PHILLIPS CARBON BLACK LIMITED

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CIN: L23109WB1960PLC024602.

Phillips Carbon Black Limited (the "**Company**" or the "**Issuer**") was incorporated pursuant to a Certificate of Incorporation issued by the Registrar of Companies, West Bengal at Kolkata (the "**RoC**") on March 31, 1960. Our Company obtained a certificate of commencement of business dated April 19, 1960, from the RoC. For further details please see "*General Information*" on page 219.

The Company is issuing 1,63,93,442 equity shares of face value of ₹ 2 each (the "**Equity Shares**") at a price of ₹ 244 per Equity Share, including a premium of ₹ 242 per Equity Share, aggregating to ₹ 399.99 crores (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 33.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBS. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 40 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE, EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT (AS DEFINED HEREINAFTER). PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THE PRELIMINARY PLACEMENT DOCUMENT AND/OR THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on September 29, 2021 was ₹ 263.20 and ₹ 263.15 per Equity Share, respectively. In-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue, have been received from BSE and NSE on September 30, 2021. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

A copy of the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. Our Company shall also make requisite filings with the RoC (as defined hereinafter), within the stipulated timeframe prescribed under the Companies Act and the PAS Rules (as defined hereinafter), as amended. This Placement Document has not been reviewed by SEBI, the Stock Exchanges, RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue has only been made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Document and the Confirmation of Allocation Note (as defined hereinafter). For further details, see "*Issue Procedure*" on page 170. The distribution of this Placement Document or the disclosure of its contents, without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers, and sales are made. See *"Selling Restrictions"* on page 186 for information about eligible offerees for the Issue and *"Purchaser Representations and Transfer Restrictions"* on page 194 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the BRLMs (as defined hereinafter) or any of its respective affiliates does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

This Placement Document is dated October 5, 2021.

BOOK RUNNING LEAD MANAGERS	
ICICI Securities Limited	**Ambit Private Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company and our Subsidiaries. There are no other facts in relation to our Company, our Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Company, our Subsidiaries nor the Book Running Lead Managers has any obligation to update such information to a later date.

The BRLMs have not separately verified all of the information contained in the Preliminary Placement Document and this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLMs nor any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLMs and/or any of their shareholders, employees, counsel, officers, directors, representatives, agents, associates or any other affiliates as to the accuracy or completeness of the information contained in the Preliminary Placement Document and this Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries and the Equity Shares. Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has not relied on either the BRLMs or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents , associates or any other affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the BRLMs or their representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company and the BRLMs that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of the Preliminary Placement Document or this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" on page 186.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries and the Equity Shares and the terms of the Issue, including the merits and risks involved.

Prospective investors should not construe the contents of the Preliminary Placement Document or this Placement Document as legal, business, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority, in India or any other jurisdiction, from buying, selling or dealing in securities including the Equity Shares. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of terms of documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The information on our Company's website, www.pcblltd.com, or any website directly or indirectly linked to the website of our Company or on the website of the BRLMs or any of their respective affiliates, does not constitute nor form part of the Preliminary Placement Document and this Placement Document. Prospective investors should not rely on any such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN THE UNITED STATES

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission ("SEC"), any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in the United States and certain other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 196, respectively.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Placement Document has been prepared on the basis that all offers of Equity Shares in Member States of the European Economic Area ("EEA") (each a "Member State") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 of the European Parliament and Council EC (and amendments thereto). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Placement Document should only do so in circumstances in which no obligation arises for the Company or any of the Book Running Lead Managers to produce a prospectus for such offer. None of the Company or the Book Running Lead Managers have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Book Running Lead Managers which constitute the final placement of Equity Shares contemplated in this Placement Document.

Information to distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares the subject of the Offering have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**UK Target Market Assessment**"). Notwithstanding the UK Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

In the United Kingdom, this document is being distributed only to, and is directed only at, persons: (A) (i) who have professional experience in matters relating to investments and who are investment professionals falling within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**FSMA Order**"), (ii) falling within Article 49(2)(a) to (d) of the FSMA Order, and (iii) to whom it may otherwise lawfully be communicated; and (B) who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018 (all such persons together being referred to as "**relevant persons**"). This document must not be acted on or relied on in the United Kingdom, by persons who are not relevant persons. Any investment or investment activity to which the document relates is available only to, in the United Kingdom, relevant persons. The communication of this offering memorandum to any person who is not a relevant person is unauthorized and may contravene the Financial Services and Markets Act 2000, as amended.

NOTIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.)

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information to investors in certain other jurisdictions, see "*Selling Restrictions*" on page 186. The Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

Any information about the Company available on any website of the SEBI, the Company or the BRLMs, other than this Placement Document, shall not constitute a part of this Placement Document and no investment decision should be made on the basis of such information.

REPRESENTATIONS BY INVESTORS

All references to "you" or "your" in this section are to the Bidders in this Issue. By bidding for and/ or subscribing to any of the Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreements set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 188 and 196, respectively, and to have represented, warranted and acknowledged to and agreed to us and the BRLMs as follows:

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter), and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office), having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the SEBI FPI Regulations, FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI;

- You will provide the information as required under the Companies Act, the PAS Rules and applicable SEBI ICDR Regulations and rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You are aware that neither the Preliminary Placement Document nor this Placement Document will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed, verified or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- The Preliminary Placement Document and this Placement Document has been filed with the Stock Exchanges and the Preliminary Placement Document and this Placement Document has been displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honour such obligations;

- You are aware that, our Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the BRLMs. The BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not, in any way, acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLMs may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information, which is not set forth in the Preliminary Placement Document and this Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank pari passu in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared.

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding us or our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. None of our Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category other than Eligible QIBs, and the Allotment of the same shall be at the sole discretion of our Company, in consultation with the BRLMs;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose the name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 40;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of us, the Equity Shares and the terms of the Issue, based solely on and in reliance of the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Company nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares);

- You will obtain your own independent tax advice from a service provider and will not rely on the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including in relation to limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against us or the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

- If you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' of our Company as defined under the SEBI ICDR Regulations, and are not a person related to our Promoter, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent our Promoter or members of our Promoter Group (as defined under the SEBI ICDR Regulations) or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares, the acquisition of which shall not deem you to be a Promoter or a person related to the Promoter;

- You agree that in terms of Section 42(7) of the Companies Act and Rule 14 of the PAS Rules, we shall file the list of Eligible QIBs (to whom the Preliminary Placement Document has been circulated) along with other particulars including your name, complete address, phone number, e-mail address, permanent account number and bank account details, including such other details as may be prescribed or otherwise required even after the closure of the Issue with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- You will have no right to withdraw your Bid or revise your Bid downwards after the Bid/ Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations as defined herein) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- Your aggregate equity shareholding in our Company, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

  (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIBs; and

  (b) 'Control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares to be issued pursuant to this Issue, are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares, to be issued pursuant to this Issue, will be obtained in time or at all. Neither our Company nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLMs have entered into a Placement Agreement with our Company whereby the BRLMs have, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of our Company, and that neither the BRLMs nor any person acting on its behalf or any of the counsel or advisors to the Issue has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLMs or our Company or any other person, and the BRLMs or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the BRLMs and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 186 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 186;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws, and that the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur.

- If you are outside the United States, you are subscribing for the Equity Shares in an "offshore transaction" as defined in Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act.

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document.

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the BRLMs and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You acknowledge that the Preliminary Placement Document and this Placement Document do not, confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You are aware that in terms of the SEBI FPI Regulations and the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than fifty percent or common control) shall be below 10% of the total paid-up equity share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to our Company. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India and Rule 6 of the FEMA Rules;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the BRLMs.

- You represent that you are not an affiliate of our Company or the BRLMs or a person acting on behalf of such affiliate.

- Our Company, the BRLMs, their respective affiliates, directors, officers, counsels, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the BRLMs. You are not an affiliate of our Company, or a person acting on behalf of an affiliate of our Company; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws

OFF-SHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including affiliates of the BRLMs, which is registered as a Category I FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs, and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. The above-mentioned Category I FPIs may receive compensation from the purchasers of such instruments. Such P-Notes can be issued subject to compliance with the KYC norms and such other conditions as specified by SEBI from time to time, including payment of applicable regulatory fee. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control,) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis ("**Investment Restrictions**"). The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the Investment Restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, the Investment Restrictions shall apply on the aggregate of the FPI investments and P-Notes positions held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of P-Notes.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and does not constitute any obligations of or claims on the BRLMs.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoter, its management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document or this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER DATA

Certain conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'bidder', ''your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the "our Company", the "Company" or the "Issuer" are to Phillips Carbon Black Limited on a standalone basis and references to 'we', 'us', 'our' or the 'Group' are to Phillips Carbon Black Limited together with our Subsidiaries, on a consolidated basis.

Currency and units of presentation

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Figures in this Placement Document have been presented in crore or in whole numbers where the numbers have been too small to present in crore unless stated otherwise. Further, certain figures in the "*Industry Overview*" section of this Placement Document have been presented in lakhs and crore. Our Audited Consolidated Financial Statements for Fiscal 2021 and the Unaudited Condensed Interim Consolidated Financial Statements as at and for the three months ended June 30, 2021 are prepared in crore and have been presented in this Placement Document in crore for presentation purposes.

In this Placement Document, references to "crore(s)" represent "1,00,00,000", "million" represents "0.1 crore" or "10,00,000", "lakh(s)" represents "1,00,000" or "0.1 million" and "billion" represents "1,00,00,00,000" or "1000 million" or "100 crore".

Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies between the totals and the sum of the amounts listed are due to rounding off adjustments. All figures in decimals have been rounded off to the second decimal.

Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Page numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Financial data and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'fiscal' or 'FY' are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year. The financial information disclosed for the period ended June 30, 2021 is for a three-month period, and accordingly, is not comparable with financial information for the relevant financial years.

Our Company has published its Audited Consolidated Financial Statements for the Fiscal 2021 and the Unaudited Condensed Interim Consolidated Financial Statements as at and for the three months ended June 30, 2021 in Indian Rupees in crore and Audited Consolidated Financial Statements for Fiscal 2020 and Fiscal 2019 in Indian Rupees in lakh. As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Placement Document:

- audited consolidated financial statements of our Company and its subsidiaries as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS"), as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India and other relevant provisions of the Companies Act (collectively, the "**Audited Consolidated Financial Statements**");

- unaudited special purpose interim condensed consolidated financial statements of our Company and its subsidiaries as at and for the three-months ended June 30, 2021 prepared in accordance with the principles laid down in Indian Accounting Standards 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India (the "**Unaudited Condensed Interim Consolidated Financial Statements**").

Our Statutory Auditors, S. R. Batliboi & Co. LLP, Chartered Accountants, have audited our Audited Consolidated Financial Statements as at and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, and have issued audit reports dated April 21, 2021, June 23, 2020 and May 20, 2019, respectively, on such financial statements. See "*Risk Factors – The reports of the statutory auditor of our Company contain emphasis of matter paragraph for the Fiscal year 2020.*" on page 57.

The Unaudited Condensed Interim Consolidated Financial Statements have been subjected to limited review by our Statutory Auditors and they have issued their report dated September 30, 2021, based on their review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("**ICAI**").

The Audited Consolidated Financial Statements should be read along with the respective audit reports, and the Unaudited Condensed Interim Consolidated Financial Statements should be read along with the respective review reports. Further, our Unaudited Condensed Interim Consolidated Financial Statements are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Our Company prepares its annual and quarterly financial statements in accordance with Ind AS or Ind AS 34 as applicable. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Company provide a reconciliation of its Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Condensed Interim Consolidated Financial Statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. Please see "*Risk Factors*" on page 40.

Unless otherwise stated or unless the context requires otherwise, the financial information contained in this Placement Document as at and for the year ended March 31, 2021 is derived from the Audited Consolidated Financial Statements as at and for the year ended March 31, 2021, as at and for the year ended March 31, 2020 is derived from the Audited Consolidated Financial Statements as at and for the year ended March 31, 2020, as at and for the year ended March 31, 2019 is derived from the Audited Consolidated Financial Statements as at and for the year ended March 31, 2019, as at and for the three-months ended June 30, 2021 is derived from Unaudited Condensed Interim Consolidated Financial Statements as at and for the three-months ended June 30, 2021. For details, please see the section entitled "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 224 and 81, respectively.

Non-GAAP financial measures

Certain non-GAAP measures and certain other statistical information such as EBITDA, EBITDA/ton, EBITDA Margins, ROE, Debt/Equity, Interest Coverage Ratio, ROE, PAT Margins, Utilisation Rates, etc. (together referred as "**Non-GAAP Measures**") presented in this Placement Document are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance.

Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance or liquidity. See "*Risk Factors*" on page 40.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and on data from other external sources, and on our knowledge of markets in which we compete.

Statistical information, industry and market data used throughout this Placement Document has been obtained from the report titled "Indian Tyre Industry" prepared by ICRA Limited dated June 2021 and the report titled "Carbon Black World Data Book 20221 – August 2021" prepared by Notch. This information is subject to change and cannot be certified with complete certainty due to limits on the availability and reliability of raw data and other limitations and uncertainties inherent in any statistical survey.

The Notch Report contains the following disclaimer:

"*Every effort has been made to ensure the accuracy of the data included in this report. However, Notch Consulting, Inc. disclaims liability for any loss resulting from errors, omissions, or misrepresentations contained herein. The entire contents of this report are copyrighted and may not be reprinted or reproduced, stored in an electronic retrieval system or transmitted in any form or by any means, electronic, photocopy, or otherwise without the prior written permission of the publisher, Notch Consulting, Inc*."

The ICRA Report contains the following disclaimer:

"*All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents*."

Neither we nor the BRLMs have independently verified this market and industry data, nor do we or the BRLMs make any representation regarding the accuracy or completeness of such data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the BRLMs can assure potential Investors as to their accuracy. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Further, the calculation of certain statistical and/ or financial information/ ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the Notch Report and the ICRA Report. Data from these sources may also not be comparable.

Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Certain of the statistical and industry data included in this Placement Document is derived from reports issued by, ICRA and Notch. ICRA and Notch do not guarantee the accuracy, adequacy or completeness of the information. Further, the actual results and future events could differ materially from the forecasts, predictions or other forward-looking statements in these reports*." on page 61.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "can", "could", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will pursue", "will achieve", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- COVID-19 may have a significant adverse impact on our financial condition and operations;
- our ability to successfully implement our strategy, our growth and expansion plans.
- our ability to source raw materials;
- fluctuations in crude oil prices;
- our ability to compete with cheap imports;
- slowdown or shutdown in our manufacturing operations;
- our ability to effectively respond to competition and technological changes leading to obsoleteness;
- regulatory changes pertaining to the industry in which Company operates and our ability to respond to them;
- slowdown in tyre, automotive or any end user segment of the industry in which our Company operates;
- occurrence of natural calamities/natural disasters affecting the areas in which our Company has its operations;
- foreign exchange rate fluctuations;
- general economic and political changes and changes in laws and regulations that apply to the Indian or global industry or environmental regulations.

Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed in "*Risk Factors*", "*Our Business*", *"Industry Overview"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 40, 142, 116 and 81, respectively

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to rely on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither we, the BRLMs nor any of their affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company incorporated under the laws of India. All our Directors and Key Management Personnel named in this Placement Document, are residents of India and all of the assets of our Company are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

1. where the judgment has not been pronounced by a court of competent jurisdiction;
2. where the judgment has not been given on the merits of the case;
3. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;
4. where the proceedings in which the judgment was obtained were opposed to natural justice;
5. where the judgment has been obtained by fraud; and
6. where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ Per US$)

	Period End(1)	Average(2)	High(3)	Low(4)
Fiscal Ended:				
March 31, 2021	73.50	74.20	76.81	72.29
March 31, 2020	75.39	70.88	76.15	68.37
March 31, 2019	69.17	70.94	74.39	68.30
Month Ended				
August 31, 2021	73.15	74.18	74.43	73.15
July 31, 2021	74.39	74.53	74.86	74.28
June 30, 2021	74.35	73.56	74.37	72.77
May 31, 2021	72.52	73.27	74.18	72.48
April 30, 2021	74.02	74.47	75.17	73.31
March 31, 2021	73.50	72.79	73.50	72.29

Source: https://www.fbil.org.in/#/home

1. *The price for the period end refers to the price as on the last trading day of the respective annual or monthly periods.*
2. *Average of the official rate for each Working Day of the relevant period.*
3. *Maximum of the official rate for each Working Day of the relevant period.*
4. *Minimum of the official rate for each Working Day of the relevant period.*
5. *The reference rates are rounded off to two decimal places.*

Note:
- *In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.*
- *High, low and average are based on the RBI reference rates and rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further, any references to any statute, rules, guidelines, regulations, agreement, document or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section "*Industry Overview*", "*Statement of Possible Tax Benefits*", "*Legal Proceedings*" and "*Financial Statements*" on pages 116, 203, 215 and 222, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
PCBL / our Company / the Company / the Issuer	Phillips Carbon Black Limited, a company incorporated in India under the Companies Act, 1956, having its registered office 31 Netaji Subhas Road, Kolkata, West Bengal – 700001, India.
the Group / us / we / our	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries

Company Related Terms

Term	Description
Articles / Articles of Association / AoA	The articles of association of our Company as amended from time to time
Audit Committee	Audit committee of our Company as disclosed in the section entitled "*Board of Directors and Key Management Personnel*" on page 159
Audited Consolidated Financial Statements	Collectively, the audited consolidated financial statements of our Company and its subsidiaries as of and for the years ended March 31, 2021, 2020 and 2019 which have been prepared in accordance with the Ind AS, as specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 to the extent applicable, each comprising of the consolidated balance sheet, 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 years then ended, and notes to the respective consolidated financial statements.
Auditors or Statutory Auditors	The current statutory auditors of our Company, namely, S. R. Batliboi & Co. LLP, Chartered Accountants
Board of Directors / Board / our Board	The Board of Directors of our Company, or a duly constituted committee thereof
Chairman	The chairman of the Board of Directors of our Company, being Sanjiv Goenka
Corporate Office	RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700027
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Company as disclosed in the section entitled "*Board of Directors and Key Management Personnel*" on page 159
Director(s)	Director(s) of our Company, unless otherwise specified
Equity Shares	The equity shares of our Company of face value ₹ 2 each
ICRA	ICRA Limited
ICRA Report	Report on Indian Tyre Industry dated June 2021 prepared by ICRA.
Independent Director(s)	The non-executive, independent Directors of our Company appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, being Paras Kumar Chowdhary, Pradip Roy, Rusha Mitra and R. K. Agarwal.
Key Management Personnel	Key management personnel of our Company, as disclosed in "*Board of Directors and Key Management Personnel*" on page 159
Memorandum/ Memorandum of Association / MoA	The Memorandum of Association of our Company, as amended from time to time
Managing Director	The managing director of our Company, being Kaushik Roy

Term	Description
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company as disclosed in "*Board of Directors and Key Management Personnel*" on page 159
Non-Executive Non-Independent Director	Non-executive non-independent director of our Company. For details, see "*Board of Directors and Key Management Personnel*" on page 159
Notch	Notch Consulting Inc.
Notch Report	Report on Carbon Black World Data Book 20221 – August 2021 prepared by Notch
Video Conferencing (VC) / Other Audio-Visual Means (OAVM) facility	Audio- visual electronic communication facility employed which enables all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting
Postal Ballot	Voting by post or through any electronic mode
Promoter	The promoter our Company, namely, Rainbow Investments Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1) (zb) of the SEBI ICDR Regulations
Registered Office	31 Netaji Subhas Road, Kolkata 700001
Risk Management Committee	Risk management committee of our Company, as disclosed in "*Board of Directors and Key Management Personnel*" on page 159
RoC / Registrar of Companies	Registrar of Companies, West Bengal, at Kolkata
Senior Management Personnel	Senior management personnel of our Company, as disclosed in "*Board of Directors and Key Management Personnel*" on page 159
Shareholder(s)	The holders of the Equity Shares of our Company, from time to time
Subsidiaries	The subsidiaries of our Company, namely, (i) Phillips Carbon Black Cyprus Holdings Limited; (ii) Phillips Carbon Black Vietnam Joint Stock Company (iii) PCBL (TN) Limited (with effect from 29 September ,2020); and (iv) PCBL Netherlands Holdings B.V. (till Fiscal 2020)
Unaudited Condensed Interim Consolidated Financial Statements / Unaudited Special Purpose Interim Condensed Consolidated Financial Statements	Unaudited special purpose interim condensed consolidated financial statements of our Company and its subsidiaries as at and for the three months ended June 30, 2021 with the principles laid down in Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India, as amended, and other relevant provisions of the Companies Act comprising the special purpose interim condensed consolidated Balance Sheet as at June 30, 2021, and the related special purpose interim condensed consolidated Statement of Profit and Loss (including the condensed statement of other comprehensive income), condensed consolidated Statement of Changes in Equity and condensed consolidated Statement of Cash Flows for the three months ended June 30, 2021, and a condensed summary of significant accounting policies and other explanatory information.

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares following the determination of the Issue Price to investors on the basis of Application Forms submitted by them, in consultation with the BRLMs and in compliance with Chapter VI of the SEBI ICDR Regulations
Allotment/ Allotted	The issue and allotment of Equity Shares pursuant to this Issue
Allottee(s)	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue
Application Form	The form pursuant to which a Bidder indicated its interest to subscribe for the Equity Shares of our Company pursuant to the Issue
Bid(s)	An indication of interest by a QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue
Bidder(s)	An Eligible QIB who has made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Bidding Period/ Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates, during which Bidders submitted their Bids
Book Running Lead Managers/ BRLMs	ICICI Securities Limited and Ambit Private Limited
CAN/ Confirmation of Allocation Note	Note or advice or intimation to Bidders confirming the Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price, and requesting payment for the entire applicable Issue Price for all the Equity Shares Allocated to such Eligible QIBs

Term	Description
Closing Date	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e., on October 5, 2021
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue finalised by our Company in consultation with the BRLMs
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottee's demat account, as applicable to the relevant Allottee
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under applicable law. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in "offshore transactions", as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made.
Escrow Account	The account titled 'PHILLIPS CARBON BLACK LIMITED -– QIP – ESCROW ACCOUNT' opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue was deposited
Escrow Bank/ Escrow Agent	ICICI Bank Limited
Escrow Agreement	The agreement dated September 30, 2021, entered into amongst our Company, the Escrow Agent and the BRLMs
Floor Price	The floor price ₹ 255.85 per Equity Share, which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company has also offered a discount of ₹ 11.85 per Equity Share in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue	The issue and Allotment of 16,393,442 Equity Shares each at a price of ₹ 244 per Equity Share, including a premium of ₹ 242 per Equity Share, aggregating ₹ 399.99 crores pursuant to Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	October 5, 2021, the last date up to which the Application Forms was accepted by our Company (or the BRLMs, on behalf of our Company)
Issue Opening Date	September 30, 2021**,** the date on which the acceptance of the Application Forms commenced by our Company (or the BRLMs, on behalf of our Company)
Issue Price	A price per Equity Share of ₹ 244
Issue Size	The aggregate size of the Issue, aggregating to ₹ 399.99 crores
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Pay-In Date	Last date specified in the CAN for the payment of application monies by Bidders in the Issue
Placement Agreement	The agreement dated September 30, 2021 between our Company and the BRLMs
Placement Document	This placement document dated October 5, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document dated September 30, 2021 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and the rules made thereunder
QIBs/ Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Relevant Date	September 30, 2021, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decided to open the Issue
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and who will be Allocated Issue Shares

Term	Description
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Ambit	Ambit Private Limited
BSE	BSE Limited
Category III Foreign Portfolio Investors	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CESTAT	Custom Excise and Service Tax Appellate Tribunal
CIN	Corporate identification number
Civil Code	The Indian Code of Civil Procedure, 1908
Companies Act/ Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CRISIL	CRISIL Limited
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
EBITDA	Profit after tax + tax expense + depreciation and amortization + finance costs + net(gain)/ loss on foreign currency transaction
EBIT	Profit after tax + tax expense + finance costs + net(gain)/ loss on foreign currency transaction
EGM	Extraordinary general meeting
EPS	Basic and diluted earnings per Share i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017
Financial Year / Fiscal Year/ Fiscal/ FY	A period of 12 months ending March 31, unless otherwise stated
FPI/ Foreign Portfolio Investor(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GBP	Pound Sterling
GDP	Gross domestic product
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family

Term	Description
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
ICAI	The Institute of Chartered Accountants of India
ICICI/ I-Sec	ICICI Securities Limited
Ind AS	Indian accounting standards as notified by the MCA pursuant to Section 133 of the Companies Act read with the IAS Rules
Indian GAAP	Generally accepted accounting principles in India
Income Tax Act/IT Act	The Income tax Act, 1961
ITAT	Income Tax Appellate Tribunal
JPY	Japanese Yen
Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MIS	Management information system
MoU	Memorandum of Understanding
NABL	National Accreditation Board for Testing and Calibration Laboratories
Networth	Paid up share capital plus all reserves and surplus (excluding revaluation reserves)
Non-Resident Indian(s)/ NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2016
Notch	Notch Consulting, Inc.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAT	Profit after tax / profit for the respective period / year
PBT	Profit before tax
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
Revenue	Revenue from operations is net of Goods and Service Tax as applicable.
Rs/Rupees/Indian Rupees	The legal currency of India
RoC	Registrar of Companies, West Bengal
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Ltd.	Limited
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEZ	Special Economic Zone
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Total Borrowings	Total Borrowings is the aggregate of Non-current borrowing and Current borrowings including Current maturities of Long-Term Debt
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S.$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
U.S. Securities Act	United States Securities Act of 1933, as amended
USA/ U.S./ United States	The United States of America
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

Technical and Industry Terms

Term	Description
AAEC	Appreciable adverse effect on competition

Term	Description
ASTM	American Society for Testing and Materials
Brexit	United Kingdom’s exit from the European Union
CARE	CARE Ratings Ltd.- Professional Risk Opinions
CB	Carbon Black
CBFS	Carbon Black Feed Stock
CBO	Carbon Black Oil
CDP	Carbon Disclosure Project
CMA	Calcutta Management Association
COVID	Coronavirus disease
COVID-19	Coronavirus disease 2019
CPP	Co-generation Power Plant
CRISIL	CRISIL Ratings- An S&P Global Company
DCS	Distributed Control System
DMS	Document management system
DPIIT	Department of Industrial Policy & Promotion
ERP	Enterprise Resource Planning
FGD	Flue-gas desulfurization
FMGC	Fast Moving Consumer Goods
IATF	The International Automotive Task Force
IGBC	Indian Green Building Council
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
JIT	Just in time
Kcal	Kilo Calorie
MOEFCC	Ministry of Environment & Forest and Climate Control
MTPA	Metric Tonne Per Annum
MW	Mega Watt
MT	Metric Tonne
NABL	National Accreditation Board for Testing and Calibration Laboratories
OEM	Original Equipment Manufacturer
OHSAS	Occupational Health and Safety Assessment Series
OPEC	Organization of Petroleum Exporting Countries
PI / PO	Process Integration / Process Orchestration
Performance Chemicals	These are used in production of rubber-based products primarily as a reinforcing agent in tyres and non-tyre rubber products
R&D	Research and Development
SAP	Systems Applications and Products
SOx	Sulphur Dioxide
Specialty Chemicals	These are used in manufacture of non-rubber products
UNFCCC	United Nations Framework Convention on Climate Change
US FDA	United States Food and Drug Administration
UV	Ultraviolet
VPN	Virtual Private Network
WASH	Workplace Assessment for Safety and Hygiene
WHO	World Health Organisation

SUMMARY OF BUSINESS

Overview

We are a part of the RP-Sanjiv Goenka Group. The RP-Sanjiv Goenka Group is a large conglomerate having interests in, amongst others, power and natural resources, carbon black, retail and FMCG, media and entertainment, infrastructure, information technology, education, and sports. The RP-Sanjiv Goenka Group includes entities such as Firstsource Solutions Limited, CESC Limited, Saregama India Limited, Spencer's Retail Ltd, RPSG Ventures Limited, Harrisons Malayalam Limited, and Woodlands Multispeciality Hospital Limited, among others. We believe that our association with this group has enabled us to absorb its corporate values and principles and adhere to good corporate governance practices. We also believe that our association with the RP-Sanjiv Goenka Group aids us in procuring new businesses and exploring various other opportunities.

We are the largest carbon black producer in India by capacity (source: Notch Report). Globally, we were the 7th largest carbon black company, by sales, in 2020 (source: Notch Report). As a manufacturer of over 75 grades of carbon black, we have a diversified product portfolio. Our performance chemicals are used in the production of rubber-based products primarily as a reinforcing agent in tyres and non-tyre rubber products ("**Performance Chemicals**") and our speciality chemicals are used in manufacture of non-rubber products ("**Speciality Chemicals**"). Our sales volumes in Fiscal 2021 from tyre, Performance Chemicals and Specialty Chemicals was 65%, 29% and 6% of our total sales, respectively. Our carbon black, under the Speciality Chemicals vertical is primarily used as a pigment, UV stabilizer and also as a conductive agent. We cater to various industries such as tyre, rubber, elastomer, plastic, coatings, paints, fibre, footwear, cables, and ink manufacturing industries amongst others, which provides us with a wide and diversified customer base. Further, with customers which include tyre manufacturers in both India as well as outside India and the demand for tyres estimated to grow at a CAGR of 7-9% during Fiscal 2022-2025E as per ICRA, we anticipate a positive demand of the products manufactured by our Company.

As per the Notch Report, we held 9% of the carbon black market in Asia, excluding China, based on sales in 2020. Our global presence reaches more than 40 countries spread across the world including Europe, Asia, Middle East, North America, and South America. Our exports accounted for 27.33% of our total sale volume in Fiscal 2021.

Incorporated in 1960, our Company commenced production of carbon black, using the oil furnace technology. Presently, have four manufacturing facilities strategically located in proximity to domestic tyre manufacturers, raw material suppliers and ports. All our manufacturing facilities are IATF 16949, ISO-9001, ISO-14001, ISO-45001 and WASH certified. In addition, our Palej and Kochi Facilities are ISO IEC 17025:2017 certified. We also generate green power through our co-generation power plants at the aforesaid manufacturing facilities. The installed capacity, as on March 31, 2021, at our four manufacturing facilities is as follows:

Location	Carbon Black (CB)(MTPA)	Co-generation Power Plant (CPP)(MW)
Durgapur, West Bengal	163,500	30
Mundra, Gujarat#	204,750	24
Palej, Gujarat*	142,250	12
Kochi, Kerala	92,500	10
Total	6,03,000	76

**It includes a dedicated capacity of Specialty Chemicals of 72,000 MTPA.*

 # Excludes the 8MW co- generation power plant commissioned by us at Mundra, Gujarat during the three-month period ended June 30, 2021.

The power generation process involves recovery and utilisation of the thermal energy of the process tail gas being produced from carbon black manufacturing process. This tail gas is utilised to produce steam which in turn is used for power generation. As on June 30, 2021, our Company had 84 MW of green power generation capacity. During Fiscal 2021, approximately 41.56% of the power generated from our co-generation power plants was used to meet our captive requirement, while the balance 58.44% of the power generated was sold to third parties. For Fiscal 2021, sale of power amounted to ₹ 67.25 crore. We believe that increasing efficiency of our co-generation power plants coupled with the increasing production volume of carbon black has been driving the growth of our revenue from the sale of power. The increasing contribution of the power business in our Company's revenue is likely to provide a cushion to the overall profitability of our Company and also help us by reducing our dependence on the national grid to meet the demand for power.

Under the provisions of Income Tax Act,1961, profit generated from sale of power is exempted from payment of income tax for a continuous period of 10 years out of the first 15 years from commissioning of the power plant. The said deduction under section 80-IA of the Act will not be available to the Company, if it opts for lower tax rate regime under section 115BAA of the Income Tax Act, 1961. As on March 31, 2021, out of our Company's total installed capacity for power generation of 76 MW, 64 MW is entitled to the aforesaid benefit under the IT Act. Our plant wise capacity along with the remaining claim years of the aforesaid tax benefits is as follows:

Sl. No	Location	Co-generation Power Plant (CPP)(MW)	Remaining claim years of tax benefits
1	Durgapur, West Bengal	30MW	3
2	Mundra, Gujarat	24MW	16MW – 3 years 8MW – 6 years
3	Palej, Gujarat	12MW	-
4	Kochi, Kerala	10MW	5

Our Company is undertaking an expansion program in both carbon black and power segment, involving both greenfield and brownfield expansion. The greenfield expansion is underway at Chennai, Tamil Nadu with an installed capacity of 147,000 MTPA of carbon black production along with a 24 MW captive power plant.

In the three-month period ended June 30, 2021, we commissioned an 8 MW power plant at Mundra, Gujarat. We are also in the process of commissioning two co-generation power plants at Palej, Gujarat and Kochi, Kerala with capacities of 7 MW each. The completion of the greenfield project would not only bring our Company's total installed capacity to approximately 750,000 MTPA but also increase the power generation capacity of our Company to 122 MW.

We focus on continuous research and innovation to elevate the standards of our products to fulfil the changing priorities of our customers. In the recent years, we have set up the Sushila Goenka Research and Development Centre located at Palej, Gujarat in Asia, which is complemented by Sushila Goenka Innovation Centre at Belgium, Europe, to reinforce our commitment to innovation. The objective of setting up of the Sushila Goenka Research and Development Centre is to facilitate development of new products required by the tyre and other industries across the world and pave the way for new uses of carbon black in areas including engineering plastics, fibres, food contact plastics, wire, and cables etc. Our research and development team focuses on evolving new range of products and exploring options of existing products for new applications. We have commercialized 23 new grades of carbon black during the course of last three Fiscals. We also modify the existing raw materials and products to diversify their application potential, in the domains of carbon black, nano-structured carbonaceous materials and carbon black feedstock ("**CBFS**").

We conduct continuous competitive intelligence studies, product portfolio analysis, patent portfolio analysis to identify our potential space for development and innovation, customer engagement, market-driven research, and intellectual property protection. Our R&D team collaborates with different functional teams, covering sales and marketing team, manufacturing team, process technology team and technical services team to align our offerings to the upcoming trends and demands of customers and markets.

Our revenue from operations in the three-month period ended June 30, 2021, Fiscal 2021, Fiscal 2020, and Fiscal 2019 was ₹1,003.85 crore, ₹ 2,659.52 crore, ₹ 3,243.54 crore and ₹ 3,528.56 crore, respectively. Our EBITDA for same periods was ₹ 161.06 crore, ₹ 525.80 crore, ₹ 491.99 crore, and ₹ 634.05 crore, respectively, while our profit after tax was ₹ 104.47 crore ₹ 313.99 crore, ₹ 287.50 crore, ₹ 382.67 crore, respectively. As on March 31, 2021, our Debt-to-Equity Ratio was 0.31:1.

The long-term credit rating of our Company has been upgraded by three credit rating agencies namely CARE, ICRA and CRISIL. Our present short term credit rating is A1+ while the long-term rating is AA (with stable outlook).

Our Competitive Strengths

We believe we have the following competitive strengths:

Leadership position in carbon black in India with a strong global footprint

We are the largest carbon black producer in India by capacity (source: Notch Report). Globally, we were the 7th largest carbon black company by sales, in 2020 (source: Notch Report). Along with our leadership presence in the carbon black space in India, we have a strong global presence across customer segments. Our global presence reaches more than 40 countries spread across the world including Europe, Asia, Middle East, North America and South America. We held 9% of the carbon black market in Asia, excluding China, based on sales in 2020 (source: Notch Report). Our exports accounted for 27.33%, 28.45% and 23.63% of our total sale volume in Fiscal 2021, 2020 and 2019 respectively.

Since incorporation, our Company has expanded to four major manufacturing facilities across four locations in India, which are located in Durgapur (West Bengal), Mundra (Gujarat), Palej (Gujarat) and Kochi (Kerala). Further our global presence is enhanced by offices located at Korea, China, Belgium, Germany, Vietnam, and France. We also have decanting stations across USA, Europe, and Asia. We believe that over 60 years of rich experience of our Company in carbon black manufacturing accompanied with our multi- grade offerings and quality products helps our Company in attracting new clients and retaining our existing clients, in India and across the world.

Strategically located manufacturing facilities with capability to use alternate feedstock

Our Company operates four carbon black manufacturing facilities located in Kerala, Gujarat and West Bengal. As of March 31, 2021, the total installed capacity at our four manufacturing facilities was 6,03,000 MTPA. We believe that the strategic location of our manufacturing facilities provides us with multiple advantages, including easy access to raw materials, proximity to domestic tyre manufacturers, easy grid connectivity for sale of surplus power and access to our international customers due to proximity to ports. We believe that we have exhibited an ability to manage large-scale operations, quality control mechanisms and employ innovative technologies across our four facilities. Our manufacturing facilities produce over 75 grades of rubber carbon black, Performance Chemicals and Specialty Chemicals. Our Company believes that the cost and complexity involved in establishing such a platform represents significant barriers to entry for potential competitors. Each of our Company's manufacturing facilities have in place a quality management system with dedicated on-site quality assurance teams. Well spread manufacturing facilities across the three corners of India makes us efficient in terms of on time serviceability of our customers, lower logistics costs and protection from any potential interruption on account of natural disasters and local political or labour issues. We believe that our manufacturing facilities have economies of scale, and we produce high quality products that meet the varying expectations of our diverse customer base. Further, owing to our research and development team, we have developed a seamless capability of using multiple feedstocks, like CBFS and CBO for the manufacture of carbon black. This capability provides us with a flexibility and a choice between multiple feedstocks based on price arbitrage available at different points in time.

Our Company has dedicated line for the manufacture of Specialty Chemicals through use of advanced technology. We sold 23,967 MT, 19,378 MT and 19,501 MT of specialty carbon black in the Fiscal Years 2021, 2020 and 2019.

Strong customer relationship

Customer relationships are core to our business. We provide a wide range of products to our customers in each of our segments. We align our offerings with the business needs of our customers and also assist in customized requirement of clients aimed at building long term sustainable relationships. Our clients include reputed tyre manufacturers and manufacturers requiring Performance Chemicals and Speciality Chemicals in their products like polyester fibres, wire, and cables etc., both in India and outside India. We have been consistently supplying our carbon black to these customers, which reflects our strong and proven history of high customer retention.

We run an efficient supply chain process by way of our 'Virtual Plant Concept' which primarily aims in giving a convenience of next to door supply to the customers. With supply chain facilities nearer to the location of the customers as well as through support of our marketing and technical service personnel, the 'Virtual Plant Concept' provides us with the following advantages: (i) flexibility to serve customers including providing them with the facility of just-in-time ("**JIT**") i.e. products being supplied by our company as and when such products are needed by the customer; (ii) the ability to meet our local demand, supplied through our warehouses, located at Chennai, Tamil Nadu, Kolkata, West Bengal, Ponda, Goa, Medak, Telangana, and decanting stations located across Asia, Europe, and USA; and (iii) the capacity to supplement our domestic presence with overseas presence through our offices at Korea, China, Belgium, Germany, Vietnam and, France.

In Fiscal 2021, Fiscal 2020, and Fiscal 2019, our sales to top ten customers contributed 64.30%, 66.10% and 64.75%, respectively of our total revenue. We have been associated with our top five customers for more than a decade. We have a strong global presence with footprints in more than 40 countries. In Fiscal 2021, we exported 25.51% of our total sales, thereby reducing our dependence on Indian markets. We export our products to multiple geographies including South America, North America, Europe, Middle East, Africa, and Asia.

Strong focus on research and development for expansion of specialty carbon black portfolio

We have a large and diversified range of carbon black products, both for rubber and specialty applications. Through our Company's continued endeavours in research and development, we have been able to develop a large portfolio consisting of over 75 grades of carbon black, out of which over 40 grades are of specialty carbon black. These grades of carbon black are used in multiple products essential for everyday life such as tyres, plastics, paints, pipes, films, fibre, and ink.

Our research and development facilities at Palej, Gujarat along with innovation centre at Belgium are equipped with some of the latest technology and equipments in the field of research and development of carbon black, Performance Chemicals and Specialty Chemicals. Our research and development facilities focus on the improvement of process and machine technology, yield improvement, feedstock efficiency, customization of grades and new product development. Our research and development and our innovation facilities employes more than 40 technical professionals including scientists engaged in research and development and process technology, as on March 31, 2021, with focus on developing new products which aim to be future ready and help us in differentiating us from our competition thereby creating a value-added advantage. Our research and development facilities also help in the customization of carbon black and specialty chemicals to meet the stated and implied need of our customers. Our Company has been developing and improving rubber and Specialty Chemical products and initiatives with customers for improvements in such products. Our Company incurred ₹ 24.31 crore, ₹ 11.38 crore, and ₹ 15.34 crore, as research and development expenses (capital and revenue), in Fiscal 2021, 2020 and 2019, respectively.

Our Company has an advanced research and development facility at Palej, Gujarat which is recognized by National Accreditation Board for Testing and Calibration Laboratories ("**NABL**"). Further, we believe that innovation centre at Belgium that we set up recently, will help us to primarily focus on fundamental research in relation to new product development, carbon black characterization, feedstock characterization, rubber, plastic and ink application. Our in-house R&D capabilities are the cornerstone of our operations and continued growth and the team *inter alia* engages in the following:

- *Development of new carbon black grades:* We constantly focus on the rapid expansion of our carbon black product portfolio in the specialty business, including inks, coatings, and plastics masterbatch segments, as well as customised/modified American Society for Testing and Materials ("**ASTM**") / rubber grade carbon black products through the development of new carbon black grades and improving the existing carbon black grades by adopting physical and chemical routes of modifications.

- *Modifications/improvement in process design:* We evaluate the existing carbon black manufacturing processes and technologies to improve our process technology, product features and versatility, in order to produce cleaner carbon black grades. This enables us to enhance the carbon black manufacturing process, along with improving the reactor efficiency, productivity, yield, and pellet quality, among others.

- *CBFS Research:* Our CBFS team analyses inbound feedstock to ensure their effectiveness for the manufacturing of carbon black. We evaluate the nature of the CBFS based on carbon black grade to be produced in the light of yield, quality, specified impurity level, process efficiency, conformation with diverse environmental and regulatory norms, among others. It also cooperates with the other departments like purchase and quality assurance teams to explore potential new vendors and suppliers to identify suppliers with the best quality products.

- *Tracking industry trends:* We regularly monitor and analyse the industry trends and evolving market dynamics, which includes patents and competitive products analysis through effective analytical tools and molecular engineering approach.

Co-generation of power, using tail gas, leading to improved profitability

In each of our manufacturing facilities we have co-generation power plants, which uses the tail gases produced during the production of carbon black. As on March 31, 2021, our total installed capacity for power generation was 76 MW, which is described as below:

Location	Durgapur, West Bengal	Mundra, Gujarat	Palej, Gujarat	Kochi, Kerala
CPP (MW)	30	24#	12	10

 # Excludes the 8MW Co- generation power plant commissioned by us at Mundra, Gujarat during the three-month period ended June 30, 2021.

With the above portfolio, we are not only self-sufficient in terms of our power consumption requirements, but we have also been able to generate sizeable revenue from sale of surplus power to external customers. During the Fiscal 2021, approximately 41.56% of the green power generated from our co-generation power plants was used to meet our captive requirement, while the balance 58.44% of the power generated was sold to third parties. Sale of power is an additional source for revenue for us and through sale of power we have been able to realize additional revenue which has been increasing our EBITDA margins. Further to our expansions at our Palej and Kochi facilities and the completion of our greenfield and brownfield projects, our existing capacity for power generation will increase to 122 MW and hence, the contribution of power in our sales and margins will also increase. For Fiscal 2021, sale of power amounted to ₹ 67.25 crore. Our Company's initiative has been registered under the clean development mechanism of the United Nations Framework Convention on Climate Change ("**UNFCCC**") for the captive power plant at our Palej Facility in the state of Gujarat in the Fiscal 2007. We believe that increasing efficiency of our co-generation power plants coupled with the increasing production volume of carbon black has been driving the growth of our power revenue.

Robust financial performance with a strong balance sheet

Our revenue from operations for three-month period ended June 30, 2021, Fiscal 2021, Fiscal 2020, and Fiscal 2019 was ₹1,003.85 crore, ₹ 2,659.52 crore, ₹ 3,243.54 crore and ₹ 3,528.56 crore, respectively and our EBITDA for same period(s) was ₹ 161.06 crore, ₹ 525.80 crore, ₹ 491.99 crore, and ₹ 634.05 crore, respectively, while our profit for the year / period was ₹ 104.47 crore, ₹ 313.99 crore, ₹ 287.50 crore, ₹ 382.67 crore, respectively. Our long-term credit rating of our Company has been upgraded by three credit rating agencies namely CARE, ICRA and CRISIL. Our present short term credit rating is A1+ while the long-term rating is AA (with stable outlook).

Certain of our other key performance indicators are as below:

(Figures in ₹ crore, except ratios)

Particulars	Quarter ended June 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
EBITDA*	161.06	525.80	491.99	634.05
Profit for the period / year	104.47	313.99	287.50	382.67
Total Assets	4,083.16	3,726.05	3,307.18	3,387.11
Total Equity	2,082.14	1,943.00	1,706.38	1,655.75
Total Borrowings	859.59	606.79	616.97	793.43
EBITDA/ton (calculated as EBITDA/Sale volume)	14,718.87	13,507.66	12,094.53	15,716.85
EBITDA Margins (calculated as EBITDA/Revenue)	16.04	19.77	15.17	17.97
PAT Margins (calculated as PAT/Revenue)	10.41	11.81	8.86	10.84
ROE (calculated as PAT/Equity attributable to Equity Holders of the Parent)	20.15	16.22	16.92	23.19
ROCE (calculated as EBIT/Capital Employed (Average of Opening & Closing of the FY))	22.48	19.46	20.11	31.89
Utilization Rates	90.28	82.31	86.61	92.43
Debt/Equity (calculated as Gross Debt#/(Equity Capital + Reserves))	0.41	0.31	0.36	0.48

** EBITDA: Profit after tax + tax expense + depreciation and amortization + finance costs + net(gain)/ loss on foreign currency transaction*
 # Gross Debt: non-current borrowings and current borrowings (includes current maturities of long term debt)

Our Strategies

The key elements of our strategy are as follows:

Enhancing capacity to meet rising demand

Our Company is undertaking an expansion program in both carbon black and power segment, involving both greenfield and brownfield expansion. The greenfield expansion is underway at Chennai, Tamil Nadu with an installed capacity of 147,000 MTPA of carbon black production along with a 24 MW captive power plant. We are also in the process of commissioning two co-generation power plants at Palej and Kochi with capacities of 7 MW each. We intend to commence commercial production at our green field carbon black production facility by December 31, 2022. The completion of the greenfield and brownfield projects would not only bring our Company's total installed capacity to approximately 750,000 MTPA but also increase the green power generation capacity of our Company to 122 MW. The following table demonstrates the increase in installed capacity and effective capacity, as on March 31, 2021:

Fiscal	Installed capacity (on equivalent basis)	Effective capacity for carbon black (based on product mix)	Capacity actually produced	Capacity Utilization (%) (as a % of effective capacity)
2021*	5,74,858 CB (MTPA)#	4,67,469 (MTPA)	3,84,786 CB (MTPA)	82.31
2020	5,71,000 CB (MTPA)	4,71,171 (MTPA)	4,08,061 CB (MTPA)	86.61
2019	5,29,000 CB (MTPA)#	4,44,427 (MTPA)	4,10,798 CB (MTPA)	92.43

 # Includes proportionate capacity of new lines commissioned during the relevant Fiscals.

** Our operations were impacted in Fiscal 2021 on account of COVID related lockdowns. For details, see "Risk Factor - The outbreak of the COVID-19 may have a significant effect on our operations, and could negatively impact our business, revenues, financial condition, cash flows and results of operations. The current, and uncertain future, impact of the COVID-19 pandemic, may impact our operations and cash flows." on page 43.*

Note: In any carbon black manufacturing industry, various grades are manufactured in each production line. As per the quality specification, manufacturing process for different grades require different process parameters that result in capacity for each grade to be different from the same line. Since each grade has a different output from the same production line, to define the capacity of a line, the grade with the maximum capacity is identified and the production capacity of this grade is defined as the "Equivalent Capacity". We have defined the production capacity of tread reactor for grade N330 and for carcass line, it is defined for grade N660. Subsequently, an equivalent factor is calculated for each grade that defines the actual production that will be achieved from each line for each grade. The Equivalent Capacity is therefore the maximum capacity that each line can produce if only grade N330 and N660 are being produced. Since our customers require multiple grades, our product mix keeps on changing.

For details of our greenfield expansion, see "*Greenfield Expansion*" on page 148.

Increasing share of value-added products

Our Company aims to reduce its reliance on formula-based ranges of product (rubber-based carbon black products) and further de risk the business by increasing the share of Performance Chemicals and Specialty Chemicals. With an objective of further increasing our penetration in the existing market of Specialty Chemicals, we are in the process of ramping up our production capability of Specialty Chemicals product portfolio. Further, we have a strong focus on research and development, and we work closely with the customers to understand their requirements and develop grades of carbon black to suit their requirements particularly in automotive, consumer electronics and home appliances market. This helps us to focus on manufacturing high performance Specialty Chemicals, which generally yield a higher margin as compared to rubber carbon black. Our in-house research and development centre focuses on developing new grades for high end conductive applications, batteries, adhesive and sealants, ink, and coatings. We may also explore inorganic expansion to grow our Specialty Chemicals.

Grow our market share in existing geographies and expand operations to new geographies

We aim to continue to focus on quality, execution and timely delivery of our products and continue to provide efficient after sale services to our customers. While we are focusing on current market base, we are also actively seeking to penetrate into new geographies. Presently, we are the largest carbon black producer in India by capacity (source: Notch Report). Our global presence is over 40 countries spread across the world including Europe, Asia, Middle East and North America, South America. We held 9% of the carbon black market in Asia, excluding China, based on sales in 2020 (source: Notch Report). Our exports accounted for 27.33%, 28.45% and 23.63% of our total sale volume in Fiscal 2021, 2020 and 2019 respectively. Through our proposed greenfield expansion, we intend to increase our manufacturing capacity and also increase our market share. Our 60 years of rich experience in carbon black manufacturing helps us in attracting new clients and retaining our existing clients, in India and across the world. We also intend to expand our product portfolio of carbon black, by leveraging our research and developmental activities.

Continue to focus on research and development

We believe that a large part of our success is based on our research and development initiative through which we have developed new grades of carbon black and specialty chemical, based on the requirement of our clients. Through our research and development activities we have also started selling super hard grade carbon black which is used in the production of radial tyres. We have already set up a research and development centre at Palej a few years back and recently opened an innovation centre at Belgium. These facilities will focus on new product development and will be equipped with laboratories, for amongst other things, carbon black characterization, CBFS characterization, rubber and plastic and ink applications. These facilities are supported by highly trained, experienced, and qualified process and product development scientists and engineers.

We will continue to equip our manufacturing facilities and our research and development facilities with the latest technology to ensure that we continue to have the ability to increase our yields and develop new carbon black and specialty chemical-based products. This will ensure a long-term financial sustainability and also healthy relationship with our clientele.

High commitment towards environmental, social, and corporate governance

Our Company is committed towards environment sustainability across each of our business operations to ensure that resources are recycled and utilized judiciously. To further this commitment, initiatives such as energy management, water management, emission management, effluent management, rainwater harvesting, plantation drives, etc. have been adopted by us. The waste gas from our carbon black manufacturing process is used in the generation of green power. As on June 30, 2021, our current capacity for green power generation was 84 MW. Our Company also adheres to international standards such as 'CDP Climate Change Disclosure' (formerly known as "**Carbon Disclosure Project"**) and UNFCCC through our green field expansion project, we are also aiming to procure Indian Green Building Council **("IGBC")** platinum green factory building certification. In addition, we also plan on reducing freshwater consumption by recycling freshwater and rainwater harvesting for utilization in the process of manufacturing carbon black across each of our facilities. We are also putting into action a sustainability policy and governance structure which includes ethics, transparency and accountability, sustainability of goods and services, employee well-being, responsiveness towards stakeholders, human rights, inclusive growth and customer services and learning and development.

We are also committed to proactively working towards the development of underprivileged communities with focus on education, health and sanitation, environment sustainability and holistic community development. As part of our endeavor to contribute to mitigate the impact of the COVID-19 pandemic, we have, among other activities, distributed food grains within the community.

We are strongly committed to good governance. This is evident by the fact that we have measures such as whistleblower policy, vigil mechanism, sexual harassment policy, anti-bribery policy, quality policy and sustainability policies and prohibition of insider trading policy in place. Further, half of our Board is comprised of 50% independent directors and is diverse in terms of skills and expertise in the fields of global business, strategy and planning, leadership, legal and regulatory matters, finance, and risk management.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 40, 74, 184, 170 and 200, respectively.

Issuer	Phillips Carbon Black Limited
Face value	₹ 2 per Equity Share
Issue Price	₹ 244 per Equity Share (including a premium of ₹ 242 per Equity Share)
Discount	₹ 11.85 per Equity Share
Floor Price	₹ 255.85 per Equity Share, which has been calculated on the basis of Regulation 176 of the SEBI ICDR Regulations
Issue Size	Issue of 1,63,93,442 Equity Shares, aggregating ₹ 399.99 crores A minimum of 10% of the Issue Size, i.e., 16,39,345 Equity Shares were made available for Allocation to Mutual Funds only and the balance 1,47,54,097 Equity Shares were available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion may be Allotted to other Eligible QIBs
Date of Board resolution authorizing the Issue	August 27, 2021
Date of Shareholders' resolution authorizing the Issue	September 24, 2021
Dividend	See "*Description of Equity Shares*" and "*Dividends*" on pages 200 and 80
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and the Application Form were delivered and who are eligible to bid and participate in the Issue For further details, see "*Issue Procedure*" and "*Selling Restrictions*" on pages 170 and 186, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form was delivered has been determined by our Company in consultation with the BRLMs
Equity Shares issued and outstanding immediately prior to the Issue	17,23,37,860 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	18,87,31,302 Equity Shares
Issue procedure	This Issue was made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 170
Listing and trading	Our Company has obtained in-principle approvals dated September 30, 2021 from BSE and NSE in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue Our Company will make applications to each of the Stock Exchanges after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares, to be issued pursuant to this Issue
Lock-up	For details of the lock-up, see "*Placement – Lock-up*" on page 184
Transferability restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. Allotments made to VCFs, and AIFs in the Issue are subject

	to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. See "*Issue Procedure*" and "*Selling Restrictions*" on pages 170 and 186, respectively.	
Use of proceeds	The gross proceeds from the Issue aggregating to approximately ₹ 399.99 crores. The net proceeds from the Issue, after deducting Issue related expenses is expected to be approximately ₹ 391.57 crores. See "*Use of Proceeds*" on page 74 for information regarding the use of Net Proceeds from the Issue	
Risk factors	See "*Risk Factors*" on page 40 for a discussion of risks you should consider before investing in the Equity Shares	
Indian taxation	See *"Statement of Possible Tax Benefits"* on page 203	
Closing Date	The Allotment of the Equity Shares is expected to be made on October 5, 2021	
Ranking and dividends	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see sections "*Dividends"* and "*Description of the Equity Shares"* on pages 80 and 200, respectively	
Security Codes/ Symbols for the Equity Shares	**ISIN**	INE602A01023
	BSE Code	506590
	NSE Symbol	PHILIPCARB

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Consolidated Financial Statements, prepared in accordance with Ind AS, as notified by the MCA pursuant to Section 133 of the Companies Act, read with the IAS Rules and other relevant provisions of the Companies Act. For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*", on pages 81 and 222, respectively.

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SUMMARY OF AUDITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021, MARCH 31, 2020 AND MARCH 31, 2019

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	1,631.00	1,509.45	1,494.38
Capital work-in-progress	266.76	305.58	175.04
Investment property	4.48	4.48	4.48
Intangible assets	0.65	1.01	1.43
Right of use assets	106.29	124.98	-
Financial assets			
(i) Investments	196.27	155.08	257.03
(ii) Loans	28.11	14.13	13.72
(iii) Other financial assets	0.55	1.39	1.39
Non-current tax assets (Net)	5.16	8.38	-
Other non-current assets	17.40	42.40	24.97
Total Non-current assets	**2,256.67**	**2,166.88**	**1,972.44**
Current assets			
Inventories	444.84	326.19	460.30
Financial assets			
(i) Investments	-	-	105.11
(ii) Trade receivables	707.53	588.24	652.66
(iii) Cash and cash equivalents	152.22	149.43	113.57
(iv) Other bank balances	112.16	2.68	1.89
(v) Loans	16.70	0.63	1.80
(vi) Other financial assets	3.26	22.53	1.94
Other current assets	32.67	50.60	77.40
Total Current assets	**1,469.38**	**1,140.30**	**1,414.67**
TOTAL ASSETS	**3,726.05**	**3,307.18**	**3,387.11**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	34.47	34.47	34.47
Other equity	1,901.00	1,664.65	1,615.43
Non-Controlling Interest	7.53	7.26	5.85
TOTAL EQUITY	**1,943.00**	**1,706.38**	**1,655.75**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	304.74	215.01	270.66
(ii) Other financial liabilities	98.62	104.31	-
Provisions	0.86	1.99	1.31
Deferred tax liabilities (Net)	271.42	254.87	256.72
Total Non-current liabilities	**675.64**	**576.18**	**528.69**
Current liabilities			
Financial Liabilities			
(i) Borrowings	256.92	329.67	454.99
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	13.26	12.65	3.59
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	578.37	406.12	504.68
(iii) Other financial liabilities	147.60	181.92	139.46
Provisions	84.39	83.91	83.21
Current tax liabilities (Net)	0.06	0.04	5.38
Other current liabilities	26.81	10.29	11.36
Total Current liabilities	**1,107.41**	**1,024.62**	**1202.69**
TOTAL LIABILITIES	**1,783.05**	**1,600.80**	**1,731.36**
TOTAL EQUITY AND LIABILITIES	**3,726.05**	**3,307.18**	**3,387.11**

SUMMARY AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FISCALS ENDED MARCH 31, 2021, MARCH 31, 2020 AND MARCH 31, 2019

(₹ in crore except earnings per share (basic and diluted))

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	2,659.52	3,243.54	3,528.56
Other income	18.00	29.01	19.93
Total Income	**2,677.52**	**3,272.55**	**3,548.49**
Expenses			
Cost of materials consumed	1,582.74	2,185.72	2,351.96
Changes in inventories of finished goods	26.19	3.79	(55.40)
Employee benefits expense	132.35	134.55	111.12
Finance costs	33.88	45.90	36.78
Depreciation and amortisation expense	110.12	92.36	66.38
Other expenses	400.20	455.43	504.70
Total Expenses	**2,285.48**	**2,917.75**	**3,015.55**
Profit before tax	392.04	354.80	532.94
Income-tax expense			
Current tax (net of utilisation of minimum alternate tax credit)	69.36	57.27	150.87
Deferred tax	8.69	10.03	(0.60)
Total tax expense	**78.05**	**67.30**	**150.27**
Profit for the year	313.99	287.50	382.67
Other Comprehensive Income			
Exchange difference on translation of foreign exchange	(0.60)	2.47	1.13
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)	(0.24)	(1.78)	(1.20)
Net gain/(loss) on FVTOCI equity instruments (net of tax)	44.10	(89.43)	(1.89)
Other Comprehensive Income for the year, net of tax	**43.26**	**(88.74)**	**(1.96)**
Total Comprehensive Income for the year, net of tax	**357.25**	**198.76**	**380.70**
Basic & Diluted EPS	18.22	16.68	22.20

SUMMARY AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FISCALS ENDED MARCH 31, 2021, MARCH 31, 2020 AND MARCH 31, 2019

Particulars	For the year ended March 31, 2021 (*₹ in crore*)	For the year ended March 31, 2020 (*₹ in crore*)	For the year ended March 31, 2019 (*₹ in crore*)
Cash Flow from Operating Activities			
Profit before Tax	392.04	354.80	532.94
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses	110.12	92.36	66.38
Finance costs	33.88	45.90	36.78
Allowance for doubtful debts / expected credit losses - trade receivable	0.83	-	5.01
Allowance for doubtful debts written back	-	(3.84)	-
Interest income from certain financial assets	(5.54)	(3.55)	(1.34)
Exchange differences on translation of foreign subsidiaries	(0.60)	2.47	1.13
Dividend income from equity instruments designated at FVTOCI	(7.59)	(5.28)	(3.91)
(Gain) / Loss on sale/fair valuation of investments carried at FVTOCI	2.97	-	-
Gain on sale of investments carried at FVTPL	-	(9.91)	(7.98)
Fair Value gains on investments at FVTPL	-	(0.80)	(3.55)
Liabilities no longer required written back	(0.23)	(6.99)	(2.71)
(Profit)/Loss on disposal/discard of property, plant and equipment	(1.41)	-	-
Loss on disposal/discard of property, plant and equipment	-	1.01	0.16
Provision for Inventory	-	0.90	-
Provisions for claims and litigations/ (write back) (net)	(4.85)	-	-
Provisions for claims and litigations		7.78	20.25
Unrealised Foreign exchange differences (net)	(6.26)	3.60	(4.33)
Operating profit before changes in operating assets and liabilities	**513.36**	**478.45**	**638.85**
Working capital adjustments			
(Increase)/Decrease in inventories	(118.65)	133.21	(150.39)
(Increase)/Decrease in trade receivables	(123.46)		-
(Increase)/Decrease in other financial and non-financial assets	(9.26)	180.07	(201.22)
Increase/(Decrease) in trade payables	166.70		-
Increase/(Decrease) in other financial and non-financial liabilities	22.32	(194.10)	130.78
Cash generated from operations	**451.01**	**597.63**	**418.01**
Income taxes paid (net of refunds)	(66.00)	(66.38)	(128.12)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**385.01**	**531.25**	**289.90**
Cash Flow from Investing Activities			
Purchase of property, plant and equipment	(115.49)	(230.71)	(232.74)
Proceeds from disposal of property, plant and equipment	1.41	0.02	1.21
Purchase of non-current investments	(1.01)	-	-
Purchase of current investments	(1,976.93)	(3,307.01)	(2,577.00)
Proceeds from sale/redemption of current investments	1,979.83	3,374.28	2,524.91
Proceeds from redemption of preference shares	7.04	47.75	-
Fixed deposits placed with banks	(107.24)	-	-
Interest received	2.13	3.55	2.19
Dividend received from equity instruments designated at FVTOCI	7.59	5.28	3.91
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(202.67)**	**(106.84)**	**(277.52)**
Cash Flow from Financing Activities			
Proceeds from non-current borrowings	235.00	-	183.00
Repayment of non-current borrowings	(156.00)	(67.78)	(40.19)
Payment of lease Liability	(29.25)	(22.68)	-
Increase/(Decrease) in cash credit facilities from banks	(99.75)	1.75	(171.66)
Proceeds from current borrowings	1,088.86	732.89	1,117.07
Repayment of current borrowings	(1,061.86)	(856.98)	(1,015.14)

Particulars	For the year ended March 31, 2021 (₹ *in crore*)	For the year ended March 31, 2020 (₹ *in crore*)	For the year ended March 31, 2019 (₹ *in crore*)
Dividends paid	(120.64)	(144.64)	(96.73)
Finance cost paid	(35.90)	(31.11)	(46.75)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(179.54)**	**(388.56)**	**(70.40)**
Net increase/(decrease) in Cash and Cash Equivalents	**2.80**	**35.85**	**(58.03)**
Opening Cash and Cash Equivalents	149.42	113.57	171.60
Closing Cash and Cash Equivalents	**152.22**	**149.42**	**113.57**

RISK FACTORS

An investment in Equity Shares involve a high degree of risk. Potential investors should carefully consider each of the following risk factors described below as well as other information contained in this Placement Document before making an investment decision in the Issue. If any particular risk or some combination of the risks described below actually occurs, our business, prospects, financial condition, results of operation and cash flows could be seriously harmed, the trading price of our Equity Shares could decline, and investors may lose all or part of their investment. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. We have described the risks and uncertainties that our management currently believes are material, but the risks set out in this Placement Document may not be exhaustive or complete and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In order to obtain a complete understanding about us, potential investors should read this section in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Our Business" and "Industry Overview on page 81, 142 and 116 as well as the other financial information included in this Placement Document.

Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must rely on their own examination of us on a consolidated basis and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Placement Document. For details, see "Forward-Looking Statements" on page 16. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares.

