related parties)

(e) Details of transaction between the Company and related parties and outstanding balances

(All amounts in ₹ Lakhs, unless otherwise stated)

Sl. No.	Nature of Transactions	Company under the control of the Holding Company as per Ind AS-110, Subsidiary, Holding Company and Fellow Subsidiaries		Associates of Holding Company		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
A. Transactions											
1	Dividend paid on Equity Shares	6,056.08	4,066.22	-	-	-	-	-	-	6,056.08	4,066.22
2	Dividend received on Equity Shares	337.24	295.08	-	-	-	-	-	-	337.24	295.08
3	Dividend received on Preference Shares	190.74	95.50	-	-	-	-	-	-	190.74	95.50
4	Accommodation Charges paid	1.54	-	1.00	0.92	-	-	-	-	2.54	0.92
5	Accommodation Charges recovered	0.28	-	-	-	-	-	-	-	0.28	-
6	Reimbursement of expenses paid	20.50	31.71	-	3.61	-	-	-	-	20.50	35.32
7	Reimbursement of expenses received	452.25	267.05	-	-	-	-	-	-	452.25	267.05
8	Redemption of Preference Shares	4,775.00	-	-	-	-	-	-	-	4,775.00	-
9	Electricity charges paid	2.53	2.46	-	-	-	-	-	-	2.53	2.46
10	Rent Paid	14.18	12.38	-	-	-	-	-	-	14.18	12.38
11	Power Selling expenses paid	218.36	319.66	-	-	-	-	-	-	218.36	319.66
12	Sale of Power	7,551.87	8,577.81	-	-	-	-	-	-	7,551.87	8,577.81
13	Advances given	-	-	-	-	-	-	-	128.85	179.05	179.05
14	Advances recovered	-	-	-	-	-	-	-	135.10	172.58	172.58
15	Licence Fees	27.95	-	-	-	-	-	-	-	27.95	-
16	Contributions paid	-	-	-	-	-	-	-	1,161.63	665.08	665.08
17	Remuneration to Key Management Personnel	-	-	-	-	1,641.14	1,342.61	-	-	1,641.14	1,342.61
18	Post-employment benefits to Key Management Personnel	-	-	-	-	55.17	29.60	-	-	55.17	29.60
19	Other long-term benefit to Key Management Personnel	-	-	-	-	21.18	18.47	-	-	21.18	18.47
20	Director's Sitting Fees	-	-	-	-	40.45	27.90	-	-	40.45	27.90
21	Director's Commission	-	-	-	-	1,600.00	900.00	-	-	1,600.00	900.00
22	Loan repaid by Key Management Personnel	-	-	-	-	6.00	6.00	-	-	6.00	6.00
B. Closing Balances											
1	Receivables	3,439.89	1,305.99	0.03	8.96	11.50	17.50	6.31	0.07	3,451.49	1,338.76
2	Payables	-	(9.90)	-	(0.01)	-	-	-	-	-	(9.91)
3	Investments	10,202.85	22,705.98	-	-	-	-	-	-	10,202.85	22,705.98

(d) Terms and Conditions

All other transactions were made on normal commercial terms and conditions and at market rates.
All outstanding balances are unsecured and are repayable in cash.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 29: SEGMENT**Accounting Policy**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Company.

(a) Description of segments and principal activities

Carbon Black : The Company is primarily engaged in production of Carbon Black through its four manufacturing units located at Durgapur, Kochi, Vadodara and Mundra

Power: The Company is also engaged in generation of electricity for the purpose of captive consumptions as well as distribution of surplus to outsiders.

The segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statement. Also the Company's borrowings (including finance costs and interest income), income taxes, investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external sources. Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the standalone financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

All non-current assets of the Company (excluding certain financial assets) are located in India.

(b) Segment Revenue, Segment Earnings and other information as at / for the year ended:-**Segment Revenue :**

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	3,13,556.80	8,647.65	3,22,204.45	3,40,603.47	9,745.69	3,50,349.16
Other operating Revenues	2,149.30	-	2,149.30	2,506.52	-	2,506.52
Total revenue from operations	3,15,706.10	8,647.65	3,24,353.75	3,43,109.99	9,745.69	3,52,855.68
Inter-segment revenue	-	6,530.15	6,530.15	-	6,553.59	6,553.59
Total segment revenue	3,15,706.10	15,177.80	3,30,883.90	3,43,109.99	16,299.28	3,59,409.27

Revenue of ₹108,807 Lakhs (31 March 2019 - ₹124,715.47 Lakhs) are derived from two external customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The Company is domiciled in India. The amount of its revenue from external customers broken down by the location of the customers is shown in table below:

Revenue from external customers (excluding other operating revenue)	Year ended 31 March, 2020	Year ended 31 March, 2019
India	2,37,026.12	2,68,493.78
Other countries	85,178.33	81,855.38
Total	3,22,204.45	3,50,349.16

Segment Revenue :

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	46,782.44	9,904.85	56,687.29	61,901.75	10,891.06	72,792.81
Reconciliation to Profit before tax						
Finance Cost	-	-	(4,589.81)	-	-	(3,677.40)
Interest Income	-	-	56.31	-	-	81.86
Unallocated expenses (Net)	-	-	(17,069.90)	-	-	(15,317.13)
Profit before tax	46,782.44	9,904.85	35,083.89	61,901.75	10,891.06	53,880.14

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Depreciation/Amortisation and non cash expenses

Particulars	31st March, 2020				31st March, 2019			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	6,721.51	2,312.67	202.03	9,236.21	4,182.00	2,333.38	122.98	6,638.36
Non cash expense	1,328.16	-	-	1,328.16	1,692.24	-	850.00	2,542.24

Segment Assets :

Particulars	31st March, 2020			31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	2,48,124.95	32,083.14	2,80,208.09	2,49,646.74	33,131.66	2,82,778.40
Reconciliation to total assets						
Investments	-	-	17,673.25	-	-	38,378.92
Other unallocable assets	-	-	31,338.15	-	-	16,306.02
Total assets as per the balance sheet	2,48,124.95	32,083.14	3,29,219.49	2,49,646.74	33,131.66	3,37,463.34

Particulars	31st March, 2020				31st March, 2019			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	20,155.59	2,044.28	1,324.24	23,524.11	20,683.50	4,745.00	155.42	25,583.92

The total of segments assets broken down by location of the assets, is shown below:

Revenue from external customers	31st March, 2020	31st March, 2019
India	2,66,940.65	2,66,714.60
other countries	13,267.44	16,063.80
Total	2,80,208.09	2,82,778.40

Segment Liabilities :

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	50,015.11	1,633.89	51,649.00	61,681.22	876.75	62,557.97
Reconciliation to total liabilities						
Borrowings	-	-	61,697.47	-	-	79,342.70
Current Tax Liabilities (Net)	-	-	-	-	-	88.38
Deferred Tax Liabilities	-	-	25,487.08	-	-	25,671.86
Other Unallocated liabilities	-	-	21,217.93	-	-	4,995.32
Total liabilities as per the balance sheet	50,015.12	1,633.89	1,60,051.48	61,681.22	876.75	1,72,656.23

NOTE 30: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the year are as follows:

	As at 31st March, 2020			As at 31st March, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	13,556.66	-	-	24,443.27	-
- Preference Shares	1,951.68	-	-	5,764.46	-	-
- Mutual Funds	-	-	-	6,006.28	-	-
Trade receivables	-	-	58,824.46	-	-	65,265.78
Loans	-	-	2,095.18	-	-	2,115.01
Cash and cash equivalents	-	-	10,797.23	-	-	7,393.56
Other bank balances	-	-	268.01	-	-	188.52
Derivative financial assets	2,155.18	-	-	-	-	-
Other Financial Assets	-	-	236.77	-	-	333.52
Total financial assets	4,106.86	13,556.66	72,221.65	11,770.74	24,443.27	75,296.39

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2020			As at 31st March, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial liabilities						
Borrowings	-	-	54,468.36	-	-	72,565.16
Current maturities of long term debt	-	-	7,229.11	-	-	6,777.54
Derivative financial liabilities	-	-	-	746.03	-	-
Trade payables	-	-	41,853.74	-	-	50,796.21
Other financial liabilities	-	-	21,393.90	-	-	6,422.32
Total financial liabilities	-	-	1,24,945.11	746.03	-	1,36,561.23

Investment in subsidiaries amounting to ₹2,164.91 Lakhs (31 March 2019 ₹2,164.91Lakhs) is recognised at cost and not included in table above.

(ii) Fair Value

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

- In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.
- In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.
- The fair value of derivative contracts (foreign exchange forward contracts and Currency and Interest rate swaps) is determined using discounted cash flow analysis and swaps and options pricing models.
- The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain non-current loans which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVPL								
Investments in mutual funds	-	-	-	-	6,006.28	-	-	6,006.28
Investments in preference shares	-	-	1,951.68	1,951.68	-	-	5,764.46	5,764.46

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Foreign-exchange forward contract		2,155.18	-	2,155.18	-	-	-	-
Financial assets at FVOCI								
Investments in equity instruments	8,057.97	-	5,498.69	13,556.66	16,084.33	-	8,358.94	24,443.27
Total financial assets	8,057.97	2,155.18	7,450.37	17,663.52	22,090.61	-	14,123.40	36,214.01
Financial liabilities								
Financial liabilities at FVPL								
Foreign-exchange forward contract	-	-	-	-	-	746.03	-	746.03
Total financial liabilities	-	-	-	-	-	746.03	-	746.03

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2020 and 31st March, 2019.

Some of the Company's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Valuation inputs and relationship to fair value

Particulars	Fair Value at		Valuation Technique	Significant unobservable input	Sensitivity	
	31st March, 2020	31st March, 2019			31st March, 2020	31st March, 2019
Unquoted equity shares	5,498.69	8,358.94	Discounted cash flow	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹105.23 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹46.55 Lakhs
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹77.49 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹39.28 Lakhs
Unquoted Preference shares	1,951.68	5,764.46	Discounted Amortized cost	Discounting rate to determine PV	Decrease in discount rate by 1% will increase the fair value by ₹227.48 Lakhs	Decrease in discount rate by 1% will increase the fair value by ₹115.32 Lakhs
					Increase in discount rate by 1% will decrease fair value by ₹190.28 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹109.82 Lakhs.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Fair Value at		Valuation Technique	Significant unobservable input	Sensitivity	
	31st March, 2020	31st March, 2019			31st March, 2020	31st March, 2019
Investment Property-Land	539.42	514.06	Fair market price	Discount for limited market activity	Decrease in discount rate by 1% will increase the fair value by ₹6.74 Lakhs	Decrease in discount rate by 1% will increase the fair value by ₹6.86 Lakhs
					Increase in discount rate by 1% will decrease fair value by ₹6.74 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹6.86 Lakhs.

Valuation process :

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Company are derived and evaluated as follows:

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTE 31: FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises of borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Company. The Company's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Company's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Company seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Company has laid comprehensive risk assessment and minimization/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Company does not enter into derivative financial instruments for speculative purposes.

(A) Credit risk

Credit risk refers to risk of financial loss to the Company if customers or counterparties fail to meet their contractual obligations. The Company is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Company through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Company also has a policy to provide for all receivables which are overdue for a period over 365 days. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

Particulars	Year ended	
	31-Mar-20	31-Mar-19
Loss allowance at the beginning of the year	1,347.84	847.15
Change / (reversal) in allowance during the year (net)	(384.02)	500.69
Loss allowance at the end of the year	963.82	1,347.84

(b) Deposits and financial assets (Other than trade receivables):

The Company maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(B) Liquidity Risk

Liquidity risk implies that the Company may not be able to meet its obligations associated with its financial liabilities. The Company manages its liquidity risk on the basis of the business plan that ensures that the funds required for financing the business operations and meeting financial liabilities are available in a timely manner and in the currency required at optimal costs. The Management regularly monitors rolling forecasts of the Company's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits / marketable debt securities / debt mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Company.

Additionally, the Company has committed fund and non-fund based credit lines from banks which may be drawn anytime based on Company's fund requirements. The Company maintains a cautious liquidity strategy with positive cash balance and undrawn bank lines throughout the year.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

Contractual maturity of financial liabilities	Upto 1 year	1 Year to 3 year	3 year to 5 year	More than 5 years	Total
31 March, 2020					
Borrowings (including current maturities)	40,196.07	17,270.45	4,230.95	-	61,697.47
Trade payable	41,853.74	-	-	-	41,853.74
Other financial liabilities (excluding current maturities of non current borrowings)	10,640.21	3,404.89	2,933.01	4,415.79	21,393.90
	92,690.02	20,675.34	7,163.96	4,415.79	1,24,945.11
31 March, 2019					
Borrowings (including current maturities)	52,276.67	16,133.33	10,932.70	-	79,342.70
Trade payable	50,796.21	-	-	-	50,796.21
Other financial liabilities (excluding current maturities of non current borrowings)	7,168.35	-	-	-	7,168.35
	1,10,241.23	16,133.33	10,932.70	-	1,37,307.26

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Company's income and expenses and / or value of its investments. The Company's exposure to and management of these risks are explained below

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Company's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Company's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Company's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates.

(a) Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

Particulars	31st March, 2020			31st March, 2019		
	₹ equivalent of			₹ equivalent of		
	USD	EUR	GBP	USD	EUR	GBP
Financial assets						
Trade receivables	10,811.16	819.44	-	15,137.27	552.47	-
Derivative assets						
Foreign exchange forward contracts Sell foreign currency	(752.06)	-	-	-	-	-
Net exposure to foreign currency risk (assets)	10,059.10	819.44	-	15,137.27	552.47	-

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	31st March, 2020			31st March, 2019		
	₹ equivalent of			₹ equivalent of		
	USD	EUR	GBP	USD	EUR	GBP
Financial liabilities						
Foreign currency loan	12,646.65	-	-	43,906.50	-	-
Trade payables	28,879.57	(521.49)	16.34	37,498.56	116.39	18.33
Derivative liabilities						
Foreign exchange forward contracts	-	-	-	-	-	-
Buy foreign currency	(31,941.82)	-	-	(67,095.68)	-	-
Net exposure to foreign currency risk (liabilities)	9,584.40	(521.49)	16.34	14,309.38	116.39	18.33
Net exposure to foreign currency risk (Assets- Liabilities)	474.70	1,340.93	(16.34)	827.89	436.08	(18.33)

(b) Sensitivity

A fluctuation in the exchange rates of 1% with other conditions remaining unchanged would have the following effect on Company's profit or loss before taxes as at 31 March 2020 and 31 March 2019:

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
USD sensitivity		
₹/USD- Increase by 1%*	4.75	8.28
₹/USD- Decrease by 1%*	(4.75)	(8.28)
EUR sensitivity		
₹/EUR- Increase by 1%	13.41	4.40
₹/EUR- Decrease by 1%	(13.41)	(4.40)
GBP sensitivity		
₹/GBP- Increase by 1%	(0.16)	(0.18)
₹/GBP- Decrease by 1%	0.16	0.18

* Holding all other variable constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of change in market interest rates relates primarily to its debt interest obligations. Its borrowings are at floating rates and its future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	31 March, 2020	31 March, 2019
Total borrowings (including current maturities)	61,697.47	79,342.70

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
Interest Rates - Increase by 50 basis points (50 bps) *	(308.49)	(358.67)
Interest Rates - Decrease by 50 basis points (50 bps) *	308.49	358.67

* Holding all other variable constant

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(iii) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments), certain quoted equity instruments and bank fixed deposits. To manage its price risk arising from investments in mutual funds and equity instruments, the Company diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Company and classified in the Balance Sheet as fair value through profit or loss/fair value through other comprehensive income is disclosed under Note 29.

(b) Sensitivity

The sensitivity of profit or loss to changes in Net Assets Values (NAVs) as at year end for investments in mutual funds.

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
NAV of mutual funds/Market price of quoted equity instruments - Increase by 1%*	-	60.06
NAV of mutual funds/Market price of quoted equity instruments - Decrease by 1%*	-	(60.06)

* Holding all other variable constant

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Company's cost of sales.

The Company endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Company's own requirements. Further, a significant portion of Company's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Company also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE 32 : CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Company's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Company's policy is to borrow primarily through banks to maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Company.

The Company monitors capital on the basis of cost of capital. The Company is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Company:

	As at 31 March, 2020	As at 31 March, 2019
Long Term Borrowing (including current maturities of long term debt)	28,730.51	34,140.81
Short Term Borrowing	32,966.96	45,201.89
Less: Cash and cash equivalents	10,797.23	7,393.56
Total Borrowing (Net)	50,900.24	71,949.14
Total equity	1,69,168.01	1,64,807.11
Total Capital (Equity+Net Debt)	2,20,068.25	2,36,756.25

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2020 and 31st March, 2019.

Notes to standalone Ind AS financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 33 :

In view of the lockdown across the country due to the COVID-19 pandemic, the manufacturing operations of the Company across all its locations had been suspended temporarily in compliance with the directives/orders issued by the relevant authorities. The Company has made detailed assessments of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the standalone financial results. The Company is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. Given the criticalities associated with nature, condition and duration of COVID-19, the impact assessment on the Company's financial statements will be continuously made and provided for as required.

Subsequent to year end, Company's plants across all its locations have resumed operations as per government guidelines and directives prescribed.

NOTE 34 :

Figures of the previous year has been regrouped/rearranged to confirm current year's presentation.

For **S. R Batliboi & Co. LLP**

ICAI Firm Registration Number 301003E/E300005

Chartered Accountants

Kamal Agarwal

Partner

Membership Number: 058652

Kolkata

Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director

(DIN: 06513489)

Kusum Dadoo

Director

(DIN: 06967827)

K. S. B. Sanyal

Director

(DIN: 00009497)

Kaushik Mukherjee

Company Secretary

Raj Kumar Gupta

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To
The Members of **Phillips Carbon Black Limited**

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Phillips Carbon Black Limited (hereinafter referred to as "the Company"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Consolidated Ind AS Financial Statements' section of our report. We are independent of the

Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to note 34 of the accompanying consolidated Ind AS financial statements which states the impact of Coronavirus disease 2019 (COVID 19) on the operations of the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 15 of the consolidated Ind AS financial statements) The Company makes sales to various customers, both domestic and international, whereby the prices of the products are subject to negotiations based on various factors including crude oil prices, movement in other variable costs, volatility in foreign currencies, level of offtake by customers and demand supply situation in carbon black market. Such prices are agreed through a formal contract.	Our audit procedures included the following: <ul style="list-style-type: none"> We have evaluated the Company's process and controls around revenue recognition, estimation of discounts and timing of recognizing sales as per contractual terms, including testing effectiveness of such controls. We have considered the contractual terms of the sales contracts and tested credit memos issued during the year and subsequent to the year-end.

Key audit matters	How our audit addressed the key audit matter
The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed, and the rates are agreed or based on management's estimate. Sales are also affected based on varying delivery terms, as agreed with the customers, which determines the timing of recognition of such sales. The amounts involved being material to these financial statements, and dependent on various factors stated above, revenue recognition was determined to be a key audit matter in our audit.	<ul style="list-style-type: none"> We have inquired of key sales personnel regarding retroactive pricing adjustments and discussed with management regarding their awareness of pricing negotiations that could affect current year revenue. We obtained direct balance confirmations from customers on a sample basis as at the year-end or performed alternate audit procedures where such confirmations could not be obtained. We have performed procedures on the Company's key components, analyzing the revenues, cost of sales and discounts / incentives in comparison with historical data. We have analyzed pricing adjustments and credit notes issued after the reporting date. We also discussed with the management on the likely timing of issuance of credit notes to customers where discounts have been recorded and are pending to be passed on to the concerned customers. We also obtained necessary representation from the management in this regard. We tested sample of sales transactions at the year-end to determine the appropriateness of timing of recognition of such sales.

Provisions for claims & litigations and disclosure of contingent liabilities (as described in Note 11.1 and Note 24 of the consolidated Ind AS financial statements)

The Company is involved in litigations, both for and against the Company, comprising of tax matters, compliances and other disputes.

The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its advisors and lawyers. This involves a high level of management judgement and assumptions which impact the risk assessment and consequential provisioning or disclosure of contingencies in the financial statements.

This area is significant to our audit, since the completeness and appropriateness of accounting and disclosures for contingencies is dependent on such management's judgement and assumptions.

Our audit procedures included the following:

- We evaluated and tested the Company's processes and controls for monitoring of such claims, litigations, disputes, compliances and assessment thereof for determining the likely outcome.
- We read the summary of the litigations prepared by the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise.
- We obtained legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of such litigations and validate the management's judgements and assumptions.
- We discussed with the management, including the Company's internal tax experts and head of legal matters to understand the basis of management's judgements and estimates.
- We obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters.
- We read the minutes of the board meetings and tested the Company's legal expenses to determine the completeness of claims, disputes and litigations.
- We tested the adequacy of disclosures in the consolidated Ind AS financial statements.

Key audit matters

Fair Valuation of investments in unquoted equity and preference shares (as described in Note 4(a) of the consolidated Ind AS financial statements)

The Company has fair valued its non-current investments in unquoted equity and preference shares of few companies as at the year end.

Determining the fair value of such unquoted investments requires valuation techniques which has been performed by independent valuation experts, applying applicable valuation methodologies.

These investments, being material to these financial statements, was determined to be a key audit matter in our audit.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We obtained the last audited financial statements for the year ended March 31, 2019, and the unaudited management certified financial statements / trial balance for the year ended March 31, 2020, where relevant, of the investee companies and traced the composition of the net asset value of such investee companies used in fair valuation exercise, to the same.
- We read such financial information to determine any matters which should have been considered for the valuation exercise and discussed with the management for the year ended March 31, 2020 if there are any other significant developments since the last audited financial statements.
- We compared the fair valuation of such investments as on March 31, 2020 with the fair valuation as on March 31, 2019 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation.
- We also obtained suitable management representation in this regard.
- Further, we obtained Independence confirmation from the concerned valuers and assessed their competence.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated

cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 SAs 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 consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 in place 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 ability of the Group 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 consolidated Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of 2 subsidiaries whose Ind AS financial statements include total assets of ₹7,196.23 Lakhs as at March 31, 2020, and total revenues of ₹ Nil and net cash inflows of ₹181.25 Lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We and the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Company and its subsidiary companies, refer to our separate Report in "Annexure" to this report;

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 11.1 and Note 24 to the consolidated Ind AS financial statements;
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - 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 March 31, 2020.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**
Partner
Membership Number: 058652
UDIN: 20058652AAAABG6299

Place: Kolkata
Date: June 23, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Phillips Carbon Black Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited (hereinafter referred to as the "Company") as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company are 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 its business, including adherence to the respective 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

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS financial statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS 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 control over financial reporting with reference to these consolidated Ind AS financial statements includes 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 Over Financial Reporting With Reference to these Consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS 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 over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 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 **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**
Partner
Membership Number: 058652
UDIN: 20058652AAAABG6299

Place: Kolkata
Date: June 23, 2020

Consolidated Ind AS Balance Sheet as at 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	1,50,944.94	1,49,439.95
Capital work-in-progress	3(b)	30,558.41	17,504.16
Investment property	3(c)	447.73	447.73
Intangible assets	3(d)	101.48	143.11
Right of use assets	3(e)	12,497.95	-
Financial assets			
(i) Investments	4(a)	15,508.34	25,703.07
(ii) Loans	4(e)	1,413.25	1,372.16
(iii) Other financial assets	4(f)	139.20	139.20
Non current tax assets (Net)	7	837.62	-
Other non-current assets	5	4,240.19	2,497.14
Total Non-current assets		2,16,689.11	1,97,246.52
Current assets			
Inventories	6	32,618.87	46,029.23
Financial assets			
(i) Investments	4(a)	-	10,510.94
(ii) Trade receivables	4(b)	58,824.46	65,265.78
(iii) Cash and cash equivalents	4(c)	14,942.06	11,357.14
(iv) Other bank balances	4(d)	268.01	188.52
(v) Loans	4(e)	62.51	179.74
(vi) Other financial assets	4(f)	2,252.75	194.32
Other current assets	5	5,060.34	7,739.87
Total Current assets		1,14,029.00	1,41,465.54
TOTAL ASSETS		3,30,718.11	3,38,712.06
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	8	3,446.77	3,446.77
Other equity	9	1,66,465.39	1,61,542.30
Non-Controlling Interest		726.39	584.56
TOTAL EQUITY		1,70,638.55	1,65,573.63
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(i)	21,501.40	27,363.27
(ii) Other financial liabilities	10(c)	10,430.57	-
Provisions	11	199.23	131.28
Deferred tax liabilities (Net)	12	25,487.08	25,671.86
Total Non-current liabilities		57,618.28	53,166.41
Current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(ii)	32,966.96	45,201.89
(ii) Trade payables	10(b)	-	-
a) Total outstanding dues of micro enterprises and small enterprises		1,265.27	358.87
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		40,612.18	50,469.77
(iii) Other financial liabilities	10(c)	18,192.44	13,945.89
Provisions	11	8,390.81	8,321.11
Current tax liabilities (Net)	14	4.37	538.15
Other current liabilities	13	1,029.25	1,136.34
Total Current liabilities		1,02,461.28	1,19,972.02
TOTAL LIABILITIES		1,60,079.56	1,73,138.43
TOTAL EQUITY AND LIABILITIES		3,30,718.11	3,38,712.06

The accompanying notes form an integral part of these Consolidated Ind AS financial statements.

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants
Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy Managing Director (DIN: 06513489)
Kusum Dadoo Director (DIN: 06967827)
K. S. B. Sanyal Director (DIN: 00009497)

Kaushik Mukherjee Company Secretary
Raj Kumar Gupta Chief Financial Officer

Consolidated Ind AS Statement of Profit and Loss for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from operations	15	3,24,353.75	3,52,855.68
Other income	16	2,901.42	1,993.33
Total Income		3,27,255.17	3,54,849.01
Expenses			
Cost of materials consumed	17(a)	2,18,571.80	2,35,195.95
Changes in inventories of finished goods	17(b)	378.81	(5,539.79)
Employee benefits expense	18	13,455.28	11,112.36
Finance costs	19	4,589.81	3,677.88
Depreciation and amortisation expense	20	9,236.21	6,638.36
Other expenses	21	45,542.94	50,470.36
Total Expenses		2,91,774.85	3,01,555.12
Profit before tax		35,480.32	53,293.89
Income-tax expense			
Current tax (net of utilisation of minimum alternate tax credit)	22	5,727.28	15,087.36
Deferred tax		1,002.89	(60.11)
Total tax expense		6,730.17	15,027.25
Profit for the year		28,750.15	38,266.64
Other Comprehensive Income			
Exchange difference on translation of foreign exchange		246.96	113.41
Items that will not be reclassified to profit or loss, net of taxes			
Re-measurement loss on post-employment defined benefit plans (net of tax)		(178.40)	(120.38)
Net (loss) on FVTOCI equity instruments (net of tax)		(8,942.60)	(188.86)
Other Comprehensive Income for the year, net of tax		(8,874.04)	(195.83)
Total Comprehensive Income for the year, net of tax		19,876.11	38,070.81
Profit for the year Attributable to:-			
Owners of the Equity		28,655.15	38,369.61
Non-Controlling Interest		95.00	(102.97)
Other Comprehensive Income for the year Attributable to:-			
Owners of the Equity		(8,920.87)	(224.23)
Non-Controlling Interest		46.83	28.40
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:-			
Owners of the Equity		19,734.28	38,145.38
Non-Controlling Interest		141.83	(74.57)
Earning per equity share:	27		
[Nominal Value per share - ₹2/- (Previous year - ₹2/-)]			
Basic (₹)		16.68	22.20
Diluted (₹)		16.68	22.20

The accompanying notes form an integral part of these Consolidated Ind AS financial statements.