RISKS RELATING TO OUR BUSINESS AND COMPANY

1. ***As part of our growth strategy, we are making significant investments to expand our production capacity and if we are unable to implement these projects in a timely manner and within budget, our business, results of operations, financial conditions and cash flows could be adversely affected.***

   As on June 30, 2021, our Company's carbon black capacity was 6,03,000 MTPA along with green power capacity of 84 MW per annum. We have made and intend to continue making investments to expand our production capacity. Our Company is undertaking an expansion program in both carbon black and power segment, involving both greenfield and brownfield expansion. For details, see "*Our Business - Our Strategies*" and "*Our Business - Greenfield Expansion*" on pages 147 and 148, respectively. We plan to expand our carbon black manufacturing capacity through green field expansion by an additional 1,47,000 MTPA at our plant located in South India. Our projects have a long gestation period due to the process involved in commissioning. Although, we have implemented capacity addition(s) in our existing facilities in the past, our expansion plans remain subject to the potential problems and uncertainties that projects of this kind face including but not limited to commercialization and development of a market for our new grades of high performance and specialty chemicals, developing or obtaining the necessary know-how to manufacture new products, maximizing capacity utilization, expanding our distribution network, obtaining required regulatory approvals on a timely basis or at all, completing project(s) on a timely basis, obtaining capital to support our growth strategy; and attracting and retain qualified technical staff. Problems that could adversely affect our expansion plans include delays in completion, cost overruns, labour shortages, increased costs of equipment or manpower, delays in procurement of equipment and machinery, inadequate performance of the equipment and machinery installed in our facilities, defects in design or construction, operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID-19 pandemic and the possibility of unanticipated future regulatory restrictions. We cannot assure you that the proposed capacity additions and process improvements will be completed as planned or as scheduled.

   Our operations may also be affected by problems frequently encountered with the use of new technologies and by the competitive and regulatory environment in which we operate. There can be no assurance that capacity expansion plans may result in our capacity utilization rates not increasing at the desired rate. If our actual capital expenditures significantly exceed our budgets, which may be due to various factors beyond our control, or even if our budgets were sufficient to cover these expansion, we may not be able to achieve the intended economic benefits of these expansions, which in turn may materially and adversely affect our financial condition, results of operations, cash flows and prospects.

2. ***Our Company relies on certain major suppliers, with whom we have not entered into long term contracts, for supply of certain of raw materials. Any disruption in supply could have a material adverse effect on our business, results of operations, cash flows and financial condition.***

Our business depends on suppliers, who provide the raw materials and essential items that we require to manufacture our products and to operate our business. We utilise Carbon Black Oil ("**CBO**") or carbon black feedstock ("**CBFS**"), sourced domestically or from outside India, depending on the availability and prices. We import around 80% of the basic raw material required for our production process which we source materials from a limited number of suppliers and cannot guarantee that we will be able to maintain uninterrupted access to these sources, or the price of such products, which in some cases may be affected by factors outside of our control and/or the control of our suppliers. This exposes us to the risk of price fluctuations and if required to change the suppliers on account of price escalation, we may be subject to a variety of supply risks. In addition, prices for these raw materials fluctuate and while we seek to manage this exposure, we may not be successful in mitigating these risks. Furthermore, we have limited ability to monitor the financial stability of our suppliers. Raw materials used by us, i.e., CBFS or CBO are subject to daily price volatility. In the case of extreme volatility and if we are unable to pass on the increase in CBFS or CBO cost to our customers, then it may have an adverse impact on our profit.

During the Fiscals 2021, 2020 and 2019 we imported 76.08%, 74.02% and 78.65%, respectively of the total raw material consumed by our Company from selected vendors around the globe. We do not enter into supply contracts of long durations. In the absence of such contracts, we cannot assure you that a particular supplier will continue to supply our products in the future.

We undertake procedures internally to ensure that we procure raw materials of the highest quality and from reputed and well-known suppliers. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in shortages or delays in their supplies to us. If our suppliers are unwilling to continue to supply raw materials to us or fail to provide essential raw material in a timely manner or at the level of quality or quantity necessary to manufacture our products or if we were to experience a significant or prolonged shortage of supplies from any of our suppliers, and are unable to procure the supplies from alternate sources, we would be unable to meet our production schedules and to supply such products to our customers in timely fashion. Any such delay may expose us to consequential damages being sought by our customers which would adversely affect our sales, margins and customer relations, operating results and/or our financial condition. It would also give rise to contractual penalties or liabilities on account of failure to perform contracts or any loss to customers due to such non- performance.

3. ***Fluctuations in crude oil prices may adversely affect our revenues and profits and we may not be able to increase the prices of our product in order to pass our increased costs along to our customers or may have to absorb inventory loss/ write down on the stocks if the crude oil price drops.***

Crude oil is the source of CBFS which is the basic raw material required for the production of carbon black. Fluctuations in crude oil prices may adversely affect our revenues and profits, and substantial or extended increment in international prices for crude oil will have a material adverse effect on our financial condition, including our liquidity and therefore our ability to finance planned capital expenditure, and our results of operations. Historically, international prices for oil have been volatile and have fluctuated widely, in response to changes in many factors. Such fluctuations may in turn result in fluctuations in our results of operations and cash flows. We do not and will not have control over the factors affecting prices for crude oil. A few of these factors include:

- global and domestic economic conditions;
- global and regional economic and political developments in resource-producing regions, particularly the Middle East;
- global and regional supply and demand;
- the ability of the Organization of Petroleum Exporting Countries and other oil and gas producing nations to set and maintain global production levels and prices;
- discoveries of, and commercial availability of, alternative fuels at cheaper prices that affect our realized prices under our oil and value-added products sales contracts;

- Indian and foreign governmental regulations and actions, fiscal or otherwise, including tariffs on imports and sharing of subsidies;
- price and availability of new technology; and
- environmental conditions.

It is not possible for us to forecast future oil product price movements with accuracy. Although, in the past we have been able to pass on increase in price of the raw materials to our customers with some lag, we cannot assure you that we will be able to pass on increase in raw material cost to our customers. If we are unable to pass increase in cost of raw materials to our customers, it will have an adverse effect on our operating margins and consequentially, our business and profitability.

4. ***Our Company competes against imports mainly from China and Russia and to an extent relies on tariffs to help it compete against such imports.***

Our Company competes against less expensive imports of carbon black including from China and Russia. The price gap between imported carbon black and domestic carbon black prices varies, which at times results in increase in the import of carbon black by various tyre companies. Our Company is required to address this gap particularly for the tyre segment which can put pressure on margins of our Company.

Moreover, discontinuation of anti-dumping duty on import of carbon black with effect from January 1, 2021, has further opened avenues of import of cheap carbon black from China and Russia. Since the tariffs are removed and if our Company is unable to effectively compete with relatively less expensive imports, performance of our Company could be adversely affected.

5. ***Most of our arrangements with customers are through purchase orders and we have not entered into any contracts with such customers. Any termination of such purchase orders, loss or financial weakness of any of our large customers could adversely affect our business, financial condition, cash flows and results of operation.***

A portion of our revenues from operations is derived from a limited number of key customers. In Fiscals 2019, 2020 and 2021, our top five customers contributed 55.81%, 57.80% and 56.68%, respectively, of our gross revenue in such periods. Our customers typically do not enter into any long-term supply agreements with us. We deliver our products to our customers based on purchase orders raised by customers from time to time depending on their requirements. There can be no assurance that our significant customers in the past will continue to place similar orders with us in the future. Further, we cannot benefit from a fixed sale price for our products which would otherwise be provided for in long-term contracts, and the sales prices for our products are adjusted from time to time in accordance with the market. A significant decrease in business from any such key customer, whether due to circumstances specific to such customer or adverse market conditions affecting the tyre industry or the economic environment generally, such as the COVID-19 pandemic, may materially and adversely affect our business, results of operations, cash flows and financial condition.

While we have established long-standing relationships with several of our key customers, our relationship with our customers through agents are to a large extent dependent on our ability to regularly meet customer requirements, including price competitiveness, efficient and timely product deliveries, and consistent product quality. In the event we are unable to meet such requirements in the future, it may result in decrease in orders or cessation of business from affected customers and agents.

We are also exposed to risks of lower volume or lower price realization on such volumes depending on prevailing market conditions. The orders placed by our customers are dependent on factors such as customer satisfaction in terms of consistency of supply, quality and our standing in price comparisons, timely delivery of product, the demand for quality of product and price comparisons with other brands, amongst others. Although, we have a strong emphasis on quality, timely delivery of our products and personal interaction with the customers, any change in the buying pattern of customers can adversely affect our business and financial condition.

6. ***The loss or shutdown/ breakdown of operations at our facilities may have a material adverse effect on our business, financial condition, cash flows and results of operations***

Our business and results of operations are dependent on our ability to effectively plan our production processes and on our ability to optimally utilize our production capacities at each of our manufacturing facilities. Our Company produces carbon black at its four manufacturing facilities located at the following places, namely Durgapur in West Bengal, Kochi in Kerala and Palej and Mundra in Gujarat. Our business is dependent upon our ability to manage our facilities effectively, which are subject to various operating risks, including those beyond our control, such as (i) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, power supply or processes, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, actual, potential or suspected epidemic outbreaks such COVID-19 pandemic, terrorist attacks and wars, labour disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents, (ii) performance below expected levels of output or efficiency and the need to comply with the directives of relevant government authorities, and (iii) obsolescence of technology. In particular, due to the COVID-19 pandemic, operations at our manufacturing facilities were temporarily suspended for certain days in March 2020 and the first two weeks of April 2020 owing to the operating restrictions/ lockdown consequent to COVID-19, and we subsequently resumed operations in a phased manner after April 14, 2020**.** The occurrence of any of these risks could significantly affect our operating results. Further, our results of operations are also dependent on the successful operation of our facilities.

Additionally, we have information technology systems that support our business processes which are also susceptible to such risks and disruptions. If unauthorized use of our systems were to occur, data related to our product formulae, product development and other proprietary information could be compromised. Continuity of our operations is critical to our business as our customers rely significantly on the timely delivery of our products.

We cannot assure you that there will not be any disruptions in our operations in the future, entailing significant repair and maintenance costs. Our inability to effectively and timely respond to and rectify any disruptions, at an acceptable cost, could lead to slowdown or shutdown of our operations or the under-utilization of our manufacturing facility, which in turn may have an adverse effect on our business, results of operations, cash flows and financial condition.

7. ***The outbreak of the COVID-19 may have a significant effect on our operations, and could negatively impact our business, revenues, financial condition, cash flows and results of operations. The current, and uncertain future, impact of the COVID-19 pandemic, may impact our operations and cash flows.***

The outbreak of COVID-19 was recognized as a public health emergency of international concern on January 30, 2020, and as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, had/have taken preventive or protective actions, such as imposing countrywide lockdowns, as well as restrictions on travel and business operations. The Government of India had announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions. With the decrease in number of COVID-19 cases, the lockdown was slowly eased during the end of 2020 and early 2021. Certain countries reinstated lockdown conditions due to a "second wave" of the COVID-19 outbreak. With gradual increase in number of COVID-19 cases from February 2021 and steep increase from March 2021, various states in India had reinstated lockdown conditions or imposed additional restrictions. The scope, duration, and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Although, there has been a decline in the COVID-19 cases in July 2021 to August 2021 and various States in India have lifted the lockdowns and other such restrictions, the resurgence of the virus or a variant of the virus that causes a rapid increase in cases and deaths, if measures taken by governments fail or if vaccinations are not administered as planned, may cause significant economic disruption in India and in the rest of the world.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have reacted by taking measures, including in the regions in which we operate, such as prohibiting people from assembling in heavily populated areas, instituting quarantines, restricting travel, issuing lockdown orders, and restricting the types of businesses that may continue to operate, 'stay-at-home' orders, and enforcing remote working regulations. These measures have led to a significant decline in economic activities. No prediction can be made of when any of the restrictions currently in place will be relaxed or when further restrictions will be announced.

During the lockdown, our manufacturing facilities across all the locations were temporarily closed for a period of 22 days to 39 days across different states where our manufacturing facilities are located and we had shut our offices, after which operations were resumed at the respective facilities, in accordance with the guidelines of the central government and respective state governments. As a result, the capacity utilization for certain of our manufacturing facilities reduced in Fiscal 2021 as compared to Fiscal 2020 and revenue from operations declined from ₹ 3,243.54 crore in Fiscal 2020 to ₹ 2,659.52 crore in Fiscal 2021. For details, see "*Our Business – Manufacturing Facilities*" on page 151.

However, with the gradual re-opening of our manufacturing facilities from May 2020 onwards, we were able to ramp up our production levels and capacity utilisation. We have implemented safety procedures and requirements at our manufacturing facilities to meet the government's requirement on sanitisation, staggered shifts, and social distancing. Further, there may be a disruption in supply chain, increased raw material prices/supply, transport and service costs which may adversely affect our production and profits.

However, the scale of the pandemic and the extent to which the local and global community has been impacted, our quarterly and annual revenue growth rates and expenses as a percentage of our revenues, may differ significantly from our historical rates, and our future operating results may fall below expectations. The impact of the pandemic on our business, operations and future financial performance includes, but are not limited to the following:

- a temporary shutdown of our manufacturing facilities due to government restrictions in connection with COVID-19;
- a decrease in demand for our products as a result of COVID-19 on account of government restrictions imposed and additionally on account of cost control measures implemented by our customers;
- our inability to source key raw materials as a result of the temporary or permanent closure of the facilities of suppliers of our key raw materials;
- a portion of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home order, which could result in a slowdown in our operations;
- delays in orders or delivery of orders, which may negatively impact our cash conversion cycle and ability to convert our backlog into cash;
- inability to collect full or partial payments from customers due to deterioration in customer liquidity; and
- the potential negative impact on the health of our employees, particularly if a significant number of them are afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

The operations of the Group were impacted by disruptions owing to lockdowns because of Covid 19 pandemic. The Group has made an assessment of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current / non-current assets and has concluded that no material adjustments are required. 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 assessment of recoverability of the Group's assets will be continuously made and provided for as required. The reports of the statutory auditor for Fiscal 2020 contain emphasis of matter paragraph drawing attention to a note in Audited Consolidated Financial Statements for Fiscal 2020 which states the impact of Covid 19 on the operations of the company. Please also see "*Risk factors - The reports of the statutory auditor of our Company contain emphasis of matter paragraph for the Fiscal year 2020*." on page 57.

8. We face significant competition from other manufacturers engaged in similar product segments in India and imports from abroad. Any increase in competitive pressure in the carbon black industry could result in the loss of customers, which could have an adverse impact on our business, cash flow, financial condition, and results of operation.

We operate and sell our products in highly competitive markets. Competition in our business is based on, among other things, pricing, product quality, customisation, innovation, and relationship with customers. We face price pressures from our customers who aim to procure chemicals at competitive costs. We need to compete on a global scale to gain and retain our market share. We face significant competition from other entities manufacturing products similar to ours, based in, or selling in, the same regional markets that we cater to. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies.

Some of our competitors may have longer operating histories and strong financials, greater market penetration, operations in diversified geographies and product portfolios, advanced research and development, marketing, and access to more resources than we do. Consequently, such competitors may be able to develop products and/or processes competitive with, or superior to, our own. Furthermore, we may not be able to differentiate our products from those of our competitors; to successfully develop or introduce new products on a timely basis or at all, that are less costly than those of our competitors; or to offer customers payment and other commercial terms as favourable as those offered by our competitors, which will intensify competition in the market. Such competition may force us to reduce our prices or provide additional services in customer contracts to retain and procure new customers, which may reduce our earnings. Additional competition may also lead to human resource issues such as increase in staff costs and higher attrition rates. Further, specialty products that we produce may become commoditized over time. We may lose out on existing customers and not procure new customer contracts, which may have a material adverse effect on our business, cash flows, result of operations and financial condition.

9. ***We are involved in various legal proceedings which if determined adversely, could result in material adverse effect on our business, financial condition, cash flows or results of operations.***

We are involved, from time to time, in legal proceedings that are incidental to our operations and involve suits filed by and against our Company by various parties. These include, *inter alia*, criminal proceedings, regulatory proceedings, civil proceedings, and tax proceedings. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. For instance, the Special Director, Directorate of Enforcement issued a show cause notice dated August 23, 2011, to our Company for alleged contravention of the provisions of the Foreign Exchange Management Act, 1999 read with the provisions of the (Transfer or Issue of any Foreign Security) Regulations, 2000. An adjudication order dated July 27, 2018, was passed by the Enforcement Directorate, holding our Company guilty of the aforesaid charges as alleged in the show cause notice and imposed a penalty on our Company, against which our Company filed an appeal before the Appellate Tribunal for Foreign Exchange, New Delhi. For details, see *"Legal Proceedings"* on page 215. The legal proceedings that we are involved in may not be decided in our favour, and we may have to make provisions in our financial statements, which could increase our expenses and liabilities.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a number of these disputes are determined against us and if we are required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be a material and adverse impact on our reputation, business, cash flows, financial condition and results of operations. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings. For details, see *"Legal Proceedings"* on page 215.

10. ***Any slowdown in the rate of growth of automotive or tyre industry or slowdown in the global economy (including Indian economy) could affect our growth prospects which in turn may affect profits.***

Automotive and tyre industry growth is linked to the economic growth/interest rate and any deceleration in the economic growth/increase in interest rate will affect the growth of the automobile and tyre industry. Sales to OEMs are driven in large part by new vehicle manufacturing rates, which are primarily determined by consumer demand for new vehicles. Any slowdown in the sale of two-wheeler and four-wheeler vehicles due to overall economic conditions, changes in consumer preferences or other factors would likely result in a decrease in net sales of our Company and adversely affect its operating results.

11. ***We face the risk of products and technology becoming obsolete. Changes in technology may render the current technologies obsolete or require us to make substantial capital investments.***

The business of our Company is largely dependent on the technologies adopted by us. The manufacturing process in the carbon black industry is prone to technological and process changes and upgrades. Changes in competitive technologies may render certain of our products obsolete, cost inefficient or less attractive, and to compete effectively, we must be able to develop and produce new products or enhance versions of existing products to meet our customers' demands in a timely manner. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive.

We have a separate research and development vertical which focuses on product development, increase in efficiency of manufacturing processes to reduce time and cost of production and increase in our production yield. However, there can be no assurance that we will be able to secure the necessary technological knowledge or capabilities which will allow us to expand our product portfolio in a timely manner or at all, in which circumstances, we may be unable to effectively implement our strategy, and our business and results of operations may be adversely affected. Further, in order to compete successfully with our competitors, our Company may be required to invest substantial sums to adopt newer technologies and processes, which may have an adverse impact on the business and profitability of our Company.

Additionally, we may not be able to secure adequate financing for the capital expenditures required for the research and development of new technologies and products. If we are unable to secure adequate financing, or financing in time on commercially acceptable terms, or at all, we may be forced to curtail our product development programs, and our business, financial conditions, cash flows and results of operations may be materially and adversely affected. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly.

12. ***Foray into new products in which we have limited experience and expertise to address risks frequently encountered in relation to their manufacturing, may affect the successful implementation of our growth strategy.***

We indulge in constant improvement in our existing grades of carbon black, to stay ahead of our competitors in order to meet our customers' expectations. We plan to undertake further integration and expand into related products and specialty chemicals. We recently developed medium/high colour blacks under the registered brand name "Bleumina" and "Nutone". "Bleumina" series have been developed to cater the market of automotive, consumer electronics and home appliances while "Nutone" series is mainly used in inks and coatings segments.

Investors should not evaluate prospects and viability of these products and facilities based on our performance in manufacturing of our existing product portfolio including various grades of carbon black and specialty carbon black. We may not have sufficient experience to address the risks associated with such products and facilities, including our ability to sell the product successfully and acceptance of our newly developed products by customers. There can be no assurance that our existing or potential customers will accept the newly developed products due to price, utility or other considerations. Developing new products involves substantial expenditure and efforts with respect to research and development, regulatory compliance, manufacturing, marketing, selling and distribution, which we may not be able to realise in case the products are not accepted in wider markets. This can adversely affect our business, financial condition or results of operations and cash flows.

13. ***Any inability on our part to comply with prescribed specifications and standards of quality in connection with our products and/or manufacturing facilities could adversely impact our operations and profitability. Further, our Company requires certain registrations and permits from the government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations.***

We are required to adhere to various statutory and regulatory permits, licenses and approvals, contractual specifications, and standards to operate our business. Further, our customers often require our manufacturing facilities and products to be pre-approved and/or accredited by various agencies before placing orders for our products. If we fail to adhere to the aforesaid requirements or changes thereto in a timely manner, or at all, our cash flows, operations and/or profitability could be adversely affected. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship or pre-qualified status with certain of our key customers.

The above requires obtaining and renewing consents from the state pollution control boards, environmental clearances from the Ministry of Environments and Forests, importer-exporter code, registration and licenses issued under the Factories Act, fire safety licenses from municipal fire safety authorities, no objection certificates for maintenance of fire protection system, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of income taxes, GST etc. Some of our licenses, permits and approvals impose terms and conditions that require us to incur costs.

There can be no assurance that we will be able to apply and obtain such approvals, licenses or renewals in a timely manner or that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof. An inability to renew, maintain, obtain any required permits, licenses or approvals or a violation of the conditions thereof may, not only result in the interruption of our operations and have a material adverse effect on our business, financial condition, cash flows and results of operations but also result in levy of fines, sanctions, permit revocations, injunctions, plant shutdowns and/or civil or criminal proceedings.

14. ***We have had negative net cash flows used in investing and financing activities in the past and may continue to have negative cash flows in the future.***

We had negative cash flow used in investing and financing activities as set out below:

(₹ in crore)

	Three-month period ended June 30, 2021	Fiscal		
		2021	2020	2019
Net cash flows (used in)/ from operating activities (A)	(36.93)	385.01	531.25	289.90
Net cash flows used in investing activities (B)	(231.91)	(202.67)	(106.84)	(277.52)
Net cash flows (used in)/ from financing activities (C)	232.98	(179.54)	(388.56)	(70.40)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(35.86)	2.80	35.85	(58.03)

For details, see *"Summary Audited Consolidated Statement of Cash Flows for the Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on pages 38 and 81, respectively. We may in the future experience negative operating cash flows. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected.

15. ***We are subjected to various laws, regulations and regulatory actions by authorities of individual countries where we export, or we intend to export our products.***

As on the date of this Placement Document, we export our products to more than 40 countries including North America, South America, Europe, Africa, Asia, and Middle East. Our exports accounted for 27.33%, 28.45% and 23.63% of our sales volume in Fiscal 2021, 2020 and 2019, respectively. Our business is subject to certain risks inherent in exports, many of which are beyond our control, including the risk that the trade agreements between the countries where we export our products or operate, and Indian government may be altered against our interest or repudiated. Further, foreign governments may adopt regulations or take other actions that would have a direct or indirect adverse impact on our business and market opportunities, including laws and policies affecting trade, investment and taxes, repatriation of funds and withholding taxes, general import/export restrictions and changes in these laws, from time to time, difficulty of enforcing agreements and collecting receivables through foreign legal systems. Our foreign trade may be affected by general economic and political conditions in exporting countries. Any developments in the global chemical industry or the industries in which our customers operate could have an impact on our sales from exports. There can be no assurance that the government or regulators of countries, where we seek to sell our products will not impose trade restrictions on us. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India.

16. ***Certain of our corporate records are not traceable.***

Corporate records and regulatory filings made by us in relation to certain allotment of equity shares and appointment of certain directors are not traceable. These corporate records include: (i) board and shareholders' resolutions for certain allotments of equity shares made by our Company since our incorporation until 2006; (ii) forms filed by our Company with the Registrar of Companies or at the portal maintained by the MCA in relation to appointment of certain directors and the allotments; and (iii) erstwhile Form- 32 which was required to be filed to indicate the status of appointment/resignation of Directors despite conducting internal searches. While our Company believes that these resolutions and forms were duly filed with the appropriate authority, we have been unable to locate copies of these documents in its records or obtain copies of the same from the appropriate authorities. Accordingly, we have relied on a certificate issued by D. Dutt & Co., Company Secretaries, Practicing Company Secretary vide its certificate dated September 26, 2021 and other documents, including our annual reports for those periods, for such matters.

We cannot assure you that all or any of such filings were in fact made in a timely manner or at all or that these filings will be available in the future. While no legal proceedings or regulatory action has been initiated against our Company in relation to untraceable secretarial and other corporate records and documents as mentioned above, as of the date of this Placement Document, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future.

17. ***Our insurance coverage may not adequately protect us against all losses, or our insurance policies may not cover the entire amount of losses incurred, which could adversely impact our results of operations and cash flows.***

We operate in a hazardous industry and our business and assets are subject to hazards inherent in manufacturing facilities and could suffer damage from risks of equipment failure, work accidents, fire, earthquakes, flood, and other force majeure events, and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. Any accident at our facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be held liable for the injuries.

While we believe that the insurance coverage that we maintain is adequate to cover all reasonable risks associated with the operation of our business, our insurance coverage may not cover the extent of any claims against us, including for environmental or industrial accidents or pollution or for loss of business. There can be no assurance that our insurance coverage will be sufficient, that any claim under our insurance policies will be honoured fully or timely, that insurance companies will not object to our actions or omissions in complying with the terms of insurance policies or that our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance, or which exceeds our insurance coverage, or are required to pay higher insurance premiums, our business, financial condition, cash flows and results of operations may be materially and adversely affected.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected. For details on our insurance coverage, see "*Our Business – Insurance"* at page 155.

18. ***If we do not comply with covenants and conditions under our borrowing arrangements, it could lead to termination of our credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided and the trigger of cross default provisions. Any of the above actions taken by the relevant lender could have a material adverse effect on our credit ratings, financial condition, results of operations and cash flows.***

We have entered into agreements in relation to financing arrangements with certain lenders for term loans (fund- based and non-fund based) and working capital loans (from several banks in a consortium and individual banks as well). As of June 30, 2021, we had current borrowings (includes current maturities of long term debt) and non-current borrowings of ₹ 578.16 crore and ₹ 281.43 crore, respectively. The agreements with respect to our borrowings contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including, among others, effecting a merger, amalgamation or scheme of arrangement, change in capital structure of our Company ownership or shareholding pattern, amending documents in relation to our constitution, creation of further charge, lien or encumbrance on assets hypothecated with our lenders, undertaking new projects or implementing any scheme of expansion/diversification, or incurring capital expenditure, except as provided for in the funds flow statement submitted by us to the lenders, investment by way of share capital in or lend or advance to or place deposits with any other entity, appointment of any director/ senior executive who has been the director/promotor of another company who has been held as a wilful defaulter by any bank or financial institution, withdrawal of monies brought in by the principal shareholders/ directors/ depositors/ promoter, creation, assumption or incurrence of any further indebtedness of long term nature whether for the borrowed money or otherwise, undertaking guarantee obligations on behalf of any other lender or any third party and declaring dividends.

Further, under the terms of our borrowings, we are required to create a charge by way of hypothecation on the movable assets, entire current assets of our Company (both present and future), together with receivables. As these assets are hypothecated in favour of lenders, our rights in respect of transferring or disposing of these assets are restricted. There can be no assurance that we will be able to comply with the financial or other covenants prescribed under the documentation for our financing arrangements or that we will be able to obtain consents necessary to take the actions that may be required to operate and grow our business. Further, if we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, financial condition, cash flows and results of operations may be adversely affected.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents or serve the required notices of intimation may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit ratings, financial condition, results of operations and cash flows.

Our business requires working capital for activities including purchase of raw materials, as well as for the purchase of packing materials. Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, timely payment of, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations, cash flows and financial condition could be materially and adversely affected. We cannot assure that we will be able to effectively manage our working capital. Should we fail to effectively implement sufficient internal control procedures and management systems to manage our working capital and other sources of financing, we may have insufficient capital to maintain and grow our business, and we may breach the terms of our financing agreements with lenders, face claims under cross-default provisions and be unable to obtain new financing, any of which would have a material adverse effect on our business, results of operations, cash flows and financial condition.

19. We may face labour disruptions and other planned and unplanned outages that would interfere with our operations.

The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our industry.

As on March 31, 2021, our Company employed a total of 1,025 permanent employees and 810 contractual employees. For details, see "*Our Business –Employees*" on page 155. We may be subject to industrial unrest, slowdowns, and increased wage costs, which may adversely affect our business, cash flows and results of operations. While our management believes that current relations between our Company and employees are good, there can be no assurance that our employees will not unionise or that strikes, work stoppages or other industrial actions will not occur in the future. Labour disruptions could negatively impact our operations and capacity utilization and cause it to be unable to meet its customers' demands. Further, our manufacturing facilities are staffed by a unionized workforce and any labour disputes and other employee relations issues could adversely affect our results of operations. In addition, such an event could result in increased wages and other benefits and otherwise have a material adverse effect on our business, results of operations, cash flows and financial condition.

We are also subject to the laws and regulations governing employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. The Government of India has notified four labour codes namely, (i) The Code on Wages, 2019, (ii) The Industrial Relations Code, 2020, (iii) The Code on Social Security, 2020 (the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued) and (iv) The Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. Furthermore, the Ministry of Labour and Employment, Government of India has recently proposed an amendment to Indian contract labour legislation that will increase the minimum wage of contract labour. Although we have not experienced any strikes or labour unrest in the past, we cannot assure you that we will not experience disruptions in work in the future due to disputes or other problems with our work force. Any disagreements with labour unions or labour unrest directed against us, could directly or indirectly prevent, or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations, which in turn could adversely affect our business, financial condition and results of operations and cash flows.

20. ***We are subject to safety, health, environmental, labour, workplace and related laws and regulations and any failure to comply with any current or future laws or regulations could have a material adverse effect on our business, financial condition, cash flows and results of operations.***

We are subject to various laws and regulations in relation to environmental protection, such as the Water Pollution Act, Air Pollution Act and the Environment Act. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. For example, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceeds permitted levels and causes damage to others may give rise to liabilities towards the government and third parties and may result in our incurring costs to remedy any such discharge or emission.

Our products, including the process of manufacture, storage, and distribution of such products, are subject to numerous laws and regulations in relation to quality, health and safety. We have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, we have made and expect to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations.

Safety, health and environmental laws and regulations in India, in particular, have become increasingly stringent and it is possible that they will become significantly more stringent in the future. We cannot assure you that we will not be found to be in non-compliance with, or remain in compliance with all applicable environmental, health and safety, and labour laws and regulations or the terms and conditions of any consents or permits in the future. We also cannot assure you that such non-compliance will not result in a curtailment of production, or a material increase in the costs of production, which would adversely affect our business, financial condition, cash flows and results of operations. Further, non-compliance with such environmental laws and regulations may subject us to regulatory action, including monetary penalties.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Our Company is involved in litigation in relation to Air (Prevention and Control of Pollution) Act, 1981 and with Regional Officer, Gujarat Pollution Control Board, Bhuj. For details of the aforesaid litigation, please see "*Legal Proceedings*" on page 215. Clean-up and remediation costs of our sites and related litigation could adversely affect our business and profitability.

21. ***We are entitled to certain tax benefits in respect of some of our manufacturing facilities. In the event, that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax benefits, our business, financial condition, results of operations, cash flows and prospects may be materially adversely affected.***

Under the provisions of IT Act, profit generated from sale of power is exempted from payment of income tax for a continuous period of 10 years out of the first 15 years from commissioning of the power plant. As on March 31, 2021, out of our Company's total installed capacity for power generation of 76 MW, 64 MW is entitled to the aforesaid benefit under the IT Act. Our plant wise capacity along with the remaining claim years of the aforesaid tax benefits is as follows:

Sl. No	Location	Co-generation Power Plant (CPP)(MW)	Remaining claim years of tax benefits
1	Durgapur, West Bengal	30MW	3
2	Mundra, Gujarat	24MW	16MW – 3 years 8MW – 6 years
3	Palej, Gujarat	12MW	-
4	Kochi, Kerala	10MW	5

These tax benefits are available for a definite period of time, which, on expiry or if withdrawn prematurely, may adversely affect our cash flows and results of operations. Our profitability will be affected to the extent that such benefits will not be available beyond the periods currently contemplated. Our profitability may be further affected in the future if any of such benefits are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event, we are unable to comply with the requisite conditions in order to avail ourselves of each of these benefits. In the event, that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax incentives, our business, financial condition, results of operations, cash flows and prospects may be materially adversely affected.

22. ***Our application for registration of our corporate logo as a trademark is currently under opposition.***

We believe that there is a goodwill associated with our brand logo which has contributed significantly towards our success. We have applied to register our logo as a trademark. However, this application is opposed, and we have filed a counter statement in reply. The matter is currently pending. As a result, we may not be able to prevent the use of this logo by any other party, nor ensure that we will continue to have a continued right of usage. We further cannot assure you that our goodwill in such logo will not be diluted by third parties due to our failure to register the same, which in turn would have a material adverse effect on our reputation, goodwill, business, prospects, financial condition, cash flows and results of operations. In addition, if any user of this logo experiences any negative publicity, it could have an adverse effect on our reputation.

23. ***We are dependent on a number of key personnel including skilled employees, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations, cash flows and financial condition.***

We are dependent on our Promoter, Directors, senior management, and other key personnel for setting our strategic business direction and managing our business. Our Managing Director and other senior members of our management team have extensive experience in the sector we operate in. For details, see "*Board of Directors and Key Management Personnel*" on page 159. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit, and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management in our industry is intense. The loss of the services of our key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

Our success also depends, in part, on key customer relationships forged by our senior management. If we were to lose these members of senior management, we cannot assure you that we will be able to continue to maintain key customer relationships or renew them. If we are unable to retain and/or suitably replace the members of our senior management, our business, financial condition, cash flows and results of operations may be adversely affected.

Our ability to retain and attract additional skilled employees, particularly our scientists and skilled equipment operators has a direct bearing on our results of operations. Without a sufficient number of skilled employees, our operations and manufacturing quality could suffer. Our ability to successfully carry out research and development depends on our ability to attract and retain skilled scientists and equipment operators. Our experienced sales team has also developed a number of meaningful customer relationships that would be difficult to replace. Competition for qualified technical personnel and operators as well as sales personnel with established customer relationships is intense, both in retaining our existing employees and when replacing or finding additional suitable employees. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting suitable employees. Any failure to retain and attract additional skilled scientists, equipment operators or sales personnel could have a material adverse effect on our business, financial condition, cash flows and results of operations.

24. ***We have obtained, or may obtain in future, certain loans, which may be recalled at any time. Any recall of the loans obtained by our Company may have an adverse effect on our business, prospects, financial condition, cash flows and results of operations.***

Our Company has, in the ordinary course of business and for operational needs, borrowed from time to time. The total borrowings as on June 30, 2021, was ₹859.59 crore, of which ₹450.61 crore was unsecured borrowings. The unsecured borrowings may be recalled by their respective lenders at any time by giving prior written notice. In case such borrowings are recalled by the lenders, we may be required to repay in entirety such borrowings together with accrued interest and other outstanding amounts. We may not be able to generate sufficient funds at short notice to be able to repay such borrowings and may need to resort to refinance such borrowing at a higher rate of interest and on terms not favourable to us. Any failure to repay unsecured borrowings in a timely manner or refinancing of the same at a higher interest rate may adversely affect our business, cash flows and financial condition.

25. ***Depreciation of the Indian rupee against foreign currencies may have an adverse effect on our results of operations.***

In Fiscal 2021, our Company imported 76.08% of raw material required for our operations and our international sales accounted for 25.51% of the revenue from operations of the company during the same period, which is denominated in foreign currencies. We are therefore exposed to exchange rate fluctuations due to the revenue that we receive and the raw materials that we purchase. The exchange rate between the Indian Rupee and foreign currencies, has fluctuated in the past and this has impacted our results of operations and may also impact our business in the future. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operationsin any given financial period, due to other variables impacting our business and results of operations during the same period. Further, our Company imports raw materials and components from other countries where payments are made in foreign currencies, and we may not be able to pass on any unfavorable increase in cost of raw materials and components to our customers.

We generally hedge our net foreign currency exposure. Fluctuations in the value of the Rupee against foreign currencies, to the extent that it is not hedged, would result in gains or losses, which in the case of losses could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may adversely affect our reported revenues and financial results. We cannot guarantee that we will not experience foreign exchange losses going forward and that such losses will not adversely affect our business, financial condition, cash flows or results of operations.

26. ***Our revenue from operations from sale of power decreased to ₹ 67.25 crore in Fiscal 2021 from ₹ 86.48 crore in Fiscal 2020.***

During Fiscal 2021, approximately 41.56% of the power generated from our co-generation power plants was used to meet our captive requirement, while the balance 58.44% of the power generated was sold to third parties. Sale of power is an additional source for revenue for us and through sale of power, we have been able to realize additional revenue which has led to an increase in our EBITDA margins. Our revenue from operations from sale of power declined to ₹ 67.25 crore from ₹ 86.48 crore from Fiscal 2020 to Fiscal 2021. If the prevailing rate for sale of surplus electricity is low or the production of carbon black is low which in turn affects the availability of tail gas for production of power, then our Company's operational profit can be adversely affected. Further, if the realisation of power is low then it will also adversely affect our power revenue and consequently will impact our profitability. Lower demand of carbon black will also lead to its lower production and consequently lower generation of power resulting in lower revenue realised from sale of power.

27. ***Any accident at our Company's facilities could lead to property damage, production loss and accident claims.***

Any accident at manufacturing facilities of our Company could result in damages. Our Company could suffer a decline in production, receive adverse publicity and could be forced to invest additional resources in addressing such damages, both in terms of time and money. Although the accidents at the facilities of our Company have been historically, few in number, there can be no assurance that there will not be any work related or other accidents in the future. Furthermore, while issues arising from previous accidents, such as compensation and liability, have been amicably settled without any adverse impact on production or damage to our Company's facilities, there can be no guarantee that such settlements will take place at all times in the future in an amicable manner or that accidents may not result in litigation and regulatory action against our Company. Any such accident and subsequent issues arising from the accidents, such as compensation and liability, could have an adverse effect on our business and results of operation.

28. Our Company is dependent on third-party transportation providers for the supply of raw materials and the delivery of its products.

We are dependent on third-party transportation providers for the transportation of most of our raw materials and delivery of our products to domestic and overseas customers. Factors such as increased transportation costs and transportation strikes along with standard quality issues could adversely impact the supply of raw materials that we require and the delivery of our products. In addition, products may be lost, delayed, or damaged in transit for various reasons, including accidents and natural disasters. Any such reductions or interruptions in the supply of the raw materials we source from third parties, abrupt increases in the transportation prices of such raw materials, inability on our part to find alternate sources for the procurement of such raw materials or disruption/termination in arrangements with our transport agencies, all of which may be exacerbated by the COVID-19 pandemic, may have an adverse effect on our ability to manufacture or deliver our products in a timely or cost effective manner and lead to a breach of our contractual obligations. The occurrence of any such event may adversely affect our business, financial condition, results of operations and cash flows.

29. Information relating to the historical capacity and estimated installed capacities of our manufacturing facilities and the planned estimated installed capacities of our planned manufacturing facilities is based on various assumptions and estimates, and actual production may differ significantly from such estimated capacities.

Information relating to the historical capacity and the estimated installed capacities of our existing manufacturing facilities and the planned estimated installed capacities of our planned manufacturing facilities in this Placement Document are based on certain technical assumptions and estimates of our management that have been taken into account by the independent chartered engineer for the purpose of estimating such capacities, including for arriving at production capacity assumptions. These include number of shifts, duration of each shift and considering different products which the plant is capable of manufacturing and is already manufacturing. These assumptions and estimates also include the standard capacity calculation practice of the industry after examining all the equipments installed at the plant, the calculations and explanations provided by our management, the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns as well as expected operational efficiencies.

In addition, the information relating to the actual production at our manufacturing facilities is based on, amongst other things, the examination of our internal production records, the period during which our manufacturing facilities operate in a year, expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Further, capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant period. Actual production levels and capacity utilization rates may differ significantly from the estimated installed capacities due to, among other things, the type of products being manufactured. Prospective investors should not place undue reliance on the historical capacity information and estimated installed capacity for our existing manufacturing facilities, and the estimated installed capacities of our planned manufacturing facilities provided in this Placement Document.

30. Our Registered Office and our manufacturing facilities at Durgapur and Palej are held by us on leasehold basis. Termination of an agreement to lease or our failure to enter into a lease agreement could adversely affect our business, financial condition, cash flows and results of operations.

Our Registered Office is situated at 31 Netaji Subhas Road, Kolkata 700 001 and is held by our Company on a leasehold basis, which is subject to renewal. Our manufacturing facilities situated in Durgapur at 27, R. N. Mukherjee Road Durgapur- 713 201 Dist. Burdwan and in Palej at National Highway No. 8, Palej - 392 220 Dist. Bharuch are also held by us on a leasehold basis. Our Palej facility is on lease for a period of 99 years, from April 28, 1976.

Our Durgapur Facility is on lease for a period of 60 years, expiring on August 19, 2050. Our Company has a right and intention to renew the lease, for further successive renewals of 30-year periods on the same terms and conditions save as to rent. In the eventuality that lease deed is not renewed for the Durgapur facility, in a timely manner or at all, we may be required to vacate the land and close/relocate the manufacturing facility. If we are required to relocate our business operations or shut down our manufacturing units during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, cash flows, results of operations and financial condition. Similarly, if we fail to get an extension of lease deed, we may be required to relocate the Registered Office.

In the event that we are required to vacate our current premises, we would be required to make alternative arrangements for new offices and other infrastructure, and we cannot assure that the new arrangements will be on commercially acceptable terms. Further, the lease deeds for our properties may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty.

31. A shortage or non-availability of electricity or water may affect our manufacturing operations and have an adverse effect on our business, cash flows, results of operations and financial condition.

We require substantial power, water and fuel for our manufacturing facilities, and energy costs represent significant portion of the production costs for our operations. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

We rely on our own captive power plants and at times on state electricity boards for supply of power. Although the current capacities of the power plants are sufficient for our requirements, we cannot assure that it will be able to supply the requisite amount of electricity for any reason in the future. We may need to increase our reliance on the relevant state electricity board, which may not be able to consistently meet our requirements. The cost of electricity from state electricity boards could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available, we may need to shut down our plants until an adequate supplyof electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

In addition, we rely on external sources for our water requirements but there is no assurance that we will be able to obtain a sufficient supply of water from such sources. We are also subject to price risk and if supply or access is not available for any reason,our production may be disrupted, and profitability could be adversely affected. We may also be forced toshut down or scale down our production if there is shortage of water and we cannot access water in sufficient amounts. We cannot assure you that we will always have access to sufficient supplies of water in the future to accommodate our production requirements and planned growth. This may cause loss of our existing customers or adversely affect our ability to attract new customers thereby affecting our business, cash flows, results of operations and financial conditions.

In addition to the production losses that we would incur during shutdowns in the absence of supply of electrical power or water, we would not be able to immediately return to full production volumes following power interruptions, however brief. Any interruption of power, even if short, could give rise to inefficiencies when we resume production. Accordingly, any increase in power costs and water costs could adversely affect our operations and financial condition.

32. Our business is capital intensive, and we rely on cash generated from our operations and external financing to fund our growth and ongoing capital needs. Limitations on access to external financing could adversely affect our business, cash flows, results of operations and financial condition.

We require significant capital to operate our current business and fund our growth strategy. Moreover, interest payments, dividends, and the expansion of our business or other business opportunities may require significant amounts of capital. The actual amount of our future capital requirements may differ from estimates because of, among other factors, unforeseen delays, cost overruns, unanticipated expenses, regulatory changes, economic conditions, technological changes, additional market developments and new opportunities in the industry in which we operate. These factors may result in any future short-term borrowings. Continued increases in our working capital requirements may have an adverse effect on our results of operations, cash flows and financial condition.

We believe that our current cash flow from operations will be sufficient to meet these needs. However, if we need external financing, our access to credit markets and pricing of our capital is dependent upon maintaining sufficient credit ratings from credit rating agencies and the state of the capital markets generally. The long-term credit rating of our Company has been upgraded by three credit rating agencies namely CARE, ICRA and CRISIL. Our present short term credit rating is A1+ while the long-term rating is AA (with stable outlook). Any downward revision of our credit ratings could result in an increase in the interest rates we would pay on any new debt and could decrease our ability to borrow as much money as we require to finance our business.

Our sources of additional financing, where required to meet our working capital needs, have historically been from cash credit, term and working capital facilities. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, which may have a significant effect on our profitability and cash flows. We may also become subject to additional restrictive covenants in our financing agreements, which could limit our ability to access cash flows from operations and undertake certain types of transactionsIn addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our creditworthiness or credit rating, which could harm our ability to incur additional indebtedness on acceptable terms. Further, any issuance of equity would result in a dilution of the shareholding of existing shareholders, our earnings per Equity Share and your interest in our Company and could adversely impact our Equity Share price. There can be no assurance that we would be able to incur indebtedness on terms we deem acceptable.

Our ability to obtain additional financing on favorable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. We cannot assure you that we will be able to renew existing funding arrangements or obtain additional financing on acceptable terms, in a timely manner or at all, to meet our working capital needs. Our inability to do so may adversely affect our expansion plans, business, financial condition, cash flows and results of operations.

33. We may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all.

Our funding requirements and the deployment of the proceeds from this Issue are based on our current business plan and strategy. For details in relation to the objects of the Issue, see *"Use of Proceeds"* on page 74. Further, the objects of the Issue have not been appraised by any bank or financial institution and we have not entered into definitive agreements in relation to our objects of the Issue. Our management will have discretion to decide how the proceeds of the issue will be utilised. We may have to revise this from time to time as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising, or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. Accordingly, we may not be able to utilise the proceeds from this Issue in the manner set out in this Placement Document in a timely manner or at all. As a consequence of any increased expenditure, the actual deployment of funds may be higher than estimated.

34. Our performance may be adversely affected if we are not successful in managing our inventory and working capital.

We evaluate our inventory and balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in our product sales mix. Efficient inventory management is a key component for the success of our business, cash flows, results of operations and profitability. To be successful, we must maintain sufficient inventory levels and an appropriate product sales mix to meet our customers' demands. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand and price for our products and accordingly plan our production volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all. If we overestimate demand, we may incur costs to build capacity or purchased more raw materials and manufacture more products than required. If our raw materials purchase decisions do not accurately predict sourcing levels, customer trends or our expectations about customer needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our cash flows and results of operations.

Our business requires substantial amount of working capital for financing the purchase of materials before payment is received from clients, contracts wherein the payment terms do not provide for advance payments or contracts with unfavourable payment schedule. Our working capital requirements may also increase if there is increase in cost of raw materials which could reduce our liquidity and cash flow, imposition of onerous terms by our suppliers resulting in shorter payment cycles. In addition, our working capital requirements have increased in recent years due to the general growth of our business. If our customer defaults in making payment on a product to which we have devoted significant resources, it may affect our profitability and liquidity and decrease the working capital resources that are otherwise available for other uses. All of these factors may result in increase in our working capital requirements. If we are unable to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, it may adversely affect our business, growth prospects, cash flows and results of operations.

35. ***Failure to estimate optimal manufacturing capacities and product demand could adversely affect our growth/profitability.***

Estimation of optimal manufacturing capacities for our products is critical to our operations. Should we for any reason not invest in expansion of our manufacturing capacity, the same could result in us not being able to meet additional demand for our products which would lead to stagnation in our sales and could impact our ability to maintain our market share and add new customers. Conversely, in the event we over- estimate the future demand, we may have excessive capacity, resulting in underutilization of assets or we may have to sell our surplus products at lower margins or losses, which would have a material adverse effect on our profitability and financial condition.

36. ***Negative publicity with respect to our business could affect our business, financial condition, cash flows and results of operations.***

Our business is dependent on the trust our clients have in the quality of our products. Any negative publicity regarding our products could adversely affect our reputation and product acceptability. Hazardous incidents involving our customers' products, if they do result or are perceived to result from use of our products, may harm our reputation, threaten our relationships with other customers, lead to employee attrition and financial losses. Further, growing trend in demand for increasing levels of product safety, health and environmental protection manifests, *inter alia*, in stockholder proposals, preferred purchasing, lack of market acceptance, continued pressure for more stringent regulatory intervention and litigation. These concerns could influence public perception about the viability of our products, risks associated with our products and production processes that may adversely affect our business, growth prospects, cash flows and results of operations. We are a part of the RP-Sanjiv Goenka Group, and we believe that our association with them aids us in winning new businesses and exploring various other opportunities. Any adverse impact on the reputation or change of control of the RP-Sanjiv Goenka Group can adversely impact the reputation and business of our Company.

In recent years, there has been a marked increase in the use of social media platforms in India, including blogs, social media websites and applications, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish the content for their subscribers and participants post, often without filters or checks on accuracy of the content posted. The dissemination of negative information online could harm our business, reputation, prospects, financial condition, and operating results, regardless of the information's accuracy. The damage may be immediate without affording us an opportunity for redress or correction. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our brands, exposure of personally identifiable information, fraud, hoaxes, or malicious exposure of false information. The inappropriate use of social media by our consumers or employees or suppliers or other third parties could increase our costs, lead to litigation, or result in negative publicity that could damage our reputation and adversely affect our business, future cash flows, results of operations and financial condition.

37. ***The reports of the statutory auditor of our Company contain emphasis of matter paragraph for the Fiscal year 2020.***

The auditors have drawn attention to a note in Audited Consolidated Financial Statements for Fiscal 2020 which states the impact of Covid 19 on the operations of the company.

The relevant note is reproduced below:

"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."

There is no assurance that our audit reports for any future fiscal periods will not contain qualifications, emphasis of matters or other observations which affect our results of operations in such future periods. For details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 81.

38. ***Our Promoter / Promoter Group have significant control over us and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

Our Promoter / Promoter Group held 53.56% of our pre-issued Equity Share capital as on June 30, 2021. Consequently, they have the ability to control and influence our business affairs including matters such as assumption of additional debt, timing and distribution of dividends, election of officers and directors the adoption of and amendments to our Memorandum and Articles of Association, the approval of a merger or sale of substantially all of our assets and the approval of most other actions requiring the approval of our shareholders. The interests of the Promoter may differ and conflict with those of our investors and shareholders which may cause them to act in a manner that may not be in the best interests of our shareholders. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business. Further, the influence of our Promoter may also result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to our other shareholders. For details, see *"Shareholding Pattern of our Company"* on page 166 for the latest shareholding pattern of our Company.

39. ***Our Promoter / Promoter Group may continue to retain majority control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

As of June 30, 2021, our Promoter / Promoter Group held approximately 53.56% of our share capital. For details, see "*Shareholding Pattern of our Company"* on page 166. Post Issue, our Promoter / Promoter Group may continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine matters requiring shareholder approval or approval of our Board of Directors. Our Promoter / Promoter Group may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our

Promoter / Promoter Group could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

40. Credit and non-payment risks of our customers and agents could have a material adverse effect on our business, financial condition, cash flows and results of operations.

The majority of our sales are to customers and agents on an open credit basis, with standard payment terms of generally between 30 to 90 days. While we generally monitor the ability of our customers to pay these open credit arrangements and limit the credit, we extend to what we believe is reasonable based on an evaluation of each customer's financial condition and payment history, there is no guarantee that we will accurately assess the creditworthiness of our customers. If there is deterioration in our customers' financial condition, including insufficient liquidity, they may be unable to pay their dues to us on time, or at all. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency, or bankruptcy. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. COVID-19 outbreak has had an adverse impact on the financial condition of some of our customers and while we believe that they have sufficient liquidity to discharge their obligations in relation to us, we cannot assure you that we will be able to recover our payments in time or at all. Any failure or delay in payment could also lead us to further extend our payment terms, restructure our accounts receivable or create allowances for doubtful debts.

As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate. As of March 31, 2021, our total trade receivables amounted to ₹ 707.53 crore, or 18.99% of our total assets on consolidated basis. If we are unable to collect customer receivables or if the provisions for doubtful receivables are inadequate, it could have a material adverse effect on our business, financial condition, cash flows and results of operations. In Fiscals 2021, 2020 and 2019, we did not write off any bad debt. Allowances for significant increase in credit risk and credit impaired receivables in our books as at the end of Fiscal 2019, 2020 and 2021 amounted to ₹ 13.48 crore, ₹ 9.64 crore, and ₹ 10.47 crore, respectively.

41. Any increase in or realisation of our contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

The details of our contingent liabilities, as per Ind AS 37 as of March 31, 2021, March 31, 2020 and March 31, 2019 are as follows:

Particulars	**As at March 31, 2021** *(₹ crore)*	**As at March 31, 2020** *(₹ crore)*	**As at March 31, 2019** *(₹ crore)*
Contingent liabilities for:-			
(a) (i) Claims against the Group not acknowledged as debts:			
Income tax matters under dispute	-	2.53	2.53
Excise duty matters under dispute	4.04	2.77	5.60
Sales tax matter under dispute	0.30	0.30	0.27
Service tax matters under dispute	6.26	6.26	6.26
Value added tax matters under dispute	1.09	0.86	1.60
(ii) Other money for which the Group is contingently liable			
Excise duty matters under dispute	1.57	1.57	1.57
(b) Outstanding bank guarantees etc.	**6.25**	**12.73**	**12.42**
(c) Guarantees or counter guarantees or counter indemnity given by the Group			

Particulars	As at March 31, 2021 *(₹ crore)*	As at March 31, 2020 *(₹ crore)*	As at March 31, 2019 *(₹ crore)*
On behalf of bodies corporate and others			
- Limit	0.09	0.09	0.09
- Outstanding	0.09	0.09	0.09

As of March 31, 2021, our contingent liabilities as per Ind AS 37 (to the extent not provided for) accounted for 1.01 % of our net worth (including non-controlling interests). For further information on our contingent liabilities as at March 31, 2021, as per Ind AS 37, see "*Note 2 – Contingent Labilities and Provisions for Claim and Litigations – Audited Consolidated Financial Statements for Fiscal 2021*" and section *"Legal Proceedings"* on page 267 and 215. If, for any reason, these contingent liabilities materialize, it may adversely affect our financial condition, cash flows and results of operations.

42. ***We rely, in part, on distributors for the sale of our products. Any disruption in such arrangements will adversely affect our cash flows and results of operations.***

In the three-month period ended June 30, 2021, we had 89.69% sales to direct customers and 10.31% sales through our distributors and agents. We have limited control over the operations and businesses of such third-party entities. As such, our dependence on such parties subjects us to a number of other risks, including (i) not being able to control the amount and timing of resources that our distributors may devote to the marketing, selling and distribution of our products, (ii) our distributor's marketing, selling or distributing our products outside their designated territory, possibly in violation of the exclusive distribution rights of other distributors, (iii) our distributors making important marketing and other commercial decisions concerning our products without our input, (iii) financial difficulties, and (iv) significant changes in a distributor's business strategy that may adversely affect its willingness or ability to fulfil its obligations under any arrangement. We have no control over the amount of time and resources these distributors devote to selling our products. We also cannot assure you that such distributors are not in financial difficulty or in violation of any anti-corruption laws, international sanctions or other agreements. Further, if any of these arrangements are terminated for any reason, or if our distributors fail to fulfil their obligations under the relevant agreements or otherwise do not effectively market, sell or distribute our products, or if our relationships with any of them is disrupted, our business, financial condition, results of operations and cash flows may be adversely affected.

43. ***Any failure of our information technology ("IT") systems and computer networks could have a material adverse effect on our business and operations.***

Our operations depend on the efficient and uninterrupted operation of complex and sophisticated IT systems and computer networks, which are subject to failure and disruption. Our dependence upon automated IT systems to record and process transactions may further increase the risk that technical system flaws will result in losses that are difficult to detect. We may also be subject to disruptions, failures or infiltrations of our IT systems arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third parties such as internet backbone providers), for which we may be held liable. Interruptions or infiltrations of our IT systems may give rise to deterioration in customer service and to loss or liability to us, which may materially and adversely affect our business, financial condition, cash flows and results of operations. For details of our IT systems and processes, see "*Our Business – Information Technology*" on page 155.

In addition, an infiltration of our IT systems may compromise information stored on our systems and may result in significant data losses or theft of our or our customers proprietary business or personally identifiable information, which could result in other negative consequences, including liabilities, remediation costs, disruption of internal operations, increased cyber security protection costs, damage to our reputation and loss of customer confidence, any of which could materially and adversely affect our business, financial condition, cash flows and results of operations.

Further, we are dependent on various external vendors for certain elements of our operations and are exposed to the risk that external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. Failure to perform any of these functions by our external vendors or service providers could materially and adversely affect our business, results of operations and cash flows.

44. Our ability to invest in our overseas subsidiaries might be constrained by Indian or foreign laws, which could affect our growth strategy and business prospects.

We currently have subsidiaries incorporated in Cyprus, and Vietnam. Under Indian foreign investment laws, an Indian company is permitted to invest in, or provide financial commitment to overseas joint ventures or wholly owned subsidiaries, not exceeding 400% of the Indian company's net worth as at the date of its last audited balance sheet (subject to certain exceptions), and any financial commitment exceeding USD 1.00 billion (or its equivalent) in a Fiscal will require prior approval of the RBI even when the total financial commitment of the Indian company is within the eligible limit under the automatic route (i.e., within 400% of the net worth as per the last audited balance sheet. This limitation also applies to any other form of financial commitment by the Indian company, including in terms of any loan, guarantee or counter guarantee issued by such Indian company. Further, there may be limitations stipulated in the host country for foreign investment.

An investment or financial commitment not complying with the stipulated requirements is permitted with the RBI's prior approval. Additionally, there are also further requirements specified under the Companies Act and Indian foreign exchange laws in relation to any acquisition that we may propose to undertake in the future. These limitations on overseas direct investment could constrain our ability to invest in our existing overseas entities or acquire overseas entities to provide other forms of financial assistance or support to such entities, which may adversely affect our growth strategy and business prospects.

45. Changes in environmental norms or regulations may mandate investment in Environment Saving equipments for which we may be required to incur additional capital expenditure and recurring operating cost.

Stringent environmental regulations regarding sulphur oxide/dioxide ("**SOx**") emissions have been enacted in many countries for removal of SOx from flue gases by various methods. In India, the Ministry of Environment, Forests and Climate Change ("**MOEFCC**") has, in the past, introduced stringent new standards to regulate emissions by coal fired power plants, and a phased implementation plan for installation of FGD and other emission control equipment has been submitted to MOEFCC in 2017. While currently, we are under no obligation to set up such FGD plant, we may in the future need to, in case such norms are made applicable to carbon black producers. Installation of such FGD plants will lead to increase in capital expenditure and operating costs, without any increase in production/output. There could be disruptions at the existing facilities while such FGD plants are set-up there, which may lead to production loss. We may not be able to increase the prices of our products in order to pass our increased costs to our customers. This will lead to higher operations costs and a lower profitability.

46. If we are subject to any frauds, theft, or embezzlement by our employees, contractors or customers, it could adversely affect our reputation, cash flows, results of operations and financial condition.

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employee/contractor/vendor fraud, theft, or embezzlement. Although, we have set up various security measures and controls in our manufacturing facilities such as deployment of security guards and operational processes such as periodic stock taking, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, cash flows, results of operations and financial condition.

47. We rely on contractors for the recruitment of contract labourers for non-core tasks and are therefore exposed to execution risks and liability towards labourers under applicable Indian laws.

In order to retain flexibility and control costs, we enter into arrangements with contractors for recruitment of contract labourers only for non-core tasks such as loading and unloading of goods and housekeeping as per our requirements for a fixed period of time. There is no assurance that we may be able to renew these arrangements on a timely basis or at all. We do not have direct control over the timing or quality of the services and supplies provided by such third parties. Contractors hired by us may be unable to provide the requisite manpower on a timely basis or at all or may be subjected to disputes with their personnel, which, in turn, may affect production at our facilities and timely delivery of our products to our customers. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations, cash flows and financial condition. Additionally, we are also required to ensure compliance with provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended, and we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, future cash flows and financial condition.

48. ***Certain of the statistical and industry data included in this Placement Document is derived from reports issued by, ICRA and Notch. ICRA and Notch do not guarantee the accuracy, adequacy or completeness of the information. Further, the actual results and future events could differ materially from the forecasts, predictions or other forward-looking statements in these reports .***

This Placement Document includes information that is derived from reports, which were prepared by ICRA and Notch, pursuant to an engagement with us. ICRA has stated that all information contained in the Report has been obtained by ICRA from sources believed by ICRA to be accurate and reliable. Although reasonable care has been taken to ensure that the information therein is true, such information is provided 'as is' without any warranty of any kind, and in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained therein must be construed solely as statements of opinion and not any recommendation for investment. ICRA shall not be liable for any losses incurred by users from any use of the Report or its contents. Also, ICRA may provide other permissible services to the Company at arms-length basis.

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Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources do not guarantee the accuracy, adequacy or completeness of the data. Further, the ICRA or Notch report are not a recommendation to invest /disinvest in any company covered in the ICRA or Notch reports. Prospective investors are advised not to unduly rely on the ICRA or Notch report extracts thereof as included in this Placement Document, when making their investment decisions.

Further, potential investors should conduct their own investigation and analysis of all facts and information contained in the ICRA or Notch reports and should not construe any of the contents of the ICRA or Notch Reports as advice relating to business, financial, legal, taxation or investment matters.

EXTERNAL RISKS

49. ***There could be political, economic, or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialise.***

The following external risks may have a material adverse impact on our business and results of operations should any of them materialise:

- Political instability, a change in the Government or a change in the economic and deregulation policies could adversely affect economic conditions in India in general and our business in particular;

- A slowdown in economic growth in India could adversely affect our business and results of operations. The growth of our business and our performance is linked to the performance of the overall Indian economy. We are also impacted by consumer spending levels and businesses such as ours would be particularly affected should Indian consumers in our target segment have reduced access to disposable income;

- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or other countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which could reduce the value of our Equity Shares;

- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business and access to capital. In such event, our ability to grow our business and operate profitably would be severely constrained;

- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations;

- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which could have an adverse effect on our profitability and results of operations; and

- A significant change in India's economic liberalization and deregulation policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developmentsand expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns, like the current pandemic of COVID-19; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India.

50. ***Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.***

We are incorporated in, and majority of our operations are located in, India**.** As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy ingeneral. In particular, due to the COVID-19 pandemic, the global economy including the Indian economy may experience an extreme slowdown in economic activity and recessionary conditions may be prevalent globally in the near to medium term. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of the Equity Shares.

Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, cash flows, financial condition and results of operations and reduce the price of the Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

51. ***Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, in a timely manner or at all.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT, the Consolidated FDI Policy and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

52. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and future cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there still remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets? and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, future cash flows and results of operations and reduce the price of the Equity Shares.

53. Significant differences exist between Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as IFRS and U.S.GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Audited Consolidated Financial Statements, which are included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with

Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

54. ***A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the takeover regulations.

55. ***Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

56. ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease with the most recent example being the global outbreak of COVID-19, and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

57. ***Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.***

Our articles of association and Indian law govern our corporate affairs. Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to acompany in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not beas extensive as shareholders' rights under the laws of other countries or jurisdictions.

58. ***It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.***

Our Company is incorporated as a public limited company under the laws of India and all of our directors and executive officers reside in India. Further, all of our assets, and the assets of our executive officers and directors, are located in India. As a result, it may be difficult to effect service of process outside India upon us and our executive officers and directors or to enforce judgments obtained in courts outside India against us or our executive officers and directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore, United Arab Emirates and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

59. Any adverse change in India's sovereign credit rating by an international rating agency could adversely affect our business, results of operations and cash flows.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB- with a "stable" outlook in May 2021. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for reasons beyond our control such as, upon a change of government tax or fiscal policy. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

60. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, future cash flows and prospects.

Our business and financial performance could be adversely affected by unfavourable changes in, or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business. The regulatory and policy environment in which we operate is evolving and subject to change. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements, conditions, costs and expenditures on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition, results of operations and future cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations and cash flows. Any changes to such laws may adversely affect our business, financial condition, results of operations, future cash flows and prospects.

Further, the Government of India has notified four labour codes which are yet to come into force as on the date of this Placement Document, namely, (i) The Code on Wages, 2019, (ii) The Industrial Relations Code, 2020, (iii) The Code on Social Security, 2020 and (iv) The Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, future cash flows and prospects.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

61. ***Natural calamities or man-made disasters could have a negative effect on the Indian economy and cause our business to suffer.***

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Further, prolonged spells of below normal rainfall or other natural calamities (like the recent cyclonic storm Amphan in West Bengal) in the future could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares. This apart, the occurrence of man-made disasters such as acts of terrorism, civil unrests, military actions, and other acts of violence or war in India and around the world could impair our business, financial condition, cash flows and results of operations.

62. ***We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of consumers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects.

63. ***Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on our business, results of operations, future cash flows and financial condition.***

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions whose commercial soundness may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business.

Risks relating to the Equity Shares

64. We cannot guarantee that the Equity Shares issued under this Issue will be listed on the Stock Exchanges in a timely manner, if at all

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the investors, we are required to apply to the Stock Exchanges for final approval for listing and trading of the Equity Shares. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, may not be indicative of the prices at which the Equity Shares will trade in the future.