This is the Consolidated Ind AS Statement of Profit and Loss referred to in our report of even date.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants
Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy Managing Director (DIN: 06513489)
Kusum Dadoo Director (DIN: 06967827)
K. S. B. Sanyal Director (DIN: 00009497)

Kaushik Mukherjee Company Secretary
Raj Kumar Gupta Chief Financial Officer

Consolidated Ind AS Statement of Cash Flows for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
A. Cash Flow from Operating Activities			
Profit before Tax		35,480.32	53,293.89
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses	20	9,236.21	6,638.36
Finance costs	19	4,589.81	3,677.88
Allowance for doubtful debts / expected credit losses - trade receivable	21	-	500.69
Allowance for doubtful debts / expected credit loss written back	21	(384.02)	-
Interest income from certain financial assets	16	(355.05)	(134.13)
Exchange differences on translation of foreign subsidiaries		246.96	113.41
Dividend income from equity instruments designated at FVOCI	16	(527.99)	(390.58)
Gain on sale of investments carried at FVTPL	16	(990.94)	(797.69)
Fair Value gains on investments at FVTPL	16	(79.81)	(354.58)
Liabilities no longer required written back	16	(698.68)	(270.99)
Loss on disposal/discard of property, plant and equipment	21	100.58	16.15
Provision for Inventory		89.74	-
Provisions for claims and litigations	11.1	778.13	2,025.40
Unrealised Foreign exchange differences (net)		359.71	(433.02)
		12,364.65	10,590.90
Operating profit before changes in operating assets and liabilities		47,844.97	63,884.79
Working capital adjustments			
(Increase)/Decrease in inventories		13,320.63	(15,039.07)
(Increase)/Decrease in financial and non-financial assets		18,007.16	(20,122.28)
Increase/(Decrease) in financial and non-financial liabilities		(19,410.12)	13,077.66
		11,917.67	(22,083.69)
Cash generated from operations		59,762.64	41,801.10
Income taxes paid (net of refunds)		(6,637.96)	(12,811.51)
NET CASH FLOWS FROM OPERATING ACTIVITIES		53,124.68	28,989.59
B. Cash Flow from Investing Activities			
Purchase of property, plant and equipment		(23,070.75)	(23,273.90)
Proceeds from disposal of property, plant and equipment		1.71	121.08
Purchase of current investments		(3,30,700.71)	(2,57,700.00)
Proceeds from sale/redemption of current investments		3,37,427.60	2,52,491.40
Proceeds from redemption of preference shares		4,775.00	-
Interest received		355.05	218.51
Dividend received from equity instruments designated at FVOCI		527.99	390.58
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(10,684.11)	(27,752.33)
C. Cash Flow from Financing Activities			
Proceeds from non-current borrowings		-	18,300.00
Repayment of non-current borrowings		(6,777.54)	(4,018.54)
Payment of lease Liability		(2,268.30)	-
Increase/(Decrease) in cash credit facilities from banks		174.80	(17,165.95)
Proceeds from current borrowings		73,288.76	1,11,706.50
Repayment of current borrowings		(85,698.49)	(1,01,513.79)
Dividends paid		(14,463.88)	(9,673.44)
[excluding amount transferred to unpaid dividend account and remain unclaimed at year end and includes tax on dividend ₹2,479.72 Lakhs (previous year ₹1,664.95 Lakhs)]			
Finance cost paid		(3,111.00)	(4,674.61)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(38,855.65)	(7,039.83)
Net increase/(decrease) in Cash and Cash Equivalents		3,584.92	(5,802.57)
Opening Cash and Cash Equivalents [Refer Note 4(c)]		11,357.14	17,159.71
Closing Cash and Cash Equivalents [Refer Note 4(c)]		14,942.06	11,357.14

Consolidated Ind AS Statement of Cash Flows for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Changes in liabilities arising from financing activities

Particulars	1 April 2019	Cash Flows	Other	31 March 2020
Current borrowings	45,201.89	(12,234.93)	-	32,966.96
Lease Liability	6,629.82	(2,268.30)	8,931.89	13,293.41
Non-current borrowings (including Current Maturities)	34,140.81	(6,777.54)	1,367.24	28,730.51
Total liabilities from financing activities	85,972.52	(21,280.77)	10,299.13	74,990.88

Particulars	1 April 2018	Cash Flows	Other	31 March 2019
Current borrowings	52,264.00	(6,973.25)	(88.86)	45,201.89
Non-current borrowings (including Current Maturities)	19,469.79	14,281.46	389.56	34,140.81
Total liabilities from financing activities	71,733.79	7,308.21	300.70	79,342.70

Accounting Policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes form an integral part of these Consolidated Ind AS Statement of Cash Flows

This is the Consolidated Ind AS Statement of Cash Flows referred to in our report of even date.

For **S. R Batliboi & Co. LLP**

ICAI Firm Registration Number 301003E/E300005

Chartered Accountants

Kamal Agarwal

Partner

Membership Number: 058652

Kolkata

Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director

(DIN: 06513489)

Kusum Dadoo

Director

(DIN: 06967827)

K. S. B. Sanyal

Director

(DIN: 00009497)

Kaushik Mukherjee

Company Secretary

Raj Kumar Gupta

Chief Financial Officer

Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	31 March, 2020		31 March, 2019	
	No of shares	Amount	No of shares	Amount
Equity shares of ₹2/- (31 March, 2019 ₹2/-) each issued, subscribed and paid up:				
Opening balance	172,337,860	3,446.77	172,337,860	3,446.77
Closing balance	172,337,860	3,446.77	172,337,860	3,446.77

B. Other equity

Particulars	Notes	Reserves and Surplus			Fair value through other comprehensive income reserve	Other reserves	Other items of Comprehensive Income - FCTR	Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve					
As at 1 April, 2019	9	152.81	22,411.79	7,338.43	60.34	1,16,279.38	62.20	584.56	1,62,126.86
Profit for the year		-	-	-	-	28,655.15	-	95.00	28,750.15
Other comprehensive income for the year (net of tax)		-	-	-	-	(122.09)	-	46.83	(817.73)
Dividends paid (including ₹2,479.72 Lakhs tax on dividends)	26	-	-	-	-	(14,543.37)	200.13	-	(14,543.37)
Transitional adjustment on implementation of Ind AS 116 (net of tax of ₹174.05 Lakhs)		-	-	-	-	(324.13)	-	-	(324.13)
Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred. Refer Note 4(a)		-	-	-	-	(1,356.24)	-	-	-
As at 31 March, 2020		152.81	22,411.79	7,338.43	60.34	1,28,588.70	262.33	726.39	1,67,191.78

Particulars	Notes	Reserves and Surplus			Fair value through other comprehensive income reserve	Other reserves	Other items of Comprehensive Income - FCTR	Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve					
As at 1 April, 2018	9	152.81	22,411.79	7,338.43	60.34	88,944.23	(22.81)	659.13	1,34,970.13
Profit for the year		-	-	-	-	38,369.61	-	(102.97)	38,266.64
Other comprehensive income for the year (net of tax)		-	-	-	-	(62.59)	-	28.40	(138.04)
Dividends paid (including ₹1,664.95 Lakhs tax on dividends)	26	-	-	-	-	(9,764.83)	85.01	-	(9,764.83)
Loss on fair valuation of preference shares of companies under control/significant influence of the holding company		-	-	-	-	(1,207.04)	-	-	(1,207.04)
As at 31 March, 2019		152.81	22,411.79	7,338.43	60.34	1,16,279.38	62.20	584.56	1,62,126.86

The accompanying notes form an integral part of these Consolidated Ind AS Statement
This is the Consolidated Ind AS Statement of Changes in Equity referred to in our report of even date.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/EE300005
Chartered Accountants
Kamal Agarwal
Partner
Membership Number: 058652
Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited
Kaushik Roy
Managing Director
(DIN: 06513489)
Kusum Dadoo
Director
(DIN: 06967827)
K. S. B. Sanyal
Director
(DIN: 00009497)
Kaushik Mukherjee
Company Secretary
Raj Kumar Gupta
Chief Financial Officer

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

Corporate Information

The consolidated financial statements comprise financial statements of Phillips Carbon Black Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2020. The Company is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Group is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 29. The equity shares of the Company are listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited. The registered office of the Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

These consolidated financial statements were approved and authorised for issue in accordance with resolution of the Board of Directors on June 23, 2020.

1. Basis of Preparation and Other Significant Accounting Policies

1.1.1. Compliance with Ind AS

These consolidated financial statements comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These standards and policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are presented in Indian Rupee (₹), which is the Company's functional and the Group's presentation currency.

1.1.2. Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except the following, which are measured at fair values: -

c. The subsidiary companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of ownership interest as on March 31, 2020	% of ownership interest as on March 31, 2019
Phillips Carbon Black Cyprus Holdings Limited	Cyprus	100	100
PCBL Netherlands Holdings B.V.	Netherlands	Refer Note below	100
Phillips Carbon Black Vietnam Joint Stock Company	Vietnam	80	80

Note: PCBL Netherlands Holdings B.V. a wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the year ended 31 March, 2020 in accordance with the local laws of Netherlands.

1.1.4. Current versus Non-current Classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or

- certain financial assets and liabilities (including derivative instruments).
- Plan assets of defined benefit employee benefit plans

1.1.3. Principles of Consolidation

- Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in any subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

- d. there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

1.2. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.3. Other financial assets (other than Investments)

1.3.1. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income.

1.3.2. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely

payments of principal and interest are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

1.3.3. Impairment of financial assets

The Group assesses on a forward looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the Group determines whether there has been a significant increase in credit risk.

1.3.4. Derecognition of financial assets

A financial asset is derecognised only when

- The rights to receive cash flows from the asset have expired
- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.5. Fair value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair values includes discounted cash flow analysis and available quoted market prices. All methods of assessing fair values result in general approximation of fair values and such value may never actually be realised.

1.4. Derivatives Instruments

The Group enters into certain derivative contracts to hedge risks, which are not designated as hedges. Derivatives are recognised at fair values on the date a derivative contract is entered into and subsequent fair value changes are recognised in the statement of profit and loss at the end of each reporting period.

1.5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

1.6. Foreign currency transactions and translation

1.6.1 Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. At the year end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The results and financial position of foreign subsidiaries are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

1.7. Changes in accounting policies and disclosures

- The Group applied Ind AS 116 Leases for the first time. Ind AS 116 Leases supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of

leases and requires lessees to recognise most leases on the balance sheet.

The Group has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional provisions of the Standards, with the date of initial application on 1st April 2019. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. As a lessee, the Group previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Group. Under Ind AS 116, the Group assesses whether a contract contains a lease, at the inception of a contract. A contract contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys a right to control the use of an identified asset, the Group assesses whether (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from the use of asset throughout the period of lease and (iii) the Group has the right to direct the use of the asset.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹6,131.64 Lakhs, and a lease liability of ₹6,629.82 Lakhs. Cumulative impact of applying the standard gross of taxes amount is ₹498.18 Lakhs and net of taxes amount is ₹323.13 Lakhs which is debited to retained earnings.

Also refer Note 10(d) for impact of adoption of Ind- AS 116 on the financial statements of the Group.

- Several other amendments, as outlined below, applies for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company

- Ind AS 12 Uncertainty over Income Tax Treatment
- Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement,
- Ind AS 12 Income Taxes
- Ind AS 23 Borrowing Costs

1.8. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Lakhs (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENT

The preparation of consolidated financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates is recognised in the period in which the estimates are revised, and future periods impacted.

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represents obligation that will be settled in future and require assumptions to project benefit obligations. Post-employment benefits accounting is intended to reflect the recognition of future benefits cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and benefit costs incurred.

Estimation of expected useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the Group's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities and Provisions for claims and litigations

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business. The Group consults with legal counsel and certain other experts on matters related to litigations. The Group accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible, or an estimate is not determinable, the matter is disclosed.

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques which involve various judgements and

assumptions. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumption about these factors could affect the reported fair value of financial instruments. Refer Note 31 for further disclosures.

NOTE 3(a) Property, plant and equipment

Accounting Policy

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction or at deemed cost as on the date of transition to Ind AS less accumulated depreciation, impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Consolidated and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation

In case of certain property, plant and equipment, depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets which are different than the rates prescribed under the Schedule II to the Companies Act 2013.

The Consolidated, based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Equipment and Electrical Installations over estimated useful life of 18 to 20 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on historical cost/deemed cost of other property, plant and equipment (except land) is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013.

The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting year.

An item of property, plant and equipment or its components recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The cost of property plant and equipment not ready to use are disclosed under capital work in progress.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

TANGIBLE ASSETS

(All amounts in ₹ Lakhs, unless otherwise stated)

	Freehold Land	Leasehold Land	Buildings (i)	Non-Factory Buildings and Flats	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Electrical Installations	Railway Sidings	Total
Year ended 31 March 2020											
Gross carrying amount											
Opening balance as at 1 April 2019	20,206.19	42,920.48	7,563.04	8,089.12	92,110.83	160.82	670.69	17.94	2,232.26	1.40	1,73,972.77
Additions during the year	-	-	154.72	1,057.51	7,120.83*	555.18	96.21	-	175.76	-	9,160.21
Disposal during the year	-	-	-	-	(145.48)	(10.52)	(31.25)	-	(5.12)	-	(192.37)
Closing Gross carrying amount	20,206.19	42,920.48	7,717.76	9,146.63	99,086.18	705.48	735.65	17.94	2,402.90	1.40	1,82,940.61
Accumulated Depreciation											
Opening balance as at 1 April 2019	-	-	1,250.62	483.05	21,441.27	85.53	474.59	14.76	781.60	1.40	24,532.82
Depreciation during the year	-	-	352.80	219.00	6,656.90	46.25	118.53	1.52	157.92	-	7,552.92
Adjustment of depreciation on disposal	-	-	-	-	(47.72)	(7.64)	(29.85)	-	(4.86)	-	(90.07)
Closing Accumulated Depreciation	-	-	1,603.42	702.05	28,050.45	124.14	563.27	16.28	934.66	1.40	31,995.67
Net carrying amount as at 31 March, 2020	20,206.19	42,920.48	6,114.34	8,444.58	71,035.73	581.34	172.38	1.66	1,468.24	-	1,50,944.94
Year ended 31 March 2019											
Gross carrying amount											
Opening balance as at 1 April 2018	20,206.19	42,920.48	7,286.36	5,810.21	78,229.86	160.70	567.56	17.94	2,191.88	1.40	1,57,392.58
Additions during the year	-	-	276.68	2,278.91	14,065.16*	4.57	107.11	-	40.81	-	16,773.24
Disposal during the year	-	-	-	-	(184.19)	(4.45)	(3.98)	-	(0.43)	-	(193.05)
Closing Gross carrying amount	20,206.19	42,920.48	7,563.04	8,089.12	92,110.83	160.82	670.69	17.94	2,232.26	1.40	1,73,972.77
Accumulated Depreciation											
Opening balance as at 1 April 2018	-	-	917.91	344.53	15,634.33	69.11	371.04	12.95	614.56	1.40	17,965.83
Depreciation during the year	-	-	332.71	138.52	5,856.05	19.75	106.77	1.81	167.21	-	6,622.82
Adjustment of depreciation on disposal	-	-	-	-	(49.11)	(3.33)	(3.22)	-	(0.17)	-	(55.83)
Closing Accumulated Depreciation	-	-	1,250.62	483.05	21,441.27	85.53	474.59	14.76	781.60	1.40	24,532.82
Net carrying amount as at 31 March, 2019	20,206.19	42,920.48	6,312.42	7,606.07	70,669.56	75.29	196.10	3.18	1,450.66	-	1,49,439.95

* Includes ₹ Nil (31 March 2019: ₹339.20 Lakhs) on account of duty saved on assets imported under the EPCG scheme.