65. Any future issuance of the Equity Shares or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

A future issuance of Equity Shares by us, including employee stock option plans, may dilute your shareholding in our Company. Moreover, any significant disposal of Equity Shares by any of our significant shareholders, or the perception that such sales will occur, may affect the trading price of our Equity Shares. As a publicly traded company, there is no restriction on our shareholders to dispose of a part or the entirety of their shareholding in our Company, which could lead to a negative sentiment in the market regarding us that could in turn impact the value of the Equity Shares and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Further, we cannot assure you that the Company will not issue Equity Shares at a price lower than the Issue Price at a later date.

66. Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have an adverse impact on our business growth, financial condition, cash flows and results of operations.

As an Indian company, we are subject to exchange control laws that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financings on competitive terms and refinance future indebtedness. In addition, it cannot be assured to the prospective investor that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse impact on our business growth, financial condition, cash flows and results of operations.

67. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

68. Bidders to the Issue are not allowed to withdraw or revise their Bids downwards after the Bid/Issue Closing Date.

In terms of the SEBI ICDR Regulations, Bidders in the Issue are not allowed to withdraw or revise their Bids downwardsafter the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the Bidder's demat account with the depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political, or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Bidder's decision to invest in the Equity Shares, would not arise between the Bid/ Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The Bidders shall not have the right to withdraw or revise their Bids downwards in the event of any such occurrence. The Company may complete the Allotment of the Equity Shares even if such events may limit the Bidders' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

69. Your ability to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in the Preliminary Placement Document and this Placement Document.

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction, including India. As such, the Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in the Preliminary Placement Document and this Placement Document under the heading "*Selling Restrictions*" on page 186. We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

70. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by our Company in consultation with the Lead Managers and the Designated Stock Exchange. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

71. Investors will not have the option of getting the Allotment of Equity Shares in physical form.

In accordance with SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors willnot have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. This further means that they will have no voting rights in respect of the Equity Shares. Further, the Equity Shares will not be transferred by our Company in case the Eligible Shareholder does not have a demat account.

72. Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading our Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for our Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that our Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

73. An investor will not be able to sell any of the Equity Shares other than on a recognized Indian stock exchange for a period of one year from the date of this Issue.

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the issue of the Equity Shares in this Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the floor of the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, Allotments made to certain categories of Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them. This may affect the liquidityof the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

74. ***The price of the Equity Shares may be volatile.***

The trading price of the Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors,the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of the Equity Shares.

75. ***We have in the past and may, at any time in the future, make further issuances or sales of the Equity Shares or convertible securities or other equity linked securities, and this could significantly affect the trading price of the Equity Shares.***

The further issuance of Equity Shares by us, including by way of preferential allotment or rights issue which may be done at any time in the future, the grant of employee stock options, the disposal of Equity Shares by any of our major Shareholders, or the perception that such issuance or sales of Equity Shares may occur, may significantly affect the trading price of the Equity Shares. There can be no assurance that such future issuance by us will be at a price equal to or more than the Equity Issue Price, as applicable.

76. ***There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history and prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

The Indian securities markets are comparatively smaller and more volatile than the securities markets in more developed economies. In addition, the Indian equity share markets have from time-to-time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. The governing bodies of the Indian stock exchanges have from time-to-time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

77. ***Certain information about our Company available in the public domain may not be independently verified and accurate.***

Certain information about our Company including projections on our financial growth and performance, is available in published annual reports of the Group. All of such information has not been verified independently and may not be accurate. Investors should rely on the information contained in the Preliminary Placement Document and this Placement Document for making any investment decisions. Our Statutory Auditors have provided no assurance on any prospective financial information, or projections and have performed no services with respect to it.

78. Any future issuance of the Equity Shares may further dilute your shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

79. Our Company's ability to pay dividends in the future will depend on a number of factors, including but not limited to our Company's earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position.

Our Company's ability to pay dividends in the future will depend on number of factors, including but not limited to our Company's earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position. In addition, our Company's ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements that our Company is currently availing itself of or may enter into to finance out fund requirements for our business activities.

Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. We cannot assure you that we will be able to pay dividends at any point and in the future. For details of dividends that we paid in the past, see *"Dividends"* on page 80.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 17,23,37,860 Equity Shares have been issued, subscribed and paid up. The Equity Shares have been listed on BSE and NSE since July 7, 1960 and March 29, 1995, respectively. The Equity Shares are listed and traded on NSE under the symbol PHILIPCARB and BSE under the scrip code 506590.

On September 29, 2021, the closing price of the Equity Shares on BSE and NSE was ₹ 263.20 and ₹ 263.15 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

BSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹ crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹ crore)**	**Average price for the year (₹)**
2021	217.65	March 10, 2021	3,65,613	7.77	62.85	April 1, 2020	36,363	0.23	135.67
2020	180.00	April 2, 2019	54,105	0.96	54.20	March 24, 2020	1,07,835	0.61	123.29
2019*	287.00	August 09, 2018	4,99,376	14.07	135.55	February 14, 2019	2,45,705	3.42	211.90
	1,235.00	April 4, 2018	75,900	8.97	1,078.00	April 13, 2018	96,157	10.85	1,140.05

(Source: www.bseindia.com)

NSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹ crore)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹ crore)**	**Average price for the year (₹)**
2021	217.70	March 10 2021	43,55,882	92.71	62.80	April 1, 2020	2,66,627	1.70	135.69
2020	180.00	April 1 2019	6,12,476	10.94	54.10	March 24, 2020	5,25,611	2.95	123.31
2019*	286.95	August 09, 2018	27,16,893	76.54	135.15	February 14, 2019	16,64,500	23.18	211.90
	1237.00	April 04 2018	6,30,811	74.58	1,077.00	April 13, 2018	3,97,674	44.69	1,138.96

(Source: www.nseindia.com)

*Pursuant to a special resolution of our shareholders dated April 3, 2018, each Equity Share of our Company of the face value of ₹ 10 each was split into 5 Equity Shares of our Company of the face value of ₹ 2 each, and accordingly, 3,44,67,572 Equity Shares of our Company of the face value of ₹ 10 each were split into 17,23,37,860 Equity Shares of the face value of ₹ 2 each, effective from April 21, 2018.

Accordingly, the data has been split into two periods i.e., Post-Split and Pre-Split

Note:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
3. *In the case of a year, average price for the year represents the average of the closing prices on each day of each year.*

1. The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months, as applicable:

BSE											
Month, year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ crores)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ crores)**	**Average price for the month (₹)***	**Equity Shares traded in the month**	
										Volume	**Turnover (₹in crores)**
September 2021	275.00	September 28, 2021	2,37,504	6.41	238.35	September 1, 2021	68,055	1.68	251.64	26,97,645	68.81
August 2021	278.65	August 2, 2021	1,62,262	4.44	216.95	August 23, 2021	1,31,774	2.95	246.74	26,41,482	65.61
July 2021	276.75	July 30, 2021	3,22,761	8.76	224.60	July 1, 2021	94,476	2.14	242.15	59,29,429	147.14
June 2021	246.35	June 8, 2021	3,44,795	8.24	207.55	June 1, 2021	3,49,291	7.44	228.19	80,19,738	183.48
May 2021	239.65	May 21, 2021	3,00,723	7.06	199.00	May 3, 2021	92,090	1.91	215.18	47,28,921	105.05
April 2021	219.70	April 28, 2021	5,63,217	12.10	184.00	April 12, 2021	1,76,141	3.34	202.22	31,64,556	64.95

(Source: www.bseindia.com)

NSE											
Month, year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ crores)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ crores)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹ in crores)**
September 2021	274.90	September 28, 2021	37,45,000	101.15	238.85	September 21, 2021	6,81,023	16.56	251.66	2,91,29,642	749.84
August 2021	277.00	August 2, 2021	19,27,711	52.80	217.05	August 23, 2021	9,06,779	20.27	246.75	2,62,88,307	654.22
July 2021	276.85	July 30, 2021	43,37,192	117.78	224.55	July 1, 2021	5,66,791	12.83	242.23	6,37,27,980	1,601.73
June 2021	246.30	June 8, 2021	25,12,661	60.16	207.60	June 1, 2021	16,54,784	35.27	228.20	3,22,85,547	745.11
May 2021	240.00	May 21, 2021	20,91,464	49.16	198.95	May 12, 2021	9,05,266	18.40	215.21	4,00,83,871	884.35
April 2021	219.75	April 28, 2021	65,21,467	140.09	183.25	April 12, 2021	10,86,685	20.60	202.20	3,53,66,347	728.14

(Source: www.nseindia.com)

Note:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
3. *In the case of a month, average price for the month represents the average of the closing prices on each day of each month.*

- The following table set forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during Fiscals 2021, 2020 and 2019:

Fiscal	Number of Equity Shares Traded		Turnover (In ₹ crore)	
	BSE	NSE	BSE	NSE
2021	3,95,06,718	40,11,87,198	572.78	5,781.40
2020	2,49,16,519	20,14,69,528	316.61	2,553.79
2019	3,76,77,840	25,08,02,302	868.32	5,786.00

(Source: www.bseindia.com and www.nseindia.com)

- The following tables set forth the market price on the Stock Exchanges on August 30, 2021 being the first working day following the approval of the Board for the Issue:

BSE					
Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ crore)
240.5	249.00	240.05	245.95	150,066	3.67

(Source: www.bseindia.com)

NSE					
Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ crore)
240.35	249.10	240.00	246.00	13,36,096	32.76

(Source: www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from this Issue aggregates to approximately ₹ 399.99 crores. The net proceeds from this Issue, after deducting fees, commissions and expenses relating to this Issue, are approximately ₹ 391.57 crores ("**Net Proceeds**").

Purpose of this Issue

Our Company proposes to utilize the Net Proceeds towards (i) ongoing and future capital expenditure requirements of the Company and our Subsidiaries; (ii) working capital requirements; (iii) debt repayment; (iv) general corporate purpose including but not limited to pursuing new business opportunities, acquisitions, meeting the issue expenses etc, as may be permissible under the applicable law and approved by our Board or a duly constituted committee thereof from time to time to meet corporate exigencies.

The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with RoC, and the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later.

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us. Pending utilization of the Net Proceeds, our Company intends to invest the funds in creditworthy instruments, including but not limited to money market, mutual funds and deposits with banks and corporates and other securities. Such investments will be in accordance with the investment policies approved by the Board and/ or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws.

Our Company shall disclose the utilization of funds raised through the Issue in its annual report every year until such funds are fully utilized.

Neither our Promoter nor our Directors are making any contribution either as a part of this Issue or separately in furtherance of the use of the Net Proceeds.

CAPITALISATION STATEMENT

The following table sets forth the capitalisation of our Company, on a consolidated basis, as at June 30, 2021 and as adjusted to give effect to the receipt of the gross proceeds of the Issue.

This table should be read in conjunction with "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 40 and 81, respectively.

(₹ in crore except ratios)

Particulars	Pre-Issue (as at June 30, 2021)	Post-Issue as adjusted of Issue*
Current borrowings:		
SECURED LOANS FROM BANKS		
Loans repayable on demand	74.92	74.92
Current maturities of long-term debt	52.63	52.63
UNSECURED LOANS		
Loans repayable on demand		
-From Banks	255.00	255.00
Other Loan from Bank	195.61	195.61
Total current borrowings (a)	578.16	578.16
Non-current borrowings:		
SECURED LOANS		
Term loans from Banks	334.06	334.06
Less: Current maturities of long-term debt	(52.63)	(52.63)
Total non-current borrowings (b)	281.43	281.43
Total borrowings (c) = (a) + (b)	859.59	859.59
Equity attributable to Equity Holders of the Parent:		
Equity Share capital	34.47	37.75
Securities premium	224.12	620.83
Other Equity (excluding securities premium)	1,815.77	1,815.77
Equity attributable to Equity Holders of the Parent (d)	2,074.36	2,474.35
Total capitalization (c) + (d)	2,933.95	3,333.94
Total Borrowings / Equity attributable to Equity Holders of the Parent (c) / (d)	0.41	0.35

*₹ *As adjusted to reflect the number of equity share issued pursuant to the Issue and proceeds from the Issue. "Post-issue as adjusted of Issue" reflects changes in Equity only on account of proceeds from the fresh issue of upto 1,63,93,442 Equity shares at a prices of ₹ 244 per Equity Share, including premium of ₹ 242 per Equity share resulting in an increase of ₹ 3.28 crore in the Equity Share Capital of our Company and an increase of ₹ 396.71 crore in the Securities premium. Adjustments do not include any Issue related expenses or any other adjustments or movements for any such line items in the financial statement post June 30, 2021..*

Note:

1. *The above table does not include lease liabilities as per Ind AS 116 - "Leases" which we have disclosed as a separate line item in the Unaudited Condensed Interim Consolidated Financial Statements.*
2. *Total borrowings includes current borrowing, non-current borrowing and current maturities of long term debts and excludes interest accrued.*

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Placement Document, is set forth below:

(in ₹, except share data)

	Particulars	Aggregate nominal value
A)	**AUTHORISED SHARE CAPITAL**	
	31,00,00,000 Equity Shares of ₹ 2 each	62,00,00,000
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL PRIOR TO THE ISSUE**	
	17,23,37,860 Equity Shares of ₹ 2 each	34,46,75,720
C)	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT (1)**	
	1,63,93,442 Equity Shares of ₹ 2 each (2)	3,27,86,884
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	18,87,31,302 Equity Shares of ₹ 2 each (2)	37,74,62,604
E)	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	2,24,11,79,000
	After the Issue (3)	6,20,83,91,964

(1) *The Issue was approved by the Board of Directors on August 27, 2021. Subsequently, our Shareholders, through a special resolution, approved the Issue on September 24, 2021.*

(2) *The amount has been calculated on the basis of gross proceeds from the Issue.*

(3) *The securities premium account after the Issue is calculated on the basis of gross proceeds from the Issue.*

Equity Share Capital History of our Company

The history of the Equity Share capital of our Company as on the date of this Preliminary Placement Document is provided in the following table:

Date of issue/allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
April 18, 1960	11	10	10	Cash	Subscription to Memorandum of Association at the time of incorporation of Company	11	110
May 27, 1960	12,49,989	10	10	Cash	Further Issue	12,50,000	1,25,00,000
October 31, 1962	3,12,500	10	13	Cash	Rights Issue issued in ratio 1:4	15,62,500	1,56,25,000
September 27, 1968	3,12,500	10	-	Bonus	Bonus Issue issued in ratio 1:5	18,75,000	1,87,50,000
January 8, 1971	1,87,500	10	-	Bonus	Bonus issue issued in the ratio 1:10	20,62,500	2,06,25,000
September 5, 1975	6,18,750	10	-	Bonus	Bonus issue issued in ratio 3:10	26,81,250	2,68,12,500
August 19, 1980	10,72,500	10	-	Bonus	Bonus issue issued in ratio 2:5	37,53,750	3,75,37,500
February 3, 1984	15,01,500	10	-	Bonus	Bonus issue issued in ratio 2:5	52,55,250	5,25,52,500
1993-1994*	81,51,279	10	40	Cash	Rights issue issued in ratio 3:2 and also for allotment of additional shares#	1,34,06,529	13,40,65,290

Date of issue/allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
May 27, 1998	43,46,667	10	10	Other than cash	Issue of shares on amalgamation of Carbon & Chemicals India Limited with the Company as per Scheme of Amalgamation approved by the High Court at Calcutta and Kerala	1,77,53,196	17,75,31,960
October 17, 2006	35,00,000	10	66	Cash	Preferential allotment	2,12,53,196	21,25,31,960
January 29, 2007	40,00,000	10	66	Cash	Conversion of warrants on preferential basis	2,52,53,196	25,25,31,960
September 15, 2008	30,00,000	10	149	Cash	Conversion of warrants on preferential basis	2,82,53,196	28,25,31,960
April 30, 2010	49,64,376	10	200	Cash	Qualified Institutions Placement	3,32,17,572	33,21,75,720
October 28, 2011	12,50,000	10	196	Cash	Conversion of warrants on preferential basis	3,44,67,572^	34,46,75,720^
Pursuant to a special resolution of our shareholders dated April 3, 2018, each Equity Share of our Company of the face value of ₹ 10 each was split into 5 Equity Shares of our Company of the face value of ₹ 2 each, and accordingly, 3,44,67,572 Equity Shares of our Company of the face value of ₹ 10 each were split into 17,23,37,860 Equity Shares of the face value of ₹ 2 each, effective from April 21, 2018.							
Total						**17,23,37,860**	**34,46,75,720**

Notes:

** Issue of rights shares were approved by the Board. Since the documents are not available with the Company or the Registrar of Companies, Kolkata, date of allotments could not be verified.*

 # In this rights issue initially 81,50,435 shares were allotted. Subsequently 844 shares were also allotted, and allotment of 1,823 equity shares is pending against rights issue made during 1993-94.

^48 shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India.

Our Company is unable to trace certain corporate records and filings, including from the RoC records, in relation to the respective corporate action undertaken by the Company. Our Company has relied on the information available in the minutes of the board or shareholders meeting (as applicable) for the respective corporate action and on the certificate issued by D. Dutt & Co., Company Secretaries, Practicing Company Secretary vide its certificate dated September 26, 2021 for disclosing the details of the changes in the issued, subscribed and paid-up equity share capital of the Company. Also, see "Risk Factors - Certain of our corporate records are not traceable" on page 47.

Pre-Issue and post-Issue shareholding pattern of Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on June 30, 2021, is set forth below:

#	Category	Pre-Issue (as of June 30, 2021)		Post-Issue*	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoter / Promoter Group holding					
1.	Indian				
	Individual	-	-		
	Body Corporates	9,23,07,785	53.56	9,23,07,785	48.91
	Others	-	-		
	Sub-total	9,23,07,785	53.56	9,23,07,785	48.91
2.	Foreign Promoter	-	-		
	Sub-total (A)	9,23,07,785	53.56	9,23,07,785	48.91
B. Non-Promoter Holding					
1.	Institutional Investors	1,47,26,463	8.54	3,11,19,905	16.49
2.	Non-Institutional Investors				
	Private Corporate Bodies	1,10,46,717	6.41	1,10,46,717	5.85
	Indian public	4,94,20,505	28.67	4,94,20,505	26.19
	Others including Non-resident Indians (NRIs)	45,27,890	2.62	45,27,890	2.40

#	Category	Pre-Issue (as of June 30, 2021)		Post-Issue*	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
	Sub-total	7,97,21,575	46.25	9,61,15,017	50.93
3.	Non-Promoter Non-public	3,08,500	0.17	3,08,500	0.16
	Sub-total (B)	8,00,30,075	46.43	9,64,23,517	51.09
	Grand Total (A+B)	17,23,37,860	100.0	18,87,31,302	100.00

** This includes the shareholding of the members of our Promoter/ Promoter Group*
(1) The table for the post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category as of June 30, 2021, adjusted for Allocation made in the Issue, and reflects the shareholding of all other categories of shareholders as of June 30, 2021.
(2) Assuming Allotment of Equity Shares to each of the proposed Allotees, referred to in Proposed Allottees in the Issue on page 222 pursuant to the Issue.
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Employee stock option scheme

As on date of this Placement Document, our Company does not have any employee stock option scheme / employee stock purchase scheme for its employees.

Other Confirmations

(i) Our Company has not made any allotments, including for consideration other than cash, in the last one year preceding the date of this Placement Document.

(ii) Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice for the meeting conducted through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") facility on September 24, 2021, to the Shareholders for the approval of this Issue.

(iii) There will be no change in control of our Company pursuant to the Issue.

(iv) Our Company has not allotted securities on preferential basis or private placement or by way of rights issue in the last one year preceding the date of this Placement Document.

(v) Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

(vi) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Placement Document.

Proposed Allottees in the Issue

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 229.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) the three months ended June 30, 2021, (ii) Fiscal 2021; (iii) Fiscal 2020; and (iv) Fiscal 2019, as per the requirements under Ind AS 24, please see the section entitled "*Financial Statements"* on pages 222.

DIVIDENDS

The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act. Our Board may also, from time to time, declare interim dividends. Our Board has approved and adopted a formal dividend distribution policy on January 31, 2018, in terms of Regulation 43A of the SEBI Listing Regulations. ("**Dividend Distribution Policy**")

In accordance with the Dividend Distribution Policy, the dividend pay-out shall be determined by the Board after taking into account a number of factors, including but not limited to 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 following table details the dividend paid by our Company on the Equity Shares in the Fiscals 2021, 2020 and 2019, and in the three months ended June 30, 2021:

(₹ in crore)

Particulars	**Fiscal**		
	2021	**2020**	**2019**
Dividend paid including tax on dividend	120.64	144.64	96.73

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid in the future or that the amount thereof will not be decreased. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, the factors set out in the Dividend Distribution Policy and such other factors that the Board may deem relevant in its discretion, subject to the approval of our Shareholders.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, please see the section entitled "*Description of the Equity Shares*" on page 200. For a summary of some of the restrictions that may inhibit our ability to declare or pay dividends, See "*Risk Factors – Our Company's ability to pay dividends in the future will depend on a number of factors, including but not limited to our Company's earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position*" on page 70.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read this discussion and analysis of our financial condition and results of operations in conjunction with our Audited Consolidated Financial Statements, together with respective notes and our Unaudited Condensed Interim Consolidated Financial Statements, together with respective notes thereto included in "Financial Statements". You should also read the section titled "Risk Factors" on page 40 of this Placement Document, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

Unless otherwise indicated or the context otherwise requires, the discussion in this section of the financial years ended March 31, 2021, March 31, 2020, and March 31, 2019 contains amounts derived from our Audited Consolidated Financial Statements and of the three-month period ended June 30, 2021 contains amounts derived from our Unaudited Condensed Interim Consolidated Financial Statements.

The Unaudited Condensed Interim Consolidated Financial Statements are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

This discussion contains certain forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" and "Forward Looking Statements" included in this Placement Document.

Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 month period ended March 31 of that year.

Overview

We are a part of the RP-Sanjiv Goenka Group. The RP-Sanjiv Goenka Group is a large conglomerate having interests in, amongst others, power and natural resources, carbon black, retail and FMCG, media and entertainment, infrastructure, information technology, education, and sports. The RP-Sanjiv Goenka Group includes entities such as Firstsource Solutions Limited, CESC Limited, Saregama India Limited, Spencer₹s Retail Ltd, RPSG Ventures Limited, Harrisons Malayalam Limited, and Woodlands Multispeciality Hospital Limited, among others. We believe that our association with this group has enabled us to absorb its corporate values and principles and adhere to good corporate governance practices. We also believe that our association with the RP-Sanjiv Goenka Group aids us in procuring new businesses and exploring various other opportunities.

We are the largest carbon black producer in India by capacity (source: Notch Report). Globally, we were the 7th largest carbon black company, by sales, in 2020 (source: Notch Report). As a manufacturer of over 75 grades of carbon black, we have a diversified product portfolio. Our performance chemicals are used in the production of rubber-based products primarily as a reinforcing agent in tyres and non-tyre rubber products ("**Performance Chemicals**") and our speciality chemicals are used in manufacture of non-rubber products ("**Speciality Chemicals**"). Our sales volumes in Fiscal 2021 from tyre, Performance Chemicals and Specialty Chemicals was 65%, 29% and 6% of our total sales, respectively. Our carbon black, under the Speciality Chemicals vertical is primarily used as a pigment, UV stabilizer and also as a conductive agent. We cater to various industries such as tyre, rubber, elastomer, plastic, coatings, paints, fibre, footwear, cables, and ink manufacturing industries amongst others, which provides us with a wide and diversified customer base. Further, with customers which include tyre manufacturers in both India as well as outside India and the demand for tyres estimated to grow at a CAGR of 7-9% during Fiscal 2022-2025E as per ICRA, we anticipate a positive demand of the products manufactured by our Company.

As per the Notch Report, we held 9% of the carbon black market in Asia, excluding China, based on sales in 2020. Our global presence reaches more than 40 countries spread across the world including Europe, Asia, Middle East, North America, and South America. Our exports accounted for 27.33% of our total sale volume in Fiscal 2021.

Incorporated in 1960, our Company commenced production of carbon black, using the oil furnace technology. Presently, have four manufacturing facilities strategically located in proximity to domestic tyre manufacturers, raw material suppliers and ports. All our manufacturing facilities are IATF 16949, ISO-9001, ISO-14001, ISO-45001 and WASH certified. In addition, our Palej and Kochi Facilities are ISO IEC 17025:2017 certified. We also generate green power through our co-generation power plants at the aforesaid manufacturing facilities. The installed capacity, as on March 31, 2021, at our four manufacturing facilities is as follows:

Location	Carbon Black (CB)(MTPA)	Co-generation Power Plant (CPP)(MW)
Durgapur, West Bengal	163,500	30
Mundra, Gujarat#	204,750	24
Palej, Gujarat*	142,250	12
Kochi, Kerala	92,500	10
Total	6,03,000	76

**It includes a dedicated capacity of Specialty Chemicals of 72,000 MTPA.*

 # Excludes the 8MW co- generation power plant commissioned by us at Mundra, Gujarat during the three-month period ended June 30, 2021.

The power generation process involves recovery and utilisation of the thermal energy of the process tail gas being produced from carbon black manufacturing process. This tail gas is utilised to produce steam which in turn is used for power generation. As on June 30, 2021, our Company had 84 MW of green power generation capacity. During Fiscal 2021, approximately 41.56% of the power generated from our co-generation power plants was used to meet our captive requirement, while the balance 58.44% of the power generated was sold to third parties. For Fiscal 2021, sale of power amounted to ₹ 67.25 crore. We believe that increasing efficiency of our co-generation power plants coupled with the increasing production volume of carbon black has been driving the growth of our revenue from the sale of power. The increasing contribution of the power business in our Company's revenue is likely to provide a cushion to the overall profitability of our Company and also help us by reducing our dependence on the national grid to meet the demand for power.

Under the provisions of IT Act, profit generated from sale of power is exempted from payment of income tax for a continuous period of 10 years out of the first 15 years from commissioning of the power plant. As on March 31, 2021, out of our Company's total installed capacity for power generation of 76 MW, 64 MW is entitled to the aforesaid benefit under the IT Act. Our plant wise capacity along with the remaining claim years of the aforesaid tax benefits is as follows:

Sl. No	Location	Co-generation Power Plant (CPP)(MW)	Remaining claim years of tax benefits
1	Durgapur, West Bengal	30MW	3
2	Mundra, Gujarat	24MW	16MW – 3 years 8MW – 6 years
3	Palej, Gujarat	12MW	-
4	Kochi, Kerala	10MW	5

Our Company is undertaking an expansion program in both carbon black and power segment, involving both greenfield and brownfield expansion. The greenfield expansion is underway at Chennai, Tamil Nadu with an installed capacity of 147,000 MTPA of carbon black production along with a 24 MW captive power plant.

In the three-month period ended June 30, 2021, we commissioned an 8 MW power plant at Mundra, Gujarat. We are also in the process of commissioning two co-generation power plants at Palej, Gujarat and Kochi, Kerala with capacities of 7 MW each. The completion of the greenfield project would not only bring our Company's total installed capacity to approximately 750,000 MTPA but also increase the power generation capacity of our Company to 122 MW.

We focus on continuous research and innovation to elevate the standards of our products to fulfil the changing priorities of our customers. In the recent years, we have set up the Sushila Goenka Research and Development Centre located at Palej, Gujarat in Asia, which is complemented by Sushila Goenka Innovation Centre at Belgium, Europe, to reinforce our commitment to innovation. The objective of setting up of the Sushila Goenka Research and Development Centre is to facilitate development of new products required by the tyre and other industries across the world and pave the way for new uses of carbon black in areas including engineering plastics, fibres, food contact plastics, wire, and cables etc. Our research and development team focuses on evolving new range of products and exploring options of existing products for new applications. We have commercialized 23 new grades of carbon black during the course of last three Fiscals. We also modify the existing raw materials and products to diversify their application potential, in the domains of carbon black, nano-structured carbonaceous materials and carbon black feedstock ("**CBFS**").

We conduct continuous competitive intelligence studies, product portfolio analysis, patent portfolio analysis to identify our potential space for development and innovation, customer engagement, market-driven research, and intellectual property protection. Our R&D team collaborates with different functional teams, covering sales and marketing team, manufacturing team, process technology team and technical services team to align our offerings to the upcoming trends and demands of customers and markets.

Our revenue from operations in the three-month period ended June 30, 2021, Fiscal 2021, Fiscal 2020, and Fiscal 2019 was ₹1,003.85 crore, ₹ 2,659.52 crore, ₹ 3,243.54 crore and ₹ 3,528.56 crore, respectively. . Our EBITDA for same periods was ₹ 161.06 crore, ₹ 525.80 crore, ₹ 491.99 crore, and ₹ 634.05 crore, respectively, while our profit after tax was ₹ 104.47 crore ₹ 313.99 crore, ₹ 287.50 crore, ₹ 382.67 crore, respectively. As on March 31, 2021, our Debt-to-Equity Ratio was 0.31:1.

The long-term credit rating of our Company has been upgraded by three credit rating agencies namely CARE, ICRA and CRISIL. Our present short term credit rating is A1+ while the long-term rating is AA (with stable outlook).

Significant Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by several factors, including the following:

- Cost and availability of raw materials;
- Production costs, quality of our manufacturing facilities and capacity utilisation;
- Diversification of our product portfolio;
- Exchange rate fluctuation;
- Exports;
- Compliance with environmental laws and regulations;
- Competition;
- Growth in the automobile industry to boost demand; and
- General economic condition.

See “Results of Operations” for a discussion of the extent to which these factors have affected our results of operations in the periods stated.

Cost and availability of Raw Materials

The primary raw material involved in the production of Carbon Black is (a) carbon black feedstock (CBFS) which is a residue derived during refining of Crude Oil, and (b) carbon black oil (CBO) the prices of which are subject to domestic and international supply and demand, import/export tariffs and duties, domestic duties and various other factors beyond our Company's control. Our expenditure on cost of raw materials consumed constitutes the most significant component of our operating expenses. For Fiscal 2021, 2020 and 2019, Total Cost of Material Consumed defined as (Cost of Materials Consumed + Changes in inventories of finished goods) constituted 70.40%, 75.04% and 76.16%, respectively, of our total expenses, and 60.50%, 67.50% and 65.09%, respectively of our Revenue from operations for such years.

Reconciliation of Total Cost of Material Consumed *(₹ crores except % in table)*

Particulars		**Year ended 31 March, 2021**	**Year ended 31 March, 2020**	**Year ended 31 March, 2019**
Cost of Materials Consumed	A	1,582.74	2,185.72	2,351.96
Changes in Inventories of Finished Goods	B	26.19	3.79	(55.40)
Total Cost of Material Consumed	C = A+B	1,608.93	2,189.51	2,296.56
Total Expenses	D	2,285.48	2,917.75	3,015.55
Total Cost of Material Consumed as % of Total Expenses	C/D	70.40%	75.04%	76.16%

Revenue from Operations	E	2,659.52	3,243.54	3,528.56
Total Cost of Material Consumed as % of Revenue from Operations	C/E	60.50%	67.50%	65.09%

Our financial condition and results of subsequent segments are significantly impacted by the availability and cost of our raw materials.

We procure certain of our raw materials from a limited number of third-party suppliers. A significant position of our raw materials is imported. For Fiscal 2021, 2020 and 2019, share of imported material in Cost of Material Consumed was 76.08%, 74.02% and 78.65% respectively. We import our raw materials from a limited number of suppliers. The supply and pricing of our raw materials can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation, competition, import duties and tariffs. Further, we usually do not enter into long term supply contracts with any of our raw material suppliers, however, absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require. While we endeavour to pass on all raw material price increase to customers, in the event that we are unable to compensate for or pass on our increased costs to end-consumers, such price increases could have an adverse impact on our result of operations, financial condition and cash flows.

The availability of key raw materials at competitive prices is critical to our profitability, and price fluctuations may affect our margins and, as a result, our profits. Additionally, any significant changes in input taxes, such as the goods and services tax, and other commercial taxes levied on raw materials, packaging materials and finished products that cannot be recovered from or passed on to customers would have an adverse effect on our production costs. Our inability to procure raw material at terms that are commercially viable could affect our financial condition, results of operation and prospects.

Production costs, quality of our manufacturing facilities and capacity utilisation

Our ability to maintain our position as an efficient and cost-effective producer of carbon black and to increase our cost competitiveness is dependent on the efficient management of our production costs. In addition, in order to maximize our profits, we must maintain a high level of capacity utilization at our manufacturing facilities and an appropriate standard of quality in our manufacturing facilities' equipment and processes. We currently have 4 manufacturing facilities. Attaining and maintaining our certifications and approvals requires considerable expense and planning. For further details of our manufacturing facilities and the certifications held by such facilities, see *"Our Business-Manufacturing Facilities"* on page 151. We strive to maximize our operational leverage as our scale of operations increase.

As of March 31, 2021, our combined installed manufacturing capacity for carbon black was 603,000 MTPA. Higher capacity utilization results in greater production volumes and higher sales and allows us to spread our fixed costs over a higher quantity of products sold, thereby increasing our profit margins. Our capacity utilisation for Fiscal 2021, 2020 and 2019 was 82% 87% and 92%, respectively. Lower capacity utilisation during Fiscal 2021 was primarily due to COVID 19 related lockdowns and thereby low demand from our customers We continuously focus on integration and on improving our operational efficiencies and reducing operating costs in order to improve our results of operations. We also focus on continuously upgrading the quality of our products and manufacturing processes addressing specific customer requirements and market segments and to improve operational efficiencies. Such investment is also expected to result in significant reduction in operating costs. We have also made incremental improvements to our equipment over the past few years to increase utilisation rates as well as operational efficiencies.

Diversification of our product portfolio

We have been focusing on diversifying our product portfolio, emphasizing on value addition to products under the carbon segment and diversifying into the power segment. Further, we are in the process of setting up a new manufacturing plant through our wholly owned subsidiary at SIPCOT Industrial Park at Thervoykandigai Taluk of Gummidipoondi, Thiruvallur, Tamilnadu with an installed capacity of 1,47,000 MT and 24 MW captive power plant. We believe that our efforts will enable us to expand our product offerings, enable us to serve multiple industries and help us to remain one of the largest carbon black company in India by volume and 7th largest carbon black company globally, by sales, in 2020 (source: Notch Report). In the last three years we have commercialised 23 new grades out of which eleven were in the specialty segment. Our new products may not always gain buyer acceptance and may not be able to achieve competitive products to meet customer expectations. We are also in the process of commissioning 2 co- generation power plants in Palej & Kochi each with an installed capacity of 7 MW each. The completion of the greenfield would not only bring our Company's total installed capacity to approximately 750,000 MTPA but also increase the power generation capacity of our Company to 122 MW. The increasing 3rd party sale of the power is likely to provide a cushion to the overall profitability and reduce our dependence on the national grid to meet the demand for power.

Exchange rate fluctuation

We have currency exposures relating to exports of our products in currencies other than in Indian Rupees and import of raw materials. For Fiscal 2021, 2020 and 2019, the value of total revenue (excluding scrap sales and exports incentive) outside India was ₹678.40 crore, ₹ 851.78 crore and ₹ 818.55 crore which comprises 25.51%, 26.26% and 23.20% of our Total Revenue from Operations, respectively. The value of imported raw materials consumed by us for Fiscal 2021, 2020 and 2019 was ₹ 1,207.89 crore, ₹ 1,617.81 crore and ₹ 1,805.21 crore which is 76.08%, 74.02% and 78.65% of total raw material consumption, respectively. In Fiscal, 2021 2020 and 2019, we have incurred net gain from foreign currency transactions of ₹10.24 crore, ₹ 1.07 crore and ₹ 2.05 crore, respectively. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar, Indian Rupee and other currencies.

Exports

We generate a large part of our revenue from exports outside India. Our total revenue from operations outside India for Fiscal 2021, 2020 and 2019 was ₹ 678.40 crore, ₹ 851.78 crore and ₹ 818.55 crore which comprises 25.51 %, 26.26% and 23.20% of revenue from operation, respectively. In the event any of our arrangements with clients in these countries are terminated, it may have an adverse effect on our financial condition and results of operation. In the event our arrangements with our clients outside India are terminated our exports will be affected, which may have an adverse effect on our results of operations.

Compliance with environmental laws and regulations

Our carbon black plants and co-generation power plants are subject to central and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. In case of any change in environmental or pollution laws and regulations, we may be required to incur significant amounts on, amongst others, environmental monitoring, and pollution control equipment and emissions management. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities that may have an adverse effect on our results of operations

Competition

We sell our products in highly competitive markets, and competition in these markets is based primarily on quality, technology and price. Such competition in the industry makes our goals of increasing market share and broadening our consumer base a continuing challenge. Increasing competitive pressures may also impact our ability to improve realizations from our products. We need to respond to competitive business strategies adopted by other players in the industry in a timely manner. Further, any expansion in capacity by existing manufacturers or entry of new players would further intensify the competition. As a result, to remain competitive in our markets, we must continuously strive to reduce our production, transportation and distribution costs and improve our operating efficiencies.

Growth in the Automobile Industry to boost demand

Automotive sale and production are cyclical in nature and is also subject to various factors beyond our control, including, widespread or prolonged changes in consumer confidence, employment levels, exchange rates, inflation rates, fuel prices, interest rates, labour relations issues, technological developments, regulatory requirements and trade agreements. Notwithstanding the recent downturn in the Indian automotive sector, which was a result of the global economic crisis, our Company believes that the automotive industry in India is poised for significant growth in the next few years, specifically in the small car and two-wheeler segments. Our Company believes that this growth will be commensurate with the overall expected growth in the Indian economy.

We have a diversified customer base across markets and geographies which we believe helps in reducing our sensitivity to economic cycles in certain geographies and markets, however, we are still particularly affected by factors affecting the automobile industry in India, North America, Europe and Southeast Asia. To the extent the Indian automotive and/or industrial sector experiences periods of slowing or negative growth, our Company's results of operations could suffer.

Tyre demand is estimated to grow by13-15% (units) in FY2022 notwithstanding the impact of the second wave of Covid-19 pandemic as OEM and replacement demand is expected to witness healthy growth, albeit on a low base. (Source : ICRA Indian Tyre Industry Report June 2021). This will further add up to demand of Carbon Black.

Further, Government of India introduced the voluntary vehicle scrappage policy, which is likely to boost demand for new vehicles after removing old unfit vehicles currently plying on the Indian roads. This will create additional demand for vehicles and consequently increased demand for tyres leading to higher consumption of carbon Black.

General Economic Condition

The economic condition of India has a direct impact on our income as most of our businesses and operations are located in India and a substantial majority of our income is derived from India. We believe that the success of our business is dependent on the general economic conditions in India. Growth in the GDP and per capita income of Indians generally results in increased demand for automobile industry which is directly linked with the increase in income of our Company.

Since late 2019, the outbreak of COVID-19 has resulted in a global health crisis and triggered a global economic downturn and contraction. Governments across the world instituted measures in an effort to control the spread of COVID-19, including lockdowns, quarantines, shelter-in-place orders, school closings, travel restrictions, and closure of non-essential businesses. In order to contain the spread of COVID-19, the Government of India initially announced a 21-day lockdown on March 24, 2020, which, after being subject to successive extensions, has been progressively relaxed. State governments in India also announced state level lockdowns. In compliance with the lockdown orders announced by the governments of the states where our plants are located, we temporarily closed our Plants production were suspended temporarily during part of April 20 and May 20. Production resumed gradually in plants over the month of May20 and June20. We gradually re-opened our plants in compliance with state level directives over the months of April and May 2020 and all our Plants were operational by May 2020 This was followed by mass cancellation of orders by customers resulting in significant reduction our revenue from operations and profit after tax in quarter ended June 30, 2020.

However, with the gradual re-opening of our plants from May 2020 onwards, we were able to ramp up our production levels and capacity utilisation. As a result, while our production and sales volumes remained low for the quarter ended June 30, 2020, they started to revive from the quarter ended September 30, 2020 and reached pre-pandemic levels during the quarter ended December 31, 2020.

We have undertaken various cost reduction measures like re negotiation of supply terms with suppliers, cost control on areas of freight, and other logistics and supply chain costs. This has helped us in improving its performance.

Significant Accounting Policies (As per Unaudited Condensed Interim Consolidated Financial Statements))

Compliance with Ind AS

The Unaudited Condensed Interim Consolidated Financial Statements of the Group have been prepared in accordance with the principles laid down in Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India. The consolidated financial statements are presented in Indian Rupee (Rs), which is the Company's functional and the Group's presentation currency. The accounting policies adopted in the preparation of these financial statements are consistent with those followed in preparation of the audited annual financial statements as at and for the year ended March 31, 2021.

The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013 and the amendments are effective from April 1, 2021. These amendments require certain regroupings in the Schedule III format of Balance Sheet.

Significant Accounting Policies (As per Fiscal 2021)

Compliance with Ind AS

The Audited Consolidated Financial Statements for the Fiscal 2021, 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 and period 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.

Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except the following, which are measured at fair values: -

(i) certain financial assets and liabilities (including derivative instruments).

(ii) Plan assets of defined benefit employee benefit plans

Principles of Consolidation

(a) 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.

(b) 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.

(c) The subsidiary companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of ownership interest as on March 31, 2021	% of ownership interest as on March 31, 2020
Phillips Carbon Black Cyprus Holdings Limited	**Cyprus**	**100**	**100**
PCBL Netherlands Holdings B.V.	**Netherlands**	**-**	**Refer Note below (i) below**
Phillips Carbon Black Vietnam Joint Stock Company	**Vietnam**	**80**	**80**
PCBL (TN) Limited	**India**	**100 (Refer Note (ii) below)**	**-**

Note

(i) PCBL Netherlands Holdings B.V. a wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the previous year ended March 31, 2020 in accordance with the local laws of Netherlands.

(ii) PCBL (TN) Limited a wholly owned subsidiary of Phillips Carbon Black Limited, has been incorporated with effect from September 29 ,2020.

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:

(a) expected to be realised or intended to be sold or consumed in the normal operating cycle,
(b) held primarily for the purpose of trading,
(c) expected to be realised within twelve months after the reporting period, or
(d) 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:

(a) it is expected to be settled in the normal operating cycle,
(b) it is held primarily for the purpose of trading,
(c) it is due to be settled within twelve months after the reporting period, or
(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.

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).

Other financial assets (other than Investments)

Classification

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(b) 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.

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.

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.

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.

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.

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.

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.

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 Group or the counterparty.

Foreign currency transactions and translation

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 exchanges 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:

(a) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet

(b) 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

(c) 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.

New and amended standards

(a) Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the April 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the consolidated Ind AS financial statements of the Group but may impact future periods should the Group enter into any business combinations.

(b) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated Ind AS financial statements of, nor is there expected to be any future impact to the Group.

These amendments are applicable prospectively for annual periods beginning on or after the April 1, 2020.

Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest crore (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

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 are impacted.

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represent 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.

Property, plant and equipment

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 Group 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.

Investment Property

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 off 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.

Intangible Assets

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.

Right to Use Assets :

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.

Investments

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.

Measurement

At initial recognition, the Group measures an 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.

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 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.

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. These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Group 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 Group transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.

Trade Receivables

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivables 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.

Cash & Cash Equivalents

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.

Inventories

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, 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.

Borrowings

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.

Trade Payables

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.

Other Financial Liabilities

(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.

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.

Other Current Liabilities

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.

Revenue from operation

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

Other Income

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.

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.

Employee benefit expenses

Post-employment benefits

Defined benefit plans :

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

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.

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 of 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.

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 scheme is unfunded.

(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.The provident fund trust as aforesaid, has surrendered its exemption with effect from April 1, 2021. The Company has accounted liability of ₹. 1.26 crore towards shortfall in return of plan assets.

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.

Finance Costs

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.

Tax Expenses

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.

Research & Development Expenses

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.

Contingent Liability

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.

Earnings per Equity Share

(a) **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

(b) **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.

Segment

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.

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 segment

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.

Results of Operations

The following tables set forth our profit and loss statement data for three-month period ended June 30, 2021, extracted from the Unaudited Condensed Interim Consolidated Financial Statements and the Fiscals 2021, 2020 and 2019, respectively, which have been extracted from the Audited Consolidated Financial Statements and presented elsewhere in this Placement Document, and also includes the percentage change between the periods presented.

Our total income was ₹ 1,007.63 crore, ₹ 2,677.52 crore, ₹ 3,272.55 crore and ₹ 3548.49 crore for three-month period ended June 30, 2021 and the Fiscal Years 2021, 2020 and 2019, respectively on consolidated basis. The following table gives the break-up of our Revenue on consolidated basis:

(₹ in crore except %)

	Three months ended June 30, 2021		FY 2021		FY 2020		FY 2019	
	Amount	**% of total Income**	**Amount**	**% of total Income**	**Amount**	**% of total Income**	**Amount**	**% of total Income**
Revenue from operations	1,003.85	99.62%	2,659.52	99.33%	3,243.54	99.11%	3,528.56	99.44%
Other income	3.78	0.38%	18.00	0.67%	29.01	0.89%	19.93	0.56%
Total Income	1,007.63	100.00%	2,677.52	100.00%	3,272.55	100.00%	3,548.49	100.00%

Components of Revenue and Expenses

Components of our revenue and expenses are set forth below:

Revenue

Our revenue from operations comprises of sale of finished goods and sale of power and other operating revenues.

Sale of finished goods: Sale of products comprises of sales of carbon black and sale of power. *The below table gives break up of Sale of products:*

(₹ in crore except %)

Particulars	Three months ended June 30, 2021		FY 2021		FY 2020		FY 2019	
	Amount	**% of Sales of Finished Goods**	**Amount**	**% of Sales of Finished Goods**	**Amount**	**% of Sales of Finished Goods**	**Amount**	**% of Sales of Finished Goods**
Carbon Black (A)	981.10	98.39%	2,586.71	97.47%	3,135.57	97.32%	3406.03	97.22%
Sale of Power (B)	16.04	1.61%	67.25	2.53%	86.48	2.68%	97.46	2.78%
Total Sale of products (A+B)	**997.14**	**100.00%**	**2653.96**	**100.00%**	**3222.05**	**100.00%**	**3503.49**	**100.00%**

Other Operating Revenues: Other operating revenue comprises of scrap sales and export incentives.

Other Income: Our other income primarily comprises of interest income from certain financial assets, dividend income from equity instruments, gain on sale of investments and fair value gains on financial assets (investments).

Expenses

Our expenses consist of cost of materials consumed, changes in inventories of finished goods, employee benefits expenses, finance costs, depreciation and amortization charge and other expenses.

Cost of material consumed: Cost of raw materials consumed.

Changes in inventories of finished goods: Changes in inventories of finished goods comprises of net increases or decreases in inventory levels of finished goods.

Employee benefits expenses: Employee benefits expenses comprise salaries and wages, contributions to provident fund and other funds and staff welfare expenses.

Finance Costs: Our finance costs primarily comprise of interest paid on financial liabilities carried out it amortised cost, other borrowing cost- loan processing charges.

Depreciation and amortization expenses: Depreciation and amortization expenses include depreciation on property, plants and equipment's, amortization of intangible assets and depreciation on right to use assets.
Other Expenses: "Other expenses" primarily comprises of consumption of stores and spares, consumption of packing materials, power and fuel, repairs of plant and machinery, rent, freight outward (net of recovery), commission to selling agents, subscription and donations. Miscellaneous expenses etc.

Results of Operations

The following table sets forth the breakdown of our results of operations for the years / period indicated on consolidated basis:

(₹ in crore except %)

	Three months ended June 30, 21	**% of total Income**	**Year ended March 31, 2021**	**% of total Income**	**Year ended March 31, 2020**	**% of total Income**	**Year ended March 31, 2019**	**% of total Income**
Revenue from operations	1,003.85	99.62%	2,659.52	99.33%	3,243.54	99.11%	3,528.56	99.44%
Other income	3.78	0.38%	18.00	0.67%	29.01	0.89%	19.93	0.56%
Total Income	1,007.63	100.00%	2,677.52	100.00%	3,272.55	100.00%	3,548.49	100.00%
Expenses								
Cost of materials consumed	679.28	67.41%	1,582.74	59.11%	2,185.72	66.79%	2,351.96	66.28%
Changes in inventories of finished goods	(7.35)	-0.73%	26.19	0.98%	3.79	0.12%	(55.40)	-1.56%
Employee benefits expense	36.06	3.58%	132.35	4.94%	134.55	4.11%	111.12	3.13%
Finance costs	7.61	0.76%	33.88	1.27%	45.90	1.40%	36.78	1.04%
Depreciation and amortisation expense	29.19	2.90%	110.12	4.11%	92.36	2.82%	66.38	1.87%
Other expenses	132.27	13.13%	400.20	14.95%	455.43	13.92%	504.70	14.22%
Total Expenses	877.06	87.04%	2,285.48	85.36%	2,917.75	89.16%	3,015.55	84.98%
Profit before tax	130.57	12.96%	392.04	14.64%	354.80	10.84%	532.94	15.02%
Income-tax expense								
Current tax (Net of utilisation of minimum alternate tax credit)	27.16	2.70%	69.36	2.59%	57.27	1.75%	150.87	4.25%
Deferred tax	(1.06)	(0.11)%	8.69	0.32%	10.03	0.31%	(0.60)	(0.02)%
Total tax expense	26.10	2.59%	78.05	2.92%	67.30	2.06%	150.27	4.23%
Profit for the period/ year	104.47	10.37%	313.99	11.73%	287.50	8.79%	382.67	10.78%
Other comprehensive income to be reclassified to profit or loss in subsequent period/year								
Exchange difference on translation of foreign exchange	1.03	0.10%	(0.60)	(0.02)%	2.47	0.08%	1.13	0.03%
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)	(0.10)	(0.01)%	(0.24)	(0.01)%	(1.78)	(0.05)%	(1.20)	(0.03)%
Net gain/(loss) on FVTOCI equity instruments (net of tax)	33.74	3.35%	44.10	1.65%	(89.43)	(2.73)%	(1.89)	(0.05)%
Other Comprehensive Income for the period/year, net of tax	34.67	3.44%	43.26	1.62%	(88.74)	(2.71)%	(1.96)	(0.06)%
Total Comprehensive Income for the period/year, net of tax	139.14	13.81%	357.25	13.34%	198.76	6.07%	380.71	10.73%

Our Results of Operations

Three months ended June 30, 2021

Total income: Total income Comprises of Revenue from Operations and Other Income. The breakup of our Total income is as under:

Revenue from Operations: Our revenue from operations for three months ended June 30, 2021, was ₹ 1,003.85 crore which constituted 99.62% of our Total Income. Revenue from Operations from Carbon Black was ₹ 981.10 crore which constituted 98.39% of our Revenue from Operations.

Other Income: our other income for three months ended June 30, 2021, was ₹ 3.78 crore which was 0.38% of our Total Income.

Expenses

Cost of Goods Sold

For three months ended June 30, 2021, our Cost of goods sold (cost of material consumed and changes in inventories of finished goods) was ₹671.93 crore or 66.68% of our Total Income during this period.
Employee benefits expense: For three months ended June 30, 2021 our Employee benefits expense were ₹ 36.06 crore which constituted 3.58% of our total income during this period.

Finance costs: For three months ended June 30, 2021, our finance costs was ₹ 7.61 crore which constituted 0.76% of our total income.

Depreciation and Amortization expense: For three months ended June 30, 2021, our depreciation and amortization expenses were ₹ 29.19 crore which constituted 2.90% of our total income

Other expenses: For three months ended June 30, 2021, our other expenses were ₹ 132.27 crore which constituted 13.13% of our total income

Profit before tax: For three months ended June 30, 2021 our profit before tax was ₹ 130.57 crore which constituted 12.96% of our total income.

Income Tax Expense: For three months ended June 30, 2021 our current tax expense was ₹ 27.16 crore, and our deferred tax was ₹ (1.06) crore Our total tax expense constituted 2.59% of our total income

Profit for the period: For three months ended June 30, 2021 profit for the period was ₹ 104.47 crore.

Fiscal 2021 compared to Fiscal 2020 -

Total income: Total income Comprises of Revenue from Operations and Other Income. There is a decline in total income of our company from ₹ 3272.55 crore in Fiscal 2020 to ₹ 2677.52 crore in Fiscal 2021. This is primarily due to the following reason:

Revenue from Operations: Our revenue from operations in Fiscal 2021 declined by 18.01% to ₹ 2,659.52 crore compared to ₹ 3,243.54 crore in Fiscal 2020. This is primarily due to decline in quantity of carbon black sold by 4.31% from 406,791MT in Fiscal 2020 to 389,261 MT in Fiscal 2021. This was primarily due lock down during first quarter of Fiscal 2021.

There was a decrease in sale of power, by 22.24% from ₹ 86.48 crore for Fiscal 2020 to ₹ 67.25 crore for Fiscal 2021. This was primarily due to shut down of power generation plants due to non- availability of feed stock due to closure of our carbon black plants due to COVID 19 related lockdowns.

Further in Fiscal 2020 there was an exports incentive of ₹ 17.08 crore. There was no such income related to export incentive in Fiscal 2021.

Other Income: Other income decreased by 37.95% from ₹ 29.01 crore for Fiscal 2020 to ₹ 18.00 crore in Fiscal 2021. This was primarily due to reduction in: (i) gain on sale of investment carried at FVTPL by ₹ 7.01 crore, (ii)

Provision / liability no longer required written back by ₹ 6.76 crore, Fair Value gains on financial assets (investments) at FVTPL amounting to ₹ 0.80 crore recognized in Fiscal 2020. This is partly offset by increase in Interest income from certain financial assets by ₹ 1.99 crore and increase in Dividend income from equity instruments designated at FVOCI by ₹ 2.31 crore.

Expenses

Cost of goods sold (cost of material consumed and changes in inventories of finished goods) was ₹ 1,608.93 crore, or 60.50% of revenue from operations for Fiscal 2021 and ₹ 2189.51 crore, or 67.50% of revenue from operations for Fiscal 2020. Cost of goods sold expressed as a percentage of revenue decreased during Fiscal 2021 primarily due to decrease in cost of raw material consumed in Fiscal 2021 compared to Fiscal 2020.

Cost of raw material and component consumed: Our expenses in relation to cost of materials consumed decreased by 27.59%, from ₹ 2185.72 crore in Fiscal 2020 to ₹ 1582.74 crore in Fiscal 2021. This is due to reduction in production volume and downward movement of raw material price during Fiscal 2021 in comparison of Fiscal 2020

Changes in inventories of finished goods: Our adjustment for Changes in inventories of Finished Goods was ₹ 3.79 crore in Fiscal 2020 as compared to net increase in inventories of finished goods of ₹ 29.19 crore in Fiscal 2021. This is mainly due to change in inventory position.

Employee benefits expense: Employee benefits expense decreased by 1.64% from ₹ 134.55 crore in Fiscal 2020 to ₹ 132.35 crore in Fiscal 2021. The overall decrease in employee benefits expense was primarily due to decrease in salaries, wages and bonus from ₹ 110.16 crore in Fiscal 2020 to ₹ 106.68 crore in Fiscal 2021, which was partly off-set by increase in contribution to provident and other funds from ₹ 13.78 crore in Fiscal 2020 to ₹ 15.47 crore in Fiscal 2021.

Finance costs: Our finance costs decreased by 26.18%, from ₹ 45.90 crore in Fiscal 2020 to ₹ 33.88 crore in Fiscal 2021. This decrease was primarily due to decrease in the interest expense on debts and borrowings from ₹ 36.77 crore in Fiscal 2020 to ₹ 21.55 crore in Fiscal 2021 which was partly off set by increase in interest on lease liabilities from ₹ 8.85 crore in fiscal 2020 to ₹ 10.95 crore in fiscal 2021, other borrowing costs from ₹ 0.28 crore in Fiscal 2020 to ₹ 1.38 crore in Fiscal 2020. These decrease in interest expense was primarily due to refinancing of high-cost debt and overall improvement in the working capital efficiency.

Depreciation and Amortization expense: Depreciation and amortization expenses increased by 19.23% from ₹ 92.36 crore in Fiscal 2020 to ₹ 110.12 crore in Fiscal 2021. This was primarily on account of capitalization of assets during Fiscal 2021. Further depreciation on Right to Use assets increased by 28.56% from ₹ 16.42 crore in FY 2020 to ₹ 21.11 crore in 2021.

Other expenses: Our other expenses decreased by 12.13%, from ₹ 455.43 crore in Fiscal 2020 to ₹ 400.20 crore in Fiscal 2021 primarily due to the following:

- decrease in consumption of packing materials from ₹ 63.93 crore in Fiscal 2020 to ₹ 54.79 crore in Fiscal 2021.

- decrease in rates and taxes ₹ 8.31 crore in Fiscal 2020 to ₹ 2.80 crore in Fiscal 2021.

- decrease in repairs and maintenance to plant and machinery from ₹ 19.86 crore in Fiscal 2020 to ₹ 15.66 crore in Fiscal 2021.

- decrease in travelling and conveyance from ₹ 11.18 crore in Fiscal 2020 to ₹ 4.46 crore in fiscal 2021 due to significant reduction travel due to COVID 19 restrictions.

- decrease in subscriptions and donations from ₹ 35.53 crore in Fiscal 2020 to ₹ 27.37 crore in fiscal 2021.

- decrease in commission to selling agents from ₹ 32.41 crore in Fiscal 2020 to ₹ 27.40 crore in fiscal 2021 which was primarily due to decrease in Revenue from operations during Fiscal 2021.

- increase in gain from net gain on foreign currency transaction from ₹ 1.07 crore in Fiscal 2020 to ₹ 10.24 crore in fiscal 2021.

- decrease in corporate social responsibility expenditure from ₹ 11.82 crore in Fiscal 2020 to ₹ 3.07 crore in Fiscal 2021.

- decrease in miscellaneous expenses from ₹ 94.62 crore in Fiscal 2020 to ₹ 63.19 crore in Fiscal 2021.

Partly offset by:

- increase in consumption of stores and spares from ₹ 34.63 crore in Fiscal 2020 to ₹ 41.44 crore in Fiscal 2021

- increase in power and fuel cost from ₹ 17.40 crore in Fiscal 2020 to ₹ 24.25 crore in Fiscal 2021

- increase in freight outward (net of recovery) from ₹ 91.30 crore in Fiscal 2020 to ₹ 97.29 crore in Fiscal 2021

- Fair Value loss on financial assets (investments) at FVTPL of ₹ 5.87 crore in Fiscal 2021. No such loss was there in Fiscal 2020.

- Recognition of Allowances for doubtful debts / expected credit loss - trade receivable (net)of ₹ 0.83 crore in fiscal 2021 against write back of allowances for doubtful debts / expected credit loss - trade receivable (net)₹ 3.84 crore in Fiscal 2020.

Profit before tax: Our profit before tax grew by 10.50% to ₹ 392.04 crore in Fiscal 2021 as compared to ₹ 354.80 crore in Fiscal 2020. This was primarily due to better operating margins and reduction in other operating cost.

Income Tax Expense: Our current tax (net of utilisation of minimum alternative tax credit) was ₹ 69.36 crore in Fiscal 2021 as compared to ₹ 57.27 crore in Fiscal 2020 and our deferred tax was ₹ 8.69 crore in Fiscal 2021 as compared to ₹ 10.03 crore in Fiscal 2020. Our total tax expense increased by 15.97% from ₹ 67.30 crore in Fiscal 2020 to ₹ 78.05 crore in Fiscal 2021.

Profit for the year: On account of factors mentioned hereinabove, our profit for the year increased from ₹ 287.50 crore in Fiscal 2020 to ₹ 313.99 crore in Fiscal 2021.

Fiscal 2020 compared to Fiscal 2019

Total income: Our total income decreased by 7.78% from ₹ 3,548.49 crore in Fiscal 2019 to ₹ 3,272.55 crore in Fiscal 2020.

Revenue from Operations: Our revenue from operations decreased by 8.08% from ₹ 3,528.56 crore in Fiscal 2019 to ₹ 3,243.54 crore in Fiscal 2020. This was primarily due to decrease in sale of carbon black by 7.94% from ₹ 3,406.03 crore in Fiscal 2019 to ₹ 3,135.57 crore in Fiscal 2020, decrease in sale of power from ₹ 97.46 crore to ₹ 86.48 crore in Fiscal 2020 and decrease in other operating revenue by 14.28 % from ₹ 25.07 crore in Fiscal 2019 to ₹ 21.49 crore in Fiscal 2020.

Other Income: Other income increased by 45.56 % from ₹ 19.93 crore for Fiscal 2019 to ₹ 29.01 crore for Fiscal 2020. This was primarily due to an increase in interest income from certain financial assets by ₹ 2.21 crore, increase in dividend income from equity instruments designated at FVOCI by ₹ 1.37 crore, increase in gain on sale of investments carried at FVTPL by ₹1.93 crore, increase in provision / liability no longer required written back by ₹ 4.28 crore and miscellaneous income by ₹ 2.04 crore which was partly offset by decrease in fair value gain on financial assets (investment) at FVTPL.

Expenses

Cost of Goods Sold

Cost of goods sold (includes cost of material consumed and changes in inventories of finished goods) was ₹ 2,189.51 crore or 66.91% of total income for Fiscal 2020 and ₹ 2,296.56 crore or 64.72% of total income for Fiscal 2019. Cost of goods sold expressed as a percentage of revenue increased during Fiscal 2020 for following reason :

Cost of material consumed: Our expenses in relation to cost of materials consumed decreased by 7.07%, from ₹ 2,351.96 crore in Fiscal 2019 to ₹ 2,185.72 crore in Fiscal 2020. This is mainly due to decrease in production volume by 1.4%. This is further reduced by decrease in average price of raw material consumed during Fiscal 20 in comparison to Fiscal 19.

Changes in inventories of finished goods: Our adjustment for net decrease in inventories of finished goods was ₹ 55.40 crore in Fiscal 2019 as compared to adjustment for net increase in inventories of finished goods of ₹ 3.79 crore in Fiscal 2020. This is mainly due to change in inventory position

Employee benefits expense: Employee benefits expense increased by 21.08 % from ₹ 111.12 crore in Fiscal 2019 to ₹ 134.55 crore in Fiscal 2020. These increases were primarily due to increase in the average number of permanent employees from 940 during Fiscal 2019 to 999 during Fiscal 2020. This is further increased by increase in average salary of employee by 10% during Fiscal 20. Increase in salary cost in Fiscal 20 in comparison to Fiscal 19 is also attributable to incremental incentives given to the employees in comparison to Fiscal 19.

Finance costs: Our finance costs increased by 24.79 %, from ₹ 36.78 crore in Fiscal 2019 to ₹ 45.90 crore in Fiscal 2020. This increase was primarily due to increase in the Interest expense on debts and borrowings carried at amortised cost by 3.11% from ₹ 35.66 crore in Fiscal 2019 to ₹ 36.77 crore in Fiscal 2020, Interest on Lease Liabilities (on adoption of Ind AS 116 with effect from 1 April ,2019) of ₹ 8.85 crore in Fiscal 2020 which was partly offset by decrease on other borrowing costs from ₹ 1.12 crore in Fiscal 2019 to ₹ 0.28 crore in Fiscal 2020.

Depreciation and Amortization expense: Depreciation and amortization expenses increased by 39.13% from ₹ 66.38 crore to ₹ 92.36 crore in Fiscal 2020. This was primarily due to deprecation on Right to use assets recognized first time Fiscal 2020 (pursuant to adoption of Ind AS 116 from April 1, 2019) amounting to ₹ 16.42 crore.

Other expenses: Our other expenses decreased by 9.76%, from ₹ 504.70 crore in Fiscal 2019 to ₹ 455.43 crore in Fiscal 2020, primarily due to following:

- Decrease in consumption of stores and spares from ₹ 52.68 crore in Fiscal 2019 to ₹ 34.63 crore in Fiscal 2020.

- Decrease in power and fuel expenses from ₹ 22.85 crore in Fiscal 2019 to ₹ 17.40 crore in Fiscal 2020.

- Decrease in Rent expenses from ₹ 21.02 crore in Fiscal 2019 to ₹ 4.69 crore in Fiscal 2020 due to adoption of Ind AS 116 with effect from 01.04.2019 where rent expenses has been reclassified in depreciation and amortization expenses and finance cost.

- Decrease in Rates and taxes from ₹ 14.57 crore in Fiscal 2019 to ₹ 8.31 crore in Fiscal 2020.

- Decrease in repairs and maintenance to plant & machinery from ₹ 40.01 crore in Fiscal 2019 to ₹ 19.86 crore in Fiscal 2020.

- Decrease in Director's sitting fees & commission from ₹ 16.41 crore in Fiscal 2019 to ₹ 10.66 crore in Fiscal 2020.
- Decrease in allowance for doubtful debts / expected credit loss - trade receivable (net) by ₹ 8.85 crore from Fiscal 2019 to Fiscal 2020. During Fiscal 2020 there was a write back of allowance for doubtful debts / expected credit loss of ₹ 3.84 crore against creation of fresh allowance for allowance for doubtful debts / expected credit loss of ₹ 5.01 crore in Fiscal 2019.

- Decrease in Miscellaneous expenses from ₹ 101.21crore in Fiscal 2019 to ₹ 94.61 crore in Fiscal 2020.

This is offset by :

- Increase in Consumption of Packing materials from ₹59.18 crore in Fiscal 2019 to ₹ 63.93 crore in Fiscal 2020.

- Increase in subscriptions and donations from ₹ 24.98 crore in Fiscal 2019 to ₹ 35.53 crore in Fiscal 2020.

- Increase in Freight outward (net of recovery) from ₹ 82.50 crore in Fiscal 2019 to ₹ 91.30 crore in Fiscal 2020.

- Increase in Research and Development expenses from ₹ 4.88 crore in Fiscal 2019 to ₹ 9.82 crore in Fiscal 2020.

- Increase in loss on disposal of property plant and equipment from ₹ 0.16 crore in Fiscal 2019 to ₹ 1.01 crore in Fiscal 2020.

- Increase in Corporate Social responsibility expenditure from ₹ 3.74 crore in Fiscal 2019 to ₹ 11.82 crore in Fiscal 2020.

Profit before tax: Our profit before tax decreased by 33.43% from ₹ 532.94 crore in Fiscal 2019 to ₹ 354.80 crore in Fiscal 2019.

Income Tax Expense: Our Current tax (Net of utilisation of minimum alternate tax credit) was ₹ 57.27 crore in Fiscal 2020 as compared to ₹ 150.87 crore in Fiscal 2019 and our deferred tax was ₹ 10.03 crore in Fiscal 2020 as compared to deferred tax reversal of ₹ 0.60 crore in Fiscal 2019. Our total tax expense decreased from ₹ 150.27 crore in Fiscal 2019 to ₹ 67.30 crore in Fiscal 2020.

Profit for the year: On account of aforesaid factors, our profit for the year decreased from ₹ 382.67 crore in Fiscal 2019 to ₹ 287.50 crore in Fiscal 2020.

Cash Flows

The following table sets forth certain information relating to our cash flows on consolidated basis for the periods indicated:

(₹ in crore)

	Three-month period ended June 30, 2021	Fiscal		
		2021	2020	2019
Net cash flows (used in)/ from operating activities (A)	(36.93)	385.01	531.25	289.90
Net cash flows used in investing activities (B)	(231.91)	(202.67)	(106.84)	(277.52)
Net cash flows (used in)/ from financing activities (C)	232.98	(179.54)	(388.56)	(70.40)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(35.86)	2.80	35.85	(58.03)

Operating Activities

Net cash flows from operating activities for Fiscal 2021 consisted of profit before tax of ₹ 392.04 crore as adjusted upwards primarily for depreciation and amortization expenses of ₹ 110.12 crore, finance costs of ₹ 33.88 crore, allowance for doubtful debts/ expected credit losses- trade receivable of ₹ 0.83 crore, Loss on sale/fair valuation of investments carried at FVTPL ₹ 2.97 crore which were adjusted downwards for Interest income from certain financial assets of ₹ 5.54 crore, dividend income from equity instruments designated at FVOCI of ₹ 7.59 crore liabilities no longer required written back of ₹ 0.23 crore,exchange differences on translation of foreign subsidiaries of ₹ 0.60 crore, provisions for claims and litigations write back(net) of ₹ 4.85 crore, profit on disposal/discard of property, plant and equipment of ₹1.41 crore and unrealised foreign exchange differences (net) of ₹ 6.26 crore. As a result, our operating profit before changes in operating assets and liabilities was ₹ 513.36 crore, which was further adjusted for working capital changes which were primarily on account of increase in inventories of ₹ 118.65 crore, increase in trade receivable of ₹ 123.46 crore, increase in other financial and non-financial assets of ₹ 9.26 crore and increase in trade payables of ₹166.70 crore, increase in other financial and non-financial liabilities of ₹ 22.32 crore. Cash generated from operations was ₹ 451.01 crore and income tax paid (net of refunds) was ₹ 66 crore. As a result, net cash flow from operating activities was ₹ 385.01 crore.

Net cash flows from operating activities for Fiscal 2020 consisted of profit before tax of ₹ 354.80 crore as adjusted upwards primarily for depreciation and amortization expenses of ₹ 92.36 crore, finance costs of ₹ 45.90 crore, exchange differences on translation of foreign subsidiaries of ₹ 2.47 crore, loss on disposal/discard of property, plant and equipment of ₹1.01 crore , provisions for claims and litigations of ₹ 7.78 crore and foreign exchange differences (net) of ₹ 3.60 crore which were adjusted downwards for Interest income from certain financial assets of ₹ 3.55 crore, dividend income from equity instruments designated at FVOCI of ₹ 5.28 crore, gain on sale/fair valuation of investments carried at FVTPL ₹ 9.91 crore, fair value gains on investments at FVTPL ₹ 0.80 crore, liabilities no longer required written back of ₹ 6.99 crore, allowance for doubtful debts written back of ₹ 3.84 crore. Operating profit before changes in operating assets and liabilities was ₹ 478.45 crore which was further adjusted by changes in operating assets and liabilities primarily due to decrease in inventories of ₹ 133.21 crore, decrease in other financial and non-financial assets of ₹ 180.07 crore and decrease in Other financial and non-financial liabilities of ₹ 194.10 crore. Cash generated from operations was ₹ 597.63 crore and income tax paid (net of refunds) was ₹ 66.38 crore. As a result, net cash flow from operating activities was ₹ 531.25 crore.

Net cash flows from operating activities for Fiscal 2019 consisted of profit before tax of ₹ 532.94 crore as adjusted upwards primarily for depreciation and amortization expenses of ₹ 66.38 crore, finance costs of ₹ 36.78 crore, exchange differences on translation of foreign subsidiaries of ₹ 1.13 crore, allowance for doubtful debts/ expected credit losses- trade receivable of ₹ 5.01 crore, loss on disposal of property, plant and equipment of ₹ 0.16 crore, provisions for claims and litigations of ₹ 20.25 crore which were adjusted downwards for Interest income from certain financial assets of ₹ 1.34 crore, dividend income from equity instruments designated at FVOCI of ₹ 3.91 crore, gain on sale of investments carried at FVTPL of ₹ 7.98 crore, fair value gains on investments at FVTPL of ₹3.55 crore, liabilities no longer required written back of ₹ 2.71 crore, and foreign exchange differences (net) of ₹ 4.33 crore. Operating profit before changes in operating assets and liabilities was ₹ 638.85 crore which was further adjusted by changes in operating assets and liabilities primarily due to increase in inventories of ₹ 150.39 crore, increase in other financial and non-financial assets of ₹ 201.22 crore and increase in other financial and non-financial liabilities of ₹ 130.78 crore. Cash generated from operations was ₹ 418.01 crore and income tax paid (net of refunds) was ₹ 128.12 crore. As a result, net cash flow from operating activities was ₹ 289.90 crore.

Investing Activities

The net cash used in investing activities amounted to ₹ 202.67 crore for Fiscal 2021. Net cash flows from investing activities for Fiscal 2021 primarily consisted of outflows in the form of purchase of property, plant and equipment amounting to ₹ 115.49 crore, purchase of current investment of ₹ 1976.93 crore, purchase of non-current investment of ₹ 1.01 crore and fixed deposit placed with banks of ₹ 107.24 crore. Inflows from investing activities primarily included proceeds from disposal of property, plant, and equipment of ₹1.41 crore, proceeds from sale/redemption of current investments of ₹ 1979.83 crore, proceeds from sale/redemption of preference shares of ₹ 7.04 crore, interest received of ₹ 2.13 crore and dividend received from equity instruments designated at FVOCI of ₹ 7.59 crore.

The net cash used in investing activities amounted to ₹ 106.84 crore for Fiscal 2020. Net cash flows from investing activities for Fiscal 2020 primarily consisted of outflows in the form of purchase of property, plant and equipment amounting to ₹ 230.71crore, purchase of current investment of ₹ 3307.01 crore Inflows from investing activities primarily included proceeds on disposal of property, plant and equipment of ₹ 0.02 crore, proceeds from sale/redemption of current investments of ₹ 3374.28 crore, proceeds from sale/redemption of preference shares of ₹ 47.75 crore, interest received of ₹ 3.55 crore and dividend received from equity instruments designated at FVOCI of ₹ 5.28 crore.

The net cash used in investing activities amounted to ₹ 277.52 crore for Fiscal 2019. Net cash flows from investing activities for Fiscal 2019 primarily consisted of outflows in the form of purchase of property, plant and equipment amounting to ₹ 232.74 crore and purchase of current investment of ₹ 2,577.00 crore. Inflows from investing activities primarily included proceeds on disposal of property, plant, and equipment of ₹ 1.21 crore proceeds from sale/redemption of current investments of ₹ 2524.91 crore, interest received of ₹ 2.19 crore, dividend received from equity instruments designated at FVOCI of ₹ 3.91 crore.

Financing Activities

The net cash used in financing activities amounted to ₹ 179.54 crore for Fiscal 2021. Net cash flows from financing activities for Fiscal 2021 consisted of outflows in the form of repayment of non-current borrowings of ₹ 156.00 crore, repayment of current borrowings of ₹ 1061.86 crore, decrease in cash credit facilities from bank of ₹99.75 crore payment of lease liability of ₹29.25 crore, dividend paid of ₹ 120.64 crore and finance cost paid of ₹ 35.90 crore. Inflows from financing activities included proceeds from non-current borrowings of ₹ 235.00 crore, and proceeds from current borrowings of ₹ 1088.86 crore.

The net cash used in financing activities amounted to ₹ 388.56 crore for Fiscal 2020. Net cash flows from financing activities for Fiscal 2020 consisted of outflows in the form of repayment of non-current borrowings of ₹ 67.78 crore, repayment of current borrowings of ₹ 856.98 crore, payment of lease liability of ₹22.68 crore, dividend paid (including tax on dividend) of ₹ 144.64 crore and finance cost paid of ₹ 31.11 crore. Inflows from financing activities included proceeds from current borrowings of ₹ 732.89 crore and increase in cash credit facilities from banks of ₹ 1.75 crore.

The net cash used in financing activities amounted to ₹ 70.40 crore for Fiscal 2019. Net cash flows from financing activities for Fiscal 2019 consisted of outflows in the form of repayment of non-current borrowings of ₹ 40.19 crore, decrease in cash credit facilities from banks of ₹ 171.66 crore, repayment of current borrowings of ₹ 1015.14 crore, dividend paid (including tax on dividend) of ₹ 96.73 crore and finance cost paid of ₹ 46.75 crore. Inflows from financing activities included proceeds from current borrowings of ₹ 1117.07 crore and proceeds from non-current borrowings of ₹ 183.00 crore.

Borrowings

Our total borrowings is the aggregate of non-current borrowing and current borrowings including Current maturities of Long-Term Debt was ₹859.59 crore, ₹ 606.79 crore, ₹ 616.97 crore and ₹ 793.43 crore as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively on a consolidated basis. The details of our borrowings for three months ended June 30, 2021, Fiscals 2021, 2020 and 2019 on a consolidated basis are set forth below:

(₹ in crore)

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings				
(i) Non-current borrowings				
Secured Loans				
Term loans from banks	334.06	349.87	287.30	338.44
Less: Current maturities of Long-Term Debt	(52.63)	(45.13)	(72.29)	(67.78)
Total (A)	**281.43**	**304.74**	**215.01**	**270.66**
(ii) Current Borrowings				
Secured Loans from Banks				
- Loans repayable on demand	74.92	-	129.67	124.95
- Other Loans	-	31.92	-	27.97
Unsecured Loans				
Loans repayable on demand				
- From banks	255.00	225.00	200.00	302.07
Other Loan from Bank	195.61	-	-	-
Total (B)	**525.53**	**256.92**	**329.67**	**454.99**
(iii) Current maturities of Long-Term Debt (C)	52.63	**45.13**	**72.29**	**67.78**
Total (A+B+C)	**859.59**	**606.79**	**616.97**	**793.43**

We manage our capital structures and makes adjustment in light of changes in economic conditions and requirements of financing covenants. To this end, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary objective of our capital management is to maximize shareholder value by maintaining an efficient capital structure and healthy ratios and safeguard our ability to continue as a going concern. We also work towards maintaining optimal capital structure to reduce the cost of capital. No changes were made to our objectives, policies or processes for capital management through the year ended March 31, 2021.

Some of our financing agreements and debt arrangements contain financial covenants that require the satisfaction and/or maintenance of financial tests and ratios, including requirements to maintain debt to equity ratios, debt coverage ratios and certain other liquidity ratios. In addition, such agreements and arrangements also require us to obtain prior lender consents for certain specified actions, including changing our business, undertaking any expansion, any change in the ownership or control, merging, consolidating, selling significant assets or making certain acquisitions or investments. See *"Risk Factors – If we do not comply with covenants and conditions under our borrowing arrangements, it could lead to termination of our credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided and the trigger of cross default provisions. Any of the above actions taken by the relevant lender could have a material adverse effect on our credit ratings, financial condition, results of operations and cash flows"*

Capital and Other Commitments

We have entered into contracts, on the capital account as illustrated below:

(₹ In crore)

Commitments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019

Estimated amount of contracts remaining to be executed on capital account and not provided for, property, plant and equipment (net of capital advances).	26.08	60.32	6.60
Commitment for minimum lease payments in relation to non-cancellable operating leases payable	-	-	8.75

Contingent Liabilities

Contingent liabilities and claims against us, to the extent not provided for, as at March 31, 2021, March 31, 2020 and March 31, 2019 (as per Ind AS 37) are described below:

(₹ crore)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Contingent liabilities for:-			
(a) (i) Claims against the Group not acknowledged as debts:			
Income tax matters under dispute	-	2.53	2.53
Excise duty matters under dispute	4.04	2.77	5.60
Sales tax matter under dispute	0.30	0.30	0.27
Service tax matters under dispute	6.26	6.26	6.26
Value added tax matters under dispute	1.09	0.86	1.60
(ii) Other money for which the Group is contingently liable			
Excise duty matters under dispute	1.57	1.57	1.57
(b) Outstanding bank guarantees etc.	**6.25**	**12.73**	**12.42**
(c) Guarantees or counter guarantees or counter indemnity given by the Group			
On behalf of bodies corporate and others			
- Limit	0.09	0.09	0.09
- Outstanding	0.09	0.09	0.09

Interest Coverage Ratio

Our interest coverage ratio for the years ended March 31, 2021, 2020 and 2019, are as follows

Interest Coverage Ratio (Calculated on the basis of formula give in Form PAS 4 prescribed under Rule 14 of The Companies (Prospectus and allotment of Securities) Rules, 2014.

(₹ crore)

Particulars		For the financial years ended					
		March 31, 2021		March 31, 2020		March 31, 2019	
Profit for the year	**(A)**		313.99		287.50		382.67
Depreciation and amortisation expense	**(B)**		110.12		92.36		66.38
Provisions and Contingencies	**(C)**						
- Allowance for doubtful debts / Expected credit loss -trade receivable (net)		0.83		(3.84)		5.01	
- Provision for claims and litigations provided		(4.85)		7.78		20.25	
Provisions total			(4.02)		3.94		25.26
Finance Cost	**(D)**		33.88		45.90		36.78
Adjusted Profit (E= A+B+C+ D)	**(E)**		453.97		429.70		511.09
Finance Cost **(F)**	**(F)**		33.88		45.90		36.78
Interest Coverage Ratio (on a consolidated basis) (G=E/F)	**(G)**		13.40		9.36		17.98

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Analysis of Market Risks

The Group's principal financial liabilities comprises of borrowings, trade and other payables, lease liabilities 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 co-ordinated 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.

(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).

(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.

(All amounts in ₹ crore, unless otherwise stated)

Contractual maturity of financial liabilities	Upto 1 year	1 Year to 3 year	3 year to 5 year	More than 5 years	Total
March 31, 2021					
Borrowings (including current maturities)	302.05	173.00	111.75	19.99	606.79
Trade payable	591.63	-	-	-	591.63
Other financial liabilities (excluding current maturities of non-current borrowings)	111.19	32.11	24.01	33.78	201.09
	1,004.87	**205.11**	**135.76**	**53.77**	**1,399.51**
March 31, 2020					
Borrowings (including current maturities)	401.96	172.70	42.31	-	616.97
Trade payable	418.77	-	-	-	418.77
Other financial liabilities (excluding current maturities of non-current borrowings)	106.40	34.05	29.33	44.16	213.94
	927.13	**206.75**	**71.64**	**44.16**	**1,249.68**

(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:

(All amounts in ₹ crore, unless otherwise stated)

Particulars	Year ended March 31,2021	Year ended March 31,2020
Loss allowance at the beginning of the year	9.64	13.48
Change / (reversal) in allowance during the year (net)	0.83	(3.84)
Loss allowance at the end of the year	10.47	9.64

(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.

(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

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 complete 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	March 31, 2021			March 31, 2020			March 31, 2019		
	INR equivalent of			INR equivalent of			INR equivalent of		
	USD	***EUR***	***GBP***	***USD***	***EUR***	***GBP***	***USD***	***EUR***	***GBP***
Financial assets									
Trade receivables	144.50	8.26	-	108.11	8.19	-	151.37	5.52	-
Balances with banks	66.64	-	-	-	-	-	-	-	-
Derivative assets									
Foreign exchange forward contracts									
Sell foreign currency	(66.64)	-	-	(7.52)	-	-	-	-	-
Net exposure to foreign currency risk (assets)	**144.50**	**8.26**	**-**	**100.59**	**8.19**	**-**	**151.37**	**5.52**	**-**
Financial liabilities									
Foreign currency loan	86.31	-	-	126.47	-	-	439.07	-	-
Trade payables	420.67	(3.13)	0.20	288.80	(5.21)	0.16	374.99	1.16	0.18
Derivative liabilities									
Foreign exchange forward contracts									
Buy foreign currency	(383.51)	-	-	(319.42)	-	-	(670.96)	-	-
Net exposure to foreign currency risk (liabilities)	**123.47**	**(3.13)**	**0.20**	**95.85**	**(5.21)**	**0.16**	**143.09**	**1.16**	**0.18**
Net exposure to foreign currency risk (Assets- Liabilities)	**21.03**	**11.39**	**(0.20)**	**4.74**	**13.40**	**(0.16)**	**8.28**	**4.36**	**(0.18)**

(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 March 31, 2021 and March 31, 2020:

	Impact on profit before tax	
	FY 2020-21	**FY 2019-20**
USD sensitivity		
INR/USD- Increase by 1%*	0.21	0.05
INR/USD- Decrease by 1%*	(0.21)	(0.05)
EUR sensitivity		
INR/EUR- Increase by 1%	0.11	0.13
INR/EUR- Decrease by 1%	(0.11)	(0.13)
GBP sensitivity		
INR/GBP- Increase by 1%	(0.01)	0.01
INR/GBP- Decrease by 1%	0.01	(0.01)
* Holding all other variable constant		

Interest rate risk

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.

Interest Rate Risk Exposure

The exposure of the Group's borrowings to interest rate changes at the end of the reporting year are as follows:

(₹ in crore)

	March 31, 2021	March 31, 2020	March 31, 2019
Total borrowings	606.79	616.97	793.43

Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

(₹ in crore)

	Impact on profit before tax	
	FY 2020-21	FY 2019-20
Interest Rates - Increase by 50 basis points (50 bps) *	(3.03)	(3.08)
Interest Rates - Decrease by 50 basis points (50 bps) *	3.03	3.08

** Holding all other variable constant*

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.

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.

(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 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 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 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 Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

Related Party Transaction

For details in relation to the related party transactions entered by our Company during the three-month period ended June 30, 2021 and the last three Financial Years as per IND AS 24, see "*Related Party Transactions*" on page 79.

Changes in accounting policies during last three fiscal years and their effect on the profits and reserves of our Company

There has been no change in accounting policies for the Fiscal Years 2021, 2020 and 2019. Our Company has adopted Ind-AS from Fiscal Year commenced on April 1, 2016.

Material developments after June 30, 2021 that may affect our future results of operations

To the best of our knowledge and belief, except as disclosed in this Placement Document, no circumstances have arisen since June 30, 2021, which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Summary of reservations or qualifications or adverse remarks or matter of emphasis of auditors in their auditors report on our financial statements in the last five financial years immediately preceding the year of circulation of this Placement Document and of their impact on the Audited Consolidated Financial Statements and financial position of our Group and the corrective steps taken and proposed to be taken by our Company and Subsidiaries for each of the said reservations or qualifications or adverse remark

We set out below the emphasis of matter and other remarks and comments included by our Auditors in their Audit/Review reports. In addition, we set out below the steps that were taken by our Company for each of the emphasis of matter, as applicable:

Financial year / period ended	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Company	Corrective steps taken and/or proposed to be taken by the Group*
Three-month period ended June 30, 2021	Nil	Nil	Nil
March 31, 2021	Nil	Nil	Nil
March 31, 2020	The auditors have drawn attention to a note in Audited Consolidated Financial Statements for Fiscal 2020 which states the impact of Covid 19 pandemic on the operations of the company.	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 statements for the year ended 31 March 2020. The Group has taken 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 pandemic, the impact assessment on the Group's financial statements had and will be continuously made and provided for as required. Subsequent to year end March 20, Group's plants across all its locations have resumed operations as per government guidelines and directives prescribed.
March 31, 2019	Nil	Nil	Nil
March 31, 2018	Nil	Nil	Nil
March 31, 2017	Erstwhile auditors in their audit report have have drawn attention to a note to the consolidated Ind AS financial statements which describes the basis for revision of the consolidated Ind AS financial statements consequent to the	With effect from 1 April 2016, assets and liabilities of the Goodluck Dealcom Private Limited, a wholly owned subsidiary of Phillips Carbon Black Limited ('the Company) got merged with	No corrective action required.

Financial year / period ended	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Company	Corrective steps taken and/or proposed to be taken by the Group*
	amalgamation of the Transferor Company with the Holding Company, pursuant to a Scheme of Amalgamation sanctioned by the National Company Law Tribunal ("NCLT") vide its order dated July 19, 2017 and filed with the Registrar of Companies on July 21, 2017 (the "Scheme"). They further reported that, their audit procedures on the subsequent events in so far as it relates to the revision to the consolidated Ind AS financial statements (as amended) are restricted solely to the aforesaid matter relating to the Scheme and no effect have been given for any other events, if any, occurring after May 25, 2017 (being the date on which the consolidated Ind AS financial statements were first approved by the Board of Directors of the Holding Company and reported upon by us by our report of that date).	parent company pursuant to order of NCLT sanctioning scheme of amalgamation of Goodluck Dealcom Private Limited with the parent company Phillips Carbon Black Limited.	

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section is sourced from "Carbon Black World Data Book 2021 – August 2021" (issued in PDF and excel format) by Notch Consulting, INC. (**"Notch Report"**), "India Tyre Industry" dated June 2021 by ICRA Limited (**"ICRA Report"**) as well as other publicly available industry sources and government publications.The third party and industry related information in this section has not been prepared or independently verified by the Company, the Book Running Lead Managers or any of their affiliates or advisers. Data in this section may have been re-classified by us for the purposes of presentation. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, statements in this section that are not statements of historical fact constitute "forward - looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results to materially differ. Accordingly, prospective investors should not base their investment decision, or otherwise place undue reliance, on this information.*

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A. INDIAN ECONOMY

The Indian economy's GDP for Fiscal 2021 is estimated at ₹195.86 trillion, as against ₹203.51 trillion for Fiscal 2020, showing a contraction of 3.8%. (Source: Ministry of Statistics and Programme Implementation, Press note February 26, 2021). India is the fifth largest economy in the world, surpassing the U.K. and France. *(Source: Worldbank GDP Ranking 2019, updated on July 1, 2020).*

Prior to the onset of COVID-19, according to the Reserve Bank of India ("RBI"), reviving consumption demand and private investment had assumed the highest priority heading into Fiscal 2020. This involved strengthening the banking and non-banking sectors via a significant push for spending on infrastructure and implementation of much needed structural reforms in the areas of labour laws, taxation and other legal reforms to enhance ease of doing business. (Source: RBI, Annual Report 2018-2019). Continuing to focus on reviving economic growth as the Indian economy heals from the scars of COVID-19, the RBI prioritised increasing credit flow to Micro, Small and Medium Enterprises ("MSMEs") during Fiscal 2020. The outlook for the economy remains clouded by uncertainty and testing challenges, mainly the intensity, spread and duration of COVID-19. (Source: RBI, Annual Report 2019-2020). Going forward, reform measures in various areas are likely to uplift India's growth potential on a sustainable basis. The growth prospects essentially depend on how fast India can arrest the second wave of COVID-19 pandemic. While the economy has not moderated to the extent during the first wave, the surrounding uncertainties can act as a deterrent in the immediate period. *(Source: RBI, Annual Report 2020-2021).*

India's inflation dynamics were favourable over the last three years. The consumer price index ("CPI") inflation fell from 3.6% in Fiscal 2018 to 3.4% in Fiscal 2019 and increased to 4.8% in Fiscal 2020. The increase in Fiscal 2020 was largely driven by movement in food inflation. (Source: RBI, Handbook of Statistics on the Indian Economy, 2019-2020) The Ministry of Statistics and Programme Implementation("MoSPI") published the CPI (general) for the month of June 2021 (provisional) which stood at 6.26% (rural and urban combined), and for the month of May 2021 (final) which stood at 6.30% (rural and urban combined). (Source: Ministry of Statistics and Programme Implementation, Press Release on Consumer Price Index, July 12, 2021) The RBI in its Survey of Professional Forecasters has assigned the highest probability to real GDP growth lying between 9.5-9.9% in Fiscal 2022 followed by the range 10.0-10.4%. For Fiscal 2023, highest probability has been assigned to the range 6.0-6.4% *(Source: RBI, Survey of Professional Forecasters on Macroeconomic Indicators - Results of the 70th Round, June 4, 2021).*

GDP at constant (2011-12) prices in Fiscal 2021 is now estimated to attain a level of ₹135.13 lakh crore, as against the First Revised Estimate of GDP for Fiscal 2020 of ₹145.69 lakh crore, released on January 29, 2021. The growth in GDP during Fiscal 2021 is estimated at -7.3% as compared to 4.0% in Fiscal 2020. GDP at Current Prices in Fiscal 2021 is estimated to attain a level of ₹197.46 lakh crore, as against the First Revised Estimates of ₹203.51 lakh crore in Fiscal 2020, showing a change of -3.0% as compared to 7.8 percent in Fiscal 2020. GDP at constant (2011-12) prices in the fourth quarter of Fiscal 2021 is estimated at₹38.96 lakh crore, as against ₹38.33 lakh crore in the fourth quarter of 2019-20, showing a growth of 1.6 percent. *(Source: Press Note on Provisional Estimates of Annual National Income 2020-21 and Quarterly Estimates of Gross Domestic Product for the Fourth Quarter (Q4) of 2020-21, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated May 31, 2021)* The Quick Estimates of Index of Industrial Production with base 2011-12 for the month of March 2021 was at ₹143.4 lakh crore. *(Source: Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of March, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated May 12, 2021)* Fiscal deficit was ₹933,651 crore (actuals) in Fiscal 2020 and based on revised estimates was ₹1,848,655 crore in Fiscal 2021. Based on budget estimates, fiscal deficit is expected to be ₹1,506,812 crore in Fiscal 2022. Disinvestment receipts amounted to ₹50,304 crore (actuals) in Fiscal 2020 and amounted to ₹32,000 crore, based on revised estimates, in Fiscal 2021. Based on budget estimates, disinvestment receipts are expected to be ₹175,000 crore in Fiscal 2022. *(Source: Union Budget 2021-22, Budget at a Glance).*

Since the release of the Monetary Policy Report in October 2020, domestic economic activity has turned out to be better than anticipated on the back of a turnaround in gross fixed capital formation and a much shall lower contraction in private consumption than in the preceding quarters. India's GDP shrugged off the contractions of preceding quarters and moved into the expansion zone in the third quarter of Fiscal 2021 (an increase of 0.4%, year-on-year). High frequency indicators pointed to the growth momentum gaining strength in the fourth quarter of Fiscal 2021, although the surge in COVID-19 infections in a few states in March 2021 imparted uncertainty to the assessment. Inflation receded into the tolerance bank beginning December 2020 after breaching the upper threshold of 6% for six consecutive months (June-November 2020). In the run up to the December 2020 Monetary Policy Committee meeting, CPI inflation had increased to 7.6% in October 2020. By the time the Monetary Policy Committee met in February 2021, CPI inflation had declined to 4.6% in December 2020 on the back of a larger than anticipated deflation in vegetable prices. *(Source: Reserve Bank of India, Monetary Policy Report – April 2021).*

Going forward, rural demand is likely to remain resilient on good prospects for the agriculture sector. The fiscal stimulus under AtmaNirbhar 2.0 and 3.0 schemes and increased capital outlays and the investment enhancing proposals in the Union Budget 2021-22 will likely accelerate public investment and crowd-in private investment. While the domestic financial conditions are expected to remain supportive in view of the guidance from RBI that systemic liquidity would continue to remain comfortable over the ensuing year, the risks of spillovers from volatility in global financial markets remain elevated. *(Source: Reserve Bank of India, Monetary Policy Report – April 2021).*

On the domestic front, the ferocity of the second wave has dented economic activity, though policy measures have ensured the smooth functioning of markets and financial institutions. Finances of the centre and states have been impacted by shortfalls and additional expenditure on health care and welfare measures. With a quantum jump in market borrowings, a significant share of public debt has been absorbed by banks; going forward, however, their absorptive capacity may be circumscribed by the likely expansion of bank credit in the wake of the recovery.

Moreover, the sizable holdings of government securities required to be marked to market renders them sensitive to valuation changes. For net commodity importers like India, the uptrend in the international prices of crude oil and other key commodities has emerged as a source of risk, fuelling inflation expectations and also translating into aterms of trade losses. Within the domestic financial system, credit flow from banks and capital expenditure of corporates remain muted. While banks' exposures to better rated large borrowers are declining, there are incipient signs of stress in the micro, small and medium enterprises (MSMEs) and retail segments. The demand for consumer credit across banks and non-banking financial companies (NBFCs) has dampened, with some deterioration in the risk profile of retail borrowers becoming evident. *(Source: RBI - Financial Stability Report Issue No. 23, July 1 2021).*

1. Assessment

In the domestic economy, there are signs of revival of growth. System liquidity remained in large surplus in February and March 2021 with average daily net liquidity absorption of ₹5.9 lakh crore. Driven by currency demand, reserve money increased by 14.2% (year-on-year) as on March 26, 2021. Money supply grew by 11.8% as on March 26, 2021 with credit growth at 5.6%. Corporate bond issuances at ₹6.8 lakh crore during Fiscal 2021 (up to February 2021) were higher than ₹6.1 lakh crore during the same period last year. Issuances of commercial paper turned around since December 2020 and were higher by 10.4% during December 2020 to March 2021 than in the same period of the previous year. India's foreign exchange reserves increased by US$ 99.2 billion during Fiscal 2021 to US$ 577.0 billion at end-March 2021, providing an import cover of 18.4 months and 102% of India's external debt. *(Source: Minutes of the Monetary Policy Committee Meeting April 5 to 7, 2021, RBI press release dated April 22, 2021).* Further, the RBI Governor during his bi-monthly monetary policy address on June 4, 2021 indicated that India's forex reserves may have exceeded an all-time high of US$600 billion.

2. Growth Outlook

Turning to the growth outlook, rural demand remains buoyant and record agriculture production for Fiscal 2021 bodes well for its resilience. Urban demand has been gaining strength on the back of normalisation of economic activity and should get a fillip with the ongoing vaccination drive. The fiscal stimulus from increased allocation for capital expenditure under the Union Budget 2021-22, expanded production-linked incentives ("PLI") scheme and rising capacity utilisation (from 63.3% in the second quarter to 66.6% in the third quarter of Fiscal 2021) should provide strong support to investment demand and exports. Firms engaged in manufacturing, services and infrastructure polled by the Reserve Bank in March 2021 were optimistic about a pick-up in demand and expansion in business activity into Fiscal 2022. Consumer confidence, on the other hand, has dipped with the recent surge in COVID-19 infections in some states imparting uncertainty to the outlook. Taking these factors into consideration, the projected real GDP growth for Fiscal 2022 is 10.5% consisting of 26.2% in the first quarter, 8.3% in the second quarter, 5.4% in the third quarter and 6.2% in the fourth quarter. *(Source: Minutes of the Monetary Policy Committee Meeting April 5 to 7, 2021, RBI press release dated April 22, 2021).* The realisation of the projected growth is expected to translate to only a meagre average growth rate of 0.85% in two years following Fiscal 2020.

B. EFFECT OF COVID-19 ON MOTOR VEHICLE, RUBBER & CARBON BLACK MARKETS

The emergence of the pandemic associated with COVID-19 (coronavirus disease 2019) in late 2019/early 2020 created an unprecedented global humanitarian, social, and economic crisis. At the time of writing (August 2021), the crisis itself appeared to be winding down, even if many of its effects will continue to be felt for months or even years to come.*(Source: Notch Report)*

From that vantage point, here are Notch's key takeaways and assumptions regarding the crisis:

- Carbon black demand contracted by 7.1% year-on-year in 2020, falling to 12.5M tons from 13.4M tons in 2019
    - This performance slightly exceeds Notch's 'Best Case" scenario from the COVID scenarios first developed in April 2020 at the onset of the crisis.
    - The main factor driving this stronger-than-expected performance is that the downturn during the first half of 2020 was not as severe as anticipated
- As of August 2021, the vaccine rollout was proceeding apace, with 4.48 billion doses administered globally so far
    - Vaccination rates ranged from a low a less than 1% of the population for sub- Saharan Africa to 79% for Malta, with the US at 50%, Canada at 62%, and most of Europe in the 55% to 65% range (percent fully vaccinated)

- Vaccine hesitancy and the emergence of the highly infectious Delta variant were causing a third wave of infections in the US and elsewhere, prompting private business and government to redouble vaccination efforts

- New outbreaks have necessitated a return to masking and social distancing in many areas, but a return to full scale 'shelter-in-place' type measures appears highly unlikely at this stage

- Economic activity continues to benefit from strong underlying fundamentals and substantial pent-up consumer demand, but nearly all sectors have been impacted by lingering supply chain disruptions, higher prices and inflationary pressure, and severe labor shortages

(Source: Notch Report)

The following table (Table 1.1) presents Notch's current forecast for motor vehicle production, tire production, rubber demand, and carbon black demand for the years from 2019 through 2024.

Table 1.1
Effect of COVID-19 on Motor Vehicle, Rubber, and Carbon Black Markets

Item	2019	2020	2021 f	2022 f	2023 f	2024 f	% AGR '19 to '24
Motor Vehicle Production (000 units)	92,172	77,619	87,752	97,137	104,413	110,920	3.8%
Annual Growth (Y-O-Y)	-5.3%	-15.8%	13.1%	10.7%	7.5%	6.2%	
Tire Production (mil units)	1,865	1,701	1,889	2,018	2,102	2,208	3.4%
Annual Growth (Y-O-Y)	-1.6%	-8.8%	11.0%	6.9%	4.2%	5.0%	
Rubber Demand (KT)	28,798	26,991	29,582	31,500	32,835	34,385	3.6%
Annual Growth (Y-O-Y)	-1.2%	-6.3%	9.6%	6.5%	4.2%	4.7%	
Carbon Black Demand (KT)	13,407	12,452	13,800	14,750	15,380	16,050	3.7%
Annual Growth (Y-O-Y)	-1.5%	-7.1%	10.8%	6.9%	4.3%	4.4%	

(Source: Notch Report)

C. CARBON BLACK GLOBAL OVERVIEW

Carbon black demand totaled 12.5 million tons in 2020, a decline of 7.1% from 13.4 million tons in 2019. Global market value totaled $12.7 billion in 2020, a decline of 20% from $15.9 billion in 2019 due to both reduced volumes and lower average prices. Carbon black demand is forecast to grow 3.7% per year from 2019 to reach 16.1 million tons in 2024. The primary driver will be new demand from the tire industry, based upon $20 billion in new investments that will be spent on new tire production capacity worldwide from 2020 to 2025. *(Source: Notch Report)*

Global carbon black production totaled 12.1 million tons in 2020, putting global capacity utilization (i.e., production as a share of capacity) at 69% based on nameplate capacity of 17.6 million tons. These extremely weak utilization rates reflect the weeks and in some cases months that factories were shuttered or operating at greatly reduced rates due to COVID restrictions, especially in Q1 and Q2 2020. By the second half of the year, operating rates had greatly improved, and Notch expects utilization rates to rise to 74% in 2021 and to 79% by 2022. Longer term, global carbon black capacity is forecast to rise 2.1% per year from year-end 2019 to year-end 2024, reaching 19.2 million tons in 2024. Based on production forecast at 16.1 million tons, capacity utilization is forecast to average 84% in 2024. *(Source: Notch Report)*

Table 1.2
World Carbon Black Supply & Demand

Total World	2019	2020	2021 f	2022 f	2023 f	2024 f	% AGR '19 to '24
Capacity (KTPY)	17,293	17,591	18,231	18,506	18,976	19,176	2.1%
% utilization	76%	69%	74%	79%	81%	84%	
Production (KT)	13,077	12,100	13,550	14,615	15,380	16,050	4.2%
Market Value (mil US$)	15,915	12,704					
Average value (US$/kg)	1.19	1.02					

Table 1.2 World Carbon Black Supply & Demand							
Total World	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Demand (KT)	13,407	12,452	13,800	14,750	15,380	16,050	3.7%
Tires	9,854	9,175	10,164	10,912	11,368	11,880	3.8%
Non-Tire Rubber	2,593	2,430	2,681	2,825	2,947	3,074	3.5%
Specialty Blacks	960	847	955	1,013	1,065	1,096	2.7%

(Source: Notch Report)

1. Carbon Black Suppliers & Market Share

The global carbon black market was valued at $12.7 billion in 2020. In 2020, the carbon black industry supported eight suppliers with annual carbon black sales of at least $300 million, and 20 suppliers with annual carbon black sales of at least $100 million. Global producers are Cabot, Birla Carbon, and Orion Engineered Carbons, each of which has capacity in all major regions and annual sales in excess of $1 billion. Together these three leading suppliers held 36% of global sales in 2020. The other seven companies rounding out the top ten in 2020 were Jiangxi Black Cat Carbon Black, Tokai Carbon, CSRC Group, Phillips Carbon Black Ltd., Longxing Chemical, Omsk Carbon Group, and OCI Corporation. *(Source: Notch Report)*

Table 1.3 Carbon Black Market Share by Company, 2020		
Sales (mil US$)	**Market Share**	**Producers**
12,704	–	Total Market
1,840	14 %	Cabot Corporation (US)
1,550	12 %	Birla Carbon (India)
1,136	9%	Orion Engineered Carbons (US)
765	6%	Jiangxi Black Cat Carbon Black (China)
685	5%	Tokai Carbon (Japan)
394	3%	CSRC Group (Taiwan)
353	3%	Phillips Carbon Black (India)
325	3%	Longxing Chemical Group (China)
280	2%	Omsk Carbon Group (Russia)
280	2%	OCI Corporation (Korea)

Note: Within categories, producers are listed in descending order of market share

(Source: Notch Report)

D. CARBON BLACK MACRO DRIVERS

About 93% of global carbon black demand related to its use as a reinforcing filler in rubber, so the fortunes of the carbon black market are inextricably linked with the rubber and tire industries. Worldwide, about 46 parts of carbon black are consumed for every 100 parts of rubber (a metric for rubber compounding ingredients known in the industry as PHR, or parts per hundred rubber). In addition to the total volume of rubber used worldwide, carbon black demand is affected by the product mix of the rubber industry, particularly the percentage of rubber used in tire applications versus non-tire applications. This is because tire compounds on average require higher carbon black loadings than non-tire rubber goods (though some individual mechanical rubber goods may take very high loadings). *(Source: Notch Report)*

The rubber and tire industries, in turn, are reliant upon the motor vehicle industry, where the key indicators are motor vehicle production and the number of vehicles in use around the world. Other important macro drivers for the carbon black and rubber sectors include industrial production, construction spending, and consumer spending (particularly on durables such as appliances).). *(Source: Notch Report)*

1. Rubber & Tire Outlook

The key drivers for carbon black demand are rubber consumption and tire production. The following two sections provide the outlook for tire production, and tire plant expansion activity by company and country. See the spreadsheet that accompanies this report for additional data. *(Source: Notch Report)*

2. Tire Production

World tire production fell to 1.7 billion units in 2020, down 8.8% from 1.9 billion units in 2019. Production is forecast to recover in 2021, growing 11% to 1.9 billion units, including 1.4 billion passenger tires and 470 million truck and bus tires. The production of these 1.7 billion passenger car, light truck, and heavy truck/bus tires in 2020 consumed 11.6 million tons of natural and synthetic rubber, or an average of 6.8 kilograms of rubber per tire. Another 4.9 million tons of rubber was consumed in the production of all other types of tires (motorcycle, agricultural, off-road, aircraft, bicycle, racing, industrial), which are excluded from the tire production figures in this report. *(Source: Notch Report)*

Tire production is forecast to increase 3.4% per year from 2019 to 2024, with global output projected to reach 2.2 billion units in 2024. This forecast is essentially unchanged from the pre-COVID forecast as production is expected to recover in 2021/2022. Through 2024, the world's Advanced Economies are forecast to see gains of 2% per year, while Developing Economies are forecast to see gains of 4.4% per year over the same period. This growth forecast is based on new investment tire production capacity, which is covered in more detail in Section 2.1.3. Note that this report uses the International Monetary Fund's definition of Advanced Economies – see the Introduction for a complete list of the countries included in this group, but for tire/rubber the major countries/regions are Canada, the US, all of the EU countries, Australia, Japan, South Korea, and Taiwan. Within the Developing Economies, some of the major countries for tire/rubber are Argentina, Brazil, China, India, Indonesia, Malaysia, Pakistan, South Africa, Sri Lanka, Thailand, Ukraine, and Vietnam. *(Source: Notch Report)*

Table 2.1
World Tire Production

Item	2019	2020	2021 f	2022 f	2023 f	2024 f	% AGR '19 to '24
Unit: mil tires							
Tire Production	1,865	1,701	1,889	2,018	2,102	2,208	3.4%
Advanced Economies	781	653	760	811	838	862	2.0%
Developing Economies	1,084	1,048	1,129	1,208	1,264	1,346	4.4%
Tire Types:							
Passenger	1,409	1,269	1,419	1,517	1,578	1,657	3.3%
Truck & Bus	457	431	470	501	524	551	3.8%
Regional Breakout:							
World excl. China	1,249	1,096	1,242	1,333	1,397	1,461	3.2%
North America	208	163	200	221	230	236	2.6%
South America	72	65	70	77	81	84	3.3%
European Union	351	301	343	364	379	393	2.3%
Eastern Europe	54	50	54	62	66	72	6.1%
Asia	1,129	1,074	1,169	1,238	1,287	1,360	3.8%
China	616	605	647	685	705	747	3.9%
Asia excluding China	513	469	522	553	582	613	3.6%
India	81	75	83	88	96	105	5.3%
Japan	143	117	137	141	143	144	0.1%
South Korea	74	63	72	80	83	87	3.1%
Other Asia	215	214	230	244	260	277	5.2%
Africa/Mideast	52	50	53	56	59	63	4.2%
Source: International Rubber Study Group (Singapore), company reports, & governmentalagencies for historical data; Notch Consulting, Inc. for all forecasts							

(Source: Notch Report)

3. Tire Plant Expansions

The following tables provide an overview of major expansion projects that are either underway or planned in the tire industry. The data in Tables 2.3 and 2.4 provide details on projects involving at least $20 million in new investment at the site. The tables present only select details; the spreadsheet that accompanies this report includes additional details on each project. Note also that this section covers only projects that have a direct effect on plant capacity; improvement projects with no change in capacity are excluded. Note that Table 2.3 provides an overview by country of new tire capacity investments from 2020 to 2025. In the case of multiyear expansion projects that began before 2020 or extend beyond 2025, Notch has prorated the total investment to include only the 2020–2025 period, based on our best estimates. However, Table 2.4 provides total project costs for each project, even if those costs occurred before 2020 or will occur after 2025.*(Source: Notch Report)*

As of August 2021, Notch was tracking $20.4 billion in new investments in tire plants from 2020 through 2025. North America will see $3.1B in new investments, including $2.5B in the US and $370M in Mexico. In **Mexico**, Bridgestone is investing $100M to expand PC/LT capacity at its plant in Cuernavaca, Mexico, while two new plants from Michelin in Leon and Goodyear in San Luis Potosi, both of which started up in 2018, were fully ramped up by 2020. The **United States** continues to see substantial new investment, though the pace has slowed substantially due to both COVID and the recent completion of a number of major projects. Several projects have been announced in the post-COVID era, including projects from Hankook, Kumho, and Sumitomo. Both Hankook and Kumho started up new plants in the US in 2016, and both companies are adding new capacity for PC/LT tires at these factories, while Sumitomo is adding capacity for PC/LT and truck tires at its plant in Tonawanda, New York. Major pre-COVID projects include Continental's ongoing ramp up of its truck/bus tire plant in Clinton, Mississippi, as well as Nokian's ramp up of its $360M factory in Dayton, Ohio, which began production in late 2019. Triangle Group delayed construction of its proposed $580M plant in Kingsboro, North Carolina due to COVID but the company has announced that the project is still going forward. Finally, **Canada's** tire industry got some good news with the announcement that Bridgestone will invest $250M in its Joliette, Quebec factory through 2023.*(Source: Notch Report)*

South America is expected to see $500M in new investment over the forecast period, all of it in Brazil. Sumitomo continues to invest heavily in the region – after the completion of a multi-year project that added both truck and PC/LT tire capacity at its plant in Fazenda Rio Grande, Sumitomo recently announced an additional $205M expansion at the same plant scheduled for completion in 2024/2025. Bridgestone also has announced a $140M investment in PC/LT tire capacity in Camacari, Bahia. *(Source: Notch Report)*

The **European Union** is expected to see $2B in investments from 2020 to 2025. The region's tire industry got a major boost when Nexen Tire announced its intention to invest $1.1B to build a new PC/LT plant in the Czech Republic, with ramp up through 2023. Among other projects, Bridgestone is investing in Hungary, Poland, and Spain, while Conti is investing in Portugal and Michelin in Italy and Scotland. *(Source: Notch Report)*

Eastern Europe will see $1.6B in new investments from 2020 to 2025. The bulk of this reflects a project from Shandong Linglong Tire to build $1B tire plant in Zrenjanin, Serbia that broke ground in April 2019. In addition, Kama Tyres (PJSC Nizhnekamskshina), a subsidiary of Tatneft Neftehim, plans to invest $140M at its plant in Nizhnekamsk, Russia to expand capacity for truck, agricultural, and large industrial tires. *(Source: Notch Report)*

China continues to lead the world in new tire investments, accounting for 27% of all new spending worldwide from 2020 to 2025. After a few years where the pace of new investments had slowed due to both overcapacity and COVID, China is once again attracting major new expansions. Notch is tracking $5.4B in new projects in China over the forecast period. Newly announced projects include Giti Tire's $1.1B project to move its tire plant in Changfeng, Anhui; Guizhou Tyre's $310M truck and OTR tire project in Guizhou, Guiyang; Jiangsu General Science's $472M project in Anqing, Anhui; Shandong Linglong's $950M factory in Tongchuan, Shaanxi; and Sailun's $142M project in Weifang, Shandong. *(Source: Notch Report)*

India will see $1.1B in new investment from 2020 to 2025, including projects from Apollo Tyres, BKT, Bridgestone, Goodyear, MRF, and Yokohama. Among the other countries of Asia, **Thailand** is projected to see $1B of new investment from 2020 to 2025, while **Vietnam** will see $1.5B of new investment. Major projects in Thailand include new factories from Continental, Jiangsu General Science, Linglong Tire, Prinx Chengshan Tire, Sumitomo, and Zhongce Rubber. Vietnam is seeing investments from Cooper Tire, Guizhou Tire, Jinyu Tire, Kumho Tire, and Sailun as the country continues to transform into a formidable tire producer. Also of note is new proposed investments to establish or expand tire production capacity in some of the region's smaller producers, including Bangladesh, Cambodia, Kazakhstan, Pakistan, and Sri Lanka. *(Source: Notch Report)*

The **Africa/Mideast** region is slated to see $1.9B of new investments from 2020 to 2025, with the majority of this spending occurring in Saudi Arabia, where the National Tire Co. is building a $1.2B tire factory in Jubail. *(Source: Notch Report)*

Table 2.3
Tire Plant Investment by Country,2020 to 2025

Country/Region	New Investments2020–2025 (Mil US$)*
World	20,401

Table 2.3 Tire Plant Investment by Country,2020 to 2025	
Country/Region	**New Investments2020–2025 (Mil US$)***
North America	3,105
Canada	250
Mexico	370
United States	2,485
South America	500
Total Europe	3,573
European Union	1,989
Russia	249
Serbia	1,335
Total Asia	11,363
Bangladesh	110
Cambodia	557
China	5,451
India	1,143
Indonesia	70
Japan	125
Malaysia	140
Pakistan	610
Sri Lanka	550
Taiwan	75
Thailand	1,082
Vietnam	1,450
Africa/Mideast	1,860
Algeria	430
Saudi Arabia	1,200
Turkey	230
* Total project costs are adjusted to excludeexpenditures before 2020 or after 2025	

(Source: Notch Report)

E. CARBON BLACK MARKETS & GRADES

Despite on-going efforts to diversify their customer base, carbon black suppliers remain heavily reliant on the tire industry, which accounted for 74% of total volume demand for carbon black in 2020. Use of carbon black as a reinforcement in non-tire rubber goods, primarily mechanical rubber goods such as hoses, belts, extruded and molded goods, antivibration components, rollers, and roofing accounted for another 20% of demand, and the market's overall reliance on rubber applications was 93%. The remaining 7% of carbon black demand consists of special blacks, which are primarily used in plastics compounding or as a pigment in printing inks and paints and coatings.*(Source: Notch Report)*

Carbon black demand totaled 12.5 million tons in 2020 with a market value of $12.7 billion. Volumes declined by 7.2% in 2020 while market value declined by 20% due to both lower volumes and a 16% decline in the average selling price. Notch forecasts volume growth of 11% in 2021 to 13.8 million tons, driven by post-COVID economic recovery. Longer term, carbon black demand is forecast to increase 3.7% per year from 2019 to 2024, reaching 16.1 million tons. Tire markets will directly benefit from the $20 billion in tire plant capacity expansions announced for the period from 2020 to 2025. (See Section 2.1.3 for details on tire plant expansions.) *(Source: Notch Report)*

In rubber compounding, natural and synthetic elastomers are blended with carbon black, insoluble sulfur, processing oils and various organic processing chemicals (such as antidegradants, accelerators and retarders) and then heated to produce a wide range of vulcanized rubber products. In these applications, carbon black provides reinforcement and improves resilience, tear-strength and other physical properties. As a reinforcing filler, carbon black competes primarily with precipitated silica. Outside the rubber industry, carbon black functions primarily as a pigment, while conductive grades are used for their static dissipative properties. Carbon black has little or no functional competition in most of its pigmenting applications, as it offers intensely black pigmentation at a cost-effective price. *(Source: Notch Report)*

1. Tire Markets

Tires are by far the largest single market for carbon black, consuming 74% of total demand. In 2020, tire manufacturing consumed 9.2 million tons of carbon black valued at $8.5 billion, reflecting an average value of $0.93 per kilogram. Tire rubber consumption totaled 16.6 million tons in 2020. Of the total 9.2 million tons of carbon black consumed in tire manufacturing in 2020, 3.4 million tons was used in the production of passenger tires; 3.1 million tons was used in the production of truck and bus tires; and 2.7 million tons was used in the production of all other types of tires (OTR, agricultural, motorcycles and scooters, aircraft, industrial, racing, and bicycle), as well as retreading activities. *(Source: Notch Report)*

Tire markets for carbon black are projected to grow 3.8% per year from 2019 to reach 11.9 million tons in 2024, reflecting tire rubber consumption totaling 21.2 million tons at that time. Among the major tire types, future growth will favor truck tires and other tires, while growth in passenger car tires is expected to lag the market average due to intense competition from precipitated silica. In passenger car tires, silica is finding increasing use in tread compounds to reduce rolling resistance and improve fuel economy. *(Source: Notch Report)*

Future growth in the tire market will be driven by a robust investment outlook among leading tire producers. The tire industry is implementing expansion projects totaling $20 billion from 2020 through 2025. (See Section 2.1.3 as well as the accompanying spreadsheet for details on these projects.) *(Source: Notch Report)*

The primary factors determining carbon black demand in tire applications are:

- Motor vehicle production and assembly (which determines original equipment (OE) tire demand);
- The types of motor vehicles produced (commercial vehicles versus cars, SUVs versus passenger cars, etc.);
- The number of motor vehicle registrations, average miles driven and road conditions (which together determine replacement tire demand);
- Tire industry product mix (truck tires versus passenger tires, all- season radials versus performance)
- Average tire sizes (as measured in rim diameter and aspect ratio);
- Tire design trends (including competition from materials such as silica, new tread designs and manufacturing processes, and potential raw material changes due to legislation)

(Source: Notch Report)

Table 3.2
Tire Markets for Carbon Black

Item	2019	2020	2021 f	2022 f	2023 f	2024 f	% AGR '19 to '24
Unit: 000 tons except as noted							
Tire Markets for CB (mil $)	10,675	8,511					
Average value ($/kg)	1.08	0.93					
Tire Markets for CB	9,854	9,175	10,164	10,912	11,368	11,880	3.8%
Regions							
World excluding China	6,146	5,520	6,206	6,687	7,008	7,300	3.5%
North America	1,142	927	1,113	1,234	1,266	1,286	2.4%
South America	436	398	432	473	491	509	3.2%
European Union	1,202	1,029	1,206	1,286	1,333	1,368	2.6%
Eastern Europe	289	269	294	318	335	358	4.4%
Asia	6,481	6,253	6,809	7,271	7,584	7,979	4.2%
Asia excluding China	2,773	2,598	2,851	3,046	3,224	3,399	4.2%
China	3,708	3,655	3,958	4,225	4,360	4,580	4.3%
India	721	682	748	814	889	958	5.8%
Japan	514	430	495	513	517	516	0.1%
South Korea	281	241	275	306	317	329	3.2%
Other Asia	1,257	1,245	1,333	1,413	1,501	1,596	4.9%
Africa/Mideast	304	298	310	330	359	380	4.6%
Tire Types:							

Table 3.2 Tire Markets for Carbon Black							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Passenger Tires	3,718	3,352	3,749	4,011	4,171	4,365	3.3%
Truck & Bus	3,275	3,090	3,380	3,629	3,801	3,984	4.0%
Other Tires	2,861	2,733	3,035	3,272	3,396	3,531	4.3%
Indicators & Ratios							
PHR (CB to rubber)	55.4	55.4	55.9	56.3	56.2	56.0	
Tire Rubber Consumption	17,788	16,559	18,193	19,380	20,226	21,224	3.6%

(Source: Notch Report)

2. Non-tire Rubber Markets

World demand for carbon black used in the production of non-tire rubber products totaled 2.4 million tons in 2020, reflecting non-tire rubber consumption totaling 10.4 million tons. Market value for this segment of the market totaled $2.8 billion in 2020, based on an average value of $1.14 per kilogram (compared with $1.02/kilogram for the entire industry). *(Source: Notch Report)*

Demand for carbon black used in non-tire markets is forecast to grow 3.5% per year from 2019 to reach 3.1 million tons in 2024, reflecting non-tire rubber consumption totaling 13.2 million tons at that time. If China is excluded, world demand for carbon black in non- tire rubber markets is forecast to grow 3.1% per year from 2019 to 2024, while growth in China is forecast at 4.1%/year over the same period. *(Source: Notch Report)*

The non-tire rubber market includes all use of carbon black used in rubber compounding outside of tires and retreading. The non-tire rubber market for carbon black is quite diverse, encompassing hundreds of products and components, as well as a broad array of formulations, manufacturing processes, and performance imperatives. Major applications in this segment extrusions/profiles (automotive profiles, construction profiles, gaskets and seals, bumpers and fenders, wipers, etc.); belts and hoses (reinforced hose for auto, off- shore and general industrial use; transmission or V-belts, conveyor belts, drive belts, timing belts); anti-vibration (mounts, bushings, and boots for motor vehicles and industrial machinery, rubber pads for wood flooring, architectural dampers, bridge expansion joints); roofing, sheeting, and geomembranes; wire and cable; and other goods such as rubber mats, sporting goods, and sponge rubber. These articles find use in motor vehicles as well as industrial, consumer, construction, and other types of equipment. The average carbon black loading in this sector of the market was 23.3 PHR in 2020, which means that 23 parts of carbon black were consumed relative to every 100 parts of rubber used in the manufacturing of non-tire rubber goods. *(Source: Notch Report)*

In terms of grade mix, the non-tire rubber segment is essentially the inverse of the tire market, with roughly 70% of demand consisting of carcass grades and the remaining 30% consisting of tread grades and high-end specialty grades. For most of the products in this segment, the most important performance characteristics are good resilience, high modulus, high hardness, smooth extrusion and moderate reinforcement, which are qualities contributed by carcass grades such as N550, N650, N660, and N772. Tread grades, which are used primarily to contribute reinforcement and abrasion resistance, are used in applications such as conveyor belts, hoses, and windshield wipers. *(Source: Notch Report)*

Demand for carbon black in non-tire rubber is determined by a wide range of factors, including:

- Motor vehicle production and assembly (which determines OEM demand for automotive rubber components such as belts, hoses, gaskets, seals, weatherstripping, etc.);
- Motor vehicle registrations, average miles driven, and road conditions (which determines replacement demand for motor vehicle components);
- Manufacturing activity, particularly production of industrial machinery, appliances, business machines and consumer goods;
- Construction spending and activity; and,
- The product mix of the industrial rubber products market, as well as the operating conditions and performance expectations for these products.