- (i) Cost and accumulated depreciation include ₹4,786.38 Lakhs (31 March, 2019 - ₹4,775.22 Lakhs) and ₹894.10 Lakhs (31 March, 2019 - ₹698.33 Lakhs), respectively in respect of Buildings on Leasehold Land.
- (ii) Title deed of the above immovable properties are held in the name of the Company except leasehold land amounting to ₹2,521.08 Lakhs (31 March, 2019 - ₹2,521.08 Lakhs) for which execution of leasehold deed is pending.
- (iii) The Group has borrowings from banks, which carry security charge over certain of the above property, plant and equipment. (Refer note 10(a) for details).
- (iv) Gross carrying amount on leasehold land represents amount paid under certain lease agreements where the Group has an option to renew the properties on expiry of the lease period. The Group based on terms and conditions of lease agreements has assessed these lease arrangements to be perpetual in nature, accordingly leasehold land is not amortised.
- (v) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 20).

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(b): Capital Work-in-Progress

CAPITAL WORK IN PROGRESS

Particulars	Total
Year ended 31 March, 2020	
Opening balance as at 1 April 2019	17,504.16
Additions during the year	22,794.00*
Capitalization during the year	(9,739.75)
Closing Gross carrying amount	30,558.41
Year ended 31 March, 2019	
Opening balance as at 1 April 2018	6,684.43
Additions during the year	27,698.78*
Capitalization during the year	(16,879.05)
Closing Gross carrying amount	17,504.16

1. During the year the Group has capitalised the following expenses to cost of Property, plant and equipment/capital work-in-progress:

	31 March, 2020	31 March, 2019
Finance Cost	900.31	248.08
Salaries and wages	616.10	458.85
Other Overheads	156.76	785.51
	1,673.17	1,492.44
Add: Balance brought forward from previous year	169.20	319.43
Less: Capitalised during the year to Property, plant and equipment	-	1,642.67
Balance lying in capital work-in-progress	1,842.37	169.20

Refer Note 10 (a) for rate used to determine the amount of borrowings cost eligible for capitalisation.

* Includes ₹281.54 Lakhs (31 March 2019 ₹586.65 Lakhs) on account of duty saved on assets imported under the EPCG scheme.

NOTE 3(c): Investment property

Accounting Policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Particulars	Land
Year ended 31 March, 2020	
Opening gross carrying amount at 1 April, 2019	447.73
Closing gross carrying amount	447.73
Year ended 31 March, 2019	
Opening gross carrying amount at 1 April, 2018	447.73
Closing gross carrying amount	447.73

Estimation of fair value

The Group's investment property consists of freehold land in Angul, Orissa, India.

The fair value of the investment property is based on current prices for similar property. The main inputs used are quantum, area, location, demand, and trend of fair market value in the area.

The fair value is determined by an accredited independent valuer. Fair valuation is based on market approach method and categorised as Level 2 fair value hierarchy. As at 31 March 2020 and 31 March 2019, the fair values of the properties are ₹539.42 Lakhs and ₹514.06 Lakhs respectively.

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 31(iv).

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(d): Intangible assets

Accounting Policy

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation, impairment loss, if any.

Computer Software for internal use, which is primarily acquired from third party vendors, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation method and period

Computer software is amortized on a straight line basis over estimated useful life of three years from the date of capitalisation.

Amortisation method and useful lives are reviewed periodically at each financial year end.

Particulars	Computer Software
Year ended 31 March, 2020	
Gross carrying amount	
Opening balance as at 1 April 2019	225.12
Additions during the year	-
Closing Gross carrying amount	225.12
Accumulated amortisation	
Opening balance as at 1 April 2019	82.01
Amortisation charge during the year	41.63
Closing accumulated amortisation	123.64
Net Carrying Amount	101.48
Year ended 31 March, 2019	
Gross carrying amount	
Opening balance as at 1 April 2018	111.11
Additions during the year	114.01
Closing Gross carrying amount	225.12
Accumulated amortisation	
Opening balance as at 1 April 2018	66.47
Amortisation charge during the year	15.54
Closing accumulated amortisation	82.01
Net Carrying Amount	143.11

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer note20).

NOTE 3(e) Right of use assets

Accounting Policy

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1.2. Impairment of non-financial assets.

Particulars	Right of use assets
Year ended 31 March, 2020	
Gross carrying amount	
Balance as of 1 April 2019 (Recognised on transition date of IND AS 116) (Refer Note 1.7)	6,131.64
Additions during the year	8,007.97
Closing Gross carrying amount	14,139.61
Accumulated amortisation	
Balance as of 1 April 2019	-
Amortisation charge during the year	1,641.66
Closing accumulated amortisation	1,641.66
Net Carrying Amount as at 31 March, 2020	12,497.95

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 4 (a): INVESTMENTS

Accounting Policy

1. Investment in subsidiaries

1.1 Classification

The Group classifies its investments as those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss).

The classification depends on the Group's business model for managing the investments and the contractual terms of cash flows.

For investments measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies the debt investments when and only when the business model for managing those investment changes.

1.2. Measurement

At initial recognition, the Group measures a investment at its fair value plus, in the case of investment not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in the statement of profit and loss.

(a) Debt Instrument

Subsequent measurement of debt instruments depends on the Group's business model for managing the investment and the cash flow characteristics of the investment. The Group classifies its debt instruments as:

Fair value through profit or loss: Investments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in statement of profit and loss and presented on net basis in the statement of profit and loss within other income/ other expense in the period in which it arises.

(b) Equity Instrument

The Group subsequently measures all equity investments at fair value through Other Comprehensive Income and there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. At the time of derecognition of such investments, the gain or loss is transferred to retained earnings.

	As at 31 March, 2020	As at 31 March, 2019
Non-Current		
Investments in Equity Instruments (fully paid-up) - Others		
Quoted		
Bank of Baroda 35,930 (31 March, 2019: 35,930) equity shares of ₹2/- each **	19.24	46.26
Indian Overseas Bank 11,400 (31 March, 2019: 11,400) equity shares of ₹10/- each **	0.80	1.65
Norplex Oak India Limited 380,000 (31 March, 2019: 380,000) equity shares of ₹10/- each ^	-	-
Maple Circuits Limited 765,000 (31 March, 2019: 765,000) equity shares of ₹10/- each ^	-	-
CESC Limited 1,686,198 (31 March, 2019: 1,686,198) equity shares of ₹10/- each **	6,888.96	12,320.21
CESC Ventures Limited 337,239 (31 March, 2019: 337,239) equity shares of ₹10/- each **	397.77	2,097.46
Spencers Retail Limited 1,011,718 (31 March, 2019: 1,011,718) equity shares of ₹5/- each **	751.20	1,618.75
Total (A)	8,057.97	16,084.33

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Unquoted		
Apeejay Charter Private Limited 1,600 (31 March, 2019: 1,600) equity shares of ₹10/- each **	3.82	0.16
Accurate Commodeal Private Limited 390,000 (31 March, 2019: 390,000) equity shares of ₹10/- each **	1,629.74	481.85
Woodlands Multispeciality Hospital Limited 145,480 (31 March, 2019: 145,480) equity shares of ₹10/- each **	504.82	421.89
Ritushree Vanijya Private Limited 1,900 (31 March, 2019: 1,900) equity Shares of ₹10/- each **	630.58	1,445.14
Solty Commercial Private Limited 1,900 (31 March, 2019: 1,900) equity Shares of ₹10/- each **	630.54	1,445.10
Subhrashi Vinimay Private Limited Nil (31 March, 2019: 13,000,000) equity shares of ₹10/- each (Refer Note 4)	-	1,606.52
Fairluck Commercial Company Limited Nil (31 March, 2019: 6,670,000) equity shares of ₹10/- each (Refer Note 4)	-	745.12
Spotboy Tracom Private Limited 330,875 (31 March, 2019: 330,875) equity shares of ₹10/- each **	1,873.00	1,300.48
Elphinstone Properties (P) Ltd. Nil (31 March, 2019: 4,500,000) equity shares of ₹10/- each (Refer Note 4)	-	628.93
RPG Industries (P) Ltd. 402,000 (31 March, 2019: 402,000) equity shares of ₹10/- each **	226.19	283.75
Total (B)	5,498.69	8,358.94
Investments in Preference Shares (fully paid-up) - Other		
Devise Properties Private Ltd. 1,050,000 (31 March, 2019: 1,050,000) 0% Convertible Preference Shares of ₹100/- each at par #	709.80	656.73
Lebnitze Real Estate (P) Ltd. Nil (31 March, 2019: 950,000) 0% Convertible Preference Shares of ₹100/- each at par #	-	603.07
5,017,110 (31 March, 2019: Nil) 6% Non Cumulative Non Convertible Redeemable Preference Share of ₹100/- each at par # (Refer Note 4)	1,241.88	-
Norplex Oak India Limited 50 (31 March, 2019: 50) preference shares of ₹100/- each ^	-	-
Maple Circuits Limited 50 (31 March, 2019: 50) preference shares of ₹100/- each ^	-	-
Total (C)	1,951.68	1,259.80
(D)=(A)+(B)+(C)	15,508.34	25,703.07
Current		
Investments in Preference Shares (fully paid-up) - Others		
Unquoted		
Rainbow Investments Limited NIL(31 March 2019: 4,775,000), 2% Cumulative Non Convertible Redeemable Preference Shares of ₹100 each #	-	4,504.66
Investments in Mutual Funds #		
Unquoted		
ICICI Prudential Liquid - Direct Plan Growth NIL (31 March, 2019: 2,172,909.254) of face value ₹100/- each	-	6,006.28
	-	10,510.94
1. Additional Information		
(a) Aggregate amount - market value of quoted investments	8,057.97	16,084.33
(b) Aggregate amount of unquoted investments	7,450.37	20,129.68

Investments carried at Fair value through profit and loss

** Investments carried at Fair value through Other Comprehensive Income (FVOCI) - Refer note 2 below

^ The cost of quoted and unquoted investments in equity instruments (fully paid up) and preference shares (fully paid up) respectively have been written off in the past, though quantity thereof appears in the books

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

- These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVOCI as the management believes that this provides a more meaningful presentation for long term investments, than reflecting changes in fair values immediately in statement of profit and loss. Based on the aforesaid election, fair value changes are accumulated within Equity under "Fair Value Changes through Other Comprehensive Income - Equity Instruments". The Company transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.
- Refer note 31 for information about fair value measurements and note 31 for credit risk and market risk on investments.
- The Company has received, specified number of 6% Non Cumulative Non Convertible Redeemable Preference Share of Lebnitze Real Estate (P) Ltd. in exchange of existing equity shares of Subhrashi Vinimay Private Ltd, Fairluck Commercial Company Ltd. and Elphinstone Properties (P) Ltd. and 0% convertible preference share of Lebnitze Real Estate (P) Ltd., pursuant to the scheme of amalgamation of companies approved by the National Company Law Tribunal.

Fair value loss and its consequential impact arising on recognition of these preference shares and de-recognition of existing investment in equity shares/preference shares has been accounted for through other comprehensive income/statement of profit and loss as per the requirement of relevant Ind AS.

NOTE 4(b): TRADE RECEIVABLES

Accounting Policy

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

	As at 31 March, 2020	As at 31 March, 2019
Secured		
Considered Good	80.00	100.00
Unsecured		
Considered Good	58,744.46	65,165.78
Receivables which have significant increase in credit risk	96.32	159.45
Receivables - credit impaired	867.50	1,188.39
Less : Allowance for significant increase in credit risk	(96.32)	(159.45)
Less: Allowance for credit impaired receivables	(867.50)	(1,188.39)
	58,824.46	65,265.78

- No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.
- Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 4(c): CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	As at 31 March, 2020	As at 31 March, 2019
Balances with banks	14,913.56	10,524.97
Remittances in transit	21.77	826.03
Cash on Hand	6.73	6.14
	14,942.06	11,357.14

NOTE 4(d): OTHER BANK BALANCES

	As at 31 March, 2020	As at 31 March, 2019
Balances with Banks		
- In Unpaid Dividend Accounts *	268.01	188.52
	268.01	188.52

* Earmarked for payment of Unclaimed Dividends

NOTE 4(e): LOANS

(Unsecured considered good)

	As at 31 March, 2020	As at 31 March, 2019
Non-current		
Security deposits	1,263.49	1,231.94
Other Loans		
Loan to Employees @	149.76	140.22
	1,413.25	1,372.16
@ Includes amount due from an officer of the Company	5.50	11.50
Current		
Security deposits	9.10	9.10
Other Loans		
Loan to Employees @	53.41	170.64
	62.51	179.74
@ Includes amount due from an officer of the Company	6.00	6.00

NOTE 4(f): OTHER FINANCIAL ASSETS

(Unsecured considered good)

	As at 31 March, 2020	As at 31 March, 2019
Non-Current		
Margin Money Deposit against guarantees	139.20	139.20
	139.20	139.20
Current		
Derivative Instruments not designated as hedges	2,155.18	-
- Foreign Exchange Forward Contracts		
Unbilled Revenue from sale of power	97.57	194.32
	2,252.75	194.32

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 5: OTHER ASSETS

(Unsecured considered good, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Non-current		
Capital advances		
- Considered Good :	3,252.18	1,918.52
- Considered Doubtful :	45.62	45.62
Less : Allowance for doubtful advances	(45.62)	(45.62)
Deposits under Protest	388.92	452.39
Others		
Advances to Suppliers/ Service providers (other than capital)	442.04	-
Prepaid Expenses	96.50	126.23
Advances to Employees	60.55	-
	4,240.19	2,497.14
Current		
Advances other than capital advances		
Advances to Suppliers/ Service providers (other than capital)		
- Considered Good :	2,684.00	1,293.07
- Considered Doubtful :	16.18	16.18
Less : Allowance for doubtful advances	(16.18)	(16.18)
Others		
Balances with Government Authorities *		
- Considered Good :	708.35	5,007.80
- Considered Doubtful :	216.46	216.46
Less : Allowance for doubtful advances	(216.46)	(216.46)
Advances to Employees	12.54	-
Prepaid Expenses	545.62	386.89
Export Benefit Receivables #	971.71	1,038.95
Others	138.12	13.16
	5,060.34	7,739.87

* Balances with Government Authorities primarily includes amounts realisable from the GST Authorities and customs authorities of India and the unutilised GST input credits on purchases to be utilised against future GST liabilities. These are generally realised within one year and hence these balances have been classified as current assets.