(Source: Notch Report)

Table 3.3 Non-Tire Rubber Markets for Carbon Black							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Unit: 000 tons except as noted							
Non-Tire Markets (mil $)	3,397	2,770					
Average value ($/kg)	1.31	1.14					
Non-Tire Markets	2,593	2,430	2,681	2,825	2,947	3,074	3.5%
Regions							
World excluding China	1,603	1,440	1,611	1,735	1,807	1,864	3.1%
North America	432	365	416	456	469	483	2.3%
South America	105	96	107	117	126	126	3.7%
European Union	268	220	264	281	288	292	1.7%
Eastern Europe	76	73	79	84	89	94	4.3%
Asia	1,643	1,612	1,744	1,808	1,891	1,992	3.9%
Asia excluding China	653	622	674	718	751	782	3.7%
China	990	990	1,070	1,090	1,140	1,210	4.1%
India	123	117	125	136	147	156	4.9%
Japan	109	89	102	106	106	106	-0.6%
South Korea	36	26	33	39	42	43	3.6%
Other Asia	385	390	414	437	456	477	4.4%
Africa/Mideast	69	64	71	79	84	87	4.7%
Indicators & Ratios							
PHR (CB to rubber)	23.6	23.3	23.5	23.3	23.4	23.4	
Non-Tire Rubber Consumption	11,010	10,432	11,389	12,120	12,609	13,161	3.6%

(Source: Notch Report)

3. Specialty Markets for Carbon Black

This segment includes all demand for carbon black outside the rubber industry. Materials used in these markets include two distinct segments: highly proprietary customized grades and ‘clean’ versions of conventional ASTM rubber grades, which are engineered to have lower residual levels of sulfur, organics, ash, and other potential contaminants. As of 2020, specialty black demand totaled 847 KT, of which 534 KT consisted of customized grades, while 313 KT consisted of clean rubber grades. For all grades, prices rise commensurately as purity levels increase. Specialty blacks are used to impart color, improve mechanical properties, provide UV protection, provide rheological control, and/or enhance conductivity and static charge control in a wide range of products including plastics, printing inks, paints, and adhesives. Note that the specialty black demand figures in this report figures include only specialty grades of furnace blacks, and exclude all other types of carbon black, such as thermal black, acetylene black, gas black, and lamp black. *(Source: Notch Report)*

Carbon black is useful in specialty markets because of its intensely black pigmentation, its resistance to UV energy, and its ability to impart electrical and thermal conductivity to products in which it is incorporated. The vast majority of these applications use carbon black as a colorant or tint, or to provide conductive or weathering properties to products. However, some niche markets use carbon black in unique ways not seen in other markets. When used as a foundry-casting agent, for instance, carbon black acts as a lubricant and oxygen scavenger. In high temperature refractories, carbon black is used as an insulator and thermal conductor, where it reduces energy costs and helps to maintain ambient plant temperature. In the metallurgical industry, carbon black serves as a reducing agent or carburizer. In the production of graphite and carbon products (such as carbon brushes), carbon black serves as a carbon feedstock. *(Source: Notch Report)*

The most fundamental difference between commodity and specialty grades is the degree of product quality and purity. Standards are more exacting for specialty grades, so the delivered product must be of a consistently higher quality. Specialty grades are substantially cleaner than conventional grades, meaning they have lower levels of sulfur, ash and metals, as well as physical impurities and water wash residue. These grades are characterized by minute variations in their particle size and structure, which can have a profound effect on ease of processing (particularly with regard to dispersibilty), coloring properties, and the final properties of the product into which the carbon black is added, such as a printing ink, paint or plastic component. To maximize dispersion and flow, specialty grades generally are produced at lower structural density (as measured by DBPA) and bulk density than rubber blacks. *(Source: Notch Report)*

Key drivers of specialty black demand include consumer spending on both durables and nondurables, construction activity and infrastructure investment, and automotive builds and the servicing of vehicles in use. Specialty markets account for only 7% of the carbon black industry's volumes but 11% of market value due to the higher average prices typical for pigment grades ($1.68 per kilogram for specialty grades versus $1.02 per kilogram for the market as a whole). Longer term, global demand for specialty blacks is forecast to grow 2.7%/year from 2019 to reach 1.1 million tons in 2024. *(Source: Notch Report)*

The largest single market for carbon black outside the rubber industry is plastics compounding, accounting for about 70% of volume demand for special blacks. Major applications for specialty blacks in the plastics industry are film; blow molding and injection molding; wire and cable jacketing; pipe; engineering plastics; fiber; and conductive plastics and ESD (electrostatic discharge). In plastics, carbon black is used as a colorant and to improve properties such as UV resistance and electrical conductivity. Demand for specialty blacks in plastics markets is forecast to grow 3% from 2019 to reach 781 KT in 2024. *(Source: Notch Report)*

Plastics markets typically are serviced through carbon black masterbatch (a premixed material comprised of a polymer and carbon black used in a wide range of thermoplastic applications). Carbon black is used in a wide range of polymers but finds most of its use in polyolefins, particularly high and low density polyethylene and polypropylene. This market will remain heavily anchored by the workhorse applications of film and blow molding and injection molding. Smaller but important niche markets include conductive plastics and ESD, engineering plastics and wire and cable. *(Source: Notch Report)*

Printing inks and paints and coatings together account for another 16% of specialty blacks demand. The inks market is diverse, encompassing a mix of commodity (newspaper ink) and high value (inkjet colorants) applications. Paints and coatings is a highly challenging, high value market, but actual volumes of carbon black used in this market are very small, totaling just 36 KT in 2020. Behind these three markets carbon black finds use in a wide range of niche applications, including adhesives, mulch, metallurgy, graphite and carbon products, batteries, paper, high temperature insulation and refractories, textiles, leather and vinyl dispersions, and building products (cement and asphalt). *(Source: Notch Report)*

Table 3.4
Specialty Markets for Carbon Black

Item	2019	2020	2021 f	2022 f	2023 f	2024 f	% AGR '19 to '24
Unit: 000 tons except as noted							
Specialty Markets (mil $)	1,843	1,423					
Average value ($/kg)	1.92	1.68					
Specialty Markets	960	847	955	1,013	1,065	1,096	2.7%
Regions							
World excluding China	785	692	783	828	865	886	2.5%
North America	277	249	281	290	300	306	2.0%
South America	36	31	36	40	43	45	4.6%
European Union	192	169	190	198	204	205	1.3%
Eastern Europe	33	28	32	33	36	38	2.9%
Asia	403	354	397	431	460	479	3.5%
Asia excluding China	228	199	225	246	260	269	3.4%
China	175	155	172	185	200	210	3.7%
India	54	48	52	60	64	66	4.1%
Japan	48	42	48	51	52	53	2.0%
South Korea	45	39	44	48	51	53	3.3%
Other Asia	81	70	81	87	93	97	3.7%
Africa/Mideast	19	16	19	21	22	23	3.9%
Markets							
Plastics	673	599	679	720	760	781	3.0%
Inks & Toners	118	101	110	116	119	121	0.5%
Paints & Coatings	41	36	42	45	47	50	4.4%
Other Applications	128	112	125	133	140	144	2.3%
Grades							

Table 3.4							
Specialty Markets for Carbon Black							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Customized Non-ASTM	600	534	607	644	677	698	3.1%
Clean Rubber Grades	360	313	348	369	388	398	2.1%

(Source: Notch Report)

F. CARBON BLACK SUPPLY & DEMAND BY REGION

Carbon black demand totaled 12.5 million tons in 2020, a decline of 7.1% from 13.4 million tons in 2019. Global market value totaled $12.7 billion in 2020, a decline of 20% from $15.9 billion in 2019 due to both reduced volumes and lower average prices. China saw volumes decline only 1.5% in 2020, as a sharp contraction in demand in Q1 was followed by robust recovery that resulted in record volumes in Q3 and Q4 2020. If China is excluded then carbon black demand contracted by 10% in 2020, with the sharpest downturns in North America and the EU. *(Source: Notch Report)*

Global carbon black production totaled 12.1 million tons in 2020, putting global capacity utilization (i.e., production as a share of capacity) at 69% based on nameplate capacity of 17.6 million tons. If China is excluded from the data, the industry's utilization rate averaged 71% in 2020, while China's industry operated at 66% of capacity in 2020. These extremely weak utilization rates reflect the weeks and in some cases months that factories were shuttered or operating at greatly reduced rates due to COVID, especially in Q1 and Q2 2020. By the second half of the year, operating rates had greatly improved, and Notch expects global utilization rates to rise to 74% in 2021 and to 79% by 2022. Longer term, global carbon black capacity is forecast to rise 2.1% per year from year-end 2019 to year-end 2024, reaching 19.2 million tons in 2024. Based on production forecast at 16.1 million tons, capacity utilization is forecast to average 84% in 2024. *(Source: Notch Report)*

Carbon black demand is forecast to grow 3.7% per year from 2019 to reach 16.1 million tons in 2024. China's carbon black demand is forecast to grow 4.2% per year to 6 million tons in 2024. Carbon black demand in the world excluding China is forecast to grow 3.3% per year from 2019 to reach 10.1 million tons in 2024. The market will be driven by rising demand from the tire industry, reflecting $20 billion in new investments that is projected to be spent on new tire production capacity worldwide from 2020 to 2025. *(Source: Notch Report)*

Table 4.1 World Carbon Black Supply & Demand							
Total World	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Capacity (KTPY)	17,293	17,591	18,231	18,506	18,976	19,176	2.1%
% utilization	76%	69%	74%	79%	81%	84%	
Production (KT)	13,077	12,100	13,550	14,615	15,380	16,050	4.2%
Market Value (mil US$)	15,915	12,704					
Average value (US$/kg)	1.19	1.02					
Demand (KT)	13,407	12,452	13,800	14,750	15,380	16,050	3.7%
Tires	9,854	9,175	10,164	10,912	11,368	11,880	3.8%
Non-Tire Rubber	2,593	2,430	2,681	2,825	2,947	3,074	3.5%
Specialty Blacks	960	847	955	1,013	1,065	1,096	2.7%
World excluding China	2019	2020	2021 f	2022 f	2023 f	2024 f	% AGR '19 to '24
Capacity (KTPY)	9,293	9,491	9,831	9,906	10,176	10,176	1.8%
% utilization	80%	71%	78%	83%	84%	86%	
Production (KT)	7,468	6,715	7,650	8,215	8,580	8,800	3.3%
Market Value (mil US$)	10,750	8,336					
Average value (US$/kg)	1.26	1.09					
Demand (KT)	8,534	7,652	8,600	9,250	9,680	10,050	3.3%
Tires	6,146	5,520	6,206	6,687	7,008	7,300	3.5%
Non-Tire Rubber	1,603	1,440	1,611	1,735	1,807	1,864	3.1%

Table 4.1 World Carbon Black Supply & Demand							
Total World	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Specialty Blacks	785	692	783	828	865	886	2.5%
China	2019	2020	2021 f	2022 f	2023 f	2024 f	% AGR '19 to '24
Capacity (KTPY)	8,000	8,100	8,400	8,600	8,800	9,000	2.4%
% utilization	70%	66%	70%	74%	77%	81%	
Production (KT)	5,610	5,385	5,900	6,400	6,800	7,250	5.3%
Market Value (mil US$)	5165	4368					
Average value (US$/kg)	1.06	0.91					
Demand (KT)	4,873	4,800	5,200	5,500	5,700	6,000	4.2%
Tires	3,708	3,655	3,958	4,225	4,360	4,580	4.3%
Non-Tire Rubber	990	990	1,070	1,090	1,140	1,210	4.1%
Specialty Blacks	175	155	172	185	200	210	3.7%

(Source: Notch Report)

Table 4.2 World Carbon Black Production by Country/Region							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Unit: 000 tons							
World Production	13,077	12,100	13,550	14,615	15,380	16,050	4.2%
Advanced Economies	3,934	3,447	3,925	4,105	4,175	4,205	1.3%
Developing Economies	9,143	8,653	9,625	10,510	11,205	11,845	5.3%
World excluding China	7,468	6,715	7,650	8,215	8,580	8,800	3.3%
North America	1,833	1,554	1,840	1,900	1,910	1,910	0.8%
Canada	179	193	200	200	200	200	2.2%
Mexico	115	94	140	150	160	160	6.9%
United States	1,539	1,267	1,500	1,550	1,550	1,550	0.1%
South America	538	497	560	620	655	665	4.3%
Argentina	86	85	85	90	90	90	0.9%
Brazil	390	357	410	450	475	475	4.0%
Other South America	62	55	65	80	90	100	10.2%
European Union	965	841	980	1,045	1,080	1,080	2.3%
Czech Republic	73	73	90	90	110	110	8.4%
France	93	75	95	95	95	95	0.4%
Germany	213	201	220	250	255	255	3.7%
Hungary	111	92	105	110	110	110	-0.2%
Italy	245	203	250	270	270	270	2.0%
Netherlands	87	75	88	90	90	90	0.7%
Poland	38	33	35	35	35	35	-1.6%
Spain	71	69	65	70	70	70	-0.3%
Other EU	34	20	32	35	45	45	5.7%
Eastern Europe	1,123	1,024	1,185	1,240	1,250	1,280	2.6%
Russia	1,030	916	1,020	1,050	1,060	1,060	0.6%
Other East Europe	94	108	165	190	190	220	18.6%
Asia	8,190	7,811	8,560	9,350	9,970	10,585	5.3%
China	5,610	5,385	5,900	6,400	6,800	7,250	5.3%
India	827	809	900	1,100	1,200	1,325	9.9%
Indonesia	85	77	85	85	160	160	13.5%
Japan	567	483	555	600	615	615	1.6%
South Korea	568	547	580	600	620	650	2.7%
Taiwan	116	116	110	110	110	110	-1.0%
Thailand	387	367	400	420	430	440	2.6%
Other Asia	30	26	30	35	35	35	3.1%
Africa/Mideast	429	374	425	460	515	530	4.3%
Egypt	178	166	185	200	230	240	6.2%

Table 4.2							
World Carbon Black Production by Country/Region							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Other Africa/ME	251	208	240	260	285	290	3.0%

(Source: Notch Report)

Table 4.3							
World Carbon Black Demand by Country/Region							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Unit: 000 tons							
World Consumption	13,407	12,452	13,800	14,750	15,380	16,050	3.7%
Advanced Economies	4,582	3,895	4,524	4,837	4,964	5,055	2.0%
Developing Economies	8,825	8,557	9,276	9,913	10,416	10,995	4.5%
World excl. China	8,534	7,652	8,600	9,250	9,680	10,050	3.3%
North America	1,851	1,541	1,810	1,980	2,035	2,075	2.3%
Canada	150	125	140	145	147	148	-0.3%
Mexico	128	106	130	165	178	187	7.9%
United States	1,573	1,310	1,540	1,670	1,710	1,740	2.0%
South America	577	525	575	630	660	680	3.3%
Argentina	51	42	49	53	55	56	2.0%
Brazil	421	395	424	463	483	500	3.5%
Other South America	105	88	102	114	122	124	3.4%
European Union	1,662	1,418	1,660	1,765	1,825	1,865	2.3%
Czech Republic	100	90	98	104	108	111	2.1%
France	134	112	122	127	128	128	-0.9%
Germany	315	269	315	335	341	343	1.7%
Hungary	62	55	68	74	81	85	6.5%
Italy	185	156	186	196	204	208	2.4%
Netherlands	38	32	38	41	41	43	2.5%
Poland	170	142	171	180	188	200	3.3%
Spain	178	156	172	181	183	187	1.0%
United Kingdom	40	26	38	42	44	45	2.3%
Other EU	440	380	452	485	507	515	3.2%
Eastern Europe	398	370	405	435	460	490	4.2%
Russia	292	270	290	310	325	340	3.1%
Other East Europe	106	100	115	125	135	150	7.2%
Asia	8,527	8,219	8,950	9,510	9,935	10,450	4.2%
China	4,873	4,800	5,200	5,500	5,700	6,000	4.2%
India	898	847	925	1,010	1,100	1,180	5.6%
Indonesia	393	361	405	435	460	490	4.5%
Japan	671	561	645	670	675	675	0.1%
Malaysia	188	203	212	215	220	225	3.7%
South Korea	362	306	352	393	410	425	3.3%
Taiwan	146	160	170	175	178	183	4.6%
Thailand	598	579	615	650	685	730	4.1%
Other Asia	398	402	426	462	507	542	6.4%
Africa/Mideast	392	378	400	430	465	490	4.6%

(Source: Notch Report)

Table 5.4							
World Carbon Black Capacity - Year-end by Country/Region							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
World Capacity (KTPY)	17,293	17,591	18,231	18,506	18,976	19,176	2.1%
Amt of New Capacity	618	298	640	275	470	200	
Advanced Economies	4,709	4,727	4,752	4,752	4,752	4,752	0.2%
Developing Economies	12,584	12,864	13,479	13,754	14,224	14,424	2.8%
World excluding China	9,293	9,491	9,831	9,906	10,176	10,176	1.8%
North America	2,148	2,148	2,148	2,148	2,148	2,148	0.0%

Table 5.4							
World Carbon Black Capacity - Year-end by Country/Region							
Item	**2019**	**2020**	**2021 f**	**2022 f**	**2023 f**	**2024 f**	**% AGR '19 to '24**
Canada	230	230	230	230	230	230	0.0%
Mexico	185	185	185	185	185	185	0.0%
United States	1,733	1,733	1,733	1,733	1,733	1,733	0.0%
South America	756	756	756	756	756	756	0.0%
Argentina	103	103	103	103	103	103	0.0%
Brazil	515	515	515	515	515	515	0.0%
Other South America	138	138	138	138	138	138	0.0%
European Union	1,185	1,203	1,228	1,228	1,228	1,228	0.7%
Czech Republic	125	125	125	125	125	125	0.0%
France	102	102	102	102	102	102	0.0%
Germany	270	288	288	288	288	288	1.3%
Hungary	120	120	120	120	120	120	0.0%
Italy	280	280	305	305	305	305	1.7%
Netherlands	103	103	103	103	103	103	0.0%
Poland	40	40	40	40	40	40	0.0%
Spain	95	95	95	95	95	95	0.0%
Other EU	50	50	50	50	50	50	0.0%
Eastern Europe	1,173	1,293	1,413	1,413	1,453	1,453	4.4%
Russia	1,033	1,033	1,153	1,153	1,153	1,153	2.2%
Other East Europe	140	260	260	260	300	300	16.5%
Asia	11,426	11,586	12,081	12,356	12,786	12,986	2.6%
China	8,000	8,100	8,400	8,600	8,800	9,000	2.4%
India	1,223	1,283	1,478	1,553	1,693	1,693	6.7%
Indonesia	90	90	90	90	180	180	14.9%
Japan	721	721	721	721	721	721	0.0%
South Korea	720	720	720	720	720	720	0.0%
Taiwan	120	120	120	120	120	120	0.0%
Thailand	510	510	510	510	510	510	0.0%
Other Asia	42	42	42	42	42	42	0.0%
Africa/Mideast	605	605	605	605	605	605	0.0%
Egypt	275	275	275	275	275	275	0.0%
Other Africa/ME	330	330	330	330	330	330	0.0%

(Source: Notch Report)

Asia Ex- China

Table 4.6		
North America – Regional Sales of Leading Carbon Black Suppliers, 2020		
Sales Range (mil $)	**Market Share**	**Producers**
1,977	--	Total Market
550	28%	Cabot Corporation
400	20%	Birla Carbon
315	16%	Tokai Carbon CB
310	16%	Orion Engineered Carbons
170	9%	Continental Carbon (CSRC)
35	2%	Mexico Carbon Manufacturing (Bridgestone)

(Source: Notch Report)

G. INDIAN TYRE INDUSTRY

1. Highlights

Second wave of Covid-19 had moderate impact on the domestic tyre industry. For Q1 FY2022, the industry revenues contracted by 11.4% (QoQ) due to the Covid-led temporary sluggishness in demand, while the YoY growth is optically high. *(Source: ICRA Report)*

In line with expectations, profit margins during the quarter was affected by commodity inflation and shall continue to contract in Q2 FY2022 as well. *(Source: ICRA Report)*

Industry re-enters capex phase with favourable demand outlook supported by healthy accrual position of industry players

- For Q1 FY2022, tyre demand contracted by ~17% QoQ with OE and replacement segments declining by 33% and 6% respectively due to the second wave of Covid. The YoY demand growth however is optically higher (by 174%) due to low base. With fall in demand, industry revenues fell by 11.4% QoQ which coupled with 370 bps contraction in margins impacted the overall earnings.

- Nevertheless, pandemic impact remains relatively less in comparison to other auto components as the demand skew towards the replacement segment is higher in tyres (~55-60% in units and over 65% in tonnage) against sub-30% in most other auto components.

- In line with our earlier estimates, domestic tyre demand is likely to grow by 13-15% (units) YoY in FY2022 supported by strong growth recovery in OE and replacement segments.

- Tyre exports have been strong in recent quarters (up 9% in Q1 FY2022 QoQ) led by growth in agri and construction sectors. Export prospects remain healthy with increased acceptance for Indian tyres globally.

- Tyre imports fell by ~76% and 50% respectively in volume and value terms in FY2021 following the restriction placed in June 2020 by the Director General of Foreign Trade (DGFT) on all categories of tyres imported under the restricted category. Imports remain low in Q1FY2022 as well.

- With improving domestic and export demand, capex executions have resumed in the last few months after a hiatus. Based on projected demand growth, we estimate capital investment of over ~Rs. 20,000 crore during FY2022-25.

(Source: ICRA Report)

2. Key Takeaways

Business Outlook: Stable

Demand scenario remains favorable

Improving macro economic environment, increasing pace of vaccination, stable rural demand and rising exports are key positives. Commodity inflation and better availability of raw material are key monitorables. *(Source: ICRA Report)*

Stable replacement demand would support growth

FY2022-25 revenue expected to grow at CAGR of 7-9% aided by stable replacement demand, strong export volumes, and sharp pick-up in OE in FY2022. Favourable demography, supportive government policies, rising share of middle class, improving consumer sentiments and low per capita consumption support domestic replacement demand *(Source: ICRA Report)*

Capex cycle resumed after a brief hiatus

Capex plans, which were deferred due to Covid led uncertainties, have resumed with recovery in demand. While part of the capex will be funded through debt, the same is unlikely to impact the debt protection metrics of industry players given their strong accrual position and healthy financial flexibility. *(Source: ICRA Report)*

Near-term pressure on margins due to commodity inflation

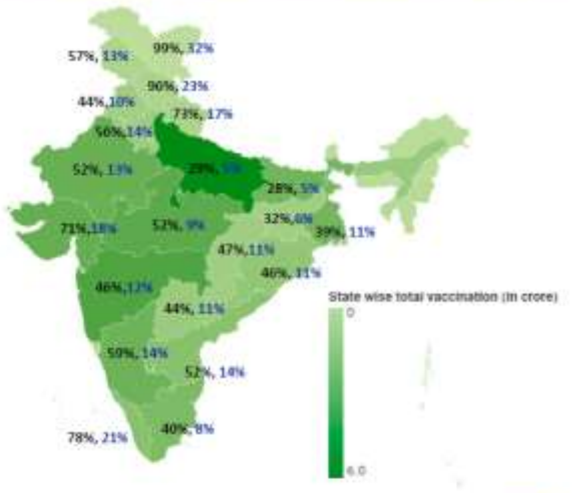
OPM and RoCE will be impacted in the next 1-2 quarters due to elevated raw material prices and will remain vulnerable to RM price fluctuations and industry's ability to pass on the same to customers. Historically, the industry players were able to largely pass on the spike in RM costs. *(Source: ICRA Report)*

H. COVID-19 UPDATES

1. Pace of vaccination drive picking up; remains key to flattening the curve

Exhibit 2: Vaccination Drive in India So Far

Exhibit 3: Population received first dose as % of total population as on August 27, 2021



Source: Ministry of Health and Family Welfare as on August 27, 2021, UIDAI, ICRA research XX% - No. of Population Received First Dose, XX% - No. of Population Received Second Dose (Source: ICRA Report)

2. From almost a quasi-nation-wide lockdown, situation has progressively eased

Exhibit 4: Covid related restriction across India as on May 17, 2021

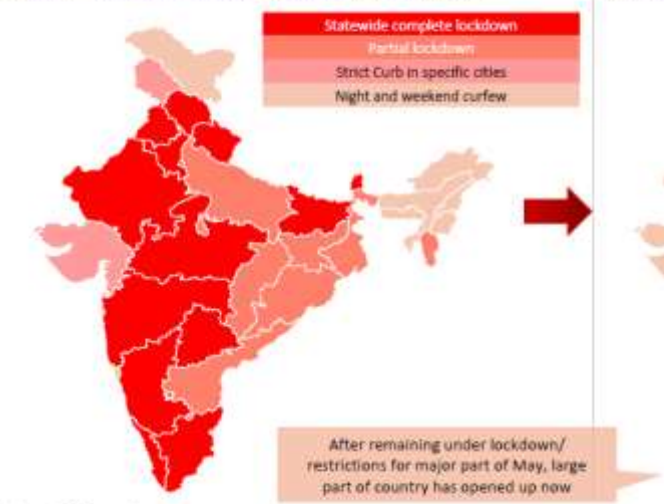
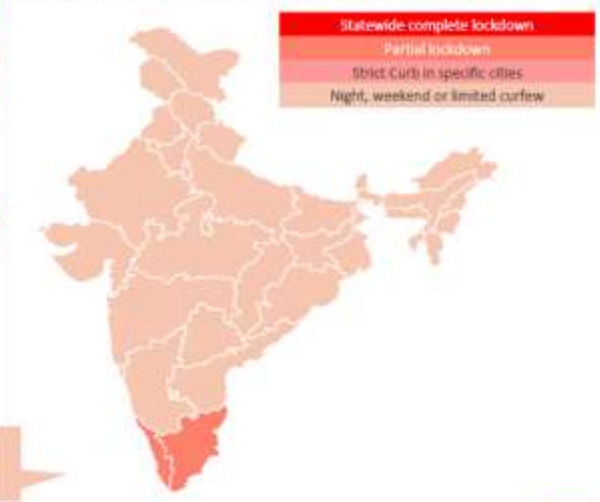


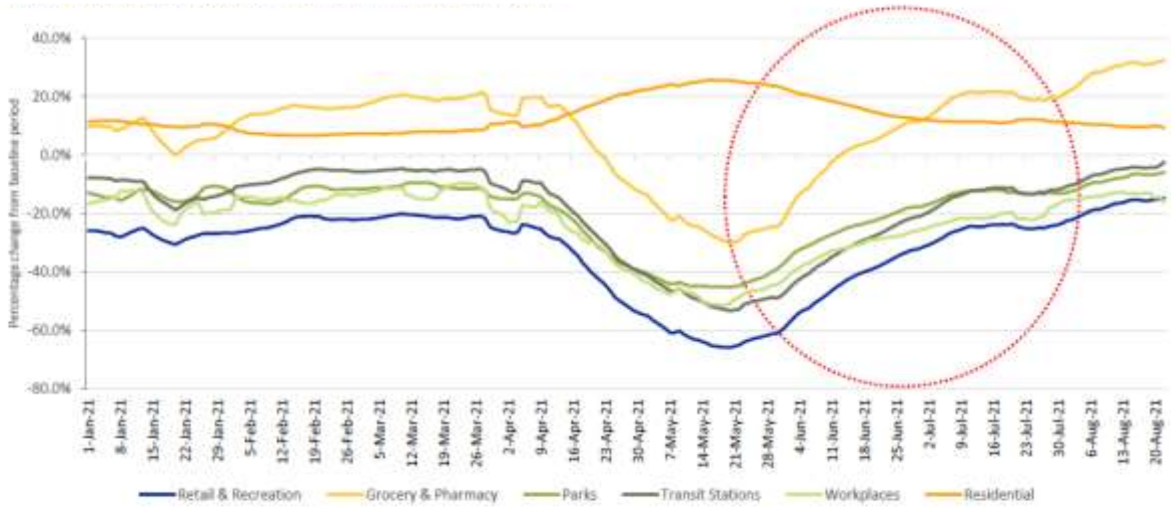
Exhibit 5: Covid related restriction across India as on August 28, 2021



Source: ICRA Research

3. **Post relaxation of restrictions, mobility improved progressively**

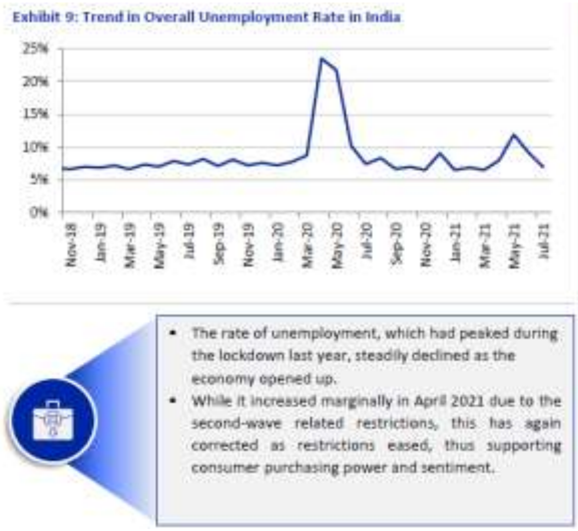
Exhibit 6: Trend in mobility of people at pan-India level since January 2021



Source: Google LLC; Google Global Mobility Report; ICRA research; The index is smoothed to the seven-day moving average; The percentage change is compared to a baseline value for the same day of the week, calculated on a median basis during the 5-week period January 3, 2020- February 6, 2020

(Source: ICRA Report)

4. **Consumer sentiment seen rising post second wave**



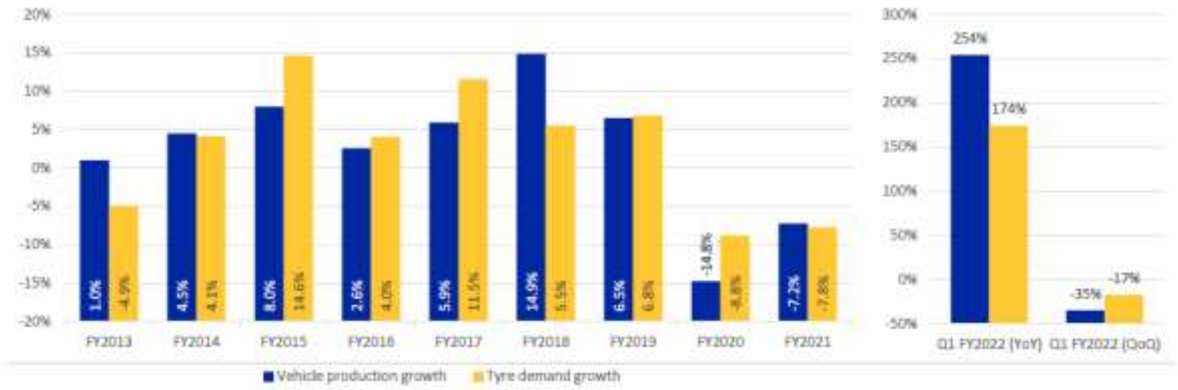
Source: CMIE, RBI, ICRA Research

(Source: ICRA Report)

I. TYRE DEMAND

1. Tyre demand remains relatively resilient compared to vehicle production

Exhibit 17: Vehicle production Vs Tyre demand growth trend



Vehicle production levels contracted by ~13% YoY in FY2021 and 35% QoQ in Q1 FY2022, affected by weak demand. Against this, domestic tyre demand contracted by ~7.8% YoY in FY2021 and 17% QoQ in Q1 FY2022. Higher share of replacement demand (~60% in units) continues to support domestic tyre industry.

Source: ATMA, SIAM, ICRA Research

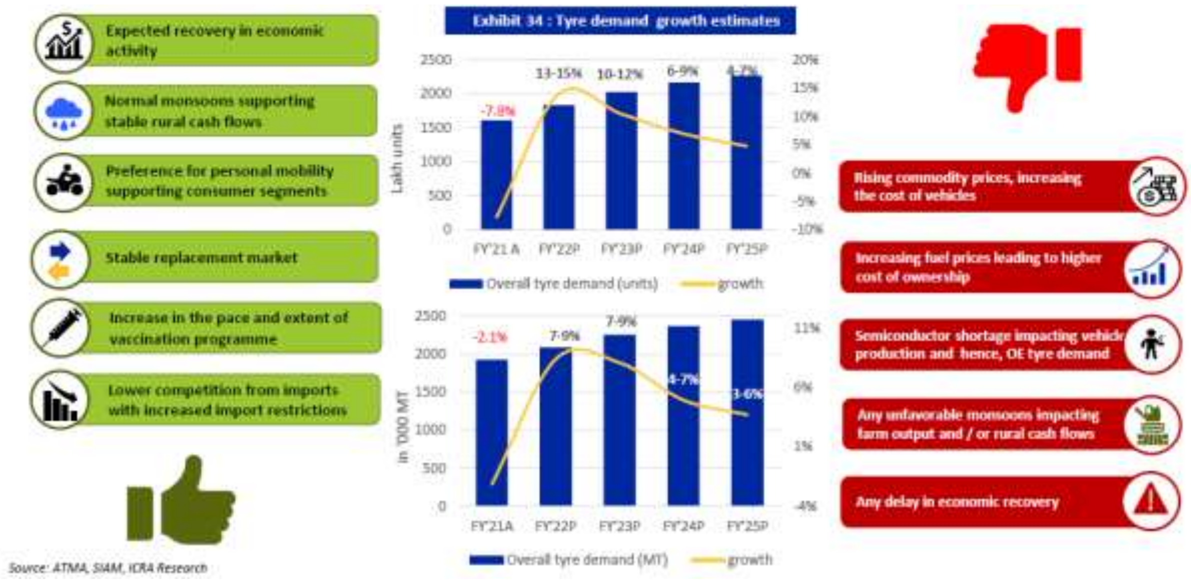
(Source: ICRA Report)

2. Replacement demand remained healthy despite the second wave

While OE demand contracted by over 33% QoQ in Q1 FY2022 because of the impact of Covid 19 2.0, contraction in replacement demand, which accounts for around 60% of the tyre demand, was significantly lower at 5.7% QoQ thus limiting the reduction in overall tyre demand to 17.3%.

Source: ATMA, SIAM, ICRA Research

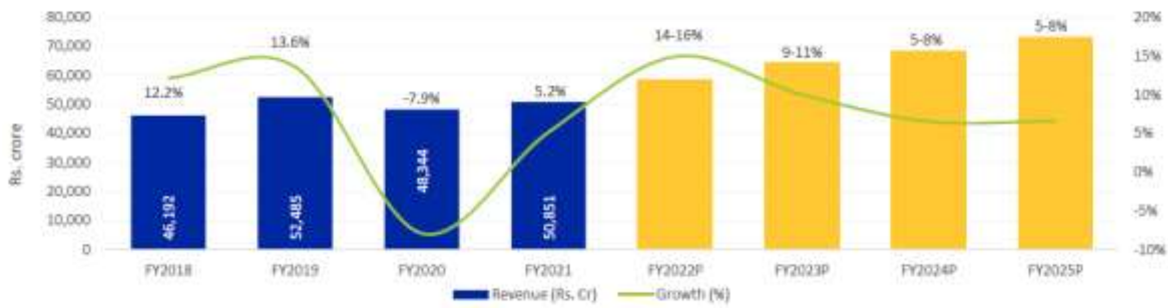
3. **Demand growth pegged at 7-9% (units) and 5-7% (tonnage) during FY2022-25**



(Source: ICRA Report)

4. **Industry revenues to be supported by volume growth and higher realisations in FY22**

Exhibit 58: Trend in industry revenues and revenue growth



Source: ICRA Research. Based on a sample of seven of the largest tyre entities in India

Healthy domestic sales growth

- Heathy growth in vehicle production thus supporting OE demand
- Stable replacement market
- Lower imports to support volume growth of domestic players

Increase in realization

Revenue growth would be supported by higher realisation as most players have increased prices in the last two quarters to pass on the increase in raw material prices

Buoyant export prospects

Exports sales are also expected to witness healthy growth given the rising acceptance of Indian tyres in the global markets.

(Source: ICRA Report)

J. TYRE EXPORTS & IMPORTS

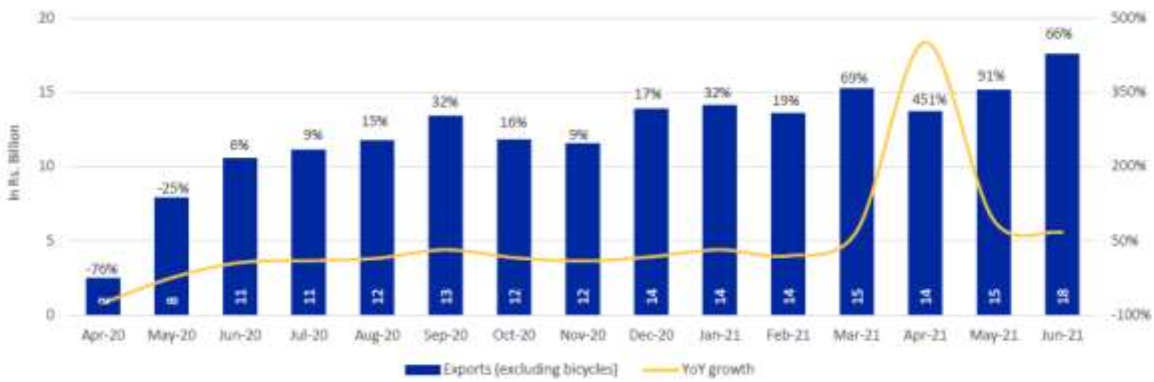
1. Tyre exports - Stable overseas demand continues to support exports from India

Indian tyre exports witnessed healthy growth in FY2021 and 3M FY2022 after a marginal contraction in FY2020. Healthy demand from top expo rt destinations such as the US and the European nations including Germany, France, the UK, Italy, etc., supported exports in the past 15 months.

Source: Department of Commerce, ICRA Research

2. Tyre exports growth remains strong despite the Covid 2.0

Exhibit 37: Trend in monthly tyre exports



While the domestic demand was impacted in Q1 FY2022 by the second wave of Covid 19, tyre exports continued to witness strong growth in Q1 FY2022 with June 2021 recording highest exports in the last 15 months

Source: Department of Commerce, ICRA Research

3. Agri-construction tyres dominate export-mix

Exhibit 38: Segment-wise exports-mix in value and volume (FY2021)

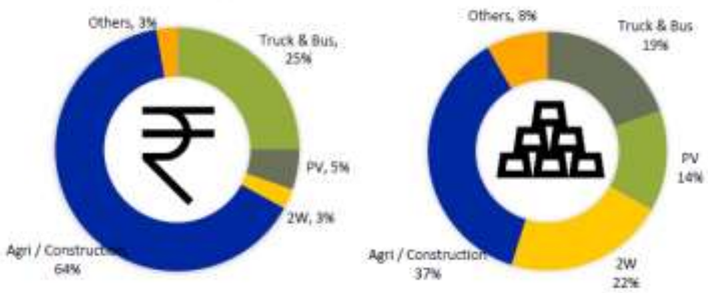
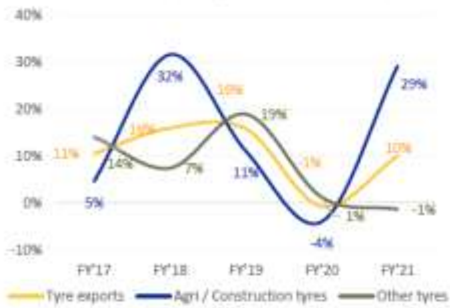


Exhibit 39: Trend in exports growth in the last five years



- *Agri-construction tyres dominate the export-mix, contributing ~64% of tyre exports in value and 35-40% of exports in units. Trucks and bus tyres is the second major contributor to exports, accounting~25% in value and ~19% in volume*
- *The growth in tyre exports in FY2021 was driven by significant growth (in value) of 21.5% in agri-construction tyres, and marginal growth of ~1% in 2W tyres, while exports across all the other categories declined 15.4% growth in volumes and ~5% growth in realisations on the back of healthy demand from major export destinations such as USA and European nations.*

Source: Department of Commerce, ICRA Research

4. Tyre imports Import restrictions dragged down tyre imports in FY2021

Exhibit 42: Trend in tyre imports to India (value)

Exhibit 43: Trend in tyre imports to India (volume)

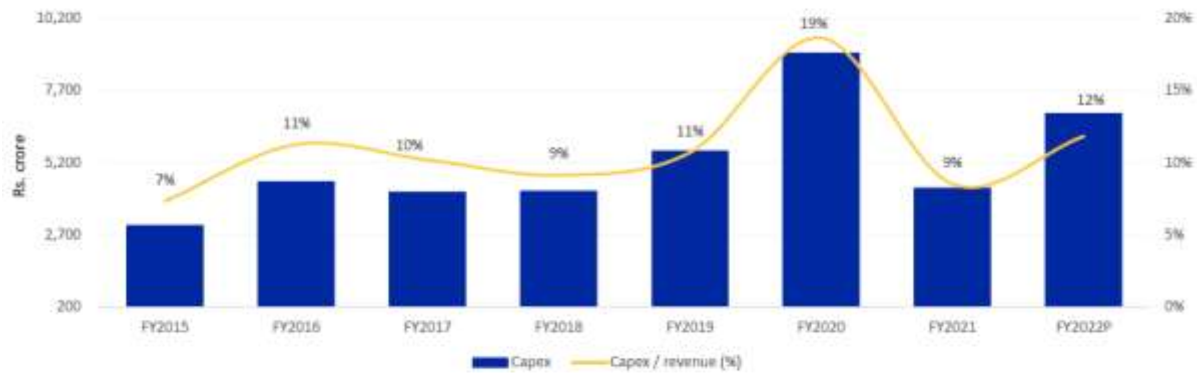
- *Tyre imports have declined steadily post re-imposition of the five-year, anti-dumping duty (ADD) on import of new Chinese TBR tyres in September 2017, 5% increase in customs duty in April 2018, 5% rise in customs duty on import of passenger car radial tyres in September 2018 and imposition of countervailing duty (CVD) on Chinese TBR tyres in June 2019.*
- *In June 2020, the Director General of Foreign Trade (DGFT) placed all categories of tyres imported under the restricted category (vs. free category earlier), thus necessitating DGFT permission for all tyre imports. Post the restriction, tyre imports fell by ~76% and ~51% respectively in volume and value terms in FY2021.*
- *Import volumes continued to decline in Q1 FY2022 are likely to remain at lower levels in FY2022*

Source: Department of Commerce, ICRA Research

K. TYRE SUPPLY

1. Capacity additions resume following deferments in H1 FY2021

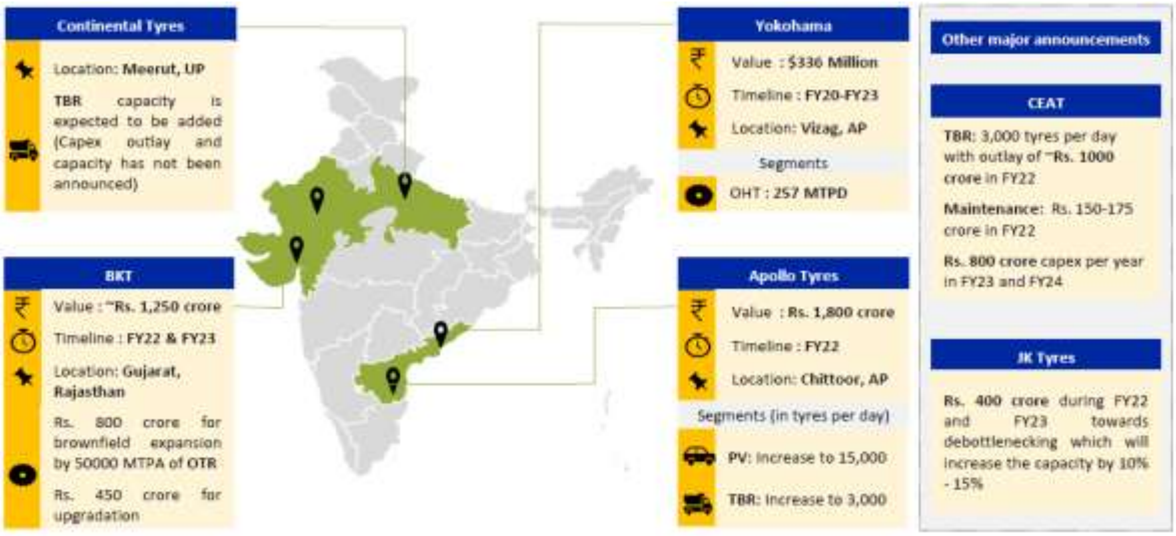
Exhibit 46: Trend in capex spends



- *FY2020 witnessed highest ever annual capex spend by industry players.*
- *With the pandemic, in H1 tyre majors had deferred the earlier announced capex to FY2022. But with improved demand, capex executions have resumed in last two quarters. Most of the tyre players are operating at high levels of capacity utilization.*
- *Based on the announcement by tyre majors and projected demand growth, ICRA estimates an investment of over ~Rs. 20,000 crore during the period, FY2022-25.*

Source: Department of Commerce, ICRA Research

2. Some of the key capex programmes announced by tyre majors

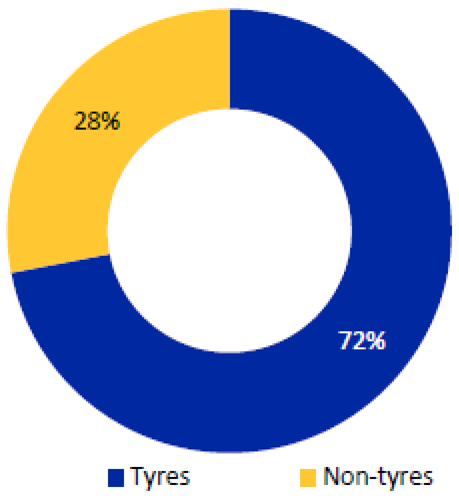


Source: Company announcements and ICRA Research. Data pertains to the sample of tyre companies in India and it is not an exhaustive list

(Source: ICRA Report)

L. INDIAN CARBON BLACK INDUSTRY

1. Carbon black End application and key producers



Source: ICRA Research

- Supported by favourable tyre demand, the domestic CB industry witnessed sizeable addition of capacities in the last five years.

- The total industry capacity is estimated at over 1.3 million MTPA (as at end of FY2021). Capacities in the domestic CB industry is concentrated with top few players. Phillips Carbon Black Limited is the leading CB producer in India and as per industry sources, the company is the world's seventh largest CB player and is also the largest exporter of CB from India.

- Carbon black (CB) is an elemental carbon manufactured through incomplete combustion or thermal decomposition of heavy hydrocarbons. It comprises of two variants - Rubber Black (high volume, standard grade products) and Specialty Black (high margin, value added products).

- Over 70% of CB demand is met by tyre industry as it acts as an effective reinforcing agent and binds key inputs like NR and SR in tyre production process. CB is a key RM for tyre manufacturing and accounts for ~23-25% of total RM costs (both in volume and value). CB also finds its application in non-tyre rubber products like hoses, belts, and antivibration products.

- Specialty carbon black is increasingly used as value enhancing filler in varied products like plastics, dyes, pigments etc.

- Favourable tyre demand coupled with the rise in domestic capacities supports CB demand. CB requirements are largely met through domestic production and imports. While CB imports are continuing, it is observed that China's competitiveness has declined due to relatively high production costs (partly due to increase in RM prices, higher environmental costs, wage inflation etc.)

(Source: ICRA Report)

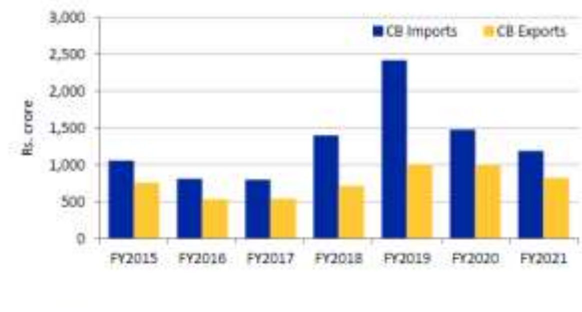
Major CB players in the market include -

- Phillips Carbon Black Limited
- Birla Carbon India P Limited
- Himadri Chemicals
- Balkrishna Industries Limited
- Continental Carbon India Limited

(Source: ICRA Report)

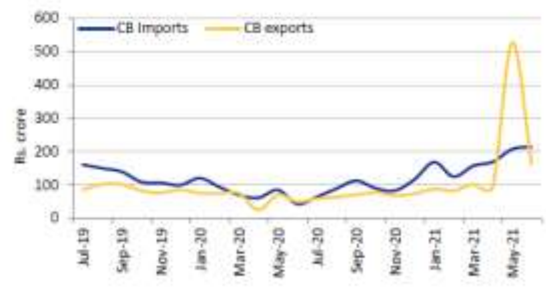
2. Carbon black Trends in import and exports

Exhibit 55: Trends in domestic CB imports and exports (annual)



Source: Rubber Board, ICRA Research

Exhibit 56: Trends in domestic CB imports and exports (monthly)



Source: Rubber board, ICRA Research

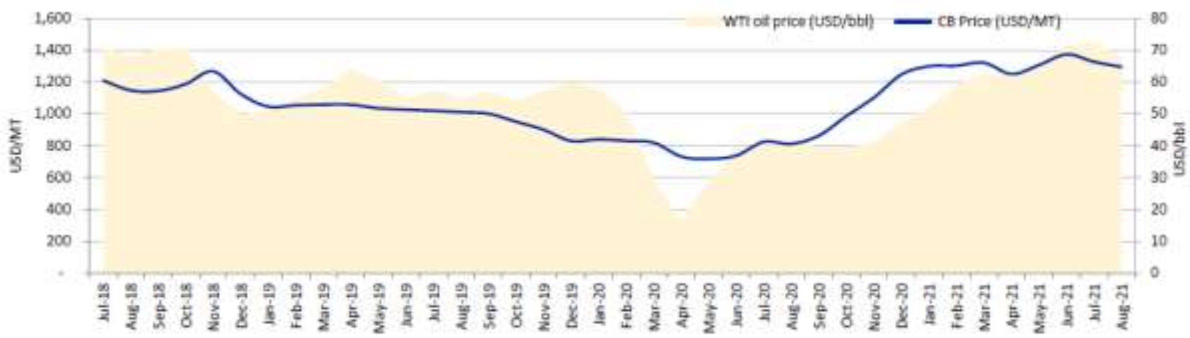
- While a large part of CB requirements is met through domestic production, the domestic tyre industry also imports CB from countries like China, Russia, South Korea etc. Part of the domestic production is exported as well.
- CB imports increased significantly in FY2019 with one of the domestic players facing temporary production loss due to environment related challenges. However, the domestic shortage situation improved subsequently leading to lower imports in ensuing years

In the past, domestic CB industry had faced challenges from low-cost imports (mainly from China) and the impact was partly nullified with prevalence of anti- dumping duty (ADD) on CB imports. However, in January 2021, the ADD on CB imports from China and Russia have been removed. While this shall result in higher imports, it is unlikely to cause large-scale disruption (unlike past) as the landing cost is affected by higher production cost in China and 250bps rise in customs duty. For tyre players, ADD move partly negates the shortage issues

(Source: ICRA Report)

3. CB prices rise with favourable tyre demand and higher oil prices

Exhibit 57: Monthly trends in Carbon black prices and oil prices



- *Being a derivative of crude, CB prices largely mirrors the movement in oil prices, although with a time lag, apart from the demand and supply factors*
- *CB prices have been at elevated levels in the last one year. The prevailing prices are higher by over 60% YoY with a sharp rise in oil prices. This apart, CB demand has been high on the back of favourable tyre demand (from both domestic and exports).*

Source: Bloomberg, ICRA Research;
LHS represents the index for CB (USD/MT); RHS represents WTI crude oil price (USD/bbl)

OUR BUSINESS

The following description of our business should be read together with the "Financial Statements" and other information included in this Placement Document including the information contained in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 40 and 81, respectively. Unless the context otherwise requires, the financial information included herein is derived from our Audited Consolidated Financial Statements and Unaudited Condensed Interim Consolidated Financial Statements.

Our Company's fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. The discussion below may contain forward-looking statements and reflects our current views with respect to future events and financial performance, which are subject to numerous risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read "Risk Factors" and "Forward Looking Statements" beginning on pages 40 and 16, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Unless otherwise indicated, all industry and market data used in this section has been derived from the ICRA Report and the Notch Report. Unless otherwise indicated, all financial, operational, industry and other related information derived from the ICRA Report and the Notch Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Overview

We are a part of the RP-Sanjiv Goenka Group. The RP-Sanjiv Goenka Group is a large conglomerate having interests in, amongst others, power and natural resources, carbon black, retail and FMCG, media and entertainment, infrastructure, information technology, education, and sports. The RP-Sanjiv Goenka Group includes entities such as Firstsource Solutions Limited, CESC Limited, Saregama India Limited, Spencer₹s Retail Ltd, RPSG Ventures Limited, Harrisons Malayalam Limited, and Woodlands Multispeciality Hospital Limited, among others. We believe that our association with this group has enabled us to absorb its corporate values and principles and adhere to good corporate governance practices. We also believe that our association with the RP-Sanjiv Goenka Group aids us in procuring new businesses and exploring various other opportunities.

We are the largest carbon black producer in India by capacity (source: Notch Report). Globally, we were the 7th largest carbon black company, by sales, in 2020 (source: Notch Report). As a manufacturer of over 75 grades of carbon black, we have a diversified product portfolio. Our performance chemicals are used in the production of rubber-based products primarily as a reinforcing agent in tyres and non-tyre rubber products ("**Performance Chemicals**") and our speciality chemicals are used in manufacture of non-rubber products ("**Speciality Chemicals**"). Our sales volumes in Fiscal 2021 from tyre, Performance Chemicals and Specialty Chemicals was 65%, 29% and 6% of our total sales, respectively. Our carbon black, under the Speciality Chemicals vertical is primarily used as a pigment, UV stabilizer and also as a conductive agent. We cater to various industries such as tyre, rubber, elastomer, plastic, coatings, paints, fibre, footwear, cables, and ink manufacturing industries amongst others, which provides us with a wide and diversified customer base. Further, with customers which include tyre manufacturers in both India as well as outside India and the demand for tyres estimated to grow at a CAGR of 7-9% during Fiscal 2022-2025E as per ICRA, we anticipate a positive demand of the products manufactured by our Company.

As per the Notch Report, we held 9% of the carbon black market in Asia, excluding China, based on sales in 2020. Our global presence reaches more than 40 countries spread across the world including Europe, Asia, Middle East, North America, and South America. Our exports accounted for 27.33% of our total sale volume in Fiscal 2021.

Incorporated in 1960, our Company commenced production of carbon black, using the oil furnace technology. Presently, have four manufacturing facilities strategically located in proximity to domestic tyre manufacturers, raw material suppliers and ports. All our manufacturing facilities are IATF 16949, ISO-9001, ISO-14001, ISO-45001 and WASH certified. In addition, our Palej and Kochi Facilities are ISO IEC 17025:2017 certified. We also generate green power through our co-generation power plants at the aforesaid manufacturing facilities. The installed capacity, as on March 31, 2021, at our four manufacturing facilities is as follows:

Location	Carbon Black (CB)(MTPA)	Co-generation Power Plant (CPP)(MW)
Durgapur, West Bengal	163,500	30
Mundra, Gujarat[#]	204,750	24
Palej, Gujarat[*]	142,250	12
Kochi, Kerala	92,500	10
Total	**6,03,000**	**76**

**It includes a dedicated capacity of Specialty Chemicals of 72,000 MTPA.*
 # Excludes the 8MW co- generation power plant commissioned by us at Mundra, Gujarat during the three-month period ended June 30, 2021.

The power generation process involves recovery and utilisation of the thermal energy of the process tail gas being produced from carbon black manufacturing process. This tail gas is utilised to produce steam which in turn is used for power generation. As on June 30, 2021, our Company had 84 MW of green power generation capacity. During Fiscal 2021, approximately 41.56% of the power generated from our co-generation power plants was used to meet our captive requirement, while the balance 58.44% of the power generated was sold to third parties. For Fiscal 2021, sale of power amounted to ₹ 67.25 crore. We believe that increasing efficiency of our co-generation power plants coupled with the increasing production volume of carbon black has been driving the growth of our revenue from the sale of power. The increasing contribution of the power business in our Company's revenue is likely to provide a cushion to the overall profitability of our Company and also help us by reducing our dependence on the national grid to meet the demand for power.

Under the provisions of Income Tax Act, 1961, profit generated from sale of power is exempted from payment of income tax for a continuous period of 10 years out of the first 15 years from commissioning of the power plant. The said deduction under section 80-IA of the Act will not be available to the Company, if it opts for lower tax rate regime under section 115BAA of the Income Tax Act, 1961. As on March 31, 2021, out of our Company's total installed capacity for power generation of 76 MW, 64 MW is entitled to the aforesaid benefit under the IT Act. Our plant wise capacity along with the remaining claim years of the aforesaid tax benefits is as follows:

Sl. No	Location	Co-generation Power Plant (CPP)(MW)	Remaining claim years of tax benefits
1	Durgapur, West Bengal	30MW	3
2	Mundra, Gujarat	24MW	16MW – 3 years 8MW – 6 years
3	Palej, Gujarat	12MW	-
4	Kochi, Kerala	10MW	5

Our Company is undertaking an expansion program in both carbon black and power segment, involving both greenfield and brownfield expansion. The greenfield expansion is underway at Chennai, Tamil Nadu with an installed capacity of 147,000 MTPA of carbon black production along with a 24 MW captive power plant.

In the three-month period ended June 30, 2021, we commissioned an 8 MW power plant at Mundra, Gujarat. We are also in the process of commissioning two co-generation power plants at Palej, Gujarat and Kochi, Kerala with capacities of 7 MW each. The completion of the greenfield project would not only bring our Company's total installed capacity to approximately 750,000 MTPA but also increase the power generation capacity of our Company to 122 MW.

We focus on continuous research and innovation to elevate the standards of our products to fulfil the changing priorities of our customers. In the recent years, we have set up the Sushila Goenka Research and Development Centre located at Palej, Gujarat in Asia, which is complemented by Sushila Goenka Innovation Centre at Belgium, Europe, to reinforce our commitment to innovation. The objective of setting up of the Sushila Goenka Research and Development Centre is to facilitate development of new products required by the tyre and other industries across the world and pave the way for new uses of carbon black in areas including engineering plastics, fibres, food contact plastics, wire, and cables etc. Our research and development team focuses on evolving new range of products and exploring options of existing products for new applications. We have commercialized 23 new grades of carbon black during the course of last three Fiscals. We also modify the existing raw materials and products to diversify their application potential, in the domains of carbon black, nano-structured carbonaceous materials and carbon black feedstock ("**CBFS**").

We conduct continuous competitive intelligence studies, product portfolio analysis, patent portfolio analysis to identify our potential space for development and innovation, customer engagement, market-driven research, and intellectual property protection. Our R&D team collaborates with different functional teams, covering sales and marketing team, manufacturing team, process technology team and technical services team to align our offerings to the upcoming trends and demands of customers and markets.

Our revenue from operations in the three-month period ended June 30, 2021, Fiscal 2021, Fiscal 2020, and Fiscal 2019 was ₹1,003.85 crore, ₹ 2,659.52 crore, ₹ 3,243.54 crore and ₹ 3,528.56 crore, respectively. Our EBITDA for same periods was ₹ 161.06 crore, ₹ 525.80 crore, ₹ 491.99 crore, and ₹ 634.05 crore, respectively, while our profit after tax was ₹ 104.47 crore ₹ 313.99 crore, ₹ 287.50 crore, ₹ 382.67 crore, respectively. As on March 31, 2021, our Debt-to-Equity Ratio was 0.31:1.

The long-term credit rating of our Company has been upgraded by three credit rating agencies namely CARE, ICRA and CRISIL. Our present short term credit rating is A1+ while the long-term rating is AA (with stable outlook).

Our Competitive Strengths

We believe we have the following competitive strengths:

Leadership position in carbon black in India with a strong global footprint

We are the largest carbon black producer in India by capacity (source: Notch Report). Globally, we were the 7th largest carbon black company by sales, in 2020 (source: Notch Report). Along with our leadership presence in the carbon black space in India, we have a strong global presence across customer segments. Our global presence reaches more than 40 countries spread across the world including Europe, Asia, Middle East, North America and South America. We held 9% of the carbon black market in Asia, excluding China, based on sales in 2020 (source: Notch Report). Our exports accounted for 27.33%, 28.45% and 23.63% of our total sale volume in Fiscal 2021, 2020 and 2019 respectively.

Since incorporation, our Company has expanded to four major manufacturing facilities across four locations in India, which are located in Durgapur (West Bengal), Mundra (Gujarat), Palej (Gujarat) and Kochi (Kerala). Further our global presence is enhanced by offices located at Korea, China, Belgium, Germany, Vietnam, and France. We also have decanting stations across USA, Europe, and Asia. We believe that over 60 years of rich experience of our Company in carbon black manufacturing accompanied with our multi- grade offerings and quality products helps our Company in attracting new clients and retaining our existing clients, in India and across the world.

Strategically located manufacturing facilities with capability to use alternate feedstock

Our Company operates four carbon black manufacturing facilities located in Kerala, Gujarat and West Bengal. As of March 31, 2021, the total installed capacity at our four manufacturing facilities was 6,03,000 MTPA. We believe that the strategic location of our manufacturing facilities provides us with multiple advantages, including easy access to raw materials, proximity to domestic tyre manufacturers, easy grid connectivity for sale of surplus power and access to our international customers due to proximity to ports. We believe that we have exhibited an ability to manage large-scale operations, quality control mechanisms and employ innovative technologies across our four facilities. Our manufacturing facilities produce over 75 grades of rubber carbon black, Performance Chemicals and Specialty Chemicals. Our Company believes that the cost and complexity involved in establishing such a platform represents significant barriers to entry for potential competitors. Each of our Company's manufacturing facilities have in place a quality management system with dedicated on-site quality assurance teams. Well spread manufacturing facilities across the three corners of India makes us efficient in terms of on time serviceability of our customers, lower logistics costs and protection from any potential interruption on account of natural disasters and local political or labour issues. We believe that our manufacturing facilities have economies of scale, and we produce high quality products that meet the varying expectations of our diverse customer base. Further, owing to our research and development team, we have developed a seamless capability of using multiple feedstocks, like CBFS and CBO for the manufacture of carbon black. This capability provides us with a flexibility and a choice between multiple feedstocks based on price arbitrage available at different points in time.

Our Company has dedicated line for the manufacture of Specialty Chemicals through use of advanced technology. We sold 23,967 MT, 19,378 MT and 19,501 MT of specialty carbon black in the Fiscal Years 2021, 2020 and 2019.

Strong customer relationship

Customer relationships are core to our business. We provide a wide range of products to our customers in each of our segments. We align our offerings with the business needs of our customers and also assist in customized requirement of clients aimed at building long term sustainable relationships. Our clients include reputed tyre manufacturers and manufacturers requiring Performance Chemicals and Speciality Chemicals in their products like polyester fibres, wire, and cables etc., both in India and outside India. We have been consistently supplying our carbon black to these customers, which reflects our strong and proven history of high customer retention.

We run an efficient supply chain process by way of our 'Virtual Plant Concept' which primarily aims in giving a convenience of next to door supply to the customers. With supply chain facilities nearer to the location of the customers as well as through support of our marketing and technical service personnel, the 'Virtual Plant Concept' provides us with the following advantages: (i) flexibility to serve customers including providing them with the facility of just-in-time ("**JIT**") i.e. products being supplied by our company as and when such products are needed by the customer; (ii) the ability to meet our local demand, supplied through our warehouses, located at Chennai, Tamil Nadu, Kolkata, West Bengal, Ponda, Goa, Medak, Telangana, and decanting stations located across Asia, Europe, and USA; and (iii) the capacity to supplement our domestic presence with overseas presence through our offices at Korea, China, Belgium, Germany, Vietnam and, France.

In Fiscal 2021, Fiscal 2020, and Fiscal 2019, our sales to top ten customers contributed 64.30%, 66.10% and 64.75%, respectively of our total revenue. We have been associated with our top five customers for more than a decade. We have a strong global presence with footprints in more than 40 countries. In Fiscal 2021, we exported 25.51% of our total sales, thereby reducing our dependence on Indian markets. We export our products to multiple geographies including South America, North America, Europe, Middle East, Africa, and Asia.

Strong focus on research and development for expansion of specialty carbon black portfolio

We have a large and diversified range of carbon black products, both for rubber and specialty applications. Through our Company's continued endeavours in research and development, we have been able to develop a large portfolio consisting of over 75 grades of carbon black, out of which over 40 grades are of specialty carbon black. These grades of carbon black are used in multiple products essential for everyday life such as tyres, plastics, paints, pipes, films, fibre, and ink.

Our research and development facilities at Palej, Gujarat along with innovation centre at Belgium are equipped with some of the latest technology and equipments in the field of research and development of carbon black, Performance Chemicals and Specialty Chemicals. Our research and development facilities focus on the improvement of process and machine technology, yield improvement, feedstock efficiency, customization of grades and new product development. Our research and development and our innovation facilities employes more than 40 technical professionals including scientists engaged in research and development and process technology, as on March 31, 2021, with focus on developing new products which aim to be future ready and help us in differentiating us from our competition thereby creating a value-added advantage. Our research and development facilities also help in the customization of carbon black and specialty chemicals to meet the stated and implied need of our customers. Our Company has been developing and improving rubber and Specialty Chemical products and initiatives with customers for improvements in such products. Our Company incurred ₹ 24.31 crore, ₹ 11.38 crore, and ₹ 15.34 crore, as research and development expenses (capital and revenue), in Fiscal 2021, 2020 and 2019, respectively.

Our Company has an advanced research and development facility at Palej, Gujarat which is recognized by National Accreditation Board for Testing and Calibration Laboratories ("**NABL**"). Further, we believe that innovation centre at Belgium that we set up recently, will help us to primarily focus on fundamental research in relation to new product development, carbon black characterization, feedstock characterization, rubber, plastic and ink application. Our in-house R&D capabilities are the cornerstone of our operations and continued growth and the team *inter alia* engages in the following:

- *Development of new carbon black grades:* We constantly focus on the rapid expansion of our carbon black product portfolio in the specialty business, including inks, coatings, and plastics masterbatch segments, as well as customised/modified American Society for Testing and Materials ("**ASTM**") / rubber grade carbon black products through the development of new carbon black grades and improving the existing carbon black grades by adopting physical and chemical routes of modifications.

- *Modifications/improvement in process design:* We evaluate the existing carbon black manufacturing processes and technologies to improve our process technology, product features and versatility, in order to produce cleaner carbon black grades. This enables us to enhance the carbon black manufacturing process, along with improving the reactor efficiency, productivity, yield, and pellet quality, among others.

- *CBFS Research:* Our CBFS team analyses inbound feedstock to ensure their effectiveness for the manufacturing of carbon black. We evaluate the nature of the CBFS based on carbon black grade to be produced in the light of yield, quality, specified impurity level, process efficiency, conformation with diverse environmental and regulatory norms, among others. It also cooperates with the other departments like purchase and quality assurance teams to explore potential new vendors and suppliers to identify suppliers with the best quality products.

- *Tracking industry trends:* We regularly monitor and analyse the industry trends and evolving market dynamics, which includes patents and competitive products analysis through effective analytical tools and molecular engineering approach.

Co-generation of power, using tail gas, leading to improved profitability

In each of our manufacturing facilities we have co-generation power plants, which uses the tail gases produced during the production of carbon black. As on March 31, 2021, our total installed capacity for power generation was 76 MW, which is described as below:

Location	Durgapur, West Bengal	Mundra, Gujarat	Palej, Gujarat	Kochi, Kerala
CPP (MW)	30	24#	12	10

 # Excludes the 8MW Co- generation power plant commissioned by us at Mundra, Gujarat during the three-month period ended June 30, 2021.

With the above portfolio, we are not only self-sufficient in terms of our power consumption requirements, but we have also been able to generate sizeable revenue from sale of surplus power to external customers. During the Fiscal 2021, approximately 41.56% of the green power generated from our co-generation power plants was used to meet our captive requirement, while the balance 58.44% of the power generated was sold to third parties. Sale of power is an additional source for revenue for us and through sale of power we have been able to realize additional revenue which has been increasing our EBITDA margins. Further to our expansions at our Palej and Kochi facilities and the completion of our greenfield and brownfield projects, our existing capacity for power generation will increase to 122 MW and hence, the contribution of power in our sales and margins will also increase. For Fiscal 2021, sale of power amounted to ₹ 67.25 crore. Our Company's initiative has been registered under the clean development mechanism of the United Nations Framework Convention on Climate Change ("**UNFCCC**") for the captive power plant at our Palej Facility in the state of Gujarat in the Fiscal 2007. We believe that increasing efficiency of our co-generation power plants coupled with the increasing production volume of carbon black has been driving the growth of our power revenue.

Robust financial performance with a strong balance sheet

Our revenue from operations for three-month period ended June 30, 2021, Fiscal 2021, Fiscal 2020, and Fiscal 2019 was ₹1,003.85 crore, ₹ 2,659.52 crore, ₹ 3,243.54 crore and ₹ 3,528.56 crore, respectively and our EBITDA for same period(s) was ₹ 161.06 crore, ₹ 525.80 crore, ₹ 491.99 crore, and ₹ 634.05 crore, respectively, while our profit for the year / period was ₹ 104.47 crore, ₹ 313.99 crore, ₹ 287.50 crore, ₹ 382.67 crore, respectively. Our long-term credit rating of our Company has been upgraded by three credit rating agencies namely CARE, ICRA and CRISIL. Our present short term credit rating is A1+ while the long-term rating is AA (with stable outlook).

Certain of our other key performance indicators are as below:

(Figures in ₹ crore, except ratios)

Particulars	Quarter ended June 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
EBITDA*	161.06	525.80	491.99	634.05
Profit for the period / year	104.47	313.99	287.50	382.67
Total Assets	4,083.16	3,726.05	3,307.18	3,387.11
Total Equity	2,082.14	1,943.00	1,706.38	1,655.75
Total Borrowings	859.59	606.79	616.97	793.43
EBITDA/ton (calculated as EBITDA/Sale volume)	14,718.87	13,507.66	12,094.53	15,716.85
EBITDA Margins (calculated as EBITDA/Revenue)	16.04	19.77	15.17	17.97

Particulars	Quarter ended June 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
PAT Margins (calculated as PAT/Revenue)	10.41	11.81	8.86	10.84
ROE (calculated as PAT/Equity attributable to Equity Holders of the Parent)	20.15	16.22	16.92	23.19
ROCE (calculated as EBIT/Capital Employed (Average of Opening & Closing of the FY))	22.48	19.46	20.11	31.89
Utilization Rates	90.28	82.31	86.61	92.43
Debt/Equity (calculated as Gross Debt#/(Equity Capital + Reserves))	0.41	0.31	0.36	0.48

** EBITDA: Profit after tax + tax expense + depreciation and amortization + finance costs + net(gain)/ loss on foreign currency transaction*
 # Gross Debt: non-current borrowings and current borrowings (includes current maturities of long term debt)

Our Strategies

The key elements of our strategy are as follows:

Enhancing capacity to meet rising demand

Our Company is undertaking an expansion program in both carbon black and power segment, involving both greenfield and brownfield expansion. The greenfield expansion is underway at Chennai, Tamil Nadu with an installed capacity of 147,000 MTPA of carbon black production along with a 24 MW captive power plant. We are also in the process of commissioning two co-generation power plants at Palej and Kochi with capacities of 7 MW each. We intend to commence commercial production at our green field carbon black production facility by December 31, 2022. The completion of the greenfield and brownfield projects would not only bring our Company's total installed capacity to approximately 750,000 MTPA but also increase the green power generation capacity of our Company to 122 MW. The following table demonstrates the increase in installed capacity and effective capacity, as on March 31, 2021:

Fiscal	Installed capacity (on equivalent basis)	Effective capacity for carbon black (based on product mix)	Capacity actually produced	Capacity Utilization (%) (as a % of effective capacity)
2021*	5,74,858 CB (MTPA)#	4,67,469 (MTPA)	3,84,786 CB (MTPA)	82.31
2020	5,71,000 CB (MTPA)	4,71,171 (MTPA)	4,08,061 CB (MTPA)	86.61
2019	5,29,000 CB (MTPA)#	4,44,427 (MTPA)	4,10,798 CB (MTPA)	92.43

 # Includes proportionate capacity of new lines commissioned during the relevant Fiscals.
** Our operations were impacted in Fiscal 2021 on account of COVID related lockdowns. For details, see "Risk Factors – The outbreak of the COVID-19 may have a significant effect on our operations, and could negatively impact our business, revenues, financial condition, cash flows and results of operations. The current, and uncertain future, impact of the COVID-19 pandemic, may impact our operations and cash flows" on page 43.*

Note: In any carbon black manufacturing industry, various grades are manufactured in each production line. As per the quality specification, manufacturing process for different grades require different process parameters that result in capacity for each grade to be different from the same line. Since each grade has a different output from the same production line, to define the capacity of a line, the grade with the maximum capacity is identified and the production capacity of this grade is defined as the "Equivalent Capacity". We have defined the production capacity of tread reactor for grade N330 and for carcass line, it is defined for grade N660. Subsequently, an equivalent factor is calculated for each grade that defines the actual production that will be achieved from each line for each grade. The Equivalent Capacity is therefore the maximum capacity that each line can produce if only grade N330 and N660 are being produced. Since our customers require multiple grades, our product mix keeps on changing.

For details of our greenfield expansion, see "*Greenfield Expansion*" on page 148.

Increasing share of value-added products

Our Company aims to reduce its reliance on formula-based ranges of product (rubber-based carbon black products) and further de risk the business by increasing the share of Performance Chemicals and Specialty Chemicals. With an objective of further increasing our penetration in the existing market of Specialty Chemicals, we are in the process of ramping up our production capability of Specialty Chemicals product portfolio. Further, we have a strong focus on research and development, and we work closely with the customers to understand their requirements and develop grades of carbon black to suit their requirements particularly in automotive, consumer electronics and home appliances market. This helps us to focus on manufacturing high performance Specialty Chemicals, which generally yield a higher margin as compared to rubber carbon black. Our in-house research and development centre focuses on developing new grades for high end conductive applications, batteries, adhesive and sealants, ink, and coatings. We may also explore inorganic expansion to grow our Specialty Chemicals.

Grow our market share in existing geographies and expand operations to new geographies

We aim to continue to focus on quality, execution and timely delivery of our products and continue to provide efficient after sale services to our customers. While we are focusing on current market base, we are also actively seeking to penetrate into new geographies. Presently, we are the largest carbon black producer in India by capacity (source: Notch Report). Our global presence is over 40 countries spread across the world including Europe, Asia, Middle East and North America, South America. We held 9% of the carbon black market in Asia, excluding China, based on sales in 2020 (source: Notch Report). Our exports accounted for 27.33%, 28.45% and 23.63% of our total sale volume in Fiscal 2021, 2020 and 2019 respectively. Through our proposed greenfield expansion, we intend to increase our manufacturing capacity and also increase our market share. Our 60 years of rich experience in carbon black manufacturing helps us in attracting new clients and retaining our existing clients, in India and across the world. We also intend to expand our product portfolio of carbon black, by leveraging our research and developmental activities.

Continue to focus on research and development

We believe that a large part of our success is based on our research and development initiative through which we have developed new grades of carbon black and specialty chemical, based on the requirement of our clients. Through our research and development activities we have also started selling super hard grade carbon black which is used in the production of radial tyres. We have already set up a research and development centre at Palej a few years back and recently opened an innovation centre at Belgium. These facilities will focus on new product development and will be equipped with laboratories, for amongst other things, carbon black characterization, CBFS characterization, rubber and plastic and ink applications. These facilities are supported by highly trained, experienced, and qualified process and product development scientists and engineers.

We will continue to equip our manufacturing facilities and our research and development facilities with the latest technology to ensure that we continue to have the ability to increase our yields and develop new carbon black and specialty chemical-based products. This will ensure a long-term financial sustainability and also healthy relationship with our clientele.

High commitment towards environmental, social, and corporate governance

Our Company is committed towards environment sustainability across each of our business operations to ensure that resources are recycled and utilized judiciously. To further this commitment, initiatives such as energy management, water management, emission management, effluent management, rainwater harvesting, plantation drives, etc. have been adopted by us. The waste gas from our carbon black manufacturing process is used in the generation of green power. As on June 30, 2021, our current capacity for green power generation was 84 MW. Our Company also adheres to international standards such as 'CDP Climate Change Disclosure' (formerly known as "**Carbon Disclosure Project"**) and UNFCCC through our green field expansion project, we are also aiming to procure Indian Green Building Council **("IGBC")** platinum green factory building certification. In addition, we also plan on reducing freshwater consumption by recycling freshwater and rainwater harvesting for utilization in the process of manufacturing carbon black across each of our facilities. We are also putting into action a sustainability policy and governance structure which includes ethics, transparency and accountability, sustainability of goods and services, employee well-being, responsiveness towards stakeholders, human rights, inclusive growth and customer services and learning and development.

We are also committed to proactively working towards the development of underprivileged communities with focus on education, health and sanitation, environment sustainability and holistic community development. As part of our endeavor to contribute to mitigate the impact of the COVID-19 pandemic, we have, among other activities, distributed food grains within the community.

We are strongly committed to good governance. This is evident by the fact that we have measures such as whistleblower policy, vigil mechanism, sexual harassment policy, anti-bribery policy, quality policy and sustainability policies and prohibition of insider trading policy in place. Further, half of our Board is comprised of 50% independent directors and is diverse in terms of skills and expertise in the fields of global business, strategy and planning, leadership, legal and regulatory matters, finance, and risk management.

Greenfield Expansion

We are setting up a green field carbon black production facility at Tamil Nadu, through PCBL (TN) Limited, one of our wholly owned Subsidiaries, with an investment amount of about ₹ 800 crore. The carbon black demand in India and in the international market is strong and slated to increase in the coming years with tyre manufacturers proposing expansions in India. In order to cater to the current demand and the upcoming demand, we are commissioning a facility in Tamil Nadu with a production capacity of 1,47,000 MTPA which includes independent lines for hard and soft black.

The plant is strategically located near two ports, Krishnapatam and Ennore, as a significant proportion of the raw material, CBFS shall be imported by us. These imports will be supplemented by CBFS obtained locally. A captive power plant of 24 MW is proposed to meet the power requirements for the carbon black manufacturing process. The power plant shall use the waste gas produced during carbon black manufacturing process as raw material for green power generation. Consistent with our practices at other plants, post fulfilling the captive requirement, the balance power will primarily be sold to the electricity authorities.

The key highlights of this project include: (i) smart factory with incorporation of industry 4.0 concepts using machine learning and artificial intelligence for process control; (ii) aiming to procure an IGBC platinum green factory building certification; (iii) aiming to conserve water through rainwater harvesting and recharge and having a zero liquid discharge plant; (iv) automated and advanced material handling and warehouse management system; (vi) fully automatic paper bag and jumbo bag packing machine with auto palletizer; and (vii) highly automated process control through DCS.

Some of the benefits that would accrue on account of the key highlights of the project stated above include: (i) creation of employment opportunities for the surrounding populations, directly or indirectly, during and after the project, which shall enhance the overall growth of the local regions; (ii) providing positive socio-economic benefit to the region, which will help contribute to the carbon black sector and tyre sector and will assist in the overall growth of the adjacent areas. In addition to the above, we propose to generate 24 MW of power from waste gas which is a strong pro-environmental initiative and is a power positive proposal, i.e., it aims to generate more power than it consumes.

Products

Our Company is the largest carbon black producer in India by capacity (source: Notch Report). A large volume of rubber carbon black is sold directly to tyre producers. Carbon black is used for the production of rubber-based products primarily as a reinforcing agent in tyres and for production of industrial rubber goods and for the production of non-rubber-based products including specialty chemicals (primarily where carbon black acts as a pigment, UV stabilizer, improving resilience of products, and also as a conductive agent). Carbon black helps in the improvement of the mechanical properties of rubber. We cater to various industries such as tyre, rubber, industrial rubber goods, elastomer, plastic, coatings, paints, fibre, footwear, cables, and ink manufacturing industries, which provides us with a wide and diversified customer base.

Rubber Carbon Black/ Performance Chemicals

We classify our domestic customers as tyre and Performance Chemicals, with the majority consumption for carbon black being from the tyre industry as our Company supplies carbon black to major tyre companies. We also supply our products to entities that produce tread rubber, cycles tyres, V belts, conveyor belts, rubber profile, extruded and molded products, films etc.

Rubber carbon black is broadly classified into two categories viz. hard black (tread black) and soft black (carcass black). Hard black is generally used in applications demanding high abrasion resistance i.e., which come in contact with the road and are subject to higher friction while soft black is used for applications demanding high modulus i.e., for the side wall of tyres. Our company manufactures different grades of both hard black and soft black.

Our domestic market is serviced through marketing offices located at New Delhi, Mumbai, Chennai and also from our head office based out of Kolkata. Proximity to the end user is an important factor in the carbon black business and in order to have a wider reach, especially for retail customers, our Company has a large network of agents and warehouses. Currently, we have our own warehouses and several consignment agents who hold stocks all over India. Overseas customers are handled by our department which deals with exports and are based out of our Registered Office in Kolkata. There are country specific agents who operate on behalf of our Company for procurement of orders from such regions. Our Company is currently exporting to more than 40 countries. In the domestic market, our Company is a supplier of carbon black to major tyre manufacturers and as on March 31, 2021, our Company had a market share of 35% of India's domestic consumption (source: Notch Report). Our marketing team is focused on optimizing profitability through proper geography, product, and customer mix.

Specialty Chemicals

We are amongst the select few carbon black producers in the world having the capability to manufacture specialty chemical grades. Our Company is strategically focusing on the specialty chemical segment with end applications in plastic master batch, printing inks, pipes, films, fibre, engineering plastics, wires and cables, coatings, and paints. Specialty chemicals produced though advanced technology is primarily used as a pigment, UV stabilization agent and also as a conductive agent. Besides the ASTM grades of carbon black, our Company also manufactures products specific to customer's needs. Properties of carbon black such as colour, degree of rubber reinforcement, or ease of dispersion, are tailored to suit specific applications. These properties are generally controlled by varying surface area, particle size, structure, and other morphological properties.

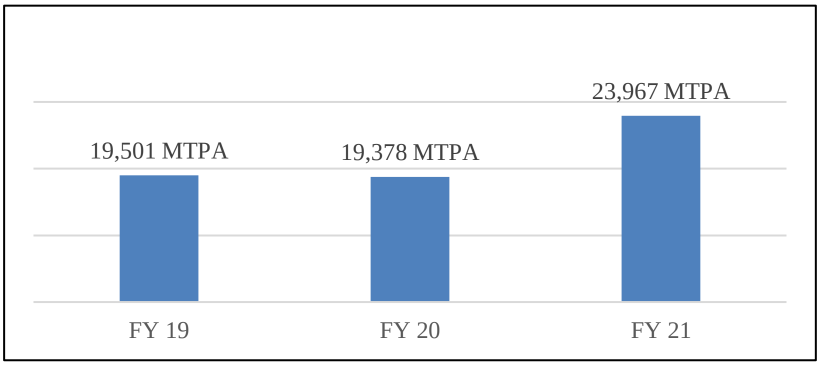
Our Company is one of the leading carbon black producers in the world to meet the stringent US FDA requirements for direct and indirect food contact plastics applications like food trays and cutleries. Our product range can cover a major portion of the global demand in plastics applications. Royale Black is being widely used by leading masterbatch and ink producers in Germany, UK, Turkey, Spain, Russia, France, Greece, Poland, Italy, U.S, Canada, , Indonesia, Thailand, Australia, China, Taiwan & Middle East Asia.

We sell Specialty Chemicals under the registered trade name – "*Royale Black*". Each of our Specialty Chemical products has its own characteristics and functionality. Royale Black product range caters to various applications of plastics, printing ink and coating markets. Our broader brand name '*Royale Black*' comprises two primary sub-brands namely (i) "*Bleumina*"; and (ii) "NuTone". Bleumina, a series of medium and high-coloured Specialty Chemical, is used in car interiors to improve the aesthetic appeal and durability of the products and also used in electronic and home appliances. NuTone is a new range in specialty chemical available in a powder form. It is used for printing ink applications such as offset ink, liquid ink, and inkjet, owing to its colour strength and gloss. NuTone series is also used in coatings, fertilizer, adhesives, and sealants due to its low viscosity, good stability and dispersion These products are regularly sold to key customers in France, Russia, China and other countries.

Our customer base comprising more than 100 customers, includes reputed players in fields of high-end films, fibre, pressure pipes, inks, and compounders for automotive industries, thus providing a robust platform for introduction of new products to such markets. With an efficient distribution channel, outreach to reputed clients and a pipeline of high value grades, we are well poised to contribute to and reap advantage of India's emergence as leading global supplier of high technology products and solutions. The below graph summarizes the growth in our Specialty Chemicals volumes (MT) in Fiscal 2021, Fiscal 2020, and Fiscal 2019.

Our operations were impacted in Fiscal 2021 on account of COVID related lockdowns. For details, see risk factor "*The outbreak of the COVID-19 may have a significant effect on our operations, and could negatively impact our business, revenues, financial condition, cash flows and results of operations. The current, and uncertain future, impact of the COVID-19 pandemic, may impact our operations and cash flows*" on page 43.

The below graph summarizes the growth in our Specialty Chemicals volumes (MT) in Fiscal 2021, Fiscal 2020, and Fiscal 2019:



Power

Our Company produces green power through co-generation power plants at each of the manufacturing facilities through the processing of tail gas released in the production of carbon black. This initiative has led to energy saving and environmental benefits.

Manufacturing Facilities

Our Company has four manufacturing units located at Durgapur in West Bengal, Kochi in Kerala, and Palej and Mundra in Gujarat. The location of the facilities at ports gives an added advantage in relation to transportation and import and export.

Details of our carbon black manufacturing facilities are mentioned below:

Facility	Location	Installed capacity (MTPA) Fiscals			Effective Capacity Production (MTPA) Fiscals			Capacity Utilisation% (Year ended as on March 31)		
		2021	2020	2019	2021	2020	2019	2021	2020	2019
Durgapur Facility	27, R. N. Mukherjee Road Durgapur- 713 201 Dist. Paschim Bardhaman West Bengal	1,63,500	1,63,500	1,63,500	1,04,137	1,18,812	1,20,566	82.25	92.73	93.81
Palej Facility	National Highway No. 8, Palej: 392 220 Dist. Bharuch Gujarat	1,14,108*	1,10,250	1,10,250	64,596	62,792	81,612	75.36	75.54	90.68
Kochi Facility	Karimugal Brahmapuram P.O. Kochi – 682 303 Kerala	92,500	92,500	92,500	81,125	83,569	85,300	100.40	102.56	99.59
Mundra Facility	Survey No. 47, SH-46, Village (Mokha) (Near Vadala) Mundra Dist, Kutch, Gujarat - 370421	2,04,750	2,04,750	1,62,750*	1,34,927	1,42,888	1,23,320	77.40	80.08	87.93

** Includes proportionate capacity for additional production lines commissioned during the year*

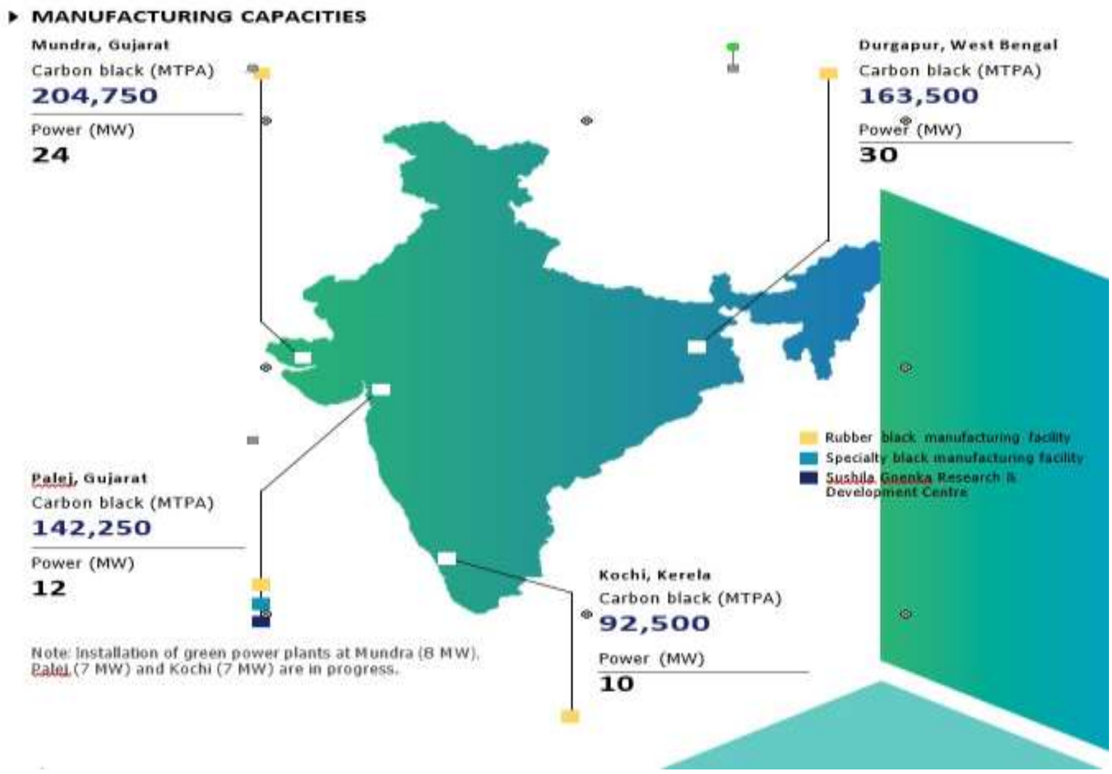
Note: Capacity utilization calculated on effective capacity based on product mix. Further, operations in Fiscal 2021 impacted due to COVID related lockdowns.

Each of our manufacturing facilities are IATF 16949, ISO-9001, ISO-14001, ISO-45001 and WASH certified. In addition, our Palej and Kochi Facility is ISO IEC 17025:2017 certified. Our Company also has co-generation power plants in each of our four locations mentioned above.

As on March 31, 2021, the break-up of our Company's total installed capacity of 76 MW for power generation is given below:

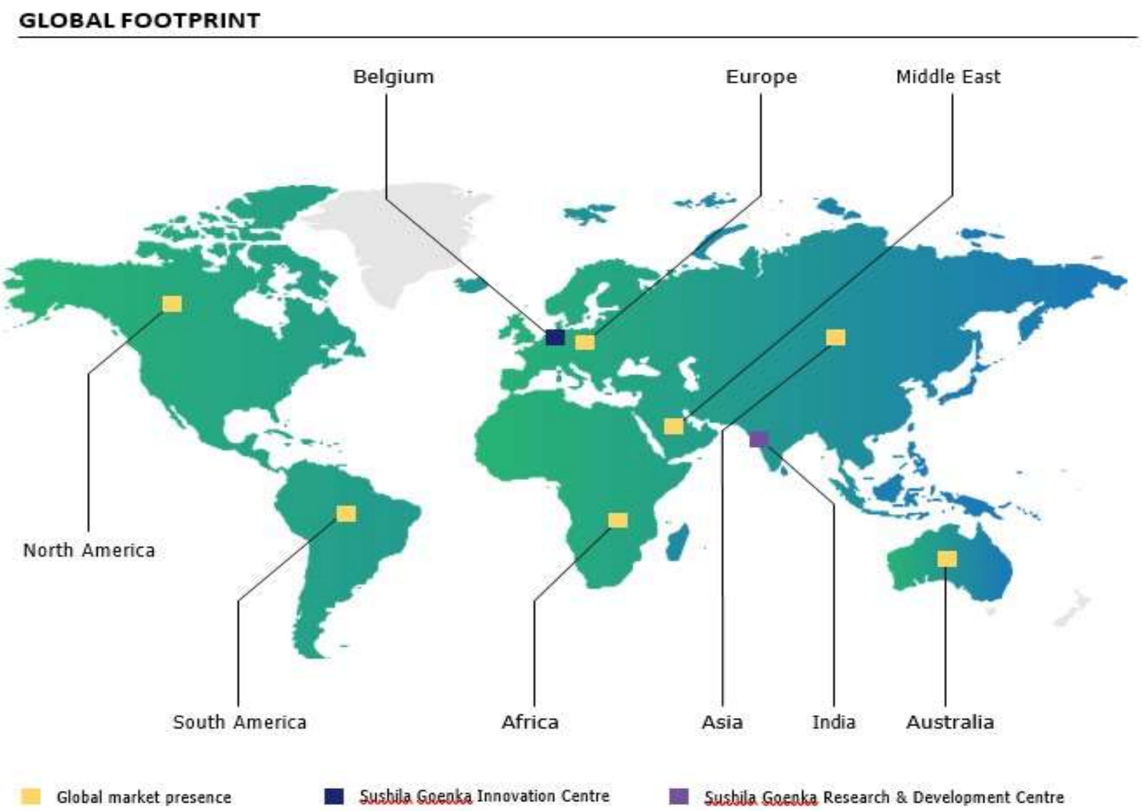
Location	Durgapur, West Bengal	Mundra, Gujarat	Palej, Gujarat	Kochi, Kerala
CPP (MW)	30	24	12	10

The below map shows our presence in India:



The capacities of each facility (carbon black and power) have been certified by the independent chartered engineer by his certificate dated September 26, 2021.

The below map shows our global presence:



Manufacturing Process

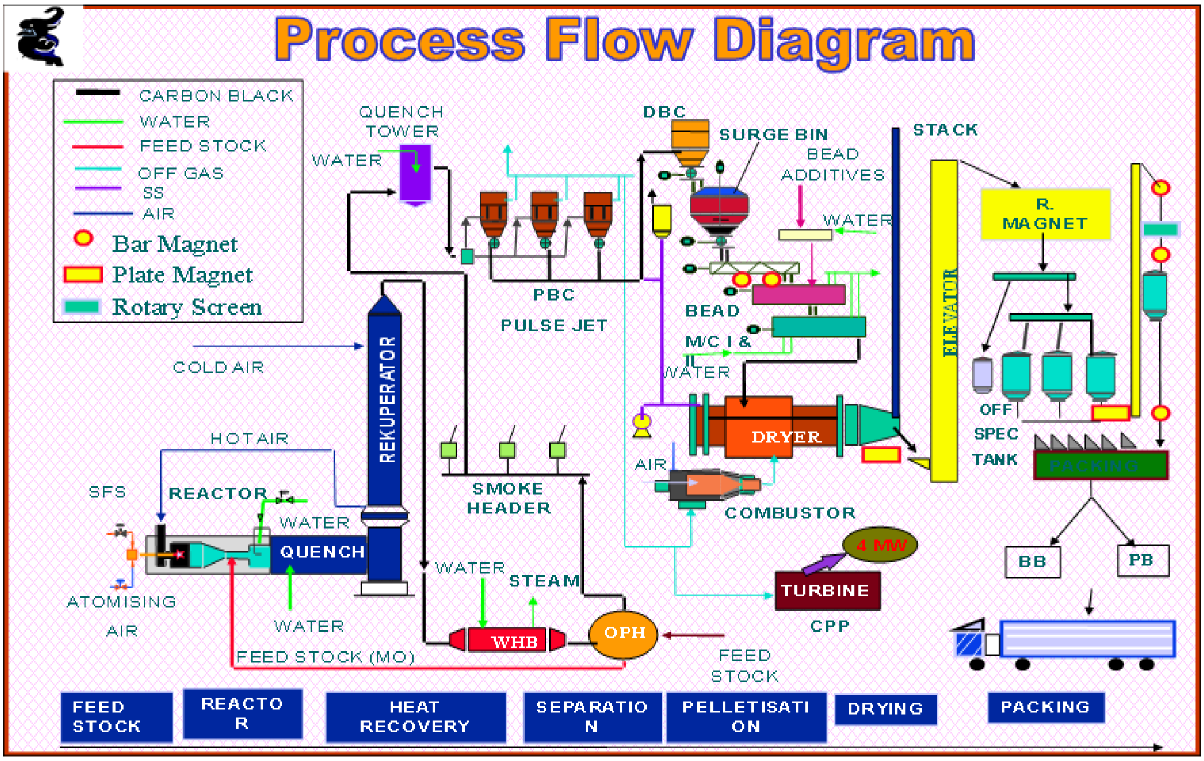
We manufacture carbon black by a process known as the "Oil Furnace Process". This process uses continual thermal decomposition of gaseous or liquid hydrocarbons under controlled conditions. We have seamless capability of producing carbon black from multiple feed stock like Carbon Black Oil ("**CBO**"), CBFS etc. Our Company uses CBO or CBFS, sourced domestically or from outside India, depending on the availability and prices. Raw materials consist of hydrocarbon oils rich in carbon content. Preheated air and oil feedstock are injected in a reactor lined with high temperature refractories, kept at a temperature of 1400°C-1900°C, where the feedstock undergoes 'cracking' or decomposition.

We import significant portion of our feedstock requirement from various countries. During the Fiscal 2021, 2020 and 2019 we imported 76.08%, 74.02% and 78.65% of our feedstock requirement. The remainder of our feedstock requirement is met primarily from domestic refineries.

The decomposition of the feedstock in deficiency of air and under carefully controlled conditions results in the formation of carbon black aggregates. The reaction, which takes place in a few milliseconds, is stopped by water quenching which brings down the temperature. The resultant smoke carrying carbon black is quenched with water sprays and passed through heat exchangers, which in turn is used to preheat the inlet oil and air, thus achieving conservation of energy, and improving the yield. The product stream i.e., smoke, is further cooled by secondary water quenching in vertical towers. It then enters bag filters where carbon black is separated from gas. The by product called 'off-gas' having calorific value (around 650-700 Kcal/NM3 average) is burnt and the heat is utilized for generation of steam, generation of power and also in the manufacturing process.

Separated carbon black dust is pneumatically conveyed to a pelletiser, where, with the help of a molasses and water solution and high gyrating force, pellets are formed which are dried in rotary dryers and finally stored in product storage tanks.

Our manufacturing process is described in a process flow diagram given below:



Sales and Marketing

Our experience of over 60 years has helped us to create a well-established sales and marketing network. Our sales and distribution platform is spread strategically across different parts within our territories and we continue to strengthen our distribution platform in the regions we operate in. Our expansive distribution platform enables us to ensure effective market penetration. In addition, we have over the years significantly expanded our distribution platform and infrastructure. Our network is divided into domestic markets and international markets and further sub-divided into different geographic regions. As of March 31, 2021, we had a sales force of 41 employees who adhere to a well-defined plan. We place significant importance on quality control. Our comprehensive quality standards cover the entire value chain, from the production of the finished product, up to and including the point where the product ultimately reaches the consumer. We believe that the quality of the products manufactured by us is critical to our success and thus, we are committed to maintaining quality standards

Key milestones

Year	Major Milestones
1960	Incorporated on March 31 as a Public Limited Company in collaboration with Phillips Petroleum Company, USA
1962	Started production at Durgapur Facility
1974	Durgapur Facility's capacity enhanced to 36,000 MT
1995	Durgapur Facility's capacity enhanced to 78,000 MT
1996	Acquisition of carbon black unit of Gujarat Carbon Limited adding 25,000 MT (total capacity enhanced to 103,000 MT)
1997	Amalgamation with Carbon and Chemicals Limited, Kochi adding 40,000 MT (total capacity enhanced to 143,000 MT) and 2.5 MW CPP
1998	Durgapur Facility's capacity increased to 1,10,000 MT (total capacity enhanced to 1,75,000 MT)
2003	Durgapur Facility's capacity increased to 1,35,000 MT (total capacity enhanced to 2,00,000 MT)
2004	Palej Facility capacity increased to 70,000 MT, Durgapur Facility's capacity increased by 25,000 MTPA
2005	Expansion of 12 MW power plant at Palej, Baroda (total power capacity: 18.5 MW)
2006	Palej Facility is first unit in carbon black industry to win carbon credits.
2009	Commencement of 30 MW power plant at the Durgapur Facility on April 1, 2009 Commencement of 90,000 MT carbon black plant at the Mundra Facility on October 17, 2009 (total capacity 3,60,000 MT).
2009	Commencement of 16 MW co-generation power plant at the Mundra Facility on December 24, 2009 (total capacity 60.5 MW)
2011	Expansion of 10 MW co-generation power plant at Kochi (total power capacity: 70.5 MW) New soft black line of capacity 50,000 MTPA initiated at the Mundra Facility (total capacity: 4,10,000 MT)
2012	Expansion of 8 MW co-generation power plant at the Mundra Facility (total power capacity: 76.5 MW) Capacity addition of 12,000 MT at the Durgapur Facility (total capacity: 4,22,000 MT)
2013	New soft black line of capacity 50,000 MTPA initiated at Kochi (total capacity: 4,72,000 MT)
2018	IATF 16949:2016 awarded to Kochi Facility Commissioned Sushila Goenka R&D Centre at Palej. Capacity increased by 43,000 MTPA across plants by de-bottlenecking
2019	Capacity addition of 56,000 MT at the Mundra Facility
2020	Sushila Goenka innovation centre at Belgium became operational
2021	Capacity addition of 32,000 MT at the Palej Facility Greenfield project initiated in Chennai - 147,000 MT

Professional Management Team

Our management team consists of a mix of qualified and experienced individuals with technical and commercial experience in the carbon black industry and has played a key role in the sustained growth of our operations. Our team led by Chairman, Mr. Sanjiv Goenka and our Managing Director, Mr Kaushik Roy, has successfully managed various businesses. The team has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our integrated manufacturing facilities. We believe that the knowledge and experience of our Chairman, along with senior management, and team of skilled personnel provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographies.

We believe our marketing and technical teams have demonstrated the ability to operate our businesses effectively and further enhance our product portfolio to develop brand recognition and customer loyalty in the markets where we operate.

Risk Management

Risk Management is the process of identification, assessment, and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the realisation of opportunities. Our Company has laid a comprehensive risk assessment and minimisation procedure, which is reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defined framework.

Information Technology

We have adopted several IT processes to assist our operations. We utilise enterprise resource planning solutions, which assists us with various business functions including sales, materials management, production planning, quality management, plant maintenance, finance and controlling, and human resources.

Our focus, in the last few Fiscals, has been to move from 'digitization' to 'digitalization' and also on automation across processes. With the onset of the pandemic and implementation of restrictions on movement, business, etc. and implementation of work from home, we have adopted several measures to help in the quick transition of our employees and to ensure that all required stakeholders continue their business transactions by accessing cloud servers through secure encrypted Virtual Private Network ("**VPN**") with two-factor authentication. We are also focusing on using digital technology to create new business processes and creating an integrated business value chain.

We continue to focus on IT security, data confidentiality and data availability, in our business operations. In order to tackle the growing instances of cyber-attacks, we have implemented a digital document management system ("**DMS**") over and above the existing processes in place. Each of our critical IT servers are protected by firewalls with restricted access and policies which are monitored and updated regularly. We have also adopted a cloud-based antivirus and all virus/malware threats are monitored on daily basis by our security operations team.

Competition

We operate in a highly competitive market. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. We believe that our experience of more than 60 years in carbon black manufacturing has led to establishing a high brand recall. Our key competitors in the carbon black segment in India are Himadri Speciality Chemical Limited, Birla Carbon and Continental Carbon and competitors globally are Cabot Corporation (USA) and Orion Engineered Carbons (Germany).

Employees

As of March 31, 2021, we had a workforce that included 1,835 employees. Our workforce includes personnel engaged in management, administration, engineering, auditing, finance, sales and marketing, procurement, logistics and legal functions. Our research and development team consists of more than 40 scientists and technical professionals engaged in research and development and process technology. In addition, we contract with third party manpower and services firms for the supply of contract labour for, amongst others, transportation of our raw materials and products, and for loading and unloading of our raw materials at our facilities. As of March 31, 2021, we had 810 contract labourers. The number of contract laborers varies from time to time based on the nature and extent of work contracted to independent contractors.

We consider our human resource as a critical factor to our success and engage in a human resource strategy that focuses heavily on recruiting and retaining our employees. Further, we also provide training programs, both external and internal, to ensure that our employees move from being functional managers to capable business manager

Insurance

Our operations are subject to various risks inherent in the manufacturing industry. Accordingly, we have obtained standard fire and special perils policies, industrial all risk policy and erection all risks. We have also obtained a burglary insurance of our warehouses, ports as well as offices. For our employees and workmen, we have obtained group mediclaim policy and personal accident insurance policy. We also have a directors and officers liability insurance policy and have also obtained a term life policy in case of bereavement of both, the employees, and workmen. We also have fidelity guarantee and cash-in-transit insurance policies.

For our marine segment, we have obtained a comprehensive marine sales turnover policy to provide protection to consignment. Further, for our vessels, we have obtained a chartered liability insurance which provides for protection from various risks associated with operation of ship and carriage of cargo. Also, see "*Risk Factors – Our insurance coverage may not adequately protect us against all losses, or our insurance policies may not cover the entire amount of losses incurred, which could adversely impact our results of operations and cash flows*" on page 48.

Intellectual Property

Our patent portfolio covers the technical aspects of our products and the processes for making those products. As on March 31, 2021, three patents have been granted to us (of which one of the patents has currently expired) and we have made applications for the grant of four additional patents in India and corresponding applications under the Patent Cooperation Treaty have also been filed by us. We also hold three registered copyrights on literary work.

Our Company has registered a trademark for its brand "Carbonext" (logo) and another application has also been filed for the trademark "Carbonext" (wordmark), which is currently pending. We have filed an application for registration of our logo the "Dancing Elephant" under the Trademarks Act, 1999 which is currently under opposition. For details, see "*Legal Proceedings*" on page 215. In addition, we have also obtained the registration of various other trademarks, including "Royale Black", "NuTone", "Bleumina" and "Orient Black" under the Trademarks Act, 1999. Our Company also holds a European registered trademark on "Royale Black – made in India".

Awards

Our Company has received the following awards:

Year	Award
2021	• Kaushik Roy, our Managing Director recognized with the "*Management Excellence Award*" by CMA (Calcutta Management Association)
2020	• Kaushik Roy, our Managing Director, was awarded "*Business Leader of the Year*" by ET Bengal Corporate Awards • Our Company was awarded the "*Business Leader of the Year (Company of the Year) award"* by the ET Now Awards
2018	• Our Company received the "*Great Managers Award*", an initiative of People Business in Partnership with Times of India
2017	• Our Company received the "*Best Supplier Award*" by J K Fenner (India) Limited • Our Durgapur Facility has received the "*Excellence Award*" by QCFI for their case study presentation in the NCQC- 2017 • Our Kochi Facility has received the *Certificate of Merit* in the award given by the Kerala State Pollution Control Board • Our Company was awarded the "*Top Export (Raw Material Sector)"* by AIRIA
2016	• Our Company received the "*Great Managers Award*", an initiative of People Business in Partnership with Times of India • Our Kochi Facility has received *the third position* in the award given by the Kerala State Pollution Control Board • Our Company was awarded the "*Top Export (Raw Material Sector)"* by AIRIA
2015	• Our Kochi Facility has received the *third position* in the awards given by the Kerala State Pollution Control Board • Our Company has received the "*Top Export Award (Raw Material Sector)*" by AIRIA
2014	• Our Kochi Facility has received the *second position* in the awards given by the Kerala State Pollution Control Board • Our Company has received the "*Top Export Award (Raw Material Sector)*" by AIRIA
2013	• Our facility at Palej was awarded the *"Greentech HR Award"* for Technology Excellence in HR, and a *Silver Trophy* for Best HR strategy (Platinum Category) • Our Company received the "*Silver Award (Trading House – Non MSME Category)"* by FIEO • Our Kochi Facility has received the "*Best use of CSR Practices in Manufacturing award"* at the Global CSR excellence & Leadership awards by Blue Dart World

Year	Award
	• Our Kochi Facility has received the *second position* in the awards given by the Kerala State Pollution Control Board • Our Company was awarded the "*Award of Excellence*" by Chemexcil in the Large-scale sector - Chemicals Panel category
2012	• Our facility at Palej received the "*Greentech Environment Award (Gold Category)"* • Our Kochi Facility received the "*EMS Award*" at the Golden Peacock Awards • Our Kochi Facility has received the *third position* in the awards given by the Kerala State Pollution Control Board • Our Company has received the "*Top Export Award (Raw Material Sector)*" by AIRIA
2011	• Our Durgapur Facility was awarded the "*Excellence Award Category Trophy*" by the National Convention on Quality Concepts • Our Kochi Facility received the "*Best Environment Management Company Award"* by Kerala State Government • Our Kochi Facility was awarded the "*Greentech Environment Award*" • Our Company was awarded the "*Trishul Award*" in the Large scale sector-Chemicals Panel by Chemexcil
2010	• Our Kochi Facility received the *first position* (medium category industry) in the "*Outstanding Performance in Industrial Safety Award"* given by Kerala State Government • Our Kochi Facility has received the *first position* in the Large Industries- Chemical/ Petrochemical Sector category in the awards given by the Kerala State Pollution Control Board
2007	• Our Company has received "*SAP ACE Award*" for Best Chemicals Sector Implementation
2004	• Our Kochi Facility has received the *"Best environmental practices for substantial and sustained efforts in pollution control award*" given by the Kerela State Pollution Control Board in large corporate category

Corporate Social Responsibility and Environment Management

We seek to integrate our business values and operations in an ethical and transparent manner to improve our fulfilment of social responsibilities and environmental and economic practices in an attempt to create a positive impact on the society. In accordance with our CSR Policy of "Preserving and enriching the environment where we do business", we have been implementing several CSR projects in the areas of education, environment sustainability, health, and community development to support and facilitate development of the underprivileged section of the society in and around our manufacturing units.

We consistently adopt initiatives which heighten energy efficiency, reduce emissions, decrease water consumption, and minimize waste. We have conducted greenhouse gas inventory program(s) across each of our manufacturing facilities and offices covering both direct and indirect emissions.

Property

Our Registered Office situated in Kolkata is held by our Company on a leasehold basis, which is subject to renewal from time to time. The two manufacturing facilities at Mundra and Kochi are owned by us and are held on freehold basis whereas the manufacturing facilities at Durgapur and Palej are held by us on a leasehold basis.

ORGANISATIONAL STRUCTURE

Corporate History

Our Company was incorporated pursuant to a Certificate of Incorporation issued by the RoC on March 31, 1960. Our Company obtained a Certificate of Commencement of Business dated April 19, 1960 from the RoC. The registered office of our Company is located at 31 Netaji Subhas Road, Kolkata - 700001, India. The corporate office of our Company is located at RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700027.

Changes in Registered Office

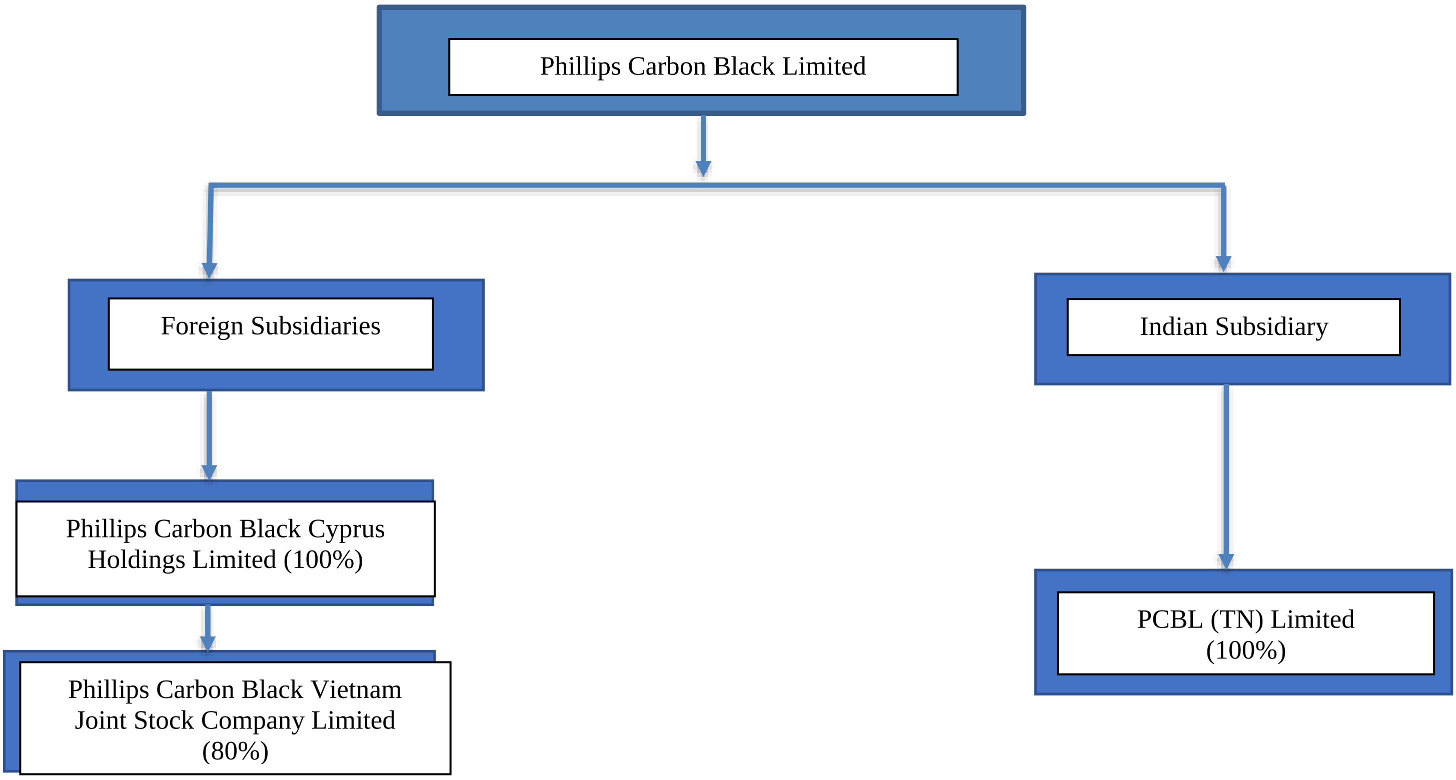
There has been no change in the Registered Office of our Company.

Our Subsidiaries

As on date of this Placement Document, our subsidiaries are as below:

1. Phillips Carbon Black Cyprus Holdings Limited
2. Phillips Carbon Black Vietnam Joint Stock Company
3. PCBL (TN) Limited

The organisational structure of our Company as on this Placement Document is as follows:



BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Board of Directors

The Board of Directors of the Company is entrusted with the implementation of the activities of the Company in an effective and efficient manner and is bestowed with the ultimate responsibility of the management of the Company. The Board of Directors and senior management of the Company conduct themselves in such a manner so as to meet the expectations of operational transparency to stakeholders and at the same time, maintain confidentiality of information in order to foster a culture of good decision-making. In alignment with the Listing Regulations, all the statutory and the significant and material information are placed before the Board in order to enable it to take and implement strategic decisions for the utmost benefit of the organization as well as the stakeholders. The Articles of Association of our Company provide that the number of Directors shall not be less than 6 and not more than 15.

As on the date of this Placement Document, we have three Non-Executive Directors, one Executive Director and four Non-Executive Independent Directors (including a woman Independent Director).

The following table sets forth details regarding the Board at the date of this Placement Document:

Name, Address, Occupation, Nationality, Term and DIN	Age (years)	Designation
Sanjiv Goenka *Address:* 19 Belvedere Road, Alipore H.O, Alipore, Kolkata, West Bengal-700027 *Occupation:* Industrialist *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 00074796	60	Chairman and Non-Executive and Non-Independent Director
Kaushik Roy *Address:*10 Judges Court Road, Flat- 26, Alipore, Kolkata, West Bengal – 700027 *Occupation:* Service *Nationality:* Indian *Term:* For a period of three years with effect from February 5, 2019. *DIN:* 06513489	56	Managing Director
Shashwat Goenka *Address:* Goenka Nivas, 19 Belvedere Road, Alipore H.O, Alipore, Kolkata, West Bengal – 700027 *Occupation:* Industrialist *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 03486121	31	Non- Executive Non- Independent Director
Preeti Goenka	59	Non- Executive Non- Independent Director

Name, Address, Occupation, Nationality, Term and DIN	Age (years)	Designation
Address: Goenka Nivas, 19 Belvedere Road, Alipore H.O, Alipore, Kolkata, West Bengal 700027 *Occupation:* Industrialist *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 05199069		
Paras Kumar Chowdhary *Address:* 74/75, Clover Park Royale, Lane N.7, Koregaon Park, Pune City, Pune, Maharashtra-411001 *Occupation:* Service *Nationality:* Indian *Term:* July 22, 2019 to July 21, 2024 *DIN:* 00076807	70	Non- Executive Independent Director
Pradip Roy *Address:* C/O Pradip Roy, Building No. 2 C, Flat No. 42, Kalpatru Estate, J.V.L Road, Next to Majhas Bus Depot, Andheri East, Mumbai, Maharashtra, 400093 *Occupation:* Service *Nationality:* Indian *Term:* July 30, 2019 to July 29, 2024 *DIN:* 00026457	73	Non- Executive Independent Director
Rusha Mitra *Address:* P-97, Kalindi Housing Estate, Lake Town, North 24, Parganas, West Bengal- 700089 *Occupation:* Service *Nationality:* Indian *Term:* For a period of five years with effect from April 8, 2021. *DIN:* 08402204	36	Non- Executive Independent Director
R. K. Agarwal *Address:* FD- 226, Sector-3, Saltlake, Bidhannagar (M), North 24, Parganas, West Bengal- 700106- *Occupation:* Practicing Chartered Accountant *Nationality:* Indian	69	Additional Non-Executive Independent Director

Name, Address, Occupation, Nationality, Term and DIN	Age (years)	Designation
Term: For a period of five years with effect from July 26, 2021 *DIN:* 00416964		

Brief profiles of our Directors

Sanjiv Goenka, aged 60 years, is the Chairman of our Company. He has been a director on our Board since October 30, 1986. He is currently on the board of directors of various companies including Saregama India Limited, Firstsource Solutions Limited, Spencer International Hotels Limited, Haldia Energy Limited, RPSG Ventures Limited, CESC Limited, Spencer and company Limited, Spencer's Retail Limited and ATK Mohun Bagan Private Limited

Kaushik Roy, aged 56 years, is the Managing Director of our Company. He has been a director on our Board since February 5, 2013. He is currently on the board of directors of various companies including Harrisons Malayalam Ltd., STEL Holdings Limited, Spencer International Hotels Limited, Phillips Carbon Black Vietnam Joint Stock Company and Phillips Carbon Black Cyprus Holdings Limited.

Shashwat Goenka, aged 31 years, is a Non-Executive Non-Independent Director of our Company. He has been a director on our Board since September 1, 2014. He is currently on the board of directors of various companies including Spencer International Hotels Ltd., Retailers Association of India, RPSG Ventures Limited, Spencer's Retail Limited, Firstsource Solutions Ltd., and CESC Limited

Preeti Goenka, aged 59 years, is a Non-Executive Non-Independent Director of our Company. She has been a director on our Board since July 27, 2018. She is currently on the board of directors of Saregama India Limited

Paras Kumar Chowdhary, aged 70 years, is a Non- Executive and Independent Director of our Company. He has been a director on our Board since December 24, 1999. He is currently on the board of directors of various companies including RPG Enterprises Limited, CEAT Kelani Holdings Pvt. Limited, Colombo, Associated CEAT Holdings Co. Pvt. Ltd, Colombo and Einzigartig Electoral Trust.

Pradip Roy, aged 73 years, is a Non- Executive and Independent Director of our Company. He has been a director on our Board since January 31, 2011. He is currently on the board of directors of various companies including Precision Wires India Limited and Noida Power Company Limited.

Rusha Mitra aged 36 Years is a Non-Executive and Independent Director of our Company. She has been a director on our Board since April 8, 2021. She is currently on the board of directors of various companies including Lux Industries Limited, GMMCO Limited, GKW Limited, Harrisons Malayalam Limited, Texmaco Rail and Engineering Limited, Rainbow Investments Limited, Naga Dhunseri Group Limited and BNK Capital Markets Limited

R. K. Agarwal aged 69 Years is a Non- Executive and Independent Director of our Company. He has been a director on our Board since July 26, 2021. He is currently on the board of directors of various companies including RKA Advisory Services Pvt. Ltd., Bengal NRI Complex Ltd., Cigniti Technologies Ltd., and Keventer Agro Ltd.

Relationship between Directors

Except as state below, none of the Directors on our Board are related to each other

Name of the Directors	Relationship
Sanjiv Goenka	Husband of Preeti Goenka
	Father of Shashwat Goenka
Preeti Goenka	Wife of Sanjiv Goenka
	Mother of Shashwat Goenka
Shashwat Goenka	Son of Sanjiv Goenka and Preeti Goenka

Borrowing powers of our Board

Our Company has, pursuant to a special resolution dated July 31, 2015 passed under section 180(1)(c) of Companies Act, 2013, authorised the Board of Directors to borrow any sum or sums of money from time to time from any one or more of the financial institutions, government/government bodies, Company's bankers and/or other persons, firms or bodies corporate, whether by way of term loans, cash credit, advance, deposits, bills discounting, issue of instruments and securities such as bonds, debentures, commercial paper and other debt securities or otherwise, and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹1,500 crore (Rupees one thousand and five hundred crore only) exclusive of interest.

Interest of our Directors

All our Directors may be deemed to be interested to the extent of their shareholding, remuneration, fees and compensation payable to them for attending meetings of our Board or committees thereof, commission as well as to the extent of reimbursement of expenses payable to them. Rusha Mitra an Independent Director on our Board is a partner with Khaitan & Co, LLP and Khaitan & Co. Our Company avails legal services from Khaitan & Co, LLP and Khaitan & Co. from time to time and makes payment for the same. Rusha Mitra may be deemed to be interested to the extent of fees payable to Khaitan & Co, LLP and Khaitan & Co.

All of our Directors may also be regarded as interested in any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, their relatives or the companies, firms and trust, in which they are interested as directors, members, partners, trustees.

Except as provided in "*Related Party Transactions*" on page 79, we have not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For further details on the related party transactions, with our Directors during the last three Fiscals, see "*Related Party Transactions*" on page 79.

Shareholding of Directors

As of the date of this Placement Document, none of our Directors hold any Equity Shares in our Company.

Terms of Appointment of our Managing Director

Kaushik Roy, Managing Director

Kaushik Roy has been associated with our Company as a Director since February 5, 2013. Pursuant to a resolution of our Board dated October 30, 2018 and a resolution of our Shareholders dated March 9, 2019, he was appointed as the Managing Director. His term of appointment is for a period of three years with effect from February 5, 2019.

In accordance with the above-mentioned resolutions, Kaushik Roy has entered into an employment agreement dated March 19, 2019. His remuneration is determined from time-to-time by the Nomination and Remuneration Committee and the Board and in accordance to the resolution of the Board and Nomination and Remuneration Committee Resolutions, both dated July 26, 2021 effective from July 1, 2021 he is entitled to:

Particulars	Details
Period	With effect from February 5, 2019 for a period of three years i.e., up to February 4, 2022.
Basic salary	₹ 0.31 crore per month

Particulars	Details
Perquisites	(ii) Personal accident insurance, encashment of leave at the end of the tenure of service, club fees, medical insurance and privilege leave on full pay and allowance etc. in accordance with the Rules of the Company. (iii) Subject to any statutory ceiling, Mr. Kaushik Roy may be given any other allowance, performance bonus/incentive, perquisites, benefits and facilities as the Board of Directors of the Company may from time to time decide. (iv) Valuation of perquisites shall be done as per the Income Tax Rules, wherever applicable. In absence of any such rule, the perquisites shall be evaluated at actual cost. (v) Company's contribution to the Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of Income Tax Act. (vi) Gratuity: One half of a month's salary for each completed year of service in accordance with the Rules of the Company. General Exemption: Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, Gratuity payable and Leave encashment at the end of the tenure shall not be included in the computation of the ceiling on Remuneration under Schedule V of the Companies Act, 2013. Provisions of cars with driver for use on Company's business and telephone will not be considered as perquisites. Personal long-distance calls and use of cars for private purpose shall however be billed by the Company.

Set out below are the details of the remuneration paid to Kaushik Roy for the year ended March 31, 2021:

Sr. No.	Category	Remuneration for the year ended March 31, 2021 (₹ in crore)
1.	Salary and Allowances	9.01
2.	Perquisites	0.22
3.	Contribution to Provident, Gratuity and Superannuation Funds	1.09

Remuneration of the Directors

Pursuant to Board Resolution dated January 16, 2019 and Shareholders' Resolution passed by way of Postal Ballot dated 9th March, 2019, the Board is authorised to pay commission at a rate not exceeding 3% of the net profits of the Company to the Non-Executive Directors of our Company.

The remuneration paid to the Non-Executive Directors by way of sitting fees is:

- ₹ 1,00,000 per meeting for the Board Meeting;
- ₹ 50,000 per meeting for the Audit Committee Meeting;
- ₹ 20,000 per meeting for the Independent Directors' Committee Meeting; and
- ₹ 5,000 per meeting for Nomination and Remuneration Committee meeting, Stakeholders Relationship Committee meeting, Risk Management Committee meeting and Corporate Social Responsibility Committee meeting.

The following table sets forth the remuneration (including sitting fees, commission and perquisites) paid by the Company to the Directors during the last three Fiscals:

(in ₹ crore)

Name	As on June 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Sanjiv Goenka	5.72	5.14	15.69	8.68
Shashwat Goenka	5.72	5.14	0.09	0.08
Preeti Goenka	0.06	0.09	0.09	0.02
Om Parkash Malhotra^	0.07	0.11	0.09	0.09
Kanwar Satyabrata Sanyal^	0.07	0.11	0.11	0.08
Paras Kumar Chowdhary	0.07	0.11	0.11	0.08
Pradip Roy	0.07	0.11	0.11	0.09
Kusum Dadoo*	0.05	0.09	0.09	0.08
Rusha Mitra**	NIL	NIL	NIL	NIL

^Retired with effect from July 30, 2021.
*Resigned with effect from February 4, 2021.
**Appointed pursuant to a board resolution dated April 8, 2021and the shareholders' resolution dated June 22, 2021.

Key Management Personnel

In addition to Kaushik Roy, our Managing Director. The brief profiles of our other Key Managerial Personnel are as set out below:

Kaushik Mukherjee, aged 54 years, is the Company Secretary and Chief Legal Officer of the Company since January 1, 2003. He was appointed as the Compliance Officer of our Company on May 1, 2003. During Fiscal 2021, he received a remuneration of ₹ 1.02 crore from our Company.

Raj Kumar Gupta, aged 47 years, is the Chief Financial Officer of the Company since February 1, 2015. During Fiscal 2021, he received a remuneration of ₹ 1.19 crore from our Company.

Relationship of Key Management Personnel

None of the key management personnel of our Company are related to each other.

Shareholding of Key Management Personnel

As of the date of this Placement Document, none of our Key Management Personnel hold any Equity Shares in our Company

Interest of our Key Management Personnel

The Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in our Company, if any, and any dividend payable to them and other distributions in respect of such Equity Shares

Our Company does not have any bonus or profit-sharing plan with its Directors or Key Management Personnel

Organisation structure

Following is our organisation structure:

Corporate governance

The Board of Directors presently consists of eight Directors. In compliance with the requirements of the SEBI Listing Regulations, the Board of Directors has four Independent Directors. Our Company is in compliance with the corporate governance requirements including the constitution of Board and committees thereof, as prescribed under the Companies Act and SEBI Listing Regulations.

Committees of the Board of Directors

The Board of Directors have constituted committees, which function in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations. The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Committee	Members
Audit Committee	Paras Kumar Chowdhary (*Chairman*); Pradip Roy and R K Agarwal
Nomination and Remuneration Committee	Paras Kumar Chowdhary (*Chairman*); Rusha Mitra and Pradip Roy
Stakeholders' Relationship Committee	Rusha Mitra (*Chairman)*, Pradip Roy and Kaushik Roy
Risk Management Committee	Kaushik Roy (*Chairman*); Paras K Chowdhary and Pradip Roy
Corporate Social Responsibility Committee	Kaushik Roy (*Chairman*); Rusha Mitra and Shashwat Goenka
Independent Directors' Committee	Paras Kumar Chowdhary (*Chairman);* Pradip Roy; Rusha Mitra and R K Agarwal
Fund Raising Committee	Kaushik Roy *(Chairman)*; Paras Kumar Chowdhary; Mrs. Rusha Mitra and Mr. R K Agarwal

Other confirmations

None of the Directors, Promoter or Key Management Personnel of our Company has any financial or other material interest in the Issue.

Our Promoter, Directors and Key Management Personnel will not participate in the Issue.

Neither our Company, nor any of our Directors or Promoter have been categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Neither our Company, nor our Directors or Promoter have been debarred from accessing capital markets under any offence under any order or direction made by SEBI.

None of our Directors or Promoter have been declared as a Fugitive Economic Offender.

As on the date of this Placement Document, our Company has no subsisting employee stock option plans.

Policy on disclosures and internal procedure for prevention of insider trading

Chapter IV of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement codes of fair disclosure and conduct for the prevention of insider trading. In compliance with the SEBI Regulation on Prohibition of Insider Trading, the Company has in place a comprehensive Code of Conduct to Regulate, Monitor and Report Trading by Insiders. These afore-mentioned Codes are posted on the website of the Company at the link: https://www.pcblltd.com/investor-relation/general-policies.

An awareness film on Prohibition of Insider Trading Regulations which has been designed to sensitise the employees of the Company about the recent trends of Insider Trading and its potentially damaging impact on individuals as well as the Company, has been posted on the website of the Company at https://www.pcblltd.com/investor-relation/general-policies.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company and June 30, 2021 is set forth below:

Table I - Summary Statement holding of specified securities:

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	4	9,23,07,785	9,23,07,785	53.56	9,23,07,785	53.56	9,23,07,785
(B) Public	1,30,416	8,00,30,075	8,00,30,075	46.44	8,00,30,075	46.44	7,82,30,754
(C1) Shares underlying DRs				0.00		0.00	
(C2) Shares held by Employee Trust				0.00		0.00	
(C) Non-Promoter-Non-Public				0.00		0.00	
Grand Total	1,30,420	17,23,37,860	17,23,37,860	100.00	17,23,37,860	100.00	17,05,38,539

Note:C=C1+C2
Grand Total=A+B+C

Table II - Statement showing shareholding pattern of our Promoter and Promoter Group:

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of equity shares held in dematerialized form
A1) Indian				0.00	
Any Other (specify)	4	9,23,07,785	9,23,07,785	53.56	9,23,07,785
RAINBOW INVESTMENTS LIMITED	1	8,65,15,370	8,65,15,370	50.20	8,65,15,370
DOTEX MERCHANDISE PRIVATE LIMITED	1	53,40,000	53,40,000	3.10	53,40,000
STEL HOLDINGS LIMITED	1	4,51,915	4,51,915	0.26	4,51,915
SAREGAMA INDIA LIMITED	1	500	500	0.00	500
Sub Total A1	4	9,23,07,785	9,23,07,785	53.56	9,23,07,785

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of equity shares held in dematerialized form
A2) Foreign				0.00	
A=A1+A2	4	9,23,07,785	9,23,07,785	53.56	9,23,07,785

Table III - Statement showing shareholding pattern of the Public shareholder:

Category and Name of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form (Not Applicable)
B1) Institutions	0	0		0.00		0.00	
Mutual Funds/	6	32,48,977	32,48,977	1.89	32,48,977	1.89	32,48,977
Alternate Investment Funds	3	3,08,500	3,08,500	0.18	3,08,500	0.18	3,08,500
Foreign Portfolio Investors	65	1,14,62,251	1,14,62,251	6.65	1,14,62,251	6.65	1,14,62,251
The Wellington Trust Company National Association	1	26,15,751	26,15,751	1.52	26,15,751	1.52	26,15,751
Financial Institutions/ Banks	15	12,480	12,480	0.01	12,480	0.01	6,895
Sub Total B1	89	1,50,32,208	1,50,32,208	8.72	1,50,32,208	8.72	1,50,26,623
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00	
Central Government/ State Government(s)/ President of India	1	23,39,500	23,39,500	1.36	23,39,500	1.36	23,39,500
Kerala State Industrial Development Corporation	1	23,39,500	23,39,500	1.36	23,39,500	1.36	23,39,500
Sub Total B2	1	23,39,500	23,39,500	1.36	23,39,500	1.36	23,39,500
B3) Non-Institutions	0	0		0.00		0.00	
Individual share capital upto Rs. 2 Lacs	125142	4,11,45,398	4,11,45,398	23.87	4,11,45,398	23.87	3,94,44,282
Individual share capital in excess of Rs. 2 Lacs	11	60,66,031	60,66,031	3.52	60,66,031	3.52	60,66,031
Ashish Kacholia	1	25,02,495	25,02,495	1.45	25,02,495	1.45	25,02,495

Category and Name of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form (Not Applicable)
NBFCs registered with RBI	1	10,69,000	10,69,000	0.62	10,69,000	0.62	10,69,000
Any Other (specify)	5172	1,43,77,938	1,43,77,938	8.34	1,43,77,938	8.34	1,42,85,318
IEPF	1	14,28,077	14,28,077	0.83	14,28,077	0.83	14,28,077
Trusts	5	7,725	7,725	0.00	7,725	0.00	7,725
Foreign Nationals	1	150	150	0.00	150	0.00	150
HUF	2203	22,09,076	22,09,076	1.28	22,09,076	1.28	22,07,821
Non-Resident Indian (NRI)	2101	21,88,390	21,88,390	1.27	21,88,390	1.27	21,05,830
Foreign Portfolio Investor (Category - III)	1	2,605	2,605	0.00	2,605	0.00	2,605
Clearing Members	205	4,12,184	4,12,184	0.24	4,12,184	0.24	4,12,184
Bodies Corporate	655	81,29,731	81,29,731	4.72	81,29,731	4.72	81,20,926
Sub Total B3	130326	6,26,58,367	6,26,58,367	36.36	6,26,58,367	36.36	6,08,64,631
B=B1+B2+B3	130416	8,00,30,075	8,00,30,075	46.44	8,00,30,075	46.44	7,82,30,754

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):
Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

Table IV - Statement showing shareholding pattern of the Non – Promoter – Non-Public Shareholder:

Category and Name of the Shareholders (I)	**No. of shareholders (III)**	**No. of fully paid-up equity shares held (IV)**	**Total nos. shares held (VII = IV+V+VI)**	**Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)**	**Number of equity shares held in dematerialized form (IX)**
C1) Custodian/DR Holder	0	0		0.00	
C2) Employee Benefit Trust	0	0		0.00	

Note
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Company or the BRLMs. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on page 186 and 194, respectively. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Our Company, the BRLMs and their respective directors, officers, agents, advisors, shareholders, employees, counsel, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue has been made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and other applicable provisions of the Companies Act, a listed company may issue eligible securities to Eligible QIBs provided that certain conditions are met by such Company. Some of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must *inter alia* specify that, (a) the allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date for the QIP;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoter or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to seek approval of the shareholders for the above-mentioned special resolution;

- invitation to apply in the QIP must be made through a private placement offer-cum-application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law; the issuer shall have completed allotments with respect to any earlier offer or invitation made by the issuer or shall have withdrawn or abandoned such invitation or offer made by the issuer, except as permitted under the Companies Act;

- the issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;
- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., the Preliminary Placement Document), the issuer shall prepare and record a list of Eligible QIBs to whom the Issue will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;
- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited. In accordance with the SEBI ICDR Regulations, securities will be issued, and allotment shall be made only in dematerialized form to the allottees; and
- the promoter and directors of the issuer are not Fugitive Economic Offenders.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue

At least 10% of the equity shares issued to Eligible QIBs were available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders were not allowed to withdraw or revise downwards their Bids after the Bid/ Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP is not than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated August 27, 2021 and our Shareholders through a special resolution on September 24, 2021, have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price. Our company has provided a discount of Rs. 11.85 on the Floor Price.

The "relevant date" mentioned above in case of allotment of equity shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The securities must be allotted within 365 days from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹250 crore; and

- five, where the issue size is greater than ₹250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*Bid Process – Application Form*" on page 177.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and this Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on August 27, 2021 and our Shareholders through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") facility on September 24, 2021.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction

Issue Procedure

1. On the Issue Opening Date, our Company in consultation with the BRLMs has circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form has been specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom the serially numbered copies of the Preliminary Placement Document and this Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act.