Export Benefit Receivables primarily consist of amounts receivable from government authorities of India towards incentives on export sales made by the Group

Note 6: INVENTORIES

(At lower of cost and net realisable value)

Accounting Policy

Inventories are stated at lower of cost and net realisable value.

- Raw materials, Stores and Spares and Packing Material: cost is determined on moving weighted average method and includes cost of purchase and other incidental costs. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Finished goods: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Raw materials	19,893.35	30,900.18
Finished goods	7,932.70	8,311.51
Stores and spares parts *	4,792.82	6,817.54
* [including packing material ₹768.69 Lakhs (Previous Year ₹572.57 Lakhs)]		
	32,618.87	46,029.23

NOTE 7: NON CURRENT TAX ASSETS (NET)

	As at 31 March, 2020	As at 31 March, 2019
Advance payment of Taxes	837.62	-
[Net of Provision for Tax ₹41,732.62 Lakhs (31 March, 2019: ₹ Nil)]		
	837.62	-

NOTE 8: EQUITY SHARE CAPITAL

	As at 31 March, 2020	As at 31 March, 2019
Authorized share capital		
310,000,000 (31 March, 2019: 310,000,000) equity shares of ₹2/- each	6,200.00	6,200.00
Issued, subscribed and paid-up		
172,337,860 (31 March, 2019: 172,337,860) equity shares of ₹2/- each fully paid up (Refer (i) below)	3,446.77	3,446.77
	3,446.77	3,446.77
(i) There was no change in number of equity shares issued during the year ended 31 March, 2020 and 31 March, 2019. No equity shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.		
(ii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company :-	Number of Shares	Number of Shares
	(Holding %)	(Holding %)
Rainbow Investments Limited - Holding Company	8,65,15,370	8,65,15,370
	-50.20%	-50.20%
(iii) Terms/ Rights attached to equity shares		
The Company has only one class of equity shares having par value of ₹2/- per share and each shareholder is entitled for one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
(iv) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94.		
(v) 48 equity shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India.		

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 9: OTHER EQUITY

	As at 31 March, 2020	As at 31 March, 2019
(i) Reserves and Surplus		
Capital Reserve (Refer a below)	152.81	152.81
Securities Premium (Refer b below)	22,411.79	22,411.79
Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below)	60.34	60.34
General reserve (Refer d below)	7,338.43	7,338.43
Retained Earnings (Refer e below)	1,28,588.70	1,16,279.38
(ii) Other Reserves		
Equity Instruments through Other comprehensive income (Refer f below)	7,650.99	15,237.35
Foreign Currency Translation reserve (refer f(b) below)	262.33	62.20
	1,66,465.39	1,61,542.30
(a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation - Balance brought forward	152.81	152.81
(b) Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013		
Balance as at the beginning of the year	22,411.79	22,411.79
Balance as at the end of the year	22,411.79	22,411.79
(c) Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward	60.34	60.34
(d) General Reserve - balance brought forward	7,338.43	7,338.43
Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.		
(e) Retained Earnings		
Balance as at the beginning of the year	1,16,279.38	88,944.23
i) Profit for the year	28,655.15	38,369.61
ii) Items of other comprehensive income recognised directly in Retained Earnings		
- Remeasurement of post-employment defined benefit obligation, (net of tax)/ Others (Refer Note below)	(122.09)	(62.59)
iii) Dividends paid (including ₹2,479.72 Lakhs (Previous year ₹1,664.95 Lakhs) tax on dividends) (Refer note 26)	(14,543.37)	(9,764.83)
iv) Impact on transition on adoption of Ind AS 116 (net of tax of ₹174.05 Lakhs)	(324.13)	-
v) Loss on fair valuation of preference shares of companies under common control/ holding company	-	(1,207.04)
vi) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred from other comprehensive income.	(1,356.24)	-
Balance as at the end of the year	1,28,588.70	1,16,279.38
Note: Others represents amount directly recognised in retained earnings on consolidation of ₹56.31 Lakhs (Previous Year ₹57.79 Lakhs)		
Retained Earnings are the profits and gains that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.		

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
(f) Other Comprehensive Income		
Equity Instruments through Other Comprehensive Income		
(a) Balance as at the beginning of the year	15,237.35	15,426.21
i) Changes in fair value of FVOCI Equity Instruments, net of tax	(8,942.60)	(188.86)
ii) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, (included in (i) above) transferred to retained earnings. Refer Schedule 4(a)	1,356.24	-
Balance as at the end of the year	7,650.99	15,237.35
(b) Foreign Currency translation reserve		
Balance as at the beginning of the year	62.20	(22.81)
Add: Other comprehensive income for the year	200.13	85.01
Balance as at the end of the year	262.33	62.20

The Group has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised.

NOTE 10(a): BORROWINGS

Accounting Policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be utilised. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current and non-current liabilities based on repayment schedule agreed with banks.

(i) Non-current borrowings

	As at 31 March, 2020	As at 31 March, 2019
SECURED LOANS		
Term loans from Banks	28,730.51	34,140.81
Less: Current maturities of Long Term Debt [included in Note 10(c)]	(7,229.11)	(6,777.54)
	21,501.40	27,363.27

Out of the Term Loans in (i) above, loans amounting to :

- ₹19,246.66 Lakhs (31 March 2019 - ₹22,597.24 Lakhs) are secured with a first charge by way of a hypothecation over all moveable properties of the Company both present and future, ranking pari passu with charge created in favour of other term lenders.
- ₹9,483.85 Lakhs (31 March 2019 - ₹11,543.57 Lakhs) is secured with a first charge by way of a hypothecation on the entire fixed assets (Property, plant and equipment) of the company both present and future ranking pari passu with charge created in favour of other term lenders.

Maturity Profile of Long Term Borrowings	As at 31 March, 2020	As at 31 March, 2019
Loan with residual maturity of upto 1 and 3 years	12,646.65	-
Loan with residual maturity of upto 3 and 5 years	16,083.86	22,597.24
Loan with residual maturity of upto 5 and 10 years	-	11,543.57
	28,730.51	34,140.81

Interest rate on Rupee loans from Banks are based on spread over respective Lenders benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR. All of the above are repayable in periodic instalments over the maturity period of the respective loans.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) Current Borrowings

	As at 31 March, 2020	As at 31 March, 2019
SECURED LOANS FROM BANKS		
Loans repayable on demand	12,966.96	12,495.39
Other loans	-	2,500.00

a) Nature of Security

Secured by first charge by way of hypothecation of all the Company's current assets, namely all the stock of raw material, stock in process, semi finished goods and finished goods, consumable stores and spares not relating to plant and machinery (consumable and spares) both present and future, bills receivable, bills whether documentary or clean, outstanding monies, receivable, book debts and all other current assets of the Company both present and future, ranking pari passu without any preference or priority of one over the others and also by second charge on the company's immovable and movable fixed assets (Property, plant and equipment), both present and future ranking pari passu without any preference or priority of one over the others.

	As at 31 March, 2020	As at 31 March, 2019
UNSECURED LOANS		
Loans repayable on demand		
- From Banks	20,000.00	30,206.50
	32,966.96	45,201.89

Balance outstanding as at 31 March 2020 in respect of Commercial Paper was ₹ Nil (31 March, 2019: ₹ Nil). Maximum amount outstanding at any time during the year was ₹7,500 Lakhs (31 March, 2019: ₹25,000 Lakhs)

Refer notes 3(a), 4(b) and 6 for details of assets pledged as security as set out in the above note. Refer note 32 for information about liquidity risk and market risk on borrowings.

NOTE 10(b): TRADE PAYABLES

Accounting Policy

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Current

	As at 31 March, 2020	As at 31 March, 2019
Total outstanding of Dues to Micro Enterprises and Small Enterprises	1,265.27	358.87
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	40,612.18	50,469.77
	41,877.45	50,828.64

Information relating to Micro, Small and Medium Enterprises (MSME)s:

	As at 31 March, 2020	As at 31 March, 2019
(i) The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	1,176.80	316.56
Interest	9.81	24.31
(ii) The amount of interest paid by the buyer under Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of payment made to suppliers beyond the appointed day during the year		
Principal	-	-
Interest	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	3,846.92	1,997.22
Interest	36.35	2.87
(iv) The amount of interest accrued and remaining unpaid at the end of the year	88.47	42.31
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23	46.16	27.18

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 10(c): OTHER FINANCIAL LIABILITIES

Accounting Policy

i) Short Term Employee Benefits

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

ii) Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) and does not include non-lease components (maintenance charges etc.). In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

	As at 31 March, 2020	As at 31 March, 2019
Non Current		
Lease Liability	10,430.57	-
Current		
Current maturities of long term Debt	7,229.11	6,777.54
Interest accrued but not due	874.47	281.06
Unpaid Dividends [Refer Note (i) below]	268.01	188.52
Others:		
Security Deposits received	89.90	108.90
Employee benefits payable	2,520.17	1,544.91
Capital creditors	3,162.21	2,684.84
Directors' fees & commission payable	1,026.00	1,614.09
Derivative instrument not designated as hedges - foreign-exchange forward contracts	-	746.03
Lease Liability	2,862.84	-
Others	159.73	-
	18,192.44	13,945.89

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTE 10(d): LEASES

The Group's lease contract which qualifies as leases under Ind AS 116, are majorly in respect of leases for storage tanks, buildings and vehicles.

Following are the impact of adoption of Ind AS 116 on the financial statement of the Group for the year ended 31 March, 2020.

Impact on Balance Sheet (Increase/Decrease)

	31 March, 2020	31 March, 2019
Assets		
Right of use assets (Refer details below)	12,497.95	6,131.64*
Liabilities		
Lease Liabilities (Refer details below)	13,293.41	6,629.82 *

* Recognised on date of transition of Ind AS 116

Impact on Statement of Profit and Loss

Particulars	31 March, 2020
Depreciation and amortisation	1,641.66
Finance Cost	885.39
Other expenses	(2,268.30)
Decrease in profit for the year	258.75

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Impact on Statement of Cash Flow

Particulars	31 March, 2020
Payment of principal portion of lease liability	1,382.91
Payment of interest portion of lease liability	885.39
Net Cash Flow used in Financing activity	2,268.30

Following are the changes in the carrying value of right-of- use assets for the year ended 31 March 2020.

Particulars	Right of Use Assets
Balance as of 1 April 2019 (Recognised on transition date)	6,131.64
Additions to Right to use assets during the year	8,007.97
Deletion of Right to use assets during the year	-
Depreciation during the year	(1,641.66)
Balance as of 31 March 2020	12,497.95

Aggregate amount of depreciation has been included under 'Depreciation and amortisation expense' in the Statement of Profit and Loss (Refer Note 20).

The following are the movement in lease liabilities during the year ended 31 March 2020.

Particulars	Lease Liability
Balance as of 1 April 2019 (Recognised on transition date)	6,629.82
Addition to lease liability during the year	8,007.97
Finance cost accrued during the year	885.39
Deletion of Right to use assets during the year	-
Payment/adjustments of lease liabilities	(2,229.77)
Balance as of 31 March 2020	13,293.41
Current	2,862.84
Non-Current	10,430.57

NOTE 11: PROVISIONS

Accounting Policy

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

	As at 31 March, 2020	As at 31 March, 2019
Non-current		
Provision for Employee Benefits (Refer Note 18.1)		
Provision for gratuity	34.10	31.05
Provision for post retirement medical liability and Others	165.13	100.23
	199.23	131.28
Current		
Provision for Employee Benefits (Refer Note 18.1)		
Provision for gratuity	606.64	913.99
Provision for compensated absences	990.00	848.87
Provision for post retirement medical liability/others	20.07	14.74
Provisions for claims and litigations (Refer Note 11.1)	6,774.10	6,543.51
	8,390.81	8,321.11

11.1 Provisions for claims and litigations

The Group has estimated the provisions for pending claims and litigations based on the assessment of probability for these demands crystallising against the Group in due course. The table below gives information about movement in claims and litigations, and provisions

	As at 31 March, 2020	As at 31 March, 2019
At the beginning of the year	6,543.51	6,386.71
Add: Incurred during the year	778.13	2,025.40
Less : Paid / adjusted during the year	547.54	1,868.60
At the end of the year	6,774.10	6,543.51

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

NOTE 12: DEFERRED TAX LIABILITIES

(All amounts in ₹ Lakhs, unless otherwise stated)

	Balance as at 1st April, 2019	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31st March, 2020
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	27,438.08	566.73	-	-	28,004.81
Financial Assets at Fair value through Other Comprehensive Income	2,365.13	-	(1,013.62)	-	1,351.51
Others	33.32	-	-	-	33.32
	29,836.53	566.73	(1,013.62)		29,389.64
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	119.52	-	-	-	119.52
Items allowable for tax purpose on payments/adjustment	2,842.65	(53.30)	-	-	2,789.35
Allowance for doubtful debts - trade receivable	488.46	122.33	-	-	610.79
Impact on adoption of Ind AS 116 (With effect from 1 April 2019)	-	-	-	174.05	174.05
Fair value changes on financial assets	-	208.85	-	-	208.85
Minimum Alternate Tax Credit*	714.04	(714.04)	-	-	-
	4,164.67	(436.16)		174.05	3,902.56
Net Deferred Tax Liabilities:	25,671.86	1,002.89	(1,013.62)	(174.05)	25,487.08

Note:

(i) Pursuant to The Taxation Laws (Amendment) Ordinance, 2019, corporate assesses have been given the option under section 115BAA of the Income Tax Act, 1961 to apply lower income tax rate with effect from April, 2019, subject to certain conditions specified therein. The Company has assessed the impact of the Ordinance and believes that it will continue to remain in the existing tax structure for the foreseeable future based on its forecasted profits. Accordingly, no effect in this regard has been considered in measurement of tax expenses for the purpose of these financial statements. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expenses when there is reasonable certainty to avail the lower rate of tax.