2. **The list of QIBs to whom the Preliminary Placement Document and the Application Form has been delivered have been determined by our Company in consultation with the BRLMs. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application**

Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

3. Eligible QIBs were required to submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the BRLMs.

4. Bidders were required to indicate the following in the Application Form:

   - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;

   - equity shares held by the Bidder in our Company prior to the Issue; and

   - it has agreed to certain other representations set forth in the Application Form and the Preliminary Placement Document.

   - A representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in the Preliminary Placement Document and in the Application Form.

   NOTE**:** *Eligible FPIs were required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund have not been treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Bidders were required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "***PHILLIPS CARBON BLACK LIMITED - QIP ESCROW ACCOUNT***" with the Escrow Agent, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders was required to be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the

excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 181.

6. Once a duly completed Application Form was submitted by a Bidder and the Bid Amount was transferred to the Escrow Account, such application constituted an irrevocable offer and the Bid could not have been withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form, whether signed or not, and the Bid Amount in the Escrow Account, on or after the Bid/ Issue Closing Date, our Company has, in consultation with BRLMs determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLMs, on behalf of our Company, will send the serially numbered CAN and this Placement Document to the Successful Bidders. The dispatch of a CAN, and this Placement Document to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLMs.**

8. Upon determination of the Issue Price and before Allotment of Equity Shares to the Successful Bidders, the BRLMs, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

9. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

10. After passing the resolution passed by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

11. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

12. Our Company will then apply for the final trading approvals from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

14. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

15. Only Eligible QIBs were eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Non-Debt Rules will be considered as Eligible QIBs. FVCIs were not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

    - alternate investment funds registered with SEBI;
    - Eligible FPIs;
    - insurance companies registered with Insurance Regulatory and Development Authority of India;
    - insurance funds set up and managed by army, navy or air force of the Union of India;
    - insurance funds set up and managed by the Department of Posts, India;
    - multilateral and bilateral development financial institutions;
    - Mutual Funds registered with SEBI;
    - pension funds with minimum corpus of ₹ 25 crore;
    - provident funds with minimum corpus of ₹ 25 crore;
    - public financial institutions;
    - scheduled commercial banks;
    - state industrial development corporations;
    - the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
    - venture capital funds registered with SEBI; and
    - systemically important non-banking financial companies

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCI'S ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e., 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post -Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of P- Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" on page 186.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on the board of the issuer.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Company, the BRLMs and any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they are

eligible to apply. Eligible QIBs were advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document or this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Bidder has been deemed to have made all the following representations and warranties and the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*" and "*Selling Restrictions*" on pages 1, 4 and 186, respectively:

1. Each Bidder confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Bidder confirms that it is not a Promoter and is not a person related to the Promoter(s), either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter(s) or members of the Promoter Group or persons related to the Promoter(s);

3. Each Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter(s);

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Bidder acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;

7. Each Bidder confirms that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

8. Each Bidder confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

9. The Bidder agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

10. The Bidder agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLMs. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company has disclosed names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Bidder further acknowledges and agrees that disclosure of such details as "proposed Allottees" in this Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;

12. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    (a) QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Bidder, its subsidiary(ies) or holding company and any other Bidder; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

13. The Bidders acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. Each Bidder confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

15. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

16. A representation that such Bidder is outside the United States, is acquiring the Equity Shares in an "offshore transaction" under Regulation S and is not an affiliate of the Company or the BRLMs or a person acting on behalf of such an affiliate.

BIDDERS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLMS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLMS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLMS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document by our Company (by itself or through the BRLMs) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as applicable). The Bid Amount was to be deposited in the Escrow Account as is specified in the Application Form and the Application Form was to be submitted to the BRLMs either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and Email	Phone (Telephone)
ICICI Securities Limited	ICICI Venture House Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025, India	Gaurav Singhvi/ Praveen Sancheti	Website: www.icicisecurities.com Email: project.shiva@icicisecurities.com	+91 22 6807 7100
Ambit Private Limited	Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	Nikhil Bhiwapurkar / Miraj Sampat	Website: www.ambit.co Email: pcbl.qip@ambit.co	+91 22 6623 3000

The BRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms were required to be duly completed and Bidders Bidding in the Issue were required to pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "***PHILLIPS CARBON BLACK LIMITED - QIP ESCROW ACCOUNT***" with the Escrow Agent, in terms of the Escrow Agreement. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "***PHILLIPS CARBON BLACK LIMITED - QIP ESCROW ACCOUNT***" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price is not less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company has offered a discount of 11.85 per Equity Share (4.63% of the Floor Price) in accordance with the approval of our Shareholders, accorded through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") facility on September 24, 2021 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Our Company, in consultation with the BRLMs, has determined the Issue Price, which is above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board (or a duly constituted committee thereof) decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and s filing such document with the Stock Exchanges as this Placement Document.

Build-up of the Book

The Bidders were required to submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLMs. Such Bids cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book shall be maintained by the BRLMs.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with BRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLMS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLMS AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLMS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLMs, in their sole and absolute discretion, shall decide the Successful Bidders. Our Company will dispatch a serially numbered CAN to all the Bidders pursuant to which the details of the Equity Shares Allocated to them (if any), the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders.

Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLMs.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of this Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company has updated this Placement Document with the Issue details and it is filing such document with the Stock Exchanges as this Placement Document, which includes names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company has been disclosed in this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/ Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the BRLMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLMs in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 177 and 181 respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLMs shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The BRLMs have entered into the Placement Agreement with our Company, pursuant to which the BRLMs have agreed, subject to certain conditions, to manage this Issue and to act as placement agents in connection with the proposed Issue and procure subscription for the Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document have not been, and will not be, registered as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"*, as defined in and in reliance on Regulation Sand the applicable laws of the jurisdiction where those offers and sales are made.

Relationship with the Book Running Lead Managers

In connection with the Issue, the Book Running Lead Managers or its affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase or subscribe to the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see the section "*Off-shore Derivative Instruments*" on page 10.

From time to time, the Book Running Lead Managers, and their respective affiliates and associates may have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, commercial banking, trading services for our Company, our Subsidiary, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their respective affiliates and associates.

Lock up

The Company undertakes that it will not for a period of 120 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Managers, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. Provided that, the foregoing restriction shall not apply to the amount unsubscribed against the Issue Size.

Lock-up by Promoter

The Company acknowledges that the Promoter and each member of the Promoter Group has undertaken that it will not for a period of 90 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) sell, lend, contract to sell, or contract to sell, grant any option, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, contract to sell, or contract to sell, grant any option, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above. Provided that, the foregoing restriction shall not apply in case of purchase of Equity Shares.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document and this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the Preliminary Placement Document and this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Preliminary Placement Document and this Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors" and "Representations by Investors" on pages 1 and 4, respectively.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document and this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

Republic of India

The Preliminary Placement Document and this Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. The Preliminary Placement Document and this Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Equity Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Placement Document, and any offers made under this Placement Document, you represent to the Company and the Book Running Lead Managers that you will not provide this Placement Document or communicate any offers made under this Placement Document to, or make any applications or receive any offers for the Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or a Book Running Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian

Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside the Kingdom of Bahrain. This Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Issuer has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency has not reviewed, nor has it approved, this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall require the Issuer or any Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to

Article 23 of the Prospectus Regulation and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the Book Running Lead Managers and the Company that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in the Prospectus Regulation, each such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers have been obtained to each such proposed offer or resale. Our Company, its directors, the Book Running Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The contents of this Placement Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer of the Equity Shares. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This Placement Document has not been, and will not be, registered as a prospectus (as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**Companies (WUMP) Ordinance**") in Hong Kong. This Placement Document has not been reviewed or approved for publication or distribution in Hong Kong by the Securities and Future Commission of Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). Accordingly, the Equity Shares may not be offered or sold in Hong Kong by means of this document or otherwise, and this document or any abridged version of this document must not be issued, circulated or distributed in Hong Kong, other than (a) to "professional investors" as defined in the SFO and any subsidiary legislation made under the SFO or (b) in other circumstances which do not result in this document or any other document being a "prospectus" as defined in the Companies (WUMP) Ordinance. In addition, no advertisement, invitation or document relating to the Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, any member of the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to "professional investors" as defined in the SFO or any subsidiary legislation made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor

Republic of Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Equity Shares, except (i) where relevant requirements are satisfied, the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Equity Shares.

Kuwait

This document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait ("**Kuwait Securities Laws**"). No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial

Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Placement Document is subject to Malaysian laws. This Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

(a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

(b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

(c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or

(d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

(e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Equity Shares are issued or sold elects to sell any Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

Qatar (excluding the Qatar Financial Centre)

This Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 3-123-2017 dated December 27, 2017 as amended by resolution number 1-104-2019 dated September 30, 2019, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Book Running Lead Manager has represented, warranted and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Sultanate of Oman

This Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in this Placement Document will not take place inside Oman. This Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Equity Shares or the Issue or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the Issue has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Equity Shares.

The Equity Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the Equity Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Equity Shares in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotio**n") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to non-natural person "Qualified Investors" (as such term is defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

In relation to its use in the UAE, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

a). to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Managers for any such offer; or

c) in any other circumstances falling within Section 86 of the FSMA provided that no such offer of the Equity Shares shall require the Issuer or any Book Running Lead Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in 'offshore transactions' (as defined in Regulation S) in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 194.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on a recognized stock exchange, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 186.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

By accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.

- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or any of the BRLMs for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to the Preliminary Placement Document and this Placement Document which it has read in its entirety.

- It agrees to indemnify and hold the Company and each of the BRLMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Company or the BRLMs liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. It acknowledges that the Company and the BRLMs and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Company and the BRLMs. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the BRLMs or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SECC Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum net worth requirements for stock exchanges. The SCRA, the SCRR and the SECC Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act, and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, to govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding at 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% (except public sector undertakings) at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The stock exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

BSE is one of the stock exchanges in India on which our Equity Shares are listed. Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on- market" are exchanged through the National Securities Clearing Corporation Limited. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to, *inter alia*, continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities listed or proposed to be listed, to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for disclosure obligations for promoter, members of the promoter group, designated person or director in case value of trade exceed monetary threshold of ₹10 lakh over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Further, on July 17, 2020, SEBI amended the Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company is ₹ 62,00,00,000, consisting of 31,00,00,000 Equity Shares of ₹ 2 each. For further information, see "*Capital Structure*" on page 76.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of the Directors may pay interim dividend as appear to it be justified by the profits of our Company, subject to the requirements of the Companies Act.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

The Equity Shares issued pursuant to this Placement Document shall rank pari passu with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalization of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus ordinary shares, which are similar to stock dividend. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act, 2013.

As per the Articles of Association, a general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

Alteration of Share Capital

The Articles of Association authorize it to, from time to time, increase its share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution. Subject to the provisions of Section 61 of the

Companies Act, 2013, the Company may, by ordinary resolution, (a) increase its share capital by such amount as it things expedient by issuing new shares; (b) consolidation and divide all or any of its share capital into shares of large amount than its existing shares; (c) convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denominations; (d) sub-divide its share, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however that in the sub-division the proportion between the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which of the shares so cancelled; and (e) cancel any share, which at the date of the passing of the resolution in that behalf, have not be taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. The resolutions where by any share is sub-divided may determine that as between the holders of the shares resulting from such sub- division one or more of such shares shall have some preference or special advantage as regard dividend, capital, voting or otherwise over or as compared with others.

General Meetings of shareholders

There are two types of general meetings of the shareholders:

AGM; and EGM.

Our Company must hold its AGM within six months after the expiry of each fiscal year provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company’s issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Not less than twenty-one days’ notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of special business there shall be annexed to the notice a statement complying with provisions of Act. Notice of every meeting of the Company shall be given to every member of the Company, to the Auditors of the Company, and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons.

Register of Shareholders and Record Dates

We are obliged to maintain a register of shareholders at our registered office. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

Voting Rights

Subject to any rights or restrictions for the time being attached a member holding any equity share capital in the Company or proxy for any member which is a body corporate holding such capital shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every Ordinary Share held by him.

The members registered in respect of Preference Shares shall not be entitled to vote at general meetings of the Company except:

(a) On any resolution placed before the Company at a general meeting at the date of which the dividend due or any part thereof remains unpaid in respect of an aggregate period of not less than two years proceeding the date of commencement of such meeting and for this purpose the dividend-shall accrue from the date of allotment and shall be payable on the ninetieth day after the annual general meeting which considers the profit and loss account for the relevant period whether or not such dividend has been declared by the Company, or

(b) On any resolution placed before the Company which directly affects the rights attached to the Preference Shares and for this purpose any resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed to affect the rights attached to such shares.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

Winding-up

If our Company is to be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up paid up or which ought to have been paid up on the shares held by them respectively. In case of the Company being wound up, whether voluntarily or otherwise the liquidators may, with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators, with the like sanction, shall think fit.

STATEMENT OF POSSIBLE TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Phillips Carbon Black Limited
31, Netaji Subhas Road,
Kolkata – 700 001, West Bengal

Dear Sirs,

Statement of Possible Tax Benefits available to Phillips Carbon Black Limited and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexure, prepared by Phillips Carbon Black Limited ('the Company'), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021- 22 relevant to the assessment year 2022-23, presently in force in India (referred to as the "Direct Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this Annexure is only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Direct Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offering of equity shares of face value Rs 2 each by the Company in a Qualified Institutional Placement in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "Offering") . We are neither suggesting nor advising the investors to invest in the Offering relying on this statement.

3. We do not express any opinion or provide any assurance as to whether:

   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

4. We assume no obligation to update the Annexure on any events subsequent to this date, which may have a material effect on the discussion herein.

5. The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

6. This statement is prepared solely for inclusion in the Preliminary Placement Document (PPD) and the Placement Document (PD) in connection with the Offering, to be filed by the Company with the National Stock Exchange of India Limited, BSE Limited and the Securities and Exchange Board of India, and is not to be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per **Kamal Agarwal**
Partner
Membership Number: 058652
UDIN: 21058652AAAAD08353

Place of Signature: Kolkata
Date: September 29, 2021

ANNEXURE 1

THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO PHILLIPS CARBON BLACK LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible tax benefits available to the Company and its Shareholders under the Act presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

You should consult your own tax advisors concerning the Indian tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation.

TAXABILITY UNDER THE INCOME-TAX ACT, 1961 (HEREINAFTER REFERRED TO AS 'THE ACT')

SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. **Deduction of expenditure incurred on Scientific Research**
   Phillips Carbon Black Limited have Research and Development ("R & D") undertakings, registered with Department of Scientific and Industrial Research (DSIR). In accordance with and subject to the requirements of section 35(2AB) of the Act, the Company registered with the DSIR could be entitled to deduction of 100% of expenditure incurred on scientific research related to their business. Further, the aforesaid deduction under section 35(2AB) of the Act will not be available to the Company, if it opts for lower tax rate regime under section 115BAA as discussed in subsequent para.

2. **Benefit under Section 80-IA:**

   In accordance with and subject to the conditions specified in Section 80-IA of the Income tax Act, 1961 (hereinafter referred to as 'the Act'), the Company may be entitled for a deduction of an amount equal to hundred percent of profits and gains derived from generation of power, subject to fulfilment of the conditions specified therein. This deduction can be claimed by the company for any ten consecutive assessment years out of a block of fifteen years when the undertaking starts generation of power. Further, the aforesaid deduction under section 80-IA of the Act will not be available to the Company, if it opts for lower tax rate regime under section 115BAA as discussed in subsequent para.

GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

1. **Minimum Alternat Tax**

   Benefit of lower rate of tax under Section 115BAA of the Act and corresponding benefit under Minimum Alternate tax ('MAT') provisions under section 115JB of the Act

   Section 115BAA has been inserted in the Act by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20, which grants an option to all domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%). The said benefit is available subject to the condition that the Company does not claim the deductions/ incentives as specified in sub-clause 2(i) of section 115BAA of the Act.

   In case a company opts for section 115BAA of the Act, provisions of MAT under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off.

The option needs to be exercised on or before the due date of filing the tax return of a specific year. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. The Company have not opted for the lower tax regime under section 115BAA for FY 2020-21.

Further, the rate of MAT under section 115JB(1) of the Act stands reduced to 15% as against the erstwhile rate of 18.5% from FY 2019-20. Thus, even if the MAT provisions continue to apply to the Company on account of not exercising the option provided under section 115BAA of the Act, it shall be eligible for the reduced MAT rate of 15%.

2. Lower tax rate for dividend received from foreign companies

As per section 115BBD of the Act, dividend income received by an Indian Company from a specified foreign Company i.e. in which the Indian Company holds twenty-six per cent or more in nominal value of the equity share capital, will be taxable @ 15% on gross basis (plus applicable surcharge and education cess).

3. Benefits while computing total taxable income

i) Section 32 of the Act – Depreciation Allowance
As per section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates in respect of its tangible and intangible assets.

Further, as per the provisions of section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new plant or machinery acquired and installed during the year. In case such new plant or machinery is put to use for less than 180 days, the additional depreciation is allowed at 10% of its actual cost in such year and balance 10% of the actual cost in the immediately succeeding year.

However, the Company shall not be entitled for the additional depreciation under section 32(1)(iia) if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

The Finance Act, 2021 amended the definition of block of assets provided under section 2(11) of the Act, section 32(1)(ii) of the Act and Explanation 3 to Section 32 of the Act to specifically exclude goodwill of business or profession from being eligible for depreciation. Further, the said amendments are made applicable from AY 2021-22 and thus, taxpayers would not be eligible to claim depreciation on goodwill from FY 2020-21 onwards.

ii) Deduction against/ with respect to income by way of dividends
As per amendment vide Finance Act, 2020 with effect from 1 April 2020, dividend income is taxable in the hands of shareholders/ unitholders at the applicable rates and the domestic company or specified company or mutual funds is not required to pay dividend distribution tax.

Deduction of interest expense wholly and exclusively incurred for earning of such dividend income can be claimed under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

Further, the Finance Act, 2020 has inserted Section 80M to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date of filing return of income for such year. The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

iii) Section 10(34A) of the Act - Income from buy back of shares
The provisions of section 115QA mandate domestic companies to pay an additional tax at the rate of 20% (plus applicable surcharge and cess) on buy-back of shares. Correspondingly, income arising from buy-back of shares shall not be taxable as per section 10(34A) of the Act in the hands of the Company, being a shareholder.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Company, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income tax Rules, 1962 (‘the Rules').

iv) Section 36(1)(vii) of the Act – Allowance of bad debts written off
Under section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as a deduction for computing the income under the head “Profits and gains of business or profession”, subject to the fulfilment of the conditions as specified in section 36(2) read with section 36(1)(vii) of the Act.

v) Section 80JJAA of the Act – Deduction of additional employee cost
The Company is eligible to claim an additional deduction of 30 per cent of additional employee cost incurred in the previous year, for three consecutive assessment years. This deduction is subject to the satisfaction of prescribed conditions under section 80JJAA of the Act while computing total income of the Company.

The Company shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

vi) Deductions in respect of donations
A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

The Company shall not be entitled for the above deductions if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 1 above.

vii) Taxability of income from capital gains
As per section 2(42A) of the Act, If the period of holding of a security (other than a unit) listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond is more than 12 months, it will be considered a long term capital asset. With respect to immovable property (being land or building or both) and shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months for it to be regarded as long term capital asset. With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long term capital asset. Asset not considered as long term capital asset shall be regarded as short term capital assets.

Long-term capital gains (exceeding Rs 1,00,000) from equity shares, equity oriented mutual fund units and units of a business trust shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) under section 112A of the Act, if Securities Transaction Tax (‘STT’) has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. In such case, the Company shall not be entitled for benefit of indexation under the second proviso to section 48 of the Act.

As per section 112A(4) of the Act read with Notification No. 60/2018 dated 1 October 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

(a) share acquisitions undertaken prior to October 1, 2004

(b) share acquisitions undertaken on or after October 1, 2004, subject to following specified exceptions.

• where acquisition is of existing listed equity share in a company, whose equity shares are not frequently traded in a recognised stock exchange (RSE) of India, is made through a preferential issue, subject to certain exceptions specified in the said notification;

- where acquisition of existing listed equity share is not entered through an RSE in India, subject to certain exceptions specified in the said notification; and

- acquisition of equity share during the period beginning from the date on which the company is delisted from an RSE and ending on the date immediately preceding the date on which the company is again listed on an RSE.

As per the provisions of section 111A of the Act, any income arising from transfer of a short term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of an eligible business trust, transacted through a recognized stock exchange and subject to STT, shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

The requirement of chargeability to STT under section 112A and section 111A is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency.

Section 48 of the Act provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration, to arrive at the amount of Capital Gains. However, in respect of long-term capital assets, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long-term capital assets shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than those covered under section 112A) and Zero Coupon Bonds shall be the lower of the following:

a. 20% (plus applicable surcharge and cess) with indexation benefit; or

b. 10% (plus applicable surcharge and cess) without indexation benefit.

The short-term capital gains are chargeable to tax at a normal tax rate (plus applicable surcharge and cess).

In accordance with, and subject to the conditions, including the limit of investment of Rs. 0.50 crore, capital gains arising on transfer of a long term capital asset (being land or building) shall be exempt from capital gains under section 54EC if the gains are invested within 6 months from the date of transfer in long term specified asset. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. The definition of 'long term specified assets' has been amended vide Finance Act, 2018 to mean bonds issued after 1 April 2018, redeemable after five years by the National Highways Authority of India or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 or any other bond notified in the Official Gazette by the Central Government in this behalf.

In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long term capital gains arising on transfer of the shares of the company shall be exempt from capital gains under section 54F, if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

As per section 70 read with section 74 of the Act, short term capital loss arising during an year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Income from House property

Under Section 24 of Income Tax Act a sum equal to 30% of the Annual Value is allowed as Standard Deduction. This 30% is allowed as deduction irrespective of actual expenditure.

SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE ACT

No Special Tax benefits available to the Shareholders

GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

For resident shareholders:

1) Taxability of dividend income from shares of the Company
Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

   Further, in case of a shareholder being a company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before the due date of filing return of income for such year.

2) Taxability of gain/ loss arising from sale of shares of the Company
The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

   a. Taxability under the head 'capital gains'
   Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

   Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

   As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:

   a. 20% (plus applicable surcharge and cess) with indexation benefit; or

   b. 10% (plus applicable surcharge and cess) without indexation benefit.

   As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

3) For non-resident shareholders being Foreign Portfolio Investors ('FPIs')/ Foreign Institutional Investors ('FIIs')

a. Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder.

b. Taxability of gain/ loss arising from sale of shares of the Company

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 115AD read with section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 115AD of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be 10% (plus applicable surcharge and cess) without indexation benefit.

Under section 115AD(1)(ii) of the Act, income by way of short term capital gains arising to the FPI/ FII on transfer of shares of the Company shall be chargeable at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Other aspects:

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the FII/ FPI or the provisions of the Act, to the extent they are more beneficial to the FII/ FPI.

Pursuant to Central Board of Direct Tax press release dated 24 September 2015, the Government has clarified the inapplicability of Minimum Alternate Tax provisions to FIIs/FPIs.

4) For non-resident shareholders, other than FPIs/ FIIs

Taxability of dividend income from shares of the Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

Taxability of gain/ loss arising from sale of shares of the Company

a. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

Separately, section 55(2)(ac) provides that cost of acquisition of the specified capital asset (referred to in the aforesaid section 112A of the Act) acquired prior to 1 February 2018, shall be higher of –

(a) Cost of acquisition of asset; and

(b) Lower of –

a. the fair market value of the asset (as defined in Explanation to section 55(2)(ac)); and

b. the full value of consideration received or accruing as a result of the transfer of the capital asset.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:

a. 20% (plus applicable surcharge and cess) with indexation benefit; or

b. 10% (plus applicable surcharge and cess) without indexation benefit.

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

c. Other aspects:
Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (‘AADT’) between India and the country of tax residence of the non-resident or the provisions of the Act, to the extent they are more beneficial to the non-resident.

As per Explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having AADT with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant AADT, or the foreign company is a resident of a country which does not have a AADT with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

5) For shareholders who are Mutual Funds:

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

6) For Venture Capital Companies/ Funds:

Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted under SEBI (Venture Capital Funds) Regulations, 1996 before 21 May 2012 or as a sub-category I Alternative Investment Fund and is regulated under SEBI (Alternative Investment Funds Regulations) 2012, under the SEBI Act, 1992, from a Venture Capital Undertaking would be exempt from income tax, subject to conditions specified therein.

As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Venture Capital Undertaking.

7) For Investment Funds:

Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration is granted under and is regulated under SEBI (Alternative Investment Funds Regulations), 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head ‘profits and gains of business and profession’, shall be exempt from tax under 10(23FBA).

As per Section 115UB of the Act, any income derived by a person from his investment in an Investment Fund covered under section 10(23FBA), other than that proportion which is of the same nature as ‘profits and gains of business and profession’, would be taxable in the hands of the person making such investment in the same manner as if it were the income accruing or arising to or received by such person had the investments made by the Investment Fund been made directly by him.

TAX DEDUCTION AT SOURCE UNDER THE ACT

a) Section 194 – Dividend distribution by the Company to resident shareholders:
As per section 194 of the Act, dividend income distributed/ paid by the Company shall be subject to withholding tax at the rate of 10%. However, such withholding tax requirement is not applicable in case of distribution/ payment of dividend to Life Insurance Corporation of India, General Insurance Corporation of India and any other insurer. Also, in case of individual resident shareholders where the amount does not exceed INR 5,000, no TDS is required to be deducted.

b) Section 195 – Dividend distribution by the Company to non-resident shareholders:

As per the provisions of Section 195 of the Act, any income by way of dividend payable to non-residents may be subject to withholding of tax at the rate of 20% under the domestic tax laws or under the AADT, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

c) Section 196 – Dividend distribution by the Company to Mutual Funds:
As per section 196 of the Act, no tax is to be deducted from dividend income distributed/ paid by the Company to a Mutual Fund specified under section 10(23D) of the Act.

d) Section 196D – Dividend distribution by the Company to Foreign Institutional Investors:
As per the provisions of Section 196 D of the Act, any income by way of dividend payable to non-residents may be subject to withholding of tax at the rate of 20% under the domestic tax laws or under the AADT, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

Withholding tax provisions for capital gains:

No income tax is required to be withheld at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act.

As per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

Other aspects:

For claiming the beneficial provisions under the DTAA, the non-resident investor will have to furnish a certificate of him being a tax resident ('TRC') in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable AADT and such other document as may be prescribed as per the provision of section 90(4) of Act. Where the TRC reflects a few details, for it to be considered valid viz. name, address, legal entity status, country of incorporation, the tax identification / unique identification number in the country of residence, residential status, and the period for which such TRC pertains. In case all these details are not coming in the TRC, a self-declaration in Form 10F would have to be furnished.

Further, pursuant to amendment in section 206AA vide notification 53/2016 dated 24 June 2016 introducing Rule 37BC, requirement of quoting permanent account number ('PAN') in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said Rule.

Notes:

1. The income-tax rates specified in this note are as applicable for the financial year 2021-22, and are exclusive of surcharge and education cess, if any. Rate of surcharge and cess are provided below:
Surcharge:

   Domestic companies (not opting for Section 115BAA/ 115BAB):

   If the net income does not exceed INR 10 million – Nil ; If the net income exceeds INR 10 million but does not exceed INR 100 million - 7 per cent If the net income exceeds INR 100 million - 12 per cent

   Domestic companies (opting for Section 115BAA/ 115BAB): 10%

2. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

3. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

4. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of tax disputes, criminal proceedings, civil proceedings, consumer disputes and regulatory proceedings, which are pending before various adjudicating forums.

*In terms of our Company's "Material Events Policy" ("**Materiality Policy**") framed in accordance with Regulation 30 of the SEBI Listing Regulations, there are no outstanding litigations involving our Company that have been disclosed to the Stock Exchanges, and accordingly, there is no such outstanding litigation involving our Company that requires disclosure in this Placement Document.*

*However, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable (i) all outstanding criminal proceedings involving our Company or its Subsidiaries; (ii) all outstanding actions by statutory or regulatory authorities against our Company and its Subsidiaries; (iii) outstanding civil involving our Company and its Subsidiaries, where the amount involved in such proceeding exceeds ₹ 15.69 crore i.e., 5% of profit after tax, on a consolidated basis ("**Materiality Threshold**"); (iv) consolidated disclosure of the direct and indirect tax matters involving the Company, Subsidiaries, Promoter and Directors; and (v) any other outstanding litigation involving our Company and its Subsidiaries wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of our Company or its Subsidiaries.*

(i) There is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoter during the last three years immediately preceding the year of circulation of this Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Company or our Subsidiaries, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or Subsidiaries; (iii) there are no defaults in repayment of (a) undisputed statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon by our Company, as of the date of this Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; or (vii) there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document.

It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Subsidiaries, our Directors and/or our Promoter from third parties (excluding statutory / regulatory / governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of our Company, our Directors and/or our Promoter, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

Litigation involving our Company

Criminal Proceedings involving our Company

<u>Against our Company</u>

1. Sabu Thozuppadan, ("**Complainant**") filed a complaint CC No. 105 of 2002 before Judicial First Class Magistrate Court, Kolencherry on February 2, 2002 ("**Complaint**") against our Company and other persons (together the "**Accused**") alleging (i) violations of certain provision of the Air (Prevention and Control of Pollution) Act, 1981 ("**Act**") and (ii) pollution by the operation of our factory in violation or without consent from the pollution control board. Our Company filed Crl. M.C. No.3608 of 2002 before High Court of Kerala

to quash the Complaint. The High Court of Kerala quashed the complaint against the Accused therein, except our Company and two managers. The said complaint was transferred to the Judicial First Class Magistrate Court in Chottanikkara ("**JFCM**"), after its establishment, and was renumbered as CC No. 296 of 2018. The JFCM has passed an order dated April 23, 2018 stating that there are sufficient grounds to presume that the Company has committed offence under the Act ("**Order**"). Our Company has filed a Criminal Revision Petition No. 560 of 2018 against the Order and has also filed a petition to stay all further proceedings in CC No. 296 of 2018 before the High Court of Kerala. The matter is currently pending

By our Company

1. Our Company, in the ordinary course of business, has initiated 14 proceedings involving an amount of ₹ 4.13 crore against defaulting customers under section 138 of the Negotiable Instruments Act. Such proceedings are pending before various adjudicating forums.

Regulatory Proceedings involving our Company

1. Our Company has filed a criminal application before the High Court of Gujarat, Ahmedabad (District-Kutch), challenging the criminal case no. 1385 of 2008 and summons/ process issued dated January 16, 2009, by Ld. JMFC, Mundra in dispute between our Company and others against the Regional Officer, Gujarat Pollution Control Board, Bhuj and State of Gujarat (together the "**Respondents**"). The criminal complaint was filed by the Regional Officer, Gujarat Pollution Control Board, Bhuj against our Company and others alleging that prior to the issue of the environmental clearance, our Company commenced certain construction activities and therefore committed breach of the notification dated September 14, 2006 issued by the Central Government whereby it mandated obtaining prior environment clearance in respect of new projects, activities or construction work by project management except for clearing of land. The matter is currently pending.

2. The Special Director, Directorate of Enforcement ("**ED**") issued a show cause notice no. T-4/12/B/SDE/RAJ/2011/4460 dated August 23, 2011 ("**Notice**") to our Company and two erstwhile directors Ashok Goyal and Altaf Jiwani. The Notice stated that there appeared to be a contravention of the provisions of Section 6(3)(a) of the Foreign Exchange Management Act, 1999 read with Regulation (6)(2)(ii) of the (Transfer or Issue of any Foreign Security) Regulations, 2000 to the extent of ₹ 27.52 crore as alleged in a complaint received by the ED from the Assistant Director, Directorate of Enforcement dated August 18, 2011. The complaint stated that by making remittances to its wholly owned subsidiary in Cyprus, Netherlands and certain entities in Vietnam without permission from the RBI, our Company has contravened the above-mentioned provisions. Our Company has replied to the Notice, attended several personal hearings to explain the facts and circumstances of the case and filed multiple written submissions (final response to the queries raised by the ED on April 19, 2018) requesting that the Notice be withdrawn, and the action proposed therein be dropped. An adjudication order dated July 27, 2018 (the "**ED Order**") was passed by the ED, holding our Company guilty of the aforesaid charges as alleged in the Notice and imposing a penalty of ₹ 7.50 crore on our Company and ₹ 0.50 crore each on the two erstwhile directors. Our Company filed an appeal before the Appellate Tribunal for Foreign Exchange, New Delhi challenging the order dated July 27, 2018 (the "**Appeal**") further our Company filed an application dated September 6, 2018 seeking permission to dispense with the requirement of the pre-deposit of the amount of penalty as directed to be paid by the ED Order. The matter is currently pending.

Material civil proceedings involving our Company

1. Boushun Technology Co. Ltd. ("**Claimant**") had initiated arbitration, Arb. No. 042 of 2016 on February 16, 2016 against our Company ("**Respondent**") before a panel appointed by the Singapore International Arbitration Centre ("**SIAC**") on account of disputes and differences arising with respect to the supply and purchase agreement entered between the parties for purchasing coal based oil by our Company from the Claimant. The arbitration panel vide its award dated September 20, 2017 has awarded an amount of around ₹ 36.46 crore in favor of the Claimant. The Claimant has filed EC No. 213 of 2018 before the High Court at Kolkata for enforcement of the award. The matter is currently pending.

Litigation involving our Subsidiaries

There are no civil cases involving our Subsidiaries where the amount the Materiality Threshold or the outcome of which could have a material adverse outcome on the position, business or operations of our Company. Further, there are no criminal cases involving our Subsidiaries. There are no litigation or legal action pending or taken against our Subsidiaries by any Ministry or Department of the Government or any statutory authority.

Tax proceedings

We have set out below claims relating to direct and indirect taxes involving our Company and its Subsidiaries in a consolidated manner giving details of number of cases and total amount involved in such claims (Net of Provision):

Nature of case	Number of cases	Amount involved (Net of Provision) (in ₹ crore)
Company		
Direct Tax	4	3.52
Indirect Tax	13	13.25
Subsidiaries		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL

OUR STATUTORY AUDITORS

S. R. Batliboi & Co. LLP, Chartered Accountants are our Statutory Auditors.

S. R. Batliboi & Co. LLP, Chartered Accountants have audited the Audited Consolidated Financial Statements which are included in this Placement Document in "*Financial Statements*" on page 222.

S. R. Batliboi & Co. LLP, Chartered Accountants, have performed a review of the Unaudited Condensed Interim Consolidated Financial Statements as at and for the three months ended June 30, 2021 in accordance with the Standard on Review Engagements (SRE) 2410 and have issued a review report dated September 30, 2021 on the Unaudited Condensed Interim Consolidated Financial Statements, which is included in this Placement Document in "*Financial Statements*" on page 222.

GENERAL INFORMATION

1. Our Company was incorporated pursuant to a Certificate of Incorporation issued by the ROC on March 31, 1960. Our Company obtained a Certificate of Commencement of Business dated April 19, 1960 from the RoC.

2. The Registered Office of our Company is situated at 31 Netaji Subhas Road, Kolkata – 700 001. The Corporate Office of our Company is situated at RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700027.

3. The CIN of our Company is L23109WB1960PLC024602.

4. The Board of Directors has authorized the Issue in their meeting held on August 27, 2021 and it has been approved by our shareholders through Extra-ordinary General Meeting through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") facility on September 24, 2021.

5. The Equity Shares are listed on BSE and NSE.

6. The website of our Company is www.pcblltd.com

7. The authorized share capital of our Company as of the date of this Placement Document is ₹ 62,00,00,000, divided into 31,00,00,000 Equity Shares of ₹ 2 each. Our issued, subscribed and paid up equity share capital as of the date of this Placement Document is ₹ 34,46,75,720 divided into 17,23,37,860 Equity Shares of ₹ 2 each

8. Our Company has received in-principle approvals under Regulation 28(1) of the Listing Regulations from BSE and NSE on September 30, 2021. We will apply for final listing and trading approvals of the Equity Shares on BSE and NSE.

9. For the main objects of our Company, please refer to Memorandum of Association. Copies of Memorandum and Articles of Association will be available for inspection between 11:00 am to 1:00 pm on all working days, except Saturdays during the Bid/Issue Period at the Registered Office.

10. Our Company has obtained necessary consents, approvals and authorizations, wherever applicable, in connection with the Issue.

11. Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 215.

12. There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

13. Except as disclosed in this Placement Document, there has been no material change in the financial or trading position of our Company since the date of the Unaudited Condensed Interim Consolidated Financial Statements, which has been included in this Placement Document.

14. Our Company confirms that it is in compliance with the requirement of minimum public shareholding requirements as required in terms of the SEBI Listing Regulations, SCRA and SCRR.

15. The Floor Price for the Equity Shares under the Issue is ₹ 255.85 per Equity Share which has been calculated in accordance with Regulation 176 of the SEBI ICDR Regulations. Our Company has offered a discount of Rs. 11.85 on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations .

16. Our Company and the BRLMs accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

17. Kaushik Mukherjee is the Company Secretary and Compliance Officer of our Company. His details are as follows:

    Kaushik Mukherjee
    Company Secretary and Chief Legal Officer
    31 Netaji Subhas Road
    Kolkata 700 001
    Tel: +91 33 6625 1443,
    Fax: +91 33 2230-6844/2243-6681
    Email: kaushik.mukherjee@rpsg.in

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by the Company, in consultation with the BRLMs, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital (assuming that the Equity Shares are Allotted to them pursuant to this Issue) that may be held by them in our Company is set forth below.

No.	Name of the proposed Allottee	Percentage of post-Issue paid-up Equity Share capital*
1.	GOVERNMENT PENSION FUND GLOBAL	1.64%
2.	KUBER INDIA FUND	1.09%
3.	HDFC TRUSTEE COMPANY LIMITED A/C HDFC BALANCED ADVANTAGE FUND	1.09%
4.	PGIM INDIA TRUSTEE PRIVATE LIMITED A/C PGIM INDIA FLEXI CAP FUND	0.69%
5.	PGIM INDIA TRUSTEE PRIVATE LIMITED A/C PGIM INDIA LARGE CAP FUND	0.11%
6.	PGIM INDIA TRUSTEE PRIVATE LIMITED A/C PGIM INDIA HYBRID EQUITY FUND	0.05%
7.	PGIM INDIA TRUSTEE PRIVATE LIMITED A/C PGIM INDIA EQUITY SAVINGS FUND	0.01%
8.	MAX LIFE INSURANCE COMPANY LIMITED A/C ULIF00225/06/04LIFEBALANC104 - BALANCED FUND	0.22%
9.	MAX LIFE INSURANCE COMPANY LIMITED A/C ULIF01311/02/08LIFEHIGHGR104 - HIGH GROWTH FUND	0.20%
10.	MAX LIFE INSURANCE CO LTD A/C DIVERSIFIED EQUITY FUND (ULIF02201/01/20LIFEDIVEQF104)	0.11%
11.	MAX LIFE INSURANCE COMPANY LIMITED A/C ULIF01213/08/07PENSGRWSUP104 - PENSION GROWTH SUPER FUND	0.10%
12.	MAX LIFE INSURANCE CO LTD PENSION MAXIMISER FUND (ULIF01715/02/13PENSMAXIMI104)	0.11%
13.	MAX LIFE INSURANCE CO LTD PENSION PRESERVER FUND (ULIF01815/02/13PENSPRESER104)	0.02%
14.	MAX LIFE INSURANCE COMPANY LIMITED A/C ULIF00625/11/05PENSBALANC104 - PENSION BALANCED FUND	0.01%
15.	FIDELITY ASIAN VALUES PLC	0.18%
16.	FIDELITY FUNDS - ASIAN SMALLER COMPANIES POOL	0.41%
17.	SOCIETE GENERALE – ODI	1.95%
18.	INTEGRATED CORE STRATEGIES ASIA PTE.LTD.	0.30%
19.	BNP PARIBAS ARBITRAGE	0.20%
20.	SOCIETE GENERALE	0.20%
	Total	**8.69** %

**Based on beneficiary position as on September 24, 2021. The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies and FPIs (investing through different sub-accounts having common PAN across such sub-accounts) wherein their respective DP ID and Client ID has been considered.*

Note: Subject to allotment in the Issue

FINANCIAL STATEMENTS

S.R. BATLIBOI & CO. LLP
Chartered Accountants

22, Camac Street
3rd Floor, Block 'B'
Kolkata – 700 016, India

Tel: +91 33 6134 4000

Review Report

Review Report to
The Board of Directors
Phillips Carbon Black Limited

We have reviewed the accompanying Special Purpose Interim Condensed Consolidated Financial Statements of **Phillips Carbon Black Limited** (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the special purpose interim condensed consolidated Balance Sheet as at June 30, 2021, and the related special purpose interim condensed consolidated Statement of Profit and Loss (including the condensed statement of other comprehensive income), special purpose interim condensed consolidated Statement of Changes in Equity and special purpose interim condensed consolidated Statement of Cash Flows for the three months ended June 30, 2021, and a condensed summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Interim Condensed Consolidated Financial Statements").

Management's Responsibility for the Financial Statements

This Special Purpose Interim Condensed Consolidated Financial Statements, which is the responsibility of the Holding Company's management and have been approved by the Fund Raising Committee of the Board of Directors of the Holding Company, has been prepared in accordance with the principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. These Special Purpose Interim Condensed Consolidated Financial Statements have been prepared solely in connection with the proposed offering of equity shares by the Company in a Qualified Institutions Placement in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"). Our responsibility is to express a conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Special Purpose Interim Condensed Consolidated Financial Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Interim Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with the principles of Ind AS-34 prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Other matters

1. The Special Purpose Interim Condensed Consolidated Financial Statements includes the unaudited interim financial statements and other financial information in respect of two subsidiaries, ,whose unaudited interim financial statements reflect total assets of Rs 74.59 crore as at June 30, 2021, total revenues of Rs Nil and net cash inflows of Rs 0.15 crore for the three months ended June 30, 2021 as considered in the Special Purpose Interim Condensed Consolidated Financial Statements, which have been reviewed by their respective independent auditors.

S.R. Batliboi & Co. LLP, a Limited Liability Partnership with LLP Identity No. AAB-4294

S R Batliboi & Co. LLP
Kolkata

The independent auditor's report on interim financial statements/ financial information of these entities have been furnished to us by the Company's management and our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors.

2. The Special Purpose Interim Condensed Consolidated Financial Statements includes the unaudited interim financial statements and other financial information in respect of one subsidiary, whose unaudited interim financial statements reflect total assets of Rs 30.81 crore as at June 30, 2021, total revenues of Rs Nil and net cash inflows of Rs Nil for the three months ended June 30, 2021 as considered in the Special Purpose Interim Condensed Consolidated Financial Statements, which has not been reviewed by any auditor and has been approved and furnished to us by the Company's management and our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements, in so far its relates to the affairs of this subsidiary is based solely on such unaudited financial statements and other financial information. According to the information and explanations given to us by the Company's management, this interim financial statements/ information is not material to the Group.

   Our conclusion on the Special Purpose Interim Condensed Consolidated Financial Statements 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 information certified by the Company's management.

3. We have not audited or reviewed the comparative financial information for the corresponding previous three months ended June 30, 2020 appearing in the Special Purpose Interim Condensed Consolidated Financial Statements , which are solely based on management certified accounts of the Group.

4. These Special Purpose Interim Condensed Consolidated Financial Statements have been prepared for the purpose of the proposed offering of equity shares by the Company in a Qualified Institutions Placement as referred in Note 2(ii) of the accompanying Special Purpose Interim Condensed Consolidated Financial Statements. We do not accept or assume responsibility for any other purpose except as expressly agreed by our prior consent in writing.

5. The Group had prepared separate Statement of Unaudited Consolidated Financial Results (the "Consolidated Financial Results") for the quarter ended June 30, 2021, in accordance with the principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting", on which we had issued a separate auditor's review report dated July 26, 2021. These Unaudited Consolidated Financial Results were prepared for submission by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Kamal Agarwal
Partner
Membership No.: 058652

S R Batliboi & Co LLP
Kolkata

UDIN: 21058652AAAADQ9087

Place: Kolkata
Date: September 30, 2021

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	As at 30 June, 2021 (Unaudited)	As at 31 March, 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,688.99	1,631.00
Capital work-in-progress		218.07	266.76
Investment property		4.48	4.48
Intangible assets		0.58	0.65
Right of use assets		103.19	106.29
Financial assets			
(i) Investments	4	234.59	196.27
(ii) Loans		1.07	1.23
(iii) Other financial assets		27.53	27.43
Non current tax assets (Net)		-	5.16
Other non-current assets		24.13	17.40
Total Non-current assets		**2,302.63**	**2,256.67**
Current assets			
Inventories		435.01	444.84
Financial assets			
(i) Investments	4	160.05	-
(ii) Trade receivables		851.08	707.53
(iii) Cash and cash equivalents	5	116.36	152.22
(iv) Other bank balances	6	138.63	112.16
(v) Loans		0.47	0.56
(vi) Other financial assets		21.71	19.40
Other current assets		57.22	32.67
Total Current assets		**1,780.53**	**1,469.38**
TOTAL ASSETS		**4,083.16**	**3,726.05**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital		34.47	34.47
Other equity		2,039.89	1,901.00
Equity attributable to Equity Holders of the Parent		**2,074.36**	**1,935.47**
Non-Controlling Interest		7.78	7.53
TOTAL EQUITY		**2,082.14**	**1,943.00**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	7	281.43	304.74
(ii) Lease Liabilities		92.65	98.62
Provisions		0.86	0.86
Deferred tax liabilities (Net)		274.81	271.42
Total Non-current liabilities		**649.75**	**675.64**
Current liabilities			
Financial Liabilities			
(i) Borrowings	7	578.16	302.05
(ii) Lease Liabilities		21.70	18.44
(iii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises		13.45	13.26
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		569.84	578.37
(iv) Other financial liabilities		69.09	84.03
Provisions		81.38	84.39
Current tax liabilities (Net)		2.01	0.06
Other current liabilities		15.64	26.81
Total Current liabilities		**1,351.27**	**1,107.41**
TOTAL LIABILITIES		**2,001.02**	**1,783.05**
TOTAL EQUITY AND LIABILITIES		**4,083.16**	**3,726.05**

The accompanying notes are an integral part of the special purpose interim condensed consolidated financial statements.
As per 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

S.R Batliboi & Co. LLP Kolkata

Kaushik Roy
Managing Director
(DIN: 06513489)

Rusha Mitra
Director
(DIN: 08402204)

Kolkata
Date: September 30, 2021

Kaushik Mukherjee
Company Secretary

PHILLIPS CARBON BLACK LTD. KOLKATA

Raj Kumar Gupta
Chief Financial Officer

(All amounts in ₹ Crores, unless otherwise stated)

	Notes	Period ended 30 June, 2021 (Unaudited)	Period ended 30 June, 2020 (Unaudited) Refer note 2(ii)
Revenue from operations	8	1,003.85	359.53
Other income		3.78	2.88
Total Income		**1,007.63**	**362.41**
Expenses			
Cost of materials consumed		679.28	238.42
Changes in inventories of finished goods		(7.35)	(3.52)
Employee benefits expense		36.06	31.14
Finance costs		7.61	11.37
Depreciation and amortisation expense		29.19	27.07
Other expenses		132.27	55.02
Total Expenses		**877.06**	**359.50**
Profit before tax		**130.57**	**2.91**
Income-tax expense			
Current tax (Net of utilisation of minimum alternate tax credit)		27.16	0.46
Deferred tax		(1.06)	(0.09)
Total tax expense		**26.10**	**0.37**
Profit for the period		**104.47**	**2.54**
Other Comprehensive Income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign exchange		1.03	0.87
Items that will not to be reclassified to profit or loss, net of taxes			
Re-measurement loss on post-employment defined benefit-plans (net of tax)		(0.10)	(0.45)
Net gain/(loss) on FVTOCI equity instruments (net of tax)		33.74	34.68
Other Comprehensive Income for the period, net of tax		**34.67**	**35.10**
Total Comprehensive Income for the period, net of tax		**139.14**	**37.64**
Profit for the period Attributable to: -			
Owners of the Equity		**104.39**	**2.49**
Non-Controlling Interest		**0.08**	**0.05**
Other Comprehensive Income for the period Attributable to: -			
Owners of the Equity		**34.50**	**34.97**
Non-Controlling Interest		**0.17**	**0.13**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO: -			
Owners of the Equity		**138.89**	**37.46**
Non-Controlling Interest		**0.25**	**0.18**
Earning per equity share :	11		
[Nominal Value per share - Rs. 2/- (Previous period - Rs.2/-)]			
Basic (Rs.)		**6.06**	**0.15**
Diluted (Rs.)		**6.06**	**0.15**

The accompanying notes are an integral part of the special purpose interim condensed consolidated financial statements.
As per 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: September 30, 2021

S R Batliboi & Co. LLP Kolkata

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Rusha Mitra
Director
(DIN: 08402204)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

PHILLIPS CARBON BLACK LTD. KOLKATA

PHILLIPS CARBON BLACK LIMITED

Special Purpose Interim Condensed Consolidated Statement of Cash Flows for the three months ended 30 June, 2021

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Period Ended 30 June, 2021 (Unaudited)		Period Ended 30 June, 2020 (Unaudited) refer note 2(ii)	
A. Cash Flow from Operating Activities				
Profit before Tax		130.57		2.91
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expenses	29.19		27.07	
Finance costs	7.61		11.37	
Allowance for doubtful debts / expected credit losses - trade receivables	-		0.83	
Interest income from certain financial assets	(2.16)		(1.31)	
Exchange differences on translation of foreign subsidiaries	1.03		0.87	
(Gain) / Loss on sale/fair valuation of investments carried at FVTPL	(0.24)		(1.41)	
(Profit)/Loss on disposal/discard of property, plant and equipment **	0.38		0.00	
Provisions for claims and litigations written back (net)	(4.14)		-	
Unrealised Foreign exchange differences (net)	(1.25)		11.94	
		30.42		49.36
Operating profit before changes in operating assets and liabilities		160.99		52.27
Working capital adjustments				
(Increase)/Decrease in inventories	9.83		(115.96)	
(Increase)/Decrease in trade receivables	(140.55)		207.79	
(Increase)/Decrease in other financial and non-financial assets	(24.03)		27.47	
Increase/(Decrease) in trade payables	(7.36)		(36.50)	
Increase/(Decrease) in other financial and non-financial liabilities	(15.81)		(0.58)	
		(177.92)		82.22
Cash generated from operations		(16.93)		134.49
Income taxes paid (net of refunds)		(20.00)		2.07
NET CASH FLOWS (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(36.93)		136.56
B. Cash Flow from Investing Activities				
Purchase of property, plant and equipment	(44.86)		(2.77)	
Proceeds from disposal of property, plant and equipment **	0.00		(0.00)	
Purchase of current investments	(519.97)		(620.50)	
Proceeds from sale/redemption of current investments	360.16		410.00	
Fixed deposits placed with banks	(27.51)		-	
Interest received	0.27		0.32	
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(231.91)		(212.95)
C. Cash Flow from Financing Activities				
Proceeds from non-current borrowings	70.00		-	
Repayment of non-current borrowings	(86.33)		(34.00)	
Payment of lease liabilities, including interest thereon	(7.22)		(7.16)	
Increase /(decrease) in cash credit facilities from banks	74.92		(64.78)	
Proceeds from current borrowings	368.48		326.86	
Repayment of current borrowings	(177.00)		(175.00)	
Finance cost paid	(9.87)		(11.61)	
NET CASH FLOWS FROM FINANCING ACTIVITIES		232.98		34.31
Net decrease in Cash and Cash Equivalents		(35.86)		(42.08)
Opening Cash and Cash Equivalents		152.22		149.42
Closing Cash and Cash Equivalents		116.36		107.34

Changes in liabilities arising from financing activities

Particulars	1 April, 2021	Cash Flows	Others	30 June, 2021
Current borrowings (excluding Current maturities of long term debt)	256.92	266.40	2.21	525.53
Lease Liability	117.06	(7.22)	4.51	114.35
Non-current borrowings (including Current Maturities)	349.87	(16.33)	0.52	334.06
Total liabilities from financing activities	**723.85**	**242.85**	**7.24**	**973.94**

Particulars	1 April, 2020	Cash Flows	Other	30 June, 2020
Current borrowings (excluding Current maturities of long term debt)	329.67	87.08	4.83	421.58
Lease Liability	132.94	(7.16)	2.69	128.47
Non-current borrowings (including Current Maturities)	287.30	(34.00)	(2.19)	251.11
Total liabilities from financing activities	**749.91**	**45.92**	**5.33**	**801.16**

** Amount is below the rounding off norm adopted by the Company.

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.

As per 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: September 30, 2021

S R Batliboi & Co. LLP Kolkata

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Rusha Mitra
Director
(DIN: 08402204)

Kaushik Mukherjee
Company Secretary

PHILLIPS CARBON BLACK LTD. KOLKATA

Raj Kumar Gupta
Chief Financial Officer

PHILLIPS CARBON BLACK LIMITED

Special Purpose Interim condensed Consolidated Statement of Changes in Equity for the three months ended 30 June, 2021

(All amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

Particulars	As at 30 June, 2021		As at 30 June, 2020	
	No of shares	Amount	No of shares	Amount
Equity shares of Rs 2/- (31 March, 2021 Rs. 2/-) each issued, subscribed and paid up:				
Opening balance	17,23,37,860	34.47	17,23,37,860	34.47
Closing balance	17,23,37,860	34.47	17,23,37,860	34.47

B. Other equity

Particulars	Reserves and Surplus					Other reserves		Non-Controlling Interest	Total other equity
	Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other Items of Comprehensive Income - FCTR		
As at 1 April, 2021	1.53	224.12	73.38	0.60	1,478.65	120.60	2.12	7.53	1,908.53
Profit for the period	-	-	-	-	104.39	-	-	0.08	104.47
Other comprehensive income for the period (net of tax)	-	-	-	-	(0.10)	33.74	0.86	0.17	34.67
As at 30 June, 2021	1.53	224.12	73.38	0.60	1,582.94	154.34	2.98	7.78	2,047.67

Particulars	Reserves and Surplus					Other reserves		Non-Controlling Interest	Total other equity
	Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other Items of Comprehensive Income - FCTR		
As at 1 April, 2020	1.53	224.12	73.38	0.60	1,285.90	76.50	2.62	7.27	1,671.92
Profit for the period	-	-	-	-	2.49	-	-	0.05	2.54
Other comprehensive income for the period (net of tax)	-	-	-	-	(0.45)	34.68	0.74	0.13	35.10
As at 30 June, 2020	1.53	224.12	73.38	0.60	1,287.94	111.18	3.36	7.45	1,709.66

The accompanying notes are an integral part of the special purpose interim condensed consolidated financial statements.
As per 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: September 30, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Rusha Mitra
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(DIN: 08402204)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

S R Batliboi & Co. LLP Kolkata

PHILLIPS CARBON BLACK LTD. KOLKATA

Phillips Carbon Black Limited
Notes to the Special Purpose Interim Condensed Consolidated Financial statements as at and for the three months ended June 30, 2021

1. Corporate Information

The Special Purpose Interim Condensed Consolidated Financial Statements comprise financial statements of Phillips Carbon Black Limited (the "Company") and its subsidiaries (collectively, the "Group") for the three months period ended 30 June 2021. 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 13. 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.

2. Basis of Preparation and Other Significant Accounting Policies

i. Compliance with Ind AS

The Special Purpose Interim Condensed Consolidated Financial Statements of the Group have been prepared in accordance with the principles laid down in Indian Accounting Standards (Ind AS) 34, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India. The consolidated financial statements are presented in Indian Rupee (Rs), which is the Company's functional and the Group's presentation currency. The accounting policies adopted in the preparation of these financial statements are consistent with those followed in preparation of the audited annual financial statements as at and for the year ended March 31, 2021.
The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013 and the amendments are effective from April 1, 2021. These amendments require certain regroupings in the Schedule III format of Balance Sheet. The Group has given effect of such regroupings in its financial statements including figures for the corresponding previous period wherein:

a) Current maturities of long term debt has been regrouped from "Other financial liabilities" in the Audited Financial Statements to "Current Borrowings" in the Special Purpose Interim Condensed Consolidated Financial Statements.
b) Lease Liabilities are presented separately as "Lease Liabilities" in the Special Purpose Interim Condensed Consolidated Financial Statements and not grouped under "Other financial liabilities" as presented in the Audited Financial Statements.
c) Security Deposits has been regrouped from "Loans" in the Audited Financial Statements to "Other financial assets" in the Special Purpose Interim Condensed Consolidated Financial Statements.

ii. Purpose of the Special Purpose Interim Condensed Consolidated Financial Statements

These Special Purpose Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's latest audited annual Ind AS financial statements. These Special Purpose Interim Condensed Consolidated Financial Statements have been prepared solely in connection with the proposed offering of equity shares of face value of Rs 2 each by the Company in a Qualified Institutions Placement in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations"), as amended. The comparative financial informations for the corresponding previous three months ended June 30, 2020 appearing in the Special Purpose Interim Condensed Consolidated Financial Statements is based solely on management certified accounts of the Group.

These Special Purpose Interim Condensed Consolidated Financial Statements for the three months period ended 30 June 2021 of the Group were approved in accordance with the resolution passed by the Fund Raising Committee of Board of Directors of the Company on September 30, 2021.

iii. Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except the following, which are measured at fair values :-
i) certain financial assets and liabilities (including derivative instruments).
ii) Plan assets of defined benefit employee benefit plans

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S R Batliboi & Co. LLP Kolkata

iv. Principles of Consolidation

a. 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.

b. 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.

c. The subsidiary companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of ownership interest as on 30 June 2021	% of ownership interest as on 31 March, 2021	% of ownership interest as on 30 June, 2020
Phillips Carbon Black Cyprus Holdings Limited	Cyprus	100	100	100
Phillips Carbon Black Vietnam Joint Stock Company	Vietnam	80	80	80
PCBL (TN) Limited	India	100	100 Refer Note (i) below	Refer Note (i) below

Note

i. PCBL (TN) Limited, a wholly owned subsidiary of Phillips Carbon Black Limited, has been incorporated with effect from 29 September, 2020. The Special Purpose Interim Condensed Consolidated Financial Statements for the three months period ended 30 June, 2021 includes the Financial Statements of PCBL (TN) Limited and hence are not comparable with the corresponding previous period.

v. New and amended standards

Amendments and interpretations as outlined below apply for the three months period ended 30 June 2021, but do not have an impact on the Special Purpose Interim Condensed Consolidated Financial Statements.

a. Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116
b. Conceptual framework for financial reporting under Ind AS issued by ICAI
c. Ind AS 116: COVID-19 related rent concessions
d. Ind AS 103: Business combination
e. Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

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3. 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 Group 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.

(All amounts in ₹ Crores, unless otherwise stated)

Note 3 : (contd..) Property, Plant and Equipment

	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
Period ended 30 June, 2021											
Gross carrying amount											
Opening balance as at 1 April ,2021	202.06	429.70	82.17	103.18	1,167.25	7.71	9.79	0.18	37.36	0.01	2,039.41
Additions during the period	-	-	4.86	0.17	69.30	-	0.30	-	7.70	-	82.33
Disposal during the period	-	-	-	-	(2.00)	-	(0.01)	-	(0.00)	-	(2.01)
Closing Gross carrying amount	**202.06**	**429.70**	**87.03**	**103.35**	**1,234.55**	**7.71**	**10.08**	**0.18**	**45.06**	**0.01**	**2,119.73**
Accumulated Depreciation											
Opening balance as at 1 April, 2021	-	-	20.03	9.73	357.83	2.52	6.86	0.18	11.25	0.01	408.41
Depreciation during the period	-	-	0.93	0.75	20.82	0.34	0.41	-	0.69	-	23.94
Adjustment of depreciation on disposal	-	-	-	-	(1.60)	-	(0.01)	-	(0.00)	-	(1.61)
Closing Accumulated Depreciation	**-**	**-**	**20.96**	**10.48**	**377.05**	**2.86**	**7.26**	**0.18**	**11.94**	**0.01**	**430.74**
Net carrying amount as at 30 June, 2021	**202.06**	**429.70**	**66.07**	**92.87**	**857.50**	**4.85**	**2.82**	**-**	**33.12**	**-**	**1,688.99**
Year ended 31 March, 2021											
Gross carrying amount											
Opening balance as at 1 April, 2020	202.06	429.20	77.18	91.47	990.87	7.05	7.36	0.18	24.02	0.01	1,829.40
Additions during the year	-	0.50	4.99	11.71	176.38	0.69	2.60	-	13.34	-	210.21
Disposal during the year	-	-	-	-	-	(0.03)	(0.17)	-	-	-	(0.20)
Closing Gross carrying amount	**202.06**	**429.70**	**82.17**	**103.18**	**1,167.25**	**7.71**	**9.79**	**0.18**	**37.36**	**0.01**	**2,039.41**
Accumulated Depreciation											
Opening balance as at 1 April, 2020	-	-	16.04	7.02	280.50	1.24	5.64	0.17	9.33	0.01	319.95
Depreciation during the year	-	-	3.99	2.71	77.33	1.30	1.39	0.01	1.92	-	88.65
Adjustment of depreciation on disposal	-	-	-	-	-	(0.02)	(0.17)	-	-	-	(0.19)
Closing Accumulated Depreciation	**-**	**-**	**20.03**	**9.73**	**357.83**	**2.52**	**6.86**	**0.18**	**11.25**	**0.01**	**408.41**
Net carrying amount as at 31 March, 2021	**202.06**	**429.70**	**62.14**	**93.45**	**809.42**	**5.19**	**2.93**	**-**	**26.11**	**-**	**1,631.00**

(i) Cost and accumulated depreciation includes Rs.47.86 Crores (31 March, 2021 - Rs. 47.86 Crores) and Rs.11.66 Crores (31 March, 2021 - Rs. 11.21 Crores), respectively in respect of Buildings on Leasehold Land.

(ii) The Group has borrowings from banks, which carry security charge over certain movable properties of the Company.[Refer note (7) for details.]

(iii) Gross carrying amount on leasehold land is against 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.

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S R Batliboi & Co. LLP Kolkata

(All amounts in ₹ Crores, unless otherwise stated)

	As at 30 June, 2021	As at 31 March, 2021

Note 4 : INVESTMENTS

Accounting Policy

1 Investment

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 an 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 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 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 30 June, 2021	As at 31 March, 2021
Non-Current		
Investments in Equity Instruments (fully paid-up) - Others		
Quoted		
Bank of Baroda 35,930 (31 March, 2021: 35,930) equity shares of Rs. 2/- each **	0.31	0.27
Indian Overseas Bank 11,400 (31 March, 2021: 11,400) equity shares of Rs. 10/- each **	0.03	0.02
Norplex Oak India Limited 380,000 (31 March, 2021: 380,000) equity shares of Rs 10/- each ^	-	-
Maple Circuits Limited 765,000 (31 March, 2021: 765,000) equity shares of Rs. 10/- each ^	-	-
CESC Limited 1,686,198 (31 March, 2021: 1,686,198) equity shares of Rs. 10/- each **	129.82	100.08
RPSG Ventures Limited (Erstwhile: CESC Ventures Limited) 337,239 (31 March, 2021: 337,239) equity shares of Rs. 10/- each **	18.97	11.37
Spencers Retail Limited 1,146,613 (31 March, 2021: 1,146,613) equity shares of Rs. 5/- each **	8.88	8.10
Total (A)	158.01	119.84
Unquoted		
Apeejay Charter Private Limited 1,600 (31 March, 2021: 1,600) equity shares of Rs 10/- each **	0.04	0.04
RPSG Resources Private Limited (Erstwhile: Accurate Commodeal Pvt. Limited) 390,000 (31 March, 2021: 390,000) equity shares of Rs.10/- each **	8.72	8.72
Woodlands Multispeciality Hospital Limited 145,480 (31 March, 2021: 145,480) equity shares of Rs.10/- each **	7.74	7.74
Ritushree Vanijya Private Limited 1,900 (31 March, 2021: 1,900) equity Shares of Rs.10/- each **	14.36	14.36
Solty Commercial Private Limited 1,900 (31 March, 2021: 1,900) equity Shares of Rs.10/- each **	14.36	14.36
Spotboy Tracom Private Limited 330,875 (31 March, 2021: 330,875) equity shares of Rs.10/- each **	22.15	22.15
RPG Industries (P) Ltd. 402,000 (31 March, 2021: 402,000) equity shares of Rs.10/- each **	1.34	1.34
Total (B)	68.71	68.71
Investments in Preference Shares (fully paid-up) - Others		
Unquoted		
Devise Properties Private Ltd. 1,050,000 (31 March, 2021: 1,050,000) 0% Convertible Preference Shares of Rs. 100/- each at par #	7.87	7.72
Norplex Oak India Limited 50 (31 March, 2021: 50) preference shares of Rs 100/- each ^	-	-
Maple Circuits Limited 50 (31 March, 2021: 50) preference shares of Rs 100/- each ^	-	-
Total (C)	7.87	7.72
(D)=(A)+(B)+(C)	234.59	196.27

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S R Batliboi & Co. LLP Kolkata

(All amounts in ₹ Crores, unless otherwise stated)

		As at 30 June, 2021	As at 31 March, 2021
	Current		
	Investments in Mutual Funds #		
	Unquoted		
	ICICI Prudential Overnight Fund Direct Plan Growth 14,309,308.436 Units (31 March, 2021: Nil) of face value Rs 100/- each	160.05	-
		160.05	-
1	Additional Information		
	(a) Aggregate amount - market value of quoted investments	158.01	119.84
	(b) Aggregate amount of unquoted investments	236.63	76.43

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

2 These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Group 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 Group transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.