(ii) The Group has unrecognised credits of Minimum Alternate Tax pertaining to earlier years which has not been accounted for in accordance with accounting policy of the Group. (Refer Note 22)

	Balance as at 1st April, 2018	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31st March, 2019
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	26,885.55	552.53	-	-	27,438.08
Borrowings	41.44	(41.44)	-	-	-
Financial Assets at Fair value through Other Comprehensive Income	2,687.32	-	(322.19)	-	2,365.13
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	45.33	(45.33)	-	-	-
Others	-	33.32	-	-	33.32
	29,659.64	499.08	(322.19)		29,836.53
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	111.08	-	-	119.52
Items allowable for tax purpose on payments/adjustment	2,589.81	252.84	-	-	2,842.65
Allowance for doubtful debts - trade receivable	293.19	195.27	-	-	488.46
Minimum Alternate Tax Credit*	4,040.93	-	-	(3,326.89)	714.04
	6,932.37	559.19		(3,326.89)	4,164.67
Net Deferred Tax Liabilities:	22,727.27	(60.11)	(322.19)	3,326.89	25,671.86

* Utilised during the year against normal tax liability

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 13: OTHER CURRENT LIABILITIES

Accounting Policy

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidy will be received. If the grant received is to compensate the import cost of assets, and is subject to an export obligation as prescribed in the EPCG scheme, then the recognition of the grant would be linked to fulfilment of the associated export obligations. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other current liabilities. Revenue grant is recognised as an income in the period in which related obligation is met.

	As at 31 March, 2020	As at 31 March, 2019
Advances from Customers	138.59	164.23
Dues payable to Government Authorities	441.31	385.46
Liability for Export Obligation / Government grants	449.35	586.65
	1,029.25	1,136.34

NOTE 14: CURRENT TAX LIABILITIES (NET)

	As at 31 March, 2020	As at 31 March, 2019
Provision for Income Tax	4.37	538.15
[Net of Advance Tax Nil (31 March, 2019: ₹36,008.45 Lakhs)]		
	4.37	538.15

NOTE 15: REVENUE FROM OPERATIONS

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade and other discounts, rebates and amounts collected on behalf of third parties.

Where the Group is the principal in the transaction, the sales are recorded at their gross values. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing component, non-cash considerations and consideration payable to the customer (if any). Any amounts received for which the Group does not provide any distinct goods or services are considered as a reduction of purchase cost.

However, Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group regardless of when the payment is being made and specific criteria have been met for each of the Group's activities as described below.

Sale of carbon black

Revenue from sale of carbon black is recognised when the control of the goods has passed to the buyer as per the terms of contract. In case of domestic sales, the performance obligation is satisfied upon delivery of the finished goods at customer's location. In case of export sales, the performance obligation is satisfied once the goods are shipped and the bill of lading has been obtained.

Sale of power

Revenue from the sale of power is recognised upon transmission of units to the buyer net of Unscheduled Interchange gains/losses as per the terms of contract with the customer.

Other Operating revenues

Exports entitlements (arising out of duty draw back, Merchandise exports from India Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Group and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Sales of Finished Goods		
Carbon black	3,13,556.80	3,40,603.47
Sale of Power	8,647.65	9,745.69
Other Operating Revenues		
Scrap sales	440.85	507.93
Exports Incentive	1,708.45	1,998.59
Total revenue from operations	3,24,353.75	3,52,855.68
India	2,37,026.12	2,68,493.78
Outside India	85,178.33	81,855.38
Total revenue (excluding scrap sales and exports incentive)	3,22,204.45	3,50,349.16

NOTE 16: OTHER INCOME

Accounting Policy

a. Interest Income

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

b. Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established and the amount of the dividend can be measured reliably which is generally when shareholders approve the dividend.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest income from certain financial assets	355.05	134.13
Dividend income from equity instruments designated at FVOCI	527.99	390.58
Gain on sale of investments carried at FVTPL	990.94	797.69
Fair Value gains on financial assets (investments) at FVTPL	79.81	354.58
Provision/Liability no longer required written back	698.68	270.99
Miscellaneous income	248.95	45.36
	2,901.42	1,993.33

NOTE 17(a) : COST OF MATERIAL CONSUMED

	Year ended 31 March, 2020	Year ended 31 March, 2019
Opening Stock	30,900.18	23,158.49
Add : Purchases	2,07,564.97	2,42,937.64
Less : Closing Stock	(19,893.35)	(30,900.18)
Cost of material consumed	2,18,571.80 *	2,35,195.95

* Net of reversal of excess provision in respect of entry tax payable on imports of raw material in the state of West Bengal.

NOTE 17(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

	Year ended 31 March, 2020	Year ended 31 March, 2019
Closing Stock (Carbon black)	7,932.70	8,311.51
Less: Opening Stock (Carbon black)	(8,311.51)	(2,771.72)
	378.81	(5,539.79)

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 18 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

- The liability or asset recognised in the balance sheet in respect of Defined benefit plans is the present value of the Defined benefits obligation at the end of the reporting period less the fair value of plan assets. The Defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.
- The present value of the Defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.
- The net interest cost is calculated by applying the discount rate to the net balance of the Defined benefit obligation and the fair value of plan assets. This cost is included in Employees Benefits Expense in the statement of profit and loss.
- Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity.
- Changes in the present value of the Defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(II) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(III) Other short-term employee benefit obligations

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

The Group provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Salaries, wages and bonus	11,016.76	9,073.11
Contribution to provident and other funds (Refer note 18.1)	1,378.01	1,047.99
Staff welfare expense (Refer note 18.1)	1,060.51	991.26
	13,455.28	11,112.36

NOTE 18.1: Employee Benefits:

(I) Post employment obligations

(A) Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of last drawn salary and the period of service and paid as lump sum at exit. Gratuity payable is not restricted to the maximum limit prescribed under the Payment of Gratuity Act, 1972. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested solely with the Life Insurance Corporation of India.

(B) Post- retirement medical benefits (PRMB)

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit], a defined benefit retirement plan is extended to certain employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. The scheme is unfunded.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

The following table sets forth the particulars in respect of the defined benefit plans of the Group for the year ended 31st March, 2020:

Particulars	Gratuity Fund (Funded)			PRMB (Unfunded)
	Present Value of Obligation	Fair value of plan assets	Net Amount	Present Value of Obligation
(i) 1 April 2019	2,676.33	(1,731.29)	945.04	45.56
Current Service Cost	191.16	-	191.16	-
Past Service Cost	-	-	-	-
Interest expense/(Income)	187.65	(148.64)	39.01	3.12
Total Amount recognised in profit or loss	378.81	(148.64)	230.17	3.12
Remeasurements (gain)/loss				
(Gain)/loss from change in financial assumptions	165.07	(9.25)	155.82	2.99
(Gain)/loss arising from experience adjustments	116.10	-	116.10	(0.77)
Total amount recognised in other comprehensive income	281.17	(9.25)	271.92	2.22
Employer's contributions	-	(806.39)	(806.39)	-
Benefit payments	(139.99)	139.99	-	(4.39)
31 March 2020	3,196.32 ##	(2,555.58)	640.74	46.51
(ii) 1 April 2018	2,097.37	(1,470.92)	626.45	32.35
Current Service Cost	164.39	-	164.39	-
Past Service Cost	281.53	-	281.53	-
Interest expense/(Income)	147.76	(101.41)	46.35	2.32
Total Amount recognised in profit or loss	593.68	(101.41)	492.27	2.32
Remeasurements (gain)/loss				
(Gain)/loss from change in financial assumptions	161.67	(14.12)	147.55	0.67
(Gain)/loss arising from experience adjustments	24.77	-	24.77	12.14
Total amount recognised in other comprehensive income	186.44	(14.12)	172.32	12.81
Employer's contributions	-	(346.00)	(346.00)	-
Benefit payments	(201.16)	201.16	-	(1.92)
31 March 2019	2,676.33 ##	(1,731.29)	945.04	45.56

Include ₹332.92 Lakhs (31 March, 2019: ₹314.16 Lakhs) related to present value obligation of gratuity payable for contractual workers. This is an unfunded plan.

The expected return on plan assets is determined after taking into consideration composition of plan assets held, assessed risks of asset management, historical results of return on plan assets, Group's policies for plan asset management and other relevant factors.

The expenses for the above mentioned benefits have been included and disclosed under the following line items:-

Gratuity - under 'Contribution to Provident and other Funds' in Note 18

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 18

	2019-20	2018-19
(iii) Actual Return on Plan Asset	148.64	101.41

(iv) The net liability disclosed above relating to funded and unfunded plans are as follows

	As at 31 March, 2020	As at 31 March, 2019
Present value of funded obligations	3,196.32	2,676.33
Fair value of plan assets	(2,555.58)	(1,731.29)
Deficit of funded plan	640.74	945.04
Unfunded plans (PRMB)	46.51	45.56
	687.25	990.60

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(v) Principal : Actuarial assumptions

	As at 31 March, 2020	As at 31 March, 2019
(i) Discount rate	6.30%	7.20%
(ii) Salary escalation rate #	7.00%	7.00%
(iii) Medical inflation rate	5.00%	5.00%
(iv) Mortality Table (In service)	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
(v) Mortality Table (Post Retirement)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)

The estimate of future salary increase considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Group ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Group's ALM objective is to match asset with gratuity obligation. The Group actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Group has not changed the process used to manage its risk from previous periods. The Group does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

(vi) Sensitivity Analysis

		Increase/ (Decrease) in DBO		Increase/ (Decrease) in DBO		
		As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019	
Discount Rate - Gratuity	Decrease by 1%	212.71	172.93	Increase by 1%	(182.09)	(148.18)
Discount Rate - PRMB	Decrease by 1%	3.79	3.63	Increase by 1%	(3.30)	(3.17)
Salary escalation Rate	Decrease by 1%	(183.19)	(149.99)	Increase by 1%	209.95	171.71
Life expectancy	Rated up by 1 Years	1.64	1.49	Rated down by 1 yr	(1.67)	(1.49)
Long term increase in health care cost (medical)	Decrease by 1%	(1.86)	(1.83)	Increase by 1%	2.11	2.07

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar opposite directions, while the plan's sensitivity to such changes can vary over time.

(vii) Risk Exposure

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

- Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
- Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(C) Provident Fund

Certain employees of the Group receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Group. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or cessation of employment. Both the employees and the Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust set up by the Group. The Group has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Group's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Group's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

The Actuary has carried out actuarial valuation of the plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and deterministic approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, the future anticipated shortfall with regard to interest rate obligation of the Group amounts to ₹69.28 Lakhs (31 March, 2019: ₹15.68 Lakhs) and outstanding as at the balance sheet date amounts to ₹138.69 Lakhs (31 March, 2019: ₹69.41 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal Actuarial Assumptions	As at 31 March, 2020	As at 31 March, 2019
Discount Rate	6.30%	7.20%
Expected Return on Exempted Fund	8.25%	8.65%
Expected EPFO return	8.50%	8.65% for first 1 year and 8.60% thereafter.

(II) Defined Contribution Plans

The Group has certain Defined Contribution Plans viz. Provident Fund and Superannuation Fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The Group has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of Basic and Dearness Allowance of the member with Superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹195.92 Lakhs (31 March 2019-₹151.92 Lakhs)

(III) Defined Benefit Liability and Employer Contributions

Expected contribution to Post-employment benefit plans for the year ending 31 March, 2020 is ₹ 307.82 Lakhs (31 March, 2019: ₹630.81 Lakhs)

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2019 - 5 years) for employees and 10 years (31 March, 2019 - 11 years) for contractual employees. The expected maturity analysis of undiscounted gratuity and post employment medical benefits is as follows:

Particulars	Less than a year	Between 1 -2 years	Between 2 -3 years	Between 3 -4 years	Between 4 -5 years	Between 5 -11 years	Total
31 March, 2020							
Defined benefit obligation							
Gratuity	1,047.49	188.40	208.25	321.98	241.10	1,519.24	3,526.46
Provident fund	16.27	10.99	11.19	10.80	10.86	47.30	107.41
Post employment medical benefits	4.42	4.40	4.38	4.33	4.27	19.94	41.74
Total	1,068.18	203.79	223.82	337.11	256.23	1,586.48	3,675.61
31 March, 2019							
Defined benefit obligation							
Gratuity	955.68	111.78	179.36	191.75	285.25	1,442.66	3,166.48
Provident fund	10.28	6.30	6.04	6.06	6.05	24.93	59.66
Post employment medical benefits	4.46	4.46	4.44	4.42	4.37	20.70	42.85
Total	970.42	122.54	189.84	202.23	295.67	1,488.29	3,268.99

NOTE 19 : FINANCE COSTS

Accounting Policy

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest expense on debts and borrowings	3,676.58	3,566.32
Interest on lease liabilities	885.39	-
[(on adoption of Ind AS 116 with effect from 1 April 2019). Refer Note 10(d)]		
Other Borrowings Costs	27.84	111.56
	4,589.81	3,677.88

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 March, 2020	Year ended 31 March, 2019
Depreciation of property, plant and equipments (Refer Note 3(a))	7,552.92	6,622.82
Amortization of intangible assets (Refer Note 3(d))	41.63	15.54
Depreciation on Right of Use Assets (Refer Note 3(e))	1,641.66	
	9,236.21	6,638.36

NOTE 21 : OTHER EXPENSES

	Year ended 31 March, 2020	Year ended 31 March, 2019
Consumption of stores and spares	3,462.53	5,267.51
Consumption of packing materials	6,393.17	5,918.40
Power and fuel	1,740.21	2,285.04
Water charges	555.83	559.32
Rent [Refer Note 10(d)]	469.21	2,101.52
Rates and taxes	831.24	1,457.08
Repairs and maintenance:	-	-
- Buildings	152.08	223.74
- Plant and Machinery	1,986.24	4,000.95
- Others	274.96	277.14
Insurance	333.92	220.08
Travelling and conveyance	1,118.14	1,235.98
Subscriptions and donations *	3,552.58	2,498.22
Freight outward (net of recovery)	9,130.36	8,249.52
Commission to selling agents	3,241.09	3,238.45
Directors' sitting fees & Commission	1,066.45	1,641.49
Research and development expenses (refer note 23)	981.94	488.41
Net loss/(gain) on foreign currency transaction/translation	(106.91)	(204.75)
Loss on disposal of property, plant and equipments	100.58	16.15
Allowance for doubtful debts / expected credit loss - trade receivable (net)	(384.02)	500.69
Corporate Social Responsibility Expenditure [refer note (a) below]	1,182.25	374.30
Miscellaneous expenses	9,461.09	10,121.12
	45,542.94	50,470.36

* Includes ₹3,500 Lakhs (Previous Year ₹2,000 Lakhs) toward contribution to political parties by way of electoral bonds through "The Electoral Bond Scheme, 2018"

(a) Details of CSR expenditure:

	Year ended 31 March, 2020	Year ended 31 March, 2019
(i) Gross amount required to be spent by the Group during the year	677.24	358.41
(ii) Amount spent during the year for purposes other than construction/acquisition of any asset	1,182.25*	374.30 *

* Includes ₹100.00 Lakhs (FY 31 March, 2019 ₹285.00 Lakhs) paid to registered trust for carrying out CSR activities.

As per the general circular and office memorandum issued by the Ministry of Corporate Affairs ("MCA"), any contribution to "PM Cares Fund" shall qualify as CSR expenditure under the Companies Act, 2013.

Further, As per appeal sent by the Secretary of MCA on 30 March 2020 (D.O. No.05/1/2020 – CSR – MCA), if the Company contributes over and above their minimum obligation of amount required to be contributed for CSR, such excess amount can later be offset against the CSR obligation of the Company arising in subsequent years.

Accordingly, the Group contributed a sum of ₹1,000 Lakhs to the PM Cares Fund for the year ended 31st March 2020,

In view of the above representation made by the MCA, excess CSR expenditure of ₹505.01Lakhs would be available to offset against the Group's future CSR obligation.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 22 : TAX EXPENSE

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect of situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit/ loss nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax assets. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Unrecognised MAT are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the MAT to be recovered.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019
a. Income-tax expense recognised in the statement of Profit and Loss		
Current tax		
Current tax on profits for the year	5,727.28	15,087.36
Total current tax expense	5,727.28	15,087.36
Deferred Tax		
Origination and reversal of temporary differences	1,002.89	(60.11)
Total deferred tax (benefit)	1,002.89	(60.11)
Income-tax expense	6,730.17	15,027.25
b. Income-tax expense on other comprehensive income		
Current Tax - Remeasurement of post employment defined benefit obligation	95.81	64.68
Total current tax expense on Other Comprehensive Income	95.81	64.68
Deferred tax - Fair value through other comprehensive income - equity instruments	1,013.62	322.19
Total deferred tax expense / (benefit) recognised in Other Comprehensive Income	1,013.62	322.19
Income-tax expense recognised in Other Comprehensive Income	1,109.43	386.87
c. Reconciliation of statutory rate of tax and the effective rate of tax		
Profit before income tax	35,480.32	53,293.89
Enacted Income tax rate in India applicable to the Company	34.95%	34.95%
Tax on Profit before tax at the enacted Income tax rate in India	12,400.37	18,626.22
Adjustments:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Items not deductible / Income exempt from tax	(250.93)	229.36
Incentives / additional benefits allowable under Income-tax	(3,485.81)	(4,023.58)
Utilisation of previously unrecognised minimum alternative tax	(1,549.36)	-
Other items	(384.10)	195.25
Total Income tax expense	6,730.17	15,027.25
Effective tax rate	18.97%	28.20%

NOTE 23: RESEARCH AND DEVELOPMENT EXPENSES

Accounting Policy

The Group's business research and development concentrates on the development of improved finished goods and better operational efficiency. Research costs are expensed as incurred. Expenditure on development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

Revenue Expenses

	Year ended 31 March, 2020					Year ended 31 March, 2019				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Raw Materials & Stores Consumed	168.71	23.19	-	132.18	13.34	-	-	-	-	-
Salaries Wages and Bonus	439.34	79.44	61.13	239.02	59.75	393.24	67.58	56.17	212.23	57.26
Contribution to Provident and Other Funds	36.84	7.58	4.20	20.34	4.72	33.26	6.21	3.91	18.54	4.60
Staff Welfare Expense	24.60	1.03	0.79	22.01	0.77	18.51	1.35	1.12	14.89	1.15
Miscellaneous Expenses	312.45	34.99	26.92	224.23	26.31	43.40	3.45	-	39.95	-
Total	981.94	146.23	93.04	637.78	104.89	488.41	78.59	61.20	285.61	63.01

Capital Expenditure (included under Gross Carrying Amount in Note 3(a))

	Year ended 31 March, 2020	Year ended 31 March, 2019
Non-Factory Building	-	1,045.43
Plant and Equipment	20.24	-
	20.24	1,045.43

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 24: CONTINGENT LIABILITIES

Accounting Policy

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, 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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Contingent Liabilities for :		
(a) (i) Claims against the Group not acknowledged as debts :		
Income-tax matters under dispute	253.08	253.08
Excise duty matters under dispute	277.16	403.58
Sales tax matter under dispute	30.13	27.14
Service tax matters under dispute	625.52	625.52
Value added tax matters under dispute	85.86	159.76
(ii) Other money for which the Group is contingently liable		
Excise duty matters under dispute	156.53	156.53
(b) Outstanding bank guarantees etc.	1,272.93	1,241.91
(c) Guarantees or counter guarantees or counter indemnity given by the Group		
On behalf of bodies corporate and others		
- Limit	9.00	9.00
- Outstanding	9.00	9.00

It is not practicable for the Group to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings.

NOTE 25: COMMITMENTS

	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Property, plant and equipment (net of capital advances)	6,031.78	659.77

NOTE 26: DIVIDEND ON EQUITY SHARE

	Year ended 31 March, 2020	Year ended 31 March, 2019
Final Dividend for the year ended 31 March 2018 of ₹1.2/- per share on face value of ₹2/- per share	-	2,068.05
Dividend Distribution tax on above	-	425.09
Interim Dividend for the year ended 31 March 2020 of ₹7/- per share on face value of ₹2/- per share (31 March 2019 ₹3.5/- per share on face value of ₹2/- per share)	12,063.65	6,031.83
Dividend Distribution tax on above	2,479.72	1,239.86
	14,543.37	9,764.83

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 27: EARNING PER EQUITY SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

	Year ended 31 March, 2020	Year ended 31 March, 2019
Basic and Diluted		
(i) Number of Equity Shares outstanding [Refer note 8 (ii)]	172,337,860	172,337,860
(ii) Face value of each Equity Share (₹)	2.00	2.00
(iii) Profit after Tax available for Equity Shareholders (₹ in Lakhs)	28,750.15	38,266.64
(iv) Basic and Diluted earnings per Share (₹) [(iii)/(i)]	16.68	22.20

The Group does not have any dilutive potential equity shares.

NOTE 28: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 31 March, 2020	As at 31 March, 2019
Rainbow Investments Limited	Holding Company	India	50.20%	50.20%

(b) Key management personnel of the Company and the Holding Company with whom transactions have taken place

Name	Relationship
i) Sanjiv Goenka	Chairman and Non Executive Director
ii) Shashwat Goenka	Non Executive Director
iii) Preeti Goenka	Non Executive Director
iv) Kaushik Roy	Managing Director
v) O P Malhotra	Non Executive Independent Director
vi) K S B Sanyal	Non Executive Independent Director
vii) Paras K Chowdhary	Non Executive Independent Director
viii) Pradip Roy	Non Executive Independent Director
ix) Kusum Dadoo	Non Executive Independent Director
x) Raj Kumar Gupta	Chief Financial Officer
xi) Kaushik Mukherjee	Company Secretary
xii) Sunil Bhandari	Employee holding Directorship in Holding Company
xiii) Subhranghsu Chakraborty	Person holding Directorship in Holding Company
xiv) Yugesh Kanoria	Person holding Directorship in Holding Company (with effect from 28 June, 2019)

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(c) Others with whom transactions have taken place during the year

Name	Relationship
Rainbow Investments Limited	Holding Company
RPG Power Trading Company Limited	Fellow Subsidiary
Trade Apartment Private Limited	Fellow Subsidiary
Dynamic Success Projects Private Limited	Fellow Subsidiary
CESC Limited	Company under the control of the Holding Company as per Ind AS-110
CESC Ventures Limited	Company under the control of the Holding Company as per Ind AS-110
Spencer's Retail Limited	Company under the control of the Holding Company as per Ind AS-110
Guilfree Industries Limited	Company under the control of the Holding Company as per Ind AS-110
Accurate Commodore Pvt. Limited	Company under the control of the Holding Company as per Ind AS-110 (with effect from 26 March, 2020)
Woodlands Multispeciality Hospital Limited	Fellow Subsidiary
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrisons Malayalam Limited	Associate of Holding Company
Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Staff Provident Institution (Provident Fund)	Post Employment Benefit Plan of the Company (Other related parties)

(e) Details of transaction between the Company and related parties and outstanding balances

Sl. No.	Nature of Transactions	Company under the control of the Holding Company as per Ind AS-110, Holding Company and Fellow Subsidiaries		Associates of Holding Company		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
A. Transactions											
1	Dividend paid on Equity Shares	6,056.08	4,066.22	-	-	-	-	-	-	6,056.08	4,066.22
2	Dividend received on Equity Shares	337.24	295.08	-	-	-	-	-	-	337.24	295.08
3	Dividend received on Preference Shares	190.74	95.50	-	-	-	-	-	-	190.74	95.50
4	Accommodation Charges paid	1.54	-	1.00	0.92	-	-	-	-	2.54	0.92
5	Accommodation Charges recovered	0.28	-	-	-	-	-	-	-	0.28	-
6	Reimbursement of expenses paid	20.50	31.71	-	3.61	-	-	-	-	20.50	35.32
7	Reimbursement of expenses received	452.25	267.05	-	-	-	-	-	-	452.25	267.05
8	Redemption of Preference Shares	4,775.00	-	-	-	-	-	-	-	4,775.00	-
9	Electricity charges paid	2.53	2.46	-	-	-	-	-	-	2.53	2.46
10	Rent Paid	14.18	12.38	-	-	-	-	-	-	14.18	12.38
11	Power Selling expenses paid	218.36	319.66	-	-	-	-	-	-	218.36	319.66
12	Sale of Power	7,551.87	8,577.81	-	-	-	-	-	-	7,551.87	8,577.81
13	Advances given	-	-	-	-	-	-	128.85	179.05	-	179.05
14	Advances recovered	-	-	-	-	-	-	135.10	172.58	-	172.58
15	Licence Fees	27.95	-	-	-	-	-	-	-	27.95	-
16	Contributions paid	-	-	-	-	-	-	1,161.63	665.08	-	1,161.63
17	Remuneration to Key Management Personnel	-	-	-	-	1,641.14	1,342.61	-	-	1,641.14	1,342.61
18	Post-employment benefits to Key Management Personnel	-	-	-	-	55.17	29.60	-	-	55.17	29.60
19	Other long-term benefit to Key Management Personnel	-	-	-	-	21.18	18.47	-	-	21.18	18.47
20	Director's Sitting Fees	-	-	-	-	40.45	27.90	-	-	40.45	27.90
21	Director's Commission	-	-	-	-	1,600.00	900.00	-	-	1,600.00	900.00
22	Loan repaid by Key Management Personnel	-	-	-	-	6.00	6.00	-	-	6.00	6.00
B. Closing Balances											
1	Receivables	2,820.39	742.88	0.03	8.96	11.50	17.50	6.31	0.07	2,831.99	775.65
2	Payables	-	(9.90)	-	(0.01)	-	-	-	-	-	(9.91)
3	Investments	8,037.94	20,541.08	-	-	-	-	-	-	8,037.94	20,541.08

(d) Terms and Conditions

All other transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are repayable in cash.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 29: SEGMENT**Accounting Policy**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group.

(a) Description of segments and principal activities

Carbon Black: The Group is primarily engaged in production of Carbon Black through its four manufacturing units located at Durgapur, Kochi, Vadodara and Mundra

Power: The Group is also engaged in generation of electricity for the purpose of captive consumptions as well as distribution of surplus to outsiders.

The segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statement. Also the Group's borrowings (including finance costs and interest income), income taxes, investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external sources. Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

All non-current assets of the Group (excluding certain financial assets) are located in India.

(b) Segment Revenue, Segment Earnings and other information as at / for the year ended:-**Segment Revenue :**

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	3,13,556.80	8,647.65	3,22,204.45	3,40,603.47	9,745.69	3,50,349.16
Other operating Revenues	2,149.30	-	2,149.30	2,506.52	-	2,506.52
Total revenue from operations	3,15,706.10	8,647.65	3,24,353.75	3,43,109.99	9,745.69	3,52,855.68
Inter-segment revenue	-	6,530.15	6,530.15	-	6,553.59	6,553.59
Total segment revenue	3,15,706.10	15,177.80	3,30,883.90	3,43,109.99	16,299.28	3,59,409.27

Revenue of ₹108,807 Lakhs (31 March 2019 - ₹124,715.47 Lakhs) are derived from two external customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The Group is domiciled in India. The amount of its revenue from external customers broken down by the location of the customers is shown in table below:

Revenue from external customers (excluding other operating revenue)	Year ended 31 March, 2020	Year ended 31 March, 2019
India	2,37,026.12	2,68,493.78
Other countries	85,178.33	81,855.38
Total	3,22,204.45	3,50,349.16

Segment Results :

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	46,782.75	9,904.84	56,687.59	61,902.96	10,891.06	72,794.02
Reconciliation to Profit before tax						
Finance Cost	-	-	(4,589.81)	-	-	(3,677.88)
Interest Income	-	-	355.05	-	-	134.13
Unallocated expenses (Net)	-	-	(16,972.51)	-	-	(15,956.38)
Profit before tax	46,782.75	9,904.84	35,480.32	61,902.96	10,891.06	53,293.89

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Depreciation/Amortisation and non cash expenses

Particulars	31st March, 2020				31st March, 2019			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	6,721.51	2,312.67	202.03	9,236.21	4,182.00	2,333.38	122.98	6,638.36
Non cash expense	1,328.16	-	-	1,328.16	1,692.24	-	850.00	2,542.24

Particulars	31st March, 2020			31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	2,48,124.95	32,083.14	2,80,208.09	2,49,646.74	33,131.66	2,82,778.40
Reconciliation to total assets						
Investments	-	-	15,508.34	-	-	36,214.01
Other unallocable assets	-	-	35,001.68	-	-	19,719.65
Total assets as per the balance sheet	2,35,627.00	32,083.14	3,30,718.11	2,49,646.74	33,131.66	3,38,712.06

Particulars	31st March, 2020				31st March, 2019			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	20,155.59	2,044.28	1,324.24	23,524.11	20,683.50	4,745.00	155.42	25,583.92

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	31st March, 2020	31st March, 2019
India	2,66,940.65	2,66,714.60
other countries	13,267.44	16,063.80
Total	2,80,208.09	2,82,778.40

Segment Liabilities :

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	50,015.11	1,633.89	51,649.00	61,681.22	876.75	62,557.97
Reconciliation to total liabilities						
Borrowings	-	-	61,697.47	-	-	79,342.70
Current Tax Liabilities (Net)	-	-	4.37	-	-	538.15
Deferred Tax Liabilities	-	-	25,487.08	-	-	25,671.86
Other Unallocated liabilities	-	-	21,241.64	-	-	5,027.75
Total liabilities as per the balance sheet	50,015.11	1,633.89	1,60,079.56	61,681.22	876.75	1,73,138.43

NOTE 30: STATEMENT PURSUING TO REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT, 2013 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY AND STEP DOWN SUBSIDIARIES

Name of the entity in the group	Net Assets i.e., total assets minus total liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent								
Phillips Carbon Black Limited								
31 March, 2020	99.14%	1,69,168.01	98.61%	28,349.40	102.78%	(9,121.00)	96.74%	19,228.40
31 March, 2019	99.54%	1,64,807.11	101.53%	38,853.35	157.91%	(309.24)	101.24%	38,544.11

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Name of the entity in the group	Net Assets i.e., total assets minus total liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Subsidiaries								
Foreign								
Phillips Carbon Black Cyprus Holdings Ltd								
31 March, 2020	1.24%	2,124.34	-0.06%	(17.97)	0.00%	-	-0.09%	(17.97)
31 March, 2019	1.22%	2,013.28	-0.05%	(20.20)	0.00%	-	-0.05%	(20.20)
PCBL Netherlands Holdings B.V.								
31 March, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March, 2019	1.41%	2,328.97	0.00%	-	0.00%	-	0.00%	-
Phillips Carbon Black Vietnam Joint Stock Company								
31 March, 2020	2.29%	3,909.84	1.65%	475.02	0.00%	-	2.39%	475.02
31 March, 2019	1.09%	1,800.76	-1.35%	(514.84)	0.00%	-	-1.35%	(514.84)
Non-Controlling Interest								
31 March, 2020	0.43%	726.39	0.33%	95.00	-0.53%	46.83	0.71%	141.83
31 March, 2019	0.35%	584.56	-0.27%	(102.97)	-14.50%	28.40	-0.20%	(74.57)
Adjustments								
31 March, 2020	-3.10%	(5,290.03)	-0.53%	(151.30)	-2.26%	200.13	0.25%	48.83
31 March, 2019	-3.60%	(5,961.05)	0.13%	51.30	-43.41%	85.01	0.36%	136.31
TOTAL								
31 March, 2020	100.00%	1,70,638.55	100.00%	28,750.15	100.00%	(8,874.04)	100.00%	19,876.11
31 March, 2019	100.00%	1,65,573.63	100.00%	38,266.64	100.00%	(195.83)	100.00%	38,070.81

Note: PCBL Netherlands Holdings B.V. a wholly subsidiary on Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the year 31 March, 2020 in accordance with the local laws of Netherlands.

NOTE 31: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the year are as follows:

	As at 31st March, 2020			As at 31st March, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	13,556.66	-	-	24,443.27	-
- Preference Shares	1,951.68	-	-	5,764.46	-	-
- Mutual Funds	-	-	-	6,006.28	-	-
Trade receivables	-	-	58,824.46	-	-	65,265.78
Loans	-	-	1,475.76	-	-	1,551.90
Cash and cash equivalents	-	-	14,942.06	-	-	11,357.14
Other bank balances	-	-	268.01	-	-	188.52
Derivative financial assets	2,155.18	-	-	-	-	-
Other Financial Assets	-	-	236.77	-	-	333.52
Total financial assets	4,106.86	13,556.66	75,747.06	11,770.74	24,443.27	78,696.86
Financial liabilities						
Borrowings	-	-	54,468.36	-	-	72,565.16
Current maturities of long term debt	-	-	7,229.11	-	-	6,777.54
Derivative financial liabilities	-	-	-	746.03	-	-
Trade payables	-	-	41,877.45	-	-	50,828.64
Other financial liabilities	-	-	21,393.90	-	-	6,422.32
Total financial liabilities	-	-	1,24,968.82	746.03	-	1,36,593.66

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) Fair Value

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

- In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.
- In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.
- The fair value of derivative contracts (foreign exchange forward contracts and Currency and Interest rate swaps) is determined using discounted cash flow analysis and swaps and options pricing models.
- The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain non-current loans which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVPL								
Investments in mutual funds	-	-	-	-	6,006.28	-	-	6,006.28
Investments in preference shares	-	-	1,951.68	1,951.68	-	-	5,764.46	5,764.46
Foreign-exchange forward contract		2,155.18	-	2,155.18	-	-	-	-
Financial assets at FVOCI								
Investments in equity instruments	8,057.97	-	5,498.69	13,556.66	16,084.33	-	8,358.94	24,443.27
Total financial assets	8,057.97	2,155.18	7,450.37	17,663.52	22,090.61	-	14,123.40	36,214.01
Financial liabilities								
Financial liabilities at FVPL								
Foreign-exchange forward contract	-	-	-	-	-	746.03	-	746.03
Total financial liabilities	-	-	-	-	-	746.03	-	746.03

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2020 and 31st March, 2019.

Some of the Group's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Valuation inputs and relationship to fair value

Particulars	Fair Value at		Valuation Technique	Significant unobservable input	Sensitivity	
	31st March, 2020	31st March, 2019			31st March, 2020	31st March, 2019
Unquoted equity shares	5,498.69	8,358.94	Discounted cash flow	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹105.23 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹46.55 Lakhs
Unquoted Preference shares	1,951.68	5,764.46	Discounted Amortized cost	Discounting rate to determine PV	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹77.49 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹39.28 Lakhs
Investment Property-Land	539.42	514.06	Fair market price	Discount for limited market activity	Decrease in discount rate by 1% will increase the fair value by ₹227.48 Lakhs	Decrease in discount rate by 1% will increase the fair value by ₹115.32 Lakhs
					Increase in discount rate by 1% will decrease fair value by ₹190.28 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹109.82 Lakhs.
					Decrease in discount rate by 1% will increase the fair value by ₹6.74 Lakhs	Decrease in discount rate by 1% will increase the fair value by ₹6.86 Lakhs
					Increase in discount rate by 1% will decrease fair value by ₹6.74 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹6.86 Lakhs.

Valuation process :

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Group are derived and evaluated as follows:

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTE 32: FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprises of borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Group. The Group's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Group's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Group seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Group has laid comprehensive risk assessment and minimization/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Group does not enter into derivative financial instruments for speculative purposes.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(A) Credit risk

Credit risk refers to risk of financial loss to the Group if customers or counterparties fail to meet their contractual obligations. The Group is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Group through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Group also has a policy to provide for all receivables which are overdue for a period over 365 days. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

Particulars	Year ended	
	31-Mar-20	31-Mar-19
Loss allowance at the beginning of the year	1,347.84	847.15
Change / (reversal) in allowance during the year (net)	(384.02)	500.69
Loss allowance at the end of the year	963.82	1,347.84

(b) Deposits and financial assets (Other than trade receivables):

The Group maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.

(B) Liquidity Risk

Liquidity risk implies that the Group may not be able to meet its obligations associated with its financial liabilities. The Group manages its liquidity risk on the basis of the business plan that ensures that the funds required for financing the business operations and meeting financial liabilities are available in a timely manner and in the currency required at optimal costs. The Management regularly monitors rolling forecasts of the Group's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits / marketable debt securities / debt mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Group.

Additionally, the Group has committed fund and non-fund based credit lines from banks which may be drawn anytime based on Group's fund requirements. The Group maintains a cautious liquidity strategy with positive cash balance and undrawn bank lines throughout the year.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

Contractual maturity of financial liabilities	Upto 1 year	1 Year to 3 year	3 year to 5 year	More than 5 years	Total
31 March, 2020					
Borrowings (including current maturities)	40,196.07	17,270.45	4,230.95	-	61,697.47
Trade payable	41,877.45	-	-	-	41,877.45
Other financial liabilities (excluding current maturities of non current borrowings)	10,640.21	3,404.89	2,933.01	4,415.79	21,393.90
	92,713.73	20,675.34	7,163.96	4,415.79	1,24,968.82
31 March, 2019					
Borrowings (including current maturities)	52,276.67	16,133.33	10,932.70	-	79,342.70
Trade payable	50,828.64	-	-	-	50,828.64
Other financial liabilities (excluding current maturities of non current borrowings)	7,168.35	-	-	-	7,168.35
	1,10,273.66	16,133.33	10,932.70	-	1,37,339.69

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Group's income and expenses and / or value of its investments. The Group's exposure to and management of these risks are explained below

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Group's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Group's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Group's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates.

(a) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

Particulars	31st March, 2020			31st March, 2019		
	₹ equivalent of			₹ equivalent of		
	USD	EUR	GBP	USD	EUR	GBP
Financial assets						
Trade receivables	10,811.16	819.44	-	15,137.27	552.47	-
Derivative assets						
Foreign exchange forward contracts Sell foreign currency	(752.06)	-	-	-	-	-
Net exposure to foreign currency risk (assets)	10,059.10	819.44	-	15,137.27	552.47	-
Financial liabilities						
Foreign currency loan	12,646.65	-	-	43,906.50	-	-
Trade payables	28,879.57	(521.49)	16.34	37,498.56	116.39	18.33
Derivative liabilities						
Foreign exchange forward contracts	-	-	-	-	-	-
Buy foreign currency	(31,941.82)	-	-	(67,095.68)	-	-
Net exposure to foreign currency risk (liabilities)	9,584.40	(521.49)	16.34	14,309.38	116.39	18.33
Net exposure to foreign currency risk (Assets- Liabilities)	474.70	1,340.93	(16.34)	827.89	436.08	(18.33)

(b) Sensitivity

A fluctuation in the exchange rates of 1% with other conditions remaining unchanged would have the following effect on Group's profit or loss before taxes as at 31 March 2020 and 31 March 2019:

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
USD sensitivity		
₹/USD- Increase by 1%*	4.75	8.28
₹/USD- Decrease by 1%*	(4.75)	(8.28)
EUR sensitivity		
₹/EUR- Increase by 1%	13.41	4.40
₹/EUR- Decrease by 1%	(13.41)	(4.40)
GBP sensitivity		
₹/GBP- Increase by 1%	(0.16)	(0.18)
₹/GBP- Decrease by 1%	0.16	0.18

* Holding all other variable constant

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of change in market interest rates relates primarily to its debt interest obligations. Its borrowings are at floating rates and its future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	31 March, 2020	31 March, 2019
Total borrowings (including current maturities)	61,697.47	79,342.70

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
Interest Rates - Increase by 50 basis points (50 bps) *	(308.49)	(358.67)
Interest Rates - Decrease by 50 basis points (50 bps) *	308.49	358.67

* Holding all other variable constant

(iii) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Group invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments), certain quoted equity instruments and bank fixed deposits. To manage its price risk arising from investments in mutual funds and equity instruments, the Group diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Group's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Group and classified in the Balance Sheet as fair value through profit or loss/fair value through other comprehensive income is disclosed under Note 31.

(b) Sensitivity

The sensitivity of profit or loss to changes in Net Assets Values (NAVs) as at year end for investments in mutual funds.

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
NAV of mutual funds/Market price of quoted equity instruments - Increase by 1%*	-	60.06
NAV of mutual funds/Market price of quoted equity instruments - Decrease by 1%*	-	(60.06)

* Holding all other variable constant

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Group's cost of sales.

The Group endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Group's own requirements. Further, a significant portion of Group's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Group also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

Notes to Consolidated Ind AS Financial statements

as at and for the year ended March 31, 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 33 : CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Group's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Group's policy is to borrow primarily through banks to maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Group.

The Group monitors capital on the basis of cost of capital. The Group is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Group:

Particulars	As at 31 March, 2020	As at 31 March, 2019
Long Term Borrowing (including current maturities of long term debt)	28,730.51	34,140.81
Short Term Borrowing	32,966.96	45,201.89
Less: Cash and cash equivalents	14,942.06	11,357.14
Total Borrowing (Net)	46,755.41	67,985.56
Total equity	1,70,638.55	1,65,573.63
Total Capital (Equity+Net Debt)	2,17,393.96	2,33,559.19

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2020 and 31st March, 2019.

NOTE 34 :

In view of the lockdown across the country due to the COVID-19 pandemic, the manufacturing operations of the Group across all its locations had been suspended temporarily in compliance with the directives/orders issued by the relevant authorities. The Group has made detailed assessments of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the Consolidated financial results. The Group is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. Given the criticalities associated with nature, condition and duration of COVID-19, the impact assessment on the Group's financial statements will be continuously made and provided for as required.

Subsequent to year end, Group's plants across all its locations have resumed operations as per government guidelines and directives prescribed.

NOTE 35 :

Figures of the previous year has been regrouped/rearranged to confirm current year's presentation.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy **Kusum Dadoo** **K. S. B. Sanyal**
Managing Director Director Director
(DIN: 06513489) (DIN: 06967827) (DIN: 00009497)

Kaushik Mukherjee **Raj Kumar Gupta**
Company Secretary Chief Financial Officer

Form AOC-I

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ in Lakhs)

Sl. No.	Name of the subsidiary	2019-20	
		1	2
		Phillips Carbon Black Cyprus Holdings Ltd	Phillips Carbon Black Vietnam Joint Stock Company
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro	VND
		83.28	0.003185
3	Share capital	15.09	3,829.50
4	Reserves & surplus	2,109.26	80.34
5	Total assets	2,913.28	4,282.94
6	Total Liabilities	788.94	373.11
7	Investments	2,526.08	-
8	Turnover	-	-
9	Profit before taxation	(16.99)	469.72
10	Provision for taxation	0.98	(5.30)
11	Profit after taxation	(17.97)	475.02
12	Proposed Dividend		
13	% of shareholding	100%	80%

Notes : The following information shall be furnished at the end of the Statement:

- Names of subsidiaries which are yet to commence operations
Phillips Carbon Black Cyprus Holdings Ltd
Phillips Carbon Black Vietnam Joint Stock Company
- Names of subsidiaries which have been liquidated during the year
PCBL Netherlands Holdings B.V.

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and joint Ventures

Name of Associates / Joint Ventures	NA
1 Latest audited Balance Sheet Date	-
2 Shares of Associates / Joint Ventures held by the company on the year end No.	-
Amount of Investment in Association / Joint Venture	
Extent of Holding %	
3 Description of how there is significant influence	-
4 Reason why the associate/Joint venture is not consolidated	-
5 Networth attribute to Shareholding as per latest audited Balance Sheet	-
6 Profit / Loss for the year	
i. Considered in Consolidation	-
ii. Not Considered in Consolidation	-
1. Names of associates or joint ventures which are yet to commence operations.	NA
2. Names of associates or joint ventures which have been liquidated or sold during the year.	NA



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