Note 5: 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 30 June, 2021	As at 31 March, 2021
Balances with banks	108.84	118.24
Deposits with original maturity of less than three months	7.44	33.76
Remittances in transit	-	0.17
Cash on Hand	0.08	0.05
	116.36	152.22

Note 6: OTHER BANK BALANCES

	As at 30 June, 2021	As at 31 March, 2021
Balances with Banks		
- Deposits with original maturity of more than three months but less than twelve months#	134.75	107.24
- In Unpaid Dividend Accounts *	3.88	4.92
	138.63	112.16

* Earmarked for payment of Unclaimed Dividends

These Deposits are callable deposit at any point of time at various rates of interest applicable as per actual period of withdrawal.

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S R Batliboi & Co. LLP Kolkata

(All amounts in ₹ Crores, unless otherwise stated)

	As at 30 June, 2021	As at 31 March, 2021

Note 7: 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 30 June, 2021	As at 31 March, 2021
SECURED LOANS		
Term loans from Banks	334.06	349.87
Less: Current maturities of long term debt [Refer (ii) below]	(52.63)	(45.13)
	281.43	304.74

Out of the Term Loans in (i) above, loans amounting to :

a) Rs. 334.06 Crores (31 March 2021 - Rs. 295.48 Crores) 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.

b) Rs.Nil (31 March 2021 - Rs.54.39 Crores) is secured with a first charge by way of a hypothecation on the entire fixed assets 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		
Loan with residual maturity of upto 1 and 3 years	58.67	66.00
Loan with residual maturity of upto 3 and 5 years	34.93	54.39
Loan with residual maturity of upto 5 and 10 years	240.46	229.48
	334.06	349.87

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 30 June, 2021	As at 31 March, 2021
SECURED LOANS FROM BANKS		
Loans repayable on demand	74.92	-
Other loans	-	31.92

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.

	As at 30 June, 2021	As at 31 March, 2021
Current maturities of long term debt [Refer Note(i) above]	52.63	45.13
UNSECURED LOANS		
Loans repayable on demand		
- From Banks	255.00	225.00
Other Loan from Bank	195.61	-
	578.16	302.05

PHILLIPS CARBON BLACK LTD. KOLKATA

S R Batliboi & Co. LLP Kolkata

(All amounts in ₹ Crores, unless otherwise stated)

	Period ended 30 June, 2021	Period ended 30 June, 2020

NOTE 8: 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.

	Period ended 30 June, 2021	Period ended 30 June, 2020
Sales of Finished Goods		
Carbon black	981.10	347.14
Sale of Power	16.04	9.46
Other Operating Revenues		
Scrap sales	2.17	0.40
Exports Incentive	4.54	2.53
Total revenue from operations	1,003.85	359.53

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(All amounts in ₹ Crores, unless otherwise stated)

	As at 30 June, 2021	As at 31 March, 2021

NOTE 9: 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.

	As at 30 June, 2021	As at 31 March, 2021
Contingent Liabilities for :		
(a) (i) Claims against the Company not acknowledged as debts :		
Excise duty matters under dispute	4.04	4.04
Sales tax matter under dispute	0.30	0.30
Service tax matters under dispute	6.26	6.26
Value added tax matters under dispute	1.09	1.09
(ii) Other money for which the Company is contingently liable		
Excise duty matters under dispute	1.57	1.57
(b) Outstanding bank guarantees etc.	6.15	6.25
(c) Guarantees or counter guarantees or counter indemnity given by the Company		
On behalf of bodies corporate and others		
- Limit	0.09	0.09
- Outstanding	0.09	0.09

NOTE 10: COMMITMENTS

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

	As at 30 June, 2021	As at 31 March, 2021
Property, plant and equipment (net of capital advances)	21.13	26.08

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Note 11: 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 periods. 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.

	Period ended 30 June, 2021	Period ended 30 June, 2020
Basic and Diluted		
(i) Number of Equity Shares outstanding	17,23,37,860	17,23,37,860
(ii) Face value of each Equity Share (Rs)	2.00	2.00
(iii) Profit after Tax available for Equity Shareholders (Rs in Crores)	104.47	2.54
(iv) Basic and Diluted earnings per Share (Rs) [(iii)/(i)]	6.06	0.15

The Company does not have any dilutive potential equity shares.

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(All amounts in ₹ Crores, unless otherwise stated) otherwise stated)

NOTE 12: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 30 June 2021	As at 31 March, 2021
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 (Refer Note below)	Non Executive Independent Director
vi)	K S B Sanyal (Refer Note below)	Non Executive Independent Director
vii)	Paras K Chowdhary	Non Executive Independent Director
viii)	Pradip Roy	Non Executive Independent Director
ix)	Kusum Dadoo (Resigned with effect from February 4, 2021)	Non Executive Independent Director
x)	Rusha Mitra (Appointed with effect from April 8,2021)	Non Executive Independent Director
xi)	Raj Kumar Gupta	Chief Financial Officer and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020)
xii)	Kaushik Mukherjee	Company Secretary and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020)
xiii)	Utpal Saha	Employee holding Directorship in subsidiary Company
xiv)	Sunil Bhandari	Employee holding Directorship in Holding Company
xv)	Subhranghsu Chakraborty	Person holding Directorship in Holding Company
xvi)	Yugesh Kanoria	Person holding Directorship in Holding Company

Note :
O P Malhotra and K S B Sanyal have retired as Non Executive Independent Director with effect from 30 July 2021 on completion of their term.
R K Agarwal has been appointed as Non Executive Independent Director of the Company with effect from 26 July 2021.

(c) Others with whom transactions have taken place during the period

Name	Relationship
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
RPSG Ventures Limited (Erstwhile: 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
Guiltfree Industries Limited	Company under the control of the Holding Company as per Ind AS-110
RPSG Resources Private Limited (Erstwhile: Accurate Commodeal Pvt. Limited)	Company under the control of the Holding Company as per Ind AS-110
Crescent Power Limited	Company under the control of the Holding Company as per Ind AS-110
Alipore Towers Pvt Ltd	Company under the control of the Holding Company as per Ind AS-110
Woodlands Multispeciality Hospital Limited	Fellow Subsidiary
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrison 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)

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(All amounts in ₹ Crores, unless otherwise stated)

(d) 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 and Holding Company, Subsidiary and Fellow Subsidiaries		Associates of Holding Company		Key Management Personnel of the Company, Holding company and Subsidiary Company		Other Related Parties		Total	
		Period ended 30 June, 2021	Period ended 30 June, 2020	Period ended 30 June, 2021	Period ended 30 June, 2020	Period ended 30 June, 2021	Period ended 30 June, 2020	Period ended 30 June, 2021	Period ended 30 June, 2020	Period ended 30 June, 2021	Period ended 30 June, 2020
A.	Transactions										
1	Accommodation Charges paid	0.03	-	-	-	-	-	-	-	0.03	-
2	Reimbursement of expenses paid	0.06	0.08	-	-	-	-	-	-	0.06	0.08
3	Reimbursement of expenses received	2.65	1.31	-	-	-	-	-	-	2.65	1.31
4	Rent & Flat Maintainance Paid	0.09	0.04	-	-	-	-	-	-	0.09	0.04
5	Purchases of vaccines	0.46	-	-	-	-	-	-	-	0.46	-
6	Power Selling expenses paid	0.52	0.14	-	-	-	-	-	-	0.52	0.14
7	Sale of Power	13.18	7.38	-	-	-	-	-	-	13.18	7.38
8	Advances given	-	-	-	-	-	-	0.03	-	0.03	-
9	Licence Fees	4.00	4.00	-	-	-	-	-	-	4.00	4.00
10	Contributions paid	-	-	-	-	-	-	1.05	1.67	1.05	1.67
11	Remuneration to Key Management Personnel	-	-	-	-	3.21	2.47	-	-	3.21	2.47
12	Post-employment benefits to Key Management Personnel	-	-	-	-	0.12	0.14	-	-	0.12	0.14
13	Other long-term benefit to Key Management Personnel	-	-	-	-	0.03	0.05	-	-	0.03	0.05
14	Director's Sitting Fees	-	-	-	-	0.09	0.10	-	-	0.09	0.10
15	Director's Commission	-	-	-	-	4.09	-	-	-	4.09	-
16	Loan repaid by Key Management Personnel	-	-	-	-	0.02	0.01	-	-	0.02	0.01

		As at 30 June, 2021	As at 31 March, 2021	As at 30 June, 2021	As at 31 March, 2021	As at 30 June, 2021	As at 31 March, 2021	As at 30 June, 2021	As at 31 March, 2021	As at 30 June, 2021	As at 31 March, 2021
B.	Closing Balances										
1	Receivables	47.69	48.25	-	-	0.06	0.08	-	-	47.75	48.33
2	Payables	0.06	0.03	-	-	-	-	-	-	0.06	0.03
3	Investments	174.13	136.01	-	-	-	-	-	-	174.13	136.01

(e) Terms and Conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.

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NOTE 13: 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 period ended:-

Segment Revenue :

Particulars	Period ended 30 June, 2021			Period ended 30 June, 2020		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	981.10	16.04	997.14	347.14	9.46	356.60
Other operating Revenues	6.71	-	6.71	2.93	-	2.93
Total revenue from operations	**987.81**	**16.04**	**1,003.85**	**350.07**	**9.46**	**359.53**
Inter-segment revenue	-	17.63	17.63	-	10.01	10.01
Total segment revenue	**987.81**	**33.67**	**1,021.48**	**350.07**	**19.47**	**369.54**

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 revenues)	Period ended 30 June, 2021	Period ended 30 June, 2020
India	687.74	229.96
Other countries	309.40	126.64
Total	**997.14**	**356.60**

Segment Results :

Particulars	Period ended 30 June, 2021			Period ended 30 June, 2020		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	180.09	17.20	197.29	35.85	8.78	44.63
Reconciliation to Profit before tax						
Finance Cost	-	-	(7.61)	-	-	(11.37)
Interest Income	-	-	2.16	-	-	1.31
Unallocated expenses (Net)	-	-	(61.27)	-	-	(31.66)
Profit before tax	**180.09**	**17.20**	**130.57**	**35.85**	**8.78**	**2.91**

Depreciation/Amortisation and non cash expenses

Particulars	Period ended 30 June, 2021				Period ended 30 June, 2020			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	20.14	6.19	2.86	29.19	20.35	5.88	0.84	27.07
Non cash expense	1.21	-	-	1.21	0.83	-	-	0.83

Segment Assets :

Particulars	As at 30 June, 2021			As at 31 March, 2021		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	2,921.56	332.50	3,254.06	2,766.12	314.61	3,080.73
Reconciliation to total assets						
Investments	-	-	394.64	-	-	196.27
Other unallocable assets	-	-	434.46	-	-	449.05
Total assets as per the balance sheet	**2,921.56**	**332.50**	**4,083.16**	**2,766.12**	**314.61**	**3,726.05**

Particulars	As at 30 June, 2021				As at 31 March, 2021			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	12.97	24.37	0.28	37.62	127.42	16.03	0.96	144.41

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	As at 30 June, 2021	As at 31 March, 2021
India	2,990.10	2,921.99
other countries	263.96	158.74
Total	3,254.06	3,080.73

Segment Liabilities :

Particulars	As at 30 June, 2021			As at 31 March, 2021		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	691.05	28.28	719.33	650.14	28.32	678.46
Reconciliation to total liabilities						
Borrowings	-	-	859.59	-	-	606.79
Current Tax Liabilities (Net)	-	-	2.01	-	-	0.06
Deferred Tax Liabilities	-	-	274.81	-	-	271.42
Other Unallocated liabilities	-	-	145.28	-	-	226.32
Total liabilities as per the balance sheet	**691.05**	**28.28**	**2,001.02**	**650.14**	**28.32**	**1,783.05**

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NOTE 14: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the period / year are as follows:

	As at 30 June, 2021			As at 31 March, 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	226.72	-	-	188.55	-
- Preference Shares	7.87	-	-	7.72	-	-
- Mutual Funds	160.05	-	-	-	-	-
Trade receivables	-	-	851.08	-	-	707.53
Loans	-	-	1.54	-	-	1.79
Cash and cash equivalents	-	-	116.36	-	-	152.22
Other bank balances	-	-	138.63	-	-	112.16
Other Financial Assets	-	-	49.24	-	-	46.83
Total financial assets	**167.92**	**226.72**	**1,156.85**	**7.72**	**188.55**	**1,020.53**
Financial liabilities						
Borrowings	-	-	806.96	-	-	561.66
Current maturities of long term debt	-	-	52.63	-	-	45.13
Derivative financial liabilities	1.93	-	-	0.98	-	-
Trade payables	-	-	583.29	-	-	591.63
Other financial liabilities	-	-	181.51	-	-	200.11
Total financial liabilities	**1.93**	**-**	**1,624.39**	**0.98**	**-**	**1,398.53**

(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:

(a) 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.

(b) In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.

(c) 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.

(d) 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 measures 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 30 June, 2021				As at 31 March, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVPL								
Investments in mutual funds	160.05	-	-	160.05	-	-	-	-
Investments in preference shares	-	-	7.87	7.87	-	-	7.72	7.72
Financial assets at FVOCI								
Investments in equity instruments	158.01	-	68.71	226.72	119.84	-	68.71	188.55
Total financial assets	**318.06**	**-**	**76.58**	**394.64**	**119.84**	**-**	**76.43**	**196.27**
Financial liabilities								
Financial liabilities at FVPL								
Foreign-exchange forward contract	-	1.93	-	1.93	-	0.98	-	0.98
Total financial liabilities	**-**	**1.93**	**-**	**1.93**	**-**	**0.98**	**-**	**0.98**

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.

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 period ended 30 June, 2021 and year ended 31 March, 2021.

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Note 15: The operations of the Group for the three months ended 30 June, 2020 were impacted by disruptions owing to nationwide lockdowns because of COVID-19 pandemic and hence figures for corresponding previous period may not be comparable with the figures for three months ended 30 June, 2021. During the current quarter also, the operations of the Group were slightly impacted due to regional lockdown because of the COVID - 19 pandemic. The Group has made an assessment of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current / non-current assets as of 30 June, 2021 and has concluded that no material adjustments are required in the special purpose interim condensed consolidated financial statements. 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 assessment of recoverability of the Group's assets will be continuously made and provided for as required.

Note 16:The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 17: Figures of the previous period / year has been regrouped/rearranged to confirm current period's presentation

As per 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: September 30, 2021

S R Batliboi & Co. LLP Kolkata

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Rusha Mitra
Director
(DIN: 08402204)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

PHILLIPS CARBON BLACK KOLKATA

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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3rd Floor, Block 'B'
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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") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, 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, 2021, 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.

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, 2021. 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.

S.R. Batliboi & Co. LLP Kolkata

S.R. Batliboi & Co. LLP, a Limited Liability Partnership with LLP Identity No. AAB-4294
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

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. 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 and judgement. 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.	Our audit procedures included the following: ▸ 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. ▸ We obtained direct balance confirmations from customers on a sample basis as at the year-end. Performed alternate audit procedures where such confirmations could not be obtained. ▸ We have performed procedures on the Company's key components, analysed the revenues, cost of sales and discounts / incentives in comparison with historical data. ▸ We have analysed 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 tested sample of sales transactions at the year-end to determine the timing of recognition of such sales. ▸ We also obtained necessary representation from the management in regard to the timing of revenue recognition.

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Key audit matters	How our audit addressed the key audit matter
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, legal 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 and disclosure of contingencies in the financial statements. This area is significant to our audit, since the completeness and accuracy of accounting and disclosures for contingencies is dependent on such management judgement and assumptions.	Our audit procedures included the following: ▸ We evaluated and tested the Company's processes and controls for monitoring of 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 independent legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of such litigations and checked 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 Group'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. ▸ We also obtained necessary representation from the management in regard to the provisioning and disclosures in respect of the claims and Litigations.
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 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	Our audit procedures included the following: ▸ We obtained the last audited financial statements for the year ended March 31, 2020, and the unaudited management certified financial statements / trial balance for the year ended March 31, 2021, 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.

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Key audit matters	How our audit addressed the key audit matter
statements, was determined to be a key audit matter in our audit.	▸ 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, 2021 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, 2021 with the fair valuation as on March 31, 2020 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation. ▸ Further, we obtained Independence confirmation from the concerned valuers and assessed their competence. ▸ We also obtained suitable management representation as regards the fair valuation of these investments.

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.

S.R. Batliboi & Co. LLP
Kolkata

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding 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.

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- 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, 2021 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.

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Other Matter

We did not audit the financial statements and other financial information, in respect of 3 subsidiaries, whose financial statements include total assets of Rs 101.41 crores as at March 31, 2021, and total revenues of Rs Nil and net cash outflows of Rs 3.27 crores for the year ended on that date. These 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, 2021 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 company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

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f. With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Company and its subsidiary company, and incorporated in India, refer to our separate Report in "Annexure" to this report;

g. In our opinion the managerial remuneration for the year ended March 31, 2021 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 and its subsidiaries, incorporated in India during the year ended March 31, 2021.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership Number: 058652
UDIN: 21058652AAAABG5639

S R Batliboi & Co. LLP
Kolkata

Place of Signature: Kolkata
Date: April 21, 2021

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMTED

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 financial statements of Phillips Carbon Black Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary Company, which is a company incorporated in India, (the Holding Company and its subsidiary together referred to as "the Group") as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which is a company incorporated in India, included in the Group, , are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 (ICAI). 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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.

S.R. Batliboi & Co. LLP
Kolkata

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated 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 with reference to consolidated 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 With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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 Group, has, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

S R Batliboi & Co. LLP
Kolkata

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary company, which is a company incorporated in India , is based on the corresponding report of the auditors of such subsidiary.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership Number: 058652
UDIN: 21058652AAAABG5639

S R Batliboi & Co. LLP
Kolkata

Place of Signature: Kolkata
Date: April 21, 2021

PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Balance Sheet as at 31 March, 2021

(All amounts in Rs. Crores, unless otherwise stated)

	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	1,631.00	1,509.45
Capital work-in-progress	3(b)	266.76	305.58
Investment property	3(c)	4.48	4.48
Intangible assets	3(d)	0.65	1.01
Right of use assets	3(e)	106.29	124.98
Financial assets			
(i) Investments	4(a)	196.27	155.08
(ii) Loans	4(e)	28.11	14.13
(iii) Other financial assets	4(f)	0.55	1.39
Non current tax assets (Net)	7	5.16	8.38
Other non-current assets	5	17.40	42.40
Total Non-current assets		2,256.67	2,166.88
Current assets			
Inventories	6	444.84	326.19
Financial assets			
(i) Trade receivables	4(b)	707.53	588.24
(ii) Cash and cash equivalents	4(c)	152.22	149.42
(iii) Other bank balances	4(d)	112.16	2.68
(iv) Loans	4(e)	16.70	0.63
(v) Other financial assets	4(f)	3.26	22.53
Other current assets	5	32.67	54.09
Total Current assets		1,469.38	1,143.78
TOTAL ASSETS		3,726.05	3,310.66
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	8	34.47	34.47
Other equity	9	1,901.00	1,664.65
Non-Controlling Interest		7.53	7.27
TOTAL EQUITY		1,943.00	1,706.39
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(i)	304.74	215.01
(ii) Other financial liabilities	10(c)	98.62	104.31
Provisions	11	0.86	1.99
Deferred tax liabilities (Net)	12	271.42	254.87
Total Non-current liabilities		675.64	576.18
Current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(ii)	256.92	329.67
(ii) Trade payables	10(b)		
a) Total outstanding dues of micro enterprises and small enterprises		13.26	12.65
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		578.37	406.12
(iii) Other financial liabilities	10(c)	147.60	181.92
Provisions	11	84.39	83.91
Current tax liabilities (Net)	14	0.06	0.04
Other current liabilities	13	26.81	13.78
Total Current liabilities		1,107.41	1,028.09
TOTAL LIABILITIES		1,783.05	1,604.27
TOTAL EQUITY AND LIABILITIES		3,726.05	3,310.66

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: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

Paras Kumar Chowdhary
Director
(DIN: 00076807)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

Consolidated Ind AS Statement of Profit and Loss for the year ended 31 March 2021

(All amounts in Rs. Crores, unless otherwise stated)

	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
Revenue from operations	15	2,659.52	3,243.54
Other income	16	18.00	29.01
Total Income		2,677.52	3,272.55
Expenses			
Cost of materials consumed	17(a)	1,582.74	2,185.72
Changes in inventories of finished goods	17(b)	26.19	3.79
Employee benefits expense	18	132.35	134.55
Finance costs	19	33.88	45.90
Depreciation and amortisation expense	20	110.12	92.36
Other expenses	21	400.20	455.43
Total Expenses		2,285.48	2,917.75
Profit before tax		392.04	354.80
Income-tax expense	22		
Current tax (Net of utilisation of minimum alternate tax credit)		69.36	57.27
Deferred tax		8.69	10.03
Total tax expense		78.05	67.30
Profit for the year		313.99	287.50
Other Comprehensive Income			
Exchange difference on translation of foreign exchange		(0.60)	2.47
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)		(0.24)	(1.78)
Net gain/(loss) on FVTOCI equity instruments (net of tax)		44.10	(89.43)
Other Comprehensive Income for the year, net of tax		43.26	(88.74)
Total Comprehensive Income for the year, net of tax		357.25	198.76
Profit for the year Attributable to: -			
Owners of the Equity		313.63	286.55
Non-Controlling Interest		0.36	0.95
Other Comprehensive Income for the year Attributable to: -			
Owners of the Equity		43.36	(89.21)
Non-Controlling Interest		(0.10)	0.47
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO: -			
Owners of the Equity		356.99	197.34
Non-Controlling Interest		0.26	1.42
Earning per equity share :	27		
[Nominal Value per share - Rs. 2/- (Previous year - Rs.2/-)]			
Basic (Rs.)		18.22	16.68
Diluted (Rs.)		18.22	16.68

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

For and on behalf of Board of Directors of Phillips Carbon Black Limited

S R Batliboi & Co. LLP Kolkata

Kamal Agarwal
Partner
Membership Number: 058652

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

Paras Kumar Chowdhary
Director
(DIN: 00076807)

Kolkata
Date: April 21, 2021

PHILLIPS CARBON BLACK LTD. KOLKATA

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

Statement of Consolidated Cash Flows for the year ended 31 March, 2021

(` in Crores unless otherwise stated)

Particulars	Notes	Year Ended 31 March, 2021		Year Ended 31 March, 2020	
A. Cash Flow from Operating Activities					
Profit before Tax			392.04		354.80
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation expenses	20	110.12		92.36	
Finance costs	19	33.88		45.90	
Allowance for doubtful debts / expected credit losses - trade receivable	21	0.83		-	
Allowance for doubtful debts written back	21	-		(3.84)	
Interest income from certain financial assets	16	(5.54)		(3.55)	
Exchange differences on translation of foreign subsidiaries		(0.60)		2.47	
Dividend income from equity instruments designated at FVTOCI	16	(7.59)		(5.28)	
(Gain) / Loss on sale/fair valuation of investments carried at FVTPL	16/21	2.97		(10.71)	
Liabilities no longer required written back	16	(0.23)		(6.99)	
(Profit)/Loss on disposal/discard of property, plant and equipment	21	(1.41)		1.01	
Provisions for claims and litigations/ (write back) (net)	11.1	(4.85)		7.78	
Unrealised Foreign exchange differences (net)		(6.26)		3.60	
			121.32		122.75
Operating profit before changes in operating assets and liabilities			513.36		477.55
Working capital adjustments					
(Increase)/Decrease in inventories		(118.65)		134.11	
(Increase)/Decrease in trade receivables		(123.46)		74.86	
(Increase)/Decrease in other financial and non-financial assets		(9.26)		105.21	
Increase/(Decrease) in trade payables		166.70		(82.13)	
Increase/(Decrease) in other financial and non-financial liabilities		22.32		(111.17)	
			(62.35)		120.88
Cash generated from operations			451.01		598.43
Income taxes paid (net of refunds)			(66.00)		(66.38)
NET CASH FLOWS FROM OPERATING ACTIVITIES			385.01		532.05
B. Cash Flow from Investing Activities					
Purchase of property, plant and equipment		(115.49)		(230.71)	
Proceeds from disposal of property, plant and equipment		1.41		0.02	
Purchase of non-current investments		(1.01)		-	
Purchase of current investments		(1,976.93)		(3,307.01)	
Proceeds from sale/redemption of current investments		1,979.83		3,374.28	
Proceeds from sale / redemption of preference shares		7.04		47.75	
Fixed deposits placed with banks		(107.24)		-	
Interest received		2.13		3.55	
Dividend received from equity instruments designated at FVTOCI		7.59		5.28	
NET CASH FLOWS USED IN INVESTING ACTIVITIES			(202.67)		(106.84)
C. Cash Flow from Financing Activities					
Proceeds from non-current borrowings		235.00		-	
Repayment of non-current borrowings		(156.00)		(67.78)	
Payment of lease Liability		(29.25)		(22.68)	
Increase in cash credit facilities from banks		(99.75)		1.75	
Proceeds from current borrowings		1,088.86		732.89	
Repayment of current borrowings		(1,061.86)		(856.99)	
Dividends paid [includes tax on dividend Rs Nil (previous year Rs 24.80 Crore)]		(120.64)		(145.44)	
Finance cost paid		(35.90)		(31.11)	
NET CASH FLOWS USED IN FINANCING ACTIVITIES			(179.54)		(389.36)
Net increase in Cash and Cash Equivalents			2.80		35.85
Opening Cash and Cash Equivalents			149.42		113.57
Closing Cash and Cash Equivalents			152.22		149.42

Changes in liabilities arising from financing activities

Particulars	1 April 2020	Cash Flows	Others	31 March 2021
Current borrowings	329.67	(72.75)	-	256.92
Lease Liability	132.94	(29.25)	13.37	117.06
Non-current borrowings (including Current Maturities)	287.30	79.00	(16.43)	349.87
Total liabilities from financing activities	749.91	(23.00)	(3.06)	723.85

Particulars	1 April 2019	Cash Flows	Other	31 March 2020
Current borrowings	452.02	(122.35)	-	329.67
Lease Liability	66.30	(22.68)	89.32	132.94
Non-current borrowings (including Current Maturities)	341.41	(67.78)	13.67	287.30
Total liabilities from financing activities	859.73	(212.81)	102.99	749.91

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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: April 21, 2021

S R Batliboi & Co. LLP Kolkata

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

Paras Kumar Chowdhary
Director
(DIN: 00076807)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

PHILLIPS CARBON BLACK LTD. KOLKATA

PHILLIPS CARBON BLACK LIMITED

Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2021

(All amounts in Rs. Crores, unless otherwise stated)

A. Equity share capital

Particulars	Notes	31 March, 2021 Number of Shares	31 March, 2021 Amount	31 March, 2020 Number of Shares	31 March, 2020 Amount
Equity shares of Rs 2/- (31 March, 2020 Rs. 2/-) each issued, subscribed and paid up:					
Opening balance	8	17,23,37,860	34.47	17,23,37,860	34.47
Closing balance		**17,23,37,860**	**34.47**	**17,23,37,860**	**34.47**

B. Other equity

Particulars	Notes	Reserves and Surplus					Other reserves		Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other items of Comprehensive Income - FCTR		
As at 1 April, 2020	9	1.53	224.12	73.38	0.60	1,285.90	76.50	2.62	7.27	1,671.92
Profit for the year		-	-	-	-	313.63	-	-	0.36	313.99
Other comprehensive income for the year (net of tax)		-	-	-	-	(0.24)	44.10	(0.50)	(0.10)	43.26
Dividends paid	26	-	-	-	-	(120.64)	-	-	-	(120.64)
As at 31 March, 2021		**1.53**	**224.12**	**73.38**	**0.60**	**1,478.65**	**120.60**	**2.12**	**7.53**	**1,908.53**

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PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2021

(All amounts in Rs. Crores, unless otherwise stated)

Particulars	Notes	Reserves and Surplus					Other reserves		Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other items of Comprehensive Income - FCTR		
As at 1 April, 2019	9	1.53	224.12	73.38	0.60	1,162.81	152.37	0.62	5.85	1,621.28
Profit for the year		-	-	-	-	286.55		-	0.95	287.50
Other comprehensive income for the year (net of tax)		-	-	-	-	(1.22)	(89.43)	2.00	0.47	(88.18)
Dividends paid (including Rs. 24.80 Crores tax on dividends)	26	-	-	-	-	(145.44)	-	-	-	(145.44)
Transitional adjustment on implementation of Ind AS 116 (net of tax of Rs. 1.74 Crores)						(3.24)				(3.24)
Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred.		-	-	-	-	(13.56)	13.56	-	-	-
As at 31 March, 2020		**1.53**	**224.12**	**73.38**	**0.60**	**1,285.90**	**76.50**	**2.62**	**7.27**	**1,671.92**

The accompanying notes form an integral part of these Consolidated Ind AS financial statements
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/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

S R Batliboi & Co. LLP Kolkata

Kolkata
Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

Paras Kumar Chowdhary
Director
(DIN: 00076807)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

PHILLIPS CARBON BLACK LTD. KOLKATA

c. The subsidiary companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of ownership interest as on March 31, 2021	% of ownership interest as on March 31, 2020
Phillips Carbon Black Cyprus Holdings Limited	Cyprus	100	100
PCBL Netherlands Holdings B.V.	Netherlands	-	Refer Note below (i) below
Phillips Carbon Black Vietnam Joint Stock Company	Vietnam	80	80
PCBL (TN) Limited	India	100 Refer Note (ii) below	-

Note

i. PCBL Netherlands Holdings B.V. a wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the previous year ended 31 March, 2020 in accordance with the local laws of Netherlands.

ii. PCBL (TN) Limited a wholly owned subsidiary of Phillips Carbon Black Limited, has been incorporated with effect from 29 September ,2020.

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:

a. expected to be realised or intended to be sold or consumed in the normal operating cycle,
b. held primarily for the purpose of trading,
c. expected to be realised within twelve months after the reporting period, or
d. 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:

a. it is expected to be settled in the normal operating cycle,
b. it is held primarily for the purpose of trading,
c. it is due to be settled within twelve months after the reporting period, or
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).

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Notes to Consolidated Ind AS Financial statements as at and for the year ended March 31, 2021

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 2021. 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. 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 April 21, 2021.

I.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 (Rs), 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: -

i) certain financial assets and liabilities (including derivative instruments).

ii) Plan assets of defined benefit employee benefit plans

1.1.3. Principles of Consolidation

a. 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.

b. 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.

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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 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 exchanges 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:

a) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet
b) 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
c) 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.

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1.3. Other financial assets (other than investments)

1.3.1. Classification

The Group classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) 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.

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1.7. New and amended standards

I. Amendments to Ind AS 103 Business Combinations
The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the consolidated Ind AS financial statements of the Group but may impact future periods should the Group enter into any business combinations.

II. Amendments to Ind AS 1 and Ind AS 8: Definition of Material
The amendments provide a new definition of material clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated Ind AS financial statements of, nor is there expected to be any future impact to the Group.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020.

1.8. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Crores (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

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 are impacted.

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represent 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.

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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.

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Phillips Carbon Black Ltd. Kolkata

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 Group 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.

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PHILLIPS CARBON BLACK LTD. KOLKATA

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

Note 3(a) Property, Plant and Equipment

	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 2021											
Gross carrying amount											
Opening balance as at 1 April 2020	202.06	429.20	77.18	91.47	990.87	7.05	7.36	0.18	24.02	0.01	1,829.40
Additions during the year	-	0.50	4.99	11.71	176.38	0.69	2.60	-	13.34	-	210.21
Disposal during the year	-	-	-	-	-	(0.03)	(0.17)	-	-	-	(0.20)
Closing Gross carrying amount	**202.06**	**429.70**	**82.17**	**103.18**	**1,167.25**	**7.71**	**9.79**	**0.18**	**37.36**	**0.01**	**2,039.41**
Accumulated Depreciation											
Opening balance as at 1 April 2020	-	-	16.04	7.02	280.50	1.24	5.64	0.17	9.33	0.01	319.95
Depreciation during the year	-	-	3.99	2.71	77.33	1.30	1.39	0.01	1.92	-	88.65
Adjustment of depreciation on disposal	-	-	-	-	-	(0.02)	(0.17)	-	-	-	(0.19)
Closing Accumulated Depreciation	-	-	**20.03**	**9.73**	**357.83**	**2.52**	**6.86**	**0.18**	**11.25**	**0.01**	**408.41**
Net carrying amount as at 31 March, 2021	**202.06**	**429.70**	**62.14**	**93.45**	**809.42**	**5.19**	**2.93**	**0.00**	**26.11**	-	**1,631.00**
Year ended 31 March 2020											
Gross carrying amount											
Opening balance as at 1 April 2019	202.06	429.20	75.63	80.89	921.11	1.61	6.71	0.18	22.32	0.01	1,739.72
Additions during the year	-	-	1.55	10.58	71.21	5.55	0.96	-	1.76	-	91.61
Disposal during the year	-	-	-	-	(1.45)	(0.11)	(0.31)	-	(0.06)	-	(1.93)
Closing Gross carrying amount	**202.06**	**429.20**	**77.18**	**91.47**	**990.87**	**7.05**	**7.36**	**0.18**	**24.02**	**0.01**	**1,829.40**
Accumulated Depreciation											
Opening balance as at 1 April 2019	-	-	12.51	4.83	214.41	0.86	4.75	0.15	7.82	0.01	245.34
Depreciation during the year	-	-	3.53	2.19	66.57	0.46	1.19	0.02	1.56	-	75.52
Adjustment of depreciation on disposal	-	-	-	-	(0.48)	(0.08)	(0.30)	-	(0.05)	-	(0.91)
Closing Accumulated Depreciation	-	-	**16.04**	**7.02**	**280.50**	**1.24**	**5.64**	**0.17**	**9.33**	**0.01**	**319.95**
Net carrying amount as at 31 March, 2020	**202.06**	**429.20**	**61.14**	**84.45**	**710.37**	**5.81**	**1.72**	**0.01**	**14.69**	-	**1,509.45**

(i) Cost and accumulated depreciation include Rs.47.86 Crores (31 March, 2020 - Rs. 47.86 Crores) and Rs. 11.21 Crores (31 March, 2020 - Rs. 8.94 Crores), respectively in respect of Buildings on Leasehold Land.

(ii) 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)

(iii) Gross carrying amount on leasehold land is against 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.

(iv) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 20).

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Note 3(b) Capital Work-in-Progress

CAPITAL WORK IN PROGRESS

Particulars	Total
Year ended 31 March, 2021	
Opening balance as at 1 April 2020	305.58
Additions during the year	164.82*
Capitalization during the year	(203.64)
Closing Gross carrying amount	**266.76**
Year ended 31 March, 2020	
Opening balance as at 1 April 2019	175.04
Additions during the year	227.94*
Capitalization during the year	(97.40)
Closing Gross carrying amount	**305.58**

1. During the year the Group has capitalised the following expenses to cost of Property, plant and equipment/capital work-in-progress:

	31 March, 2021	31 March, 2020
Finance Cost	9.09	9.00
Salaries and wages	4.45	6.16
Other Overheads	0.47	1.57
	14.01	16.73
Add: Balance brought forward from previous year	18.42	1.69
Less: Capitalised during the year to Property, plant and equipment	19.50	-
Balance lying in capital work-in-progress	12.93	18.42

* Includes Rs. 3.91 Crores (31 March 2020 Rs. 2.82 Crores) 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 off 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, 2021	
Opening gross carrying amount at 1 April, 2020	4.48
Closing gross carrying amount	**4.48**
Year ended 31 March, 2020	
Opening gross carrying amount at 1 April, 2019	4.48
Closing gross carrying amount	**4.48**

Estimation of fair value

The Group's investment property consists of freehold land in Angul, Odisha, 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 2021 and 31 March 2020, the fair value of the property are Rs. 5.39 Crores and Rs. 5.39 Crores 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).

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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, 2021	
Gross carrying amount	
Opening balance as at 1 April 2020	2.25
Additions during the year	-
Closing Gross carrying amount	**2.25**
Accumulated amortisation	
Opening balance as at 1 April 2020	1.24
Amortisation charge during the year	0.36
Closing accumulated amortisation	**1.60**
Net Carrying Amount as at 31 March, 2021	**0.65**
Year ended 31 March, 2020	
Gross carrying amount	
Opening balance as at 1 April 2019	2.25
Additions during the year	-
Closing Gross carrying amount	**2.25**
Accumulated amortisation	
Opening balance as at 1 April 2019	0.82
Amortisation charge during the year	0.42
Closing accumulated amortisation	**1.24**
Net Carrying Amount as at 31 March, 2020	**1.01**

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer Note 20).

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

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, 2021	
Gross carrying amount	
Balance as of 1 April 2020	141.40
Additions during the year	2.42
Closing Gross carrying amount	**143.82**
Accumulated amortisation	
Balance as of 1 April 2020	16.42
Amortisation charge during the year	21.11
Closing accumulated amortisation	**37.53**
Net Carrying Amount as at 31 March, 2021	**106.29**

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)	61.32
Additions during the year	80.08
Closing Gross carrying amount	**141.40**
Accumulated amortisation	
Balance as of 1 April 2019	-
Amortisation charge during the year	16.42
Closing accumulated amortisation	**16.42**
Net Carrying Amount as at 31 March, 2020	**124.98**

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	As at 31 March, 2021	As at 31st March, 2020

NOTE 4 (a) : INVESTMENTS

Accounting Policy

1 Investment

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 an 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 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 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, 2021	As at 31st March, 2020
Non-Current			
Investments in Equity Instruments (fully paid-up) - Others			
Quoted			
Bank of Baroda 35,930 (31 March, 2020: 35,930) equity shares of Rs. 2/- each **		0.27	0.19
Indian Overseas Bank 11,400 (31 March, 2020: 11,400) equity shares of Rs. 10/- each **		0.02	0.01
Norplex Oak India Limited 380,000 (31 March, 2020: 380,000) equity shares of Rs 10/- each ^		-	-
Maple Circuits Limited 765,000 (31 March, 2020: 765,000) equity shares of Rs. 10/- each ^		-	-
CESC Limited 1,686,198 (31 March, 2020: 1,686,198) equity shares of Rs. 10/- each **		100.08	68.89
RPSG Ventures Limited (Erstwhile: CESC Ventures Limited) 337,239 (31 March, 2020: 337,239) equity shares of Rs. 10/- each **		11.37	3.98
Spencers Retail Limited 1,146,613 (31 March, 2020: 1,011,718) equity shares of Rs. 5/- each **		8.10	7.51
	Total (B)	119.84	80.58
Unquoted			
Apeejay Charter Private Limited 1,600 (31 March, 2020: 1,600) equity shares of Rs 10/- each **		0.04	0.04
RPSG Resources Private Limited (Erstwhile: Accurate Commodeal Pvt. Limited) 390,000 (31 March, 2020: 390,000) equity shares of Rs.10/- each **		8.72	16.30
Woodlands Multispeciality Hospital Limited 145,480 (31 March, 2020: 145,480) equity shares of Rs.10/- each **		7.74	5.05
Ritushree Vanijya Private Limited 1,900 (31 March, 2020: 1,900) equity Shares of Rs.10/- each **		14.36	6.31
Solty Commercial Private Limited 1,900 (31 March, 2020: 1,900) equity Shares of Rs.10/- each **		14.36	6.30
Spotboy Tracom Private Limited 330,875 (31 March, 2020: 330,875) equity shares of Rs.10/- each **		22.15	18.73
RPG Industries (P) Ltd. 402,000 (31 March, 2020: 402,000) equity shares of Rs.10/- each **		1.34	2.26
	Total (C)	68.71	54.99

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

Investments in Preference Shares (fully paid-up) - Others		
Unquoted		
Devise Properties Private Ltd. 1,050,000 (31 March, 2020: 1,050,000) 0% Convertible Preference Shares of Rs. 100/- each at par #	7.72	7.10
Lebnitze Real Estate (P) Ltd Nil (31 March, 2020: 5,017,110) 6% Non Cumulative Non Convertible Redeemable Preference Share of Rs. 100/- each at par #	-	12.41
Norplex Oak India Limited 50 (31 March, 2020: 50) preference shares of Rs 100/- each ^	-	-
Maple Circuits Limited 50 (31 March, 2020: 50) preference shares of Rs 100/- each ^	-	-
Total (D)	7.72	19.51
(E)=(A)+(B)+(C)+(D)	196.27	155.06

1	Additional Information		
	(a) Aggregate amount - market value of quoted investments	119.84	80.58
	(b) Aggregate amount of unquoted investments	76.43	74.50

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

2 These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Group 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 Group transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.

3 Refer note 31 for information about fair value measurements and note 32 for credit risk and market risk on investments.

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.

Secured		
Considered Good	1.17	0.80
Unsecured		
Considered Good	706.36	587.44
Receivables which have significant increase in credit risk	1.79	0.96
Receivables - credit impaired	8.68	8.68
Less : Allowance for significant increase in credit risk	(1.79)	(0.96)
Less: Allowance for credit impaired receivables	(8.68)	(8.68)
	707.53	588.24

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.
2. Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

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.

Balances with banks	118.24	149.13
Deposits with original maturity of less than three months	33.76	-
Remittances in transit	0.17	0.22
Cash on Hand	0.05	0.07
	152.22	149.42

4(d) OTHER BANK BALANCES

Balances with Banks		
- 'Deposits with original maturity of more than three months but less than twelve months#	107.24	-
- In Unpaid Dividend Accounts *	4.92	2.68
	112.16	2.68

* Earmarked for payment of Unclaimed Dividends

\# These Deposits are callable deposit at any point of time at various rates of interest applicable as per actual period of withdrawal

4(e) LOANS

(Unsecured considered good)

Non-current		
Security deposits	26.88	12.63
Other Loans		
Loan to Employees @	1.23	1.50
	28.11	14.13
@ Includes amount due from an officer of the Company	0.02	0.06
Current		
Security deposits	16.14	0.10
Other Loans		
Loan to Employees @	0.56	0.53
	16.70	0.63
@ Includes amount due from an officer of the Company	0.06	0.06

4(f) OTHER FINANCIAL ASSETS

(Unsecured considered good)

Non-Current		
Margin Money Deposit against guarantees	0.55	1.39
	0.55	1.39
Current		
Interest Receivable	2.29	-
Derivative Instruments not designated as hedges- - Foreign Exchange Forward Contracts	-	21.55
Unbilled Revenue from sale of power	0.97	0.98
	3.26	22.53

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NOTE 5: OTHER ASSETS

(Unsecured considered good, unless otherwise stated)

		As at 31 March, 2021	As at 31st March, 2020
Non-current			
Capital advances			
- Considered Good :		12.79	32.52
- Considered Doubtful :		0.46	0.46
Less : Allowance for doubtful advances		(0.46)	(0.46)
Deposits under Protest		3.75	3.89
Others			
Advances to Suppliers/ Service providers (other than capital)		-	4.42
Prepaid Expenses		0.86	0.96
Advances to Employees		-	0.61
		17.40	42.40
Current			
Advances other than capital advances			
Advances to Suppliers/ Service providers (other than capital)			
- Considered Good :		13.18	26.84
- Considered Doubtful :		0.16	0.16
Less : Allowance for doubtful advances		(0.16)	(0.16)
Others			
Balances with Government Authorities *			
- Considered Good :		11.98	10.57
- Considered Doubtful :		2.16	2.16
Less : Allowance for doubtful advances		(2.16)	(2.16)
Advances to Employees		0.88	0.13
Prepaid Expenses		5.63	5.46
Export Benefit Receivables #	8.06		
Less : Allowance for uncertainty of realisation	(7.06)	1.00	9.71
Others		-	1.38
		32.67	54.09

* Balances with Government Authorities primarily includes amounts realisable, if any, 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,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.

	As at 31 March, 2021	As at 31st March, 2020
Raw materials [including Goods in Transit Rs.192.40 Crores (Previous Year Rs. Nil)]	349.22	198.93
Finished goods	53.14	79.33
Stores and spares parts [including packing material Rs. 6.46 Crores (Previous Year Rs. 7.69 Crores)]	42.48	47.93
	444.84	326.19

NOTE 7: NON CURRENT TAX ASSETS (NET)

	As at 31 March, 2021	As at 31st March, 2020
Advance payment of Taxes [Net of Provision for Tax Rs. 485.20 Crores (31 March, 2020: Rs. 417.33 Crores)]	5.16	8.38
	5.16	8.38

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	As at 31 March, 2021	As at 31st March, 2020
NOTE 8: EQUITY SHARE CAPITAL		
Authorized share capital		
310,000,000 (31 March, 2020: 310,000,000) equity shares of Rs 2/- each	62.00	62.00
Issued, subscribed and paid-up		
172,337,860 (31 March, 2020: 172,337,860) equity shares of Rs. 2/- each fully paid up (Refer (i) below)	34.47	34.47
	34.47	**34.47**

(i) There was no change in number of equity shares issued during the year ended 31 March, 2021 and 31 March, 2020. 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 (Holding %)	Number of Shares (Holding %)
Rainbow Investments Limited - Holding Company	8,65,15,370 -50.20%	8,65,15,370 -50.20%

(iii) **Terms/ Rights attached to equity shares**
The Company has only one class of equity shares having par value of Rs. 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, 2021	As at 31st March, 2020
(i) Reserves and Surplus		
Capital Reserve (Refer a below)	1.53	1.53
Securities Premium (Refer b below)	224.12	224.12
Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below)	0.60	0.60
General reserve (Refer d below)	73.38	73.38
Retained Earnings (Refer e below)	1,478.65	1,285.90
(ii) Other Reserves		
Equity Instruments through Other comprehensive income (Refer f below)	120.60	76.50
Foreign Currency Translation reserve (refer f(ii) below)	2.12	2.62
	1,901.00	**1,664.65**

(a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation - Balance brought forward	1.53	1.53
(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	224.12	224.12
Balance as at the end of the year	**224.12**	**224.12**
(c) Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward	0.60	0.60
(d) **General Reserve - balance brought forward**	73.38	73.38

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.

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		As at 31 March, 2021	As at 31st March, 2020
(e)	**Retained Earnings**		
	Balance as at the beginning of the year	1,285.90	1,162.81
	i) Profit for the year	313.63	286.55
	ii) Items of other comprehensive income recognised directly in Retained Earnings		
	- Remeasurement of post-employment defined benefit obligation, net of tax	(0.24)	(1.22)
	iii) Dividends paid (including Rs. Nil (Previous year Rs 24.80 Crores) tax on dividends) (Refer note 26)	(120.64)	(145.44)
	iv) Impact of transition on adoption of Ind AS 116 [Net of tax Rs Nil (Previous year net of tax of Rs. 1.74 Crores)]	-	(3.24)
	v) 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.	-	(13.56)
	Balance as at the end of the year	1,478.65	1,285.90

Retained Earnings are the profits and gains that the Group has earned till date less any transfer to general reserve, dividends or other distributions paid to shareholders.

		As at 31 March, 2021	As at 31st March, 2020
(f)	**Other Comprehensive Income**		
	Equity Instruments through Other Comprehensive Income		
	Balance as at the beginning of the year	76.50	152.37
	i) Changes in fair value of FVOCI Equity Instruments, net of tax	44.10	(89.43)
	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.	-	13.56
	Balance as at the end of the year	120.60	76.50
	(ii) Foreign Currency translation reserve		
	Balance as at the beginning of the year	2.62	0.62
	Add/(less): Other comprehensive income for the year	(0.50)	2.00
	Balance as at the end of the year	2.12	2.62

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.

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	As at 31 March, 2021	As at 31st March, 2020

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, 2021	As at 31st March, 2020
SECURED LOANS		
Term loans from Banks	349.87	287.30
Less: Current maturities of Long Term Debt [included in Note 10(c)]	(45.13)	(72.29)
	304.74	**215.01**

Out of the Term Loans in (i) above, loans amounting to :

a) Rs. 295.48 Crores (31 March 2020 - Rs. 192.46 Crores) 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.

b) Rs.54.39 Crores (31 March 2020 - Rs.94.84 Crores) is secured with a first charge by way of a hypothecation on the entire fixed assets of the company both present and future ranking pari passu with charge created in favour of other term lenders.

	As at 31 March, 2021	As at 31st March, 2020
Maturity Profile of Long Term Borrowings		
Loan with residual maturity of upto 1 and 3 years	66.00	126.47
Loan with residual maturity of upto 3 and 5 years	54.39	160.83
Loan with residual maturity of upto 5 and 10 years	229.48	-
	349.87	**287.30**

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, 2021	As at 31st March, 2020
SECURED LOANS FROM BANKS		
Loans repayable on demand	-	129.67
Other loans	31.92	-

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.

	As at 31 March, 2021	As at 31st March, 2020
UNSECURED LOANS		
Loans repayable on demand		
- From Banks	225.00	200.00
	256.92	**329.67**

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.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	As at 31 March, 2021	As at 31st March, 2020

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.

	As at 31 March, 2021	As at 31st March, 2020
Current		
Total outstanding of dues to Micro Enterprises and Small Enterprises	13.26	12.65
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	578.37	406.12
	591.63	418.77

Information relating to Micro, Small and Medium Enterprises (MSME)s:

	As at 31 March, 2021	As at 31st March, 2020
(i) The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	11.76	11.77
Interest	0.16	0.10
(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	84.02	38.47
Interest	0.46	0.36
(iv) The amount of interest accrued and remaining unpaid at the end of the year	1.50	0.88
(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	0.62	0.46

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, 2021	As at 31st March, 2020
Non Current		
Lease Liability	98.62	104.31
Current		
Current maturities of long term Debt	45.13	72.29
Interest accrued but not due	4.85	8.74
Unpaid Dividends [Refer Note (i) below]	4.92	2.68
Others:		
Security Deposits received	1.17	0.90
Employee benefits payable	24.60	25.20
Capital creditors	35.43	31.62
Directors' fees & commission payable	11.40	10.26
Derivative instrument not designated as hedges - foreign-exchange forward contracts	0.98	-
Lease Liability	18.44	28.63
Others	0.68	1.60
	147.60	181.92

(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.

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	As at 31 March, 2021	As at 31st March, 2020

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, 2021	As at 31st March, 2020
Non-current		
Provision for Employee Benefits (Refer Note18.1)		
Provision for gratuity	0.42	0.34
Provision for Others liabilities	0.44	1.65
	0.86	**1.99**
Current		
Provision for Employee Benefits (Refer Note 18.1)		
Provision for gratuity	9.31	6.07
Provision for compensated absences	10.88	9.90
Provision for Others liabilities	1.31	0.20
Provisions for claims and litigations (Refer Note 11.1)	62.89	67.74
	84.39	**83.91**

11.1 **Provisions for claims and litigations**

The Group has estimated the provisions for pending claims and litigation 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

At the beginning of the year	67.74	65.44
Add: Incurred during the year	0.50	7.78
Less : Paid / adjusted during the year	-	5.48
Less : Reversed during the year	5.35	-
At the end of the year	62.89	67.74

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

NOTE 12: DEFERRED TAX LIABILITIES

	Balance as at 1 April, 2020	Recognized to Statement of Profit and Loss for the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31 March, 2021
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets	280.05	10.57	-	-	290.62
Financial Assets at Fair value through Other Comprehensive Income	16.62	-	7.86	-	24.48
Others	0.33	-	-	-	0.33
	297.00	10.57	7.86	-	315.43
Deferred Tax Assets:					
Items allowable for tax purpose on payments/adjustment	30.34	(0.37)	-	-	29.97
Allowance for doubtful debts - trade receivable	3.66	0.29	-	-	3.95
Impact on adopion of Ind AS 116	1.74	-	-	-	1.74
Fair value changes on financial assets	6.39	(6.39)	-	-	-
Minimum Alternate Tax Credit / Other Tax Credits	-	8.30	-	-	8.30
Others	-	0.05	-	-	0.05
	42.13	1.88	-	-	44.01
Net Deferred Tax Liabilities:	254.87	8.69	7.86	-	271.42

	Balance as at 1 April, 2019	Recognized to statement of Profit and Loss for the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31 March, 2020
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets	274.38	5.67	-	-	280.05
Financial Assets at Fair value through Other Comprehensive Income	23.65	-	(7.03)	-	16.62
Others	0.33	-	-	-	0.33
	298.36	5.67	(7.03)	-	297.00
Deferred Tax Assets:					
Items allowable for tax purpose on payments/adjustment	28.43	1.91	-	-	30.34
Allowance for doubtful debts - trade receivable	4.88	(1.22)	-	-	3.66
Impact on adopion of Ind AS 116 (With effect from 1 April 2019)	-	-	-	1.74	1.74
Fair value changes on financial assets	1.19	2.09	3.11	-	6.39
Minimum Alternate Tax Credit*	7.14	(7.14)	-	-	-
	41.64	(4.36)	3.11	1.74	42.13
Net Deferred Tax Liabilities:	256.72	10.03	(10.14)	(1.74)	254.87

Note:

i. Section 115BAA of the Income Tax Act, 1961 gives the corporate assessee an option to apply lower tax rate with effect from April 1, 2019 subject to certain condition specified therein. The Group has assessed the impact of the same 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 Alternative Tax pertaining to earlier years which has not been accounted for in accordance with accounting policy of the Group (Refer Note 22).

* Utilised during the year against normal tax liability

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	As at 31 March, 2021	As at 31st March, 2020

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, 2021	As at 31st March, 2020
Advance from Customers	3.31	1.39
Dues payable to Government Authorities	16.09	4.41
Liability for Export Obligation / Government grants	7.41	7.98
	26.81	13.78

NOTE 14: CURRENT TAX LIABILITIES (NET)

	As at 31 March, 2021	As at 31st March, 2020
Provision for Income Tax [Net of Advance Tax Nil (31 March, 2020: Nil)]	0.06	0.04
	0.06	0.04

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	Year ended 31 March, 2021	Year ended 31 March, 2020

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.

Sales of Finished Goods		
Carbon black	2,586.71	3,135.57
Sale of Power	67.25	86.48
Other Operating Revenues		
Scrap sales	5.56	4.41
Exports Incentive	-	17.08
Total revenue from operations	2,659.52	3,243.54
India	1,975.56	2,370.27
Outside India	678.40	851.78
Total revenue (excluding scrap sales and exports incentive)	2,653.96	3,222.05

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.

Interest income from certain financial assets	5.54	3.55
Dividend income from equity instruments designated at FVOCI	7.59	5.28
Gain on sale of investments carried at FVTPL	2.90	9.91
Fair Value gains on financial assets (investments) at FVTPL	-	0.80
Provision/Liability no longer required written back	0.23	6.99
Miscellaneous income	1.74	2.48
	18.00	29.01

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	Year ended 31 March, 2021	Year ended 31 March, 2020
NOTE 17(a) : COST OF MATERIAL CONSUMED		
Opening Stock	198.93	309.00
Add : Purchases	1,733.03	2,075.65
Less : Closing Stock	(349.22)	(198.93)
Cost of material consumed	1,582.74	2,185.72
NOTE 17(b) : CHANGES IN INVENTORIES OF FINISHED GOODS		
Opening Stock (Carbon black)	79.33	83.12
Closing Stock (Carbon black)	53.14	79.33
	26.19	3.79

NOTE 18 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

a. 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.

b. 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.

c. 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.

d. 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.

e. 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 of 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, 2021	Year ended 31 March, 2020
Salaries, wages and bonus	106.68	110.16
Contribution to provident and other funds (Refer note 18.1)	15.47	13.78
Staff welfare expense (Refer note18.1)	10.20	10.61
	132.35	134.55

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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 scheme is unfunded.

The following table sets forth the particulars in respect of the defined benefit plans of the Group for the year ended 31st March, 2021:

		Gratuity Fund (Funded)		
	Particulars	**Present Value of Obligation**	**Fair value of plan assets**	**Net Amount**
(i)	**1 April 2020**	**31.96**	**(25.55)**	**6.41**
	Current Service Cost	2.53	-	2.53
	Past Service Cost	-	-	-
	Interest expense/(Income)	1.94	(1.53)	0.41
	Total Amount recognised in profit or loss	**4.47**	**(1.53)**	**2.94**
	Remeasurements (gain)/loss			
	(Gain)/loss from change in financial assumptions	0.21	0.20	0.41
	(Gain)/loss arising from experience adjustments	(0.03)	-	(0.03)
	Total amount recognised in other comprehensive income	**0.18**	**0.20**	**0.38**
	Employer's contributions	-	-	-
	Benefit payments	(2.38)	2.38	-
	31 March 2021	**34.23 ##**	**(24.50)**	**9.73**
(ii)	**1 April 2019**	**26.76**	**(17.31)**	**9.45**
	Current Service Cost	1.91	-	1.91
	Past Service Cost	-	-	-
	Interest expense/(Income)	1.88	(1.49)	0.39
	Total Amount recognised in profit or loss	**3.79**	**(1.49)**	**2.30**
	Remeasurements (gain)/loss			
	(Gain)/loss from change in financial assumptions	1.65	(0.09)	1.56
	(Gain)/loss arising from experience adjustments	1.16	-	1.16
	Total amount recognised in other comprehensive income	**2.81**	**(0.09)**	**2.72**
	Employer's contributions	-	(8.06)	(8.06)
	Benefit payments	(1.40)	1.40	-
	31 March 2020	**31.96 ##**	**(25.55)**	**6.41**

\## Includes Rs.3.68 Crores (31 March, 2020 : Rs. 3.33 Crores) 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 Gratuity benefit is included and disclosed under the head "Contribution to provident and other funds" under Note 18

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	2020-21	2019-20
(iii) Actual Return on Plan Asset	1.53	1.49

(iv) The net liability disclosed above relating to funded are as follows

	As at 31 March, 2021	As at 31 March, 2020
Present value of funded obligations	34.23	31.96
Fair value of plan assets	(24.50)	(25.55)
Deficit of funded plan	9.73	6.41

(v) Principal : Actuarial assumptions

	As at 31 March, 2021	As at 31 March, 2020
(i) Discount rate	6.20%	6.30%
(ii) Salary escalation rate #	7.00%	7.00%
(iii) Mortality Table (In service)	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.

\# 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, 2021	As at 31 March, 2020		As at 31 March, 2021	As at 31 March, 2020
Discount Rate - Gratuity	Decrease by 1%	2.27	2.13	Increase by 1%	(1.94)	(1.82)
Salary escalation Rate	Decrease by 1%	(1.95)	(1.83)	Increase by 1%	2.24	2.10

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.

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(vii) Risk Exposure

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

1 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

2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

3 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 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.The provident fund trust as aforesaid, has surrendered its exemption with effect from April 01, 2021. The Company has accounted liability of Rs. 1.26 Crores towards shortfall in return of plan assets.

(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 Rs. 2.42 Crores (31 March 2020-Rs 1.96 Crores)

(III) Defined Benefit Liability and Employer Contributions

Expected contribution to Post-employment benefit plans for the year ending 31 March, 2021 is Rs. 6.05 Crores (31 March, 2020: Rs. 3.08 Crores)

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2020 - 6 years) for employees and 10 years (31 March, 2020 - 10 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, 2021							
Defined benefit obligation							
Gratuity	12.25	1.80	3.28	2.15	4.32	14.24	38.04
Total	12.25	1.80	3.28	2.15	4.32	14.24	38.04
31 March, 2020							
Defined benefit obligation							
Gratuity	10.47	1.88	2.08	3.22	2.41	15.19	35.25
Total	10.47	1.88	2.08	3.22	2.41	15.19	35.25

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	Year ended 31 March, 2021	Year ended 31 March, 2020

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, 2021	Year ended 31 March, 2020
Interest expense on debts and borrowings	21.55	36.77
Interest on lease liabilities	10.95	8.85
Other Borrowings Costs	1.38	0.28
	33.88	45.90

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 March, 2021	Year ended 31 March, 2020
Depreciation of property, plant and equipment (Refer Note 3(a))	88.65	75.52
Amortization of intangible assets (Refer Note 3(d))	0.36	0.42
Depreciation on Right of Use Assets (Refer Note 3(e))	21.11	16.42
	110.12	92.36

NOTE 21 : OTHER EXPENSES

	Year ended 31 March, 2021	Year ended 31 March, 2020
Consumption of stores and spares	41.44	34.63
Consumption of packing materials	54.79	63.93
Power and fuel	24.25	17.40
Water charges	3.86	5.56
Rent	5.88	4.69
Rates and taxes	2.80	8.31
Repairs and maintenance:	-	
- Buildings	2.42	1.52
- Plant and Machinery	15.66	19.86
- Others	4.46	2.75
Insurance	5.73	3.34
Travelling and conveyance	4.46	11.18
Subscriptions and donations	27.37	35.53
Freight outward (net of recovery)	97.29	91.30
Commission to selling agents	27.40	32.41
Directors sitting fees & Commission	12.06	10.66
Research and development expenses (refer note 23)	9.02	9.82
Net gain on foreign currency transaction	(10.24)	(1.07)
Loss/ (Profit) on disposal of property, plant and equipment	(1.41)	1.01
Fair Value loss on financial assets (investments) at FVTPL	5.87	-
Allowance for doubtful debts / expected credit loss - trade receivable (net)	0.83	(3.84)
Corporate Social Responsibility Expenditure [refer note (a) below]	3.07	11.82
Miscellaneous expenses	63.19	94.62
	400.20	455.43

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	Year ended 31 March, 2021	Year ended 31 March, 2020
(a) Details of CSR expenditure:		
(i) Gross amount required to be spent by the Group during the year	7.93	6.77
(ii) Excess CSR expenditure of the previous year is offset against the current year's CSR obligation (refer note below)	5.05	-
(ii) Amount spent during the year for purposes other than construction/acquisition of any asset	3.07 *	11.82 *

* Includes Rs.1.50 Crores payable to a registered trust in respect of an ongoing projects 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 Group 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 Group arising in subsequent years. Accordingly, the Group contributed a sum of Rs. 10.00 Crores to the PM Cares Fund for the year ended 31st March 2020 and excess contribution of Rs 5.05 Crores has been set off in the current year

(b) The Company has incurred following expensed for it's innovation centre in Belgium.

Revenue Expenses	8.77	1.36
Capital Expenses	6.52	-
	15.30	1.36

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.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	Year ended 31 March, 2021	Year ended 31 March, 2020

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, 2021	Year ended 31 March, 2020
a. Income-tax expense recognised in the statement of Profit and Loss		
Current tax		
Current tax on profits for the year	69.36	57.27
Deferred Tax		
Origination and reversal of temporary differences	8.69	10.03
Income-tax expense	**78.05**	**67.30**
b. Income-tax expense on other comprehensive income		
Total current tax expense on Other Comprehensive Income - Remeasurement of post employment defined benefit obligation	0.13	0.96
Deferred tax - Fair value through other comprehensive income - equity instruments	(7.86)	10.14
Income-tax expense recognised in Other Comprehensive Income	(7.73)	**11.10**
c. Reconciliation of statutory rate of tax and the effective rate of tax		
Profit before income tax	**392.04**	**354.80**
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	137.02	124.00
Adjustments:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Items not deductible / Income exempt from tax	(0.71)	(2.51)
Incentives / additional benefits allowable under Income-tax	(27.09)	(34.86)
Tax Credits	(32.00)	(15.49)
Other items	0.83	(3.84)
Total Income tax expense	**78.05**	**67.30**
Effective tax rate	**19.91%**	**18.97%**

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

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, 2021					Year ended 31 March, 2020				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Raw Materials & Stores Consumed	3.23	1.31	-	1.79	0.13	1.68	0.23	-	1.32	0.13
Salaries Wages and Bonus	3.86	0.59	0.53	2.12	0.62	4.39	0.79	0.61	2.39	0.60
Contribution to Provident and Other Funds	0.30	0.05	0.03	0.17	0.05	0.37	0.08	0.04	0.20	0.05
Staff Welfare Expense	0.11	-	-	0.11	-	0.25	0.01	0.01	0.22	0.01
Miscellaneous Expenses	1.52	-	-	1.52	-	3.13	0.35	0.27	2.24	0.27
Total	9.02	1.95	0.56	5.71	0.80	9.82	1.46	0.93	6.37	1.06

Capital Expenditure (included under Gross Carrying Amount in Note 3(a))	31-Mar-21	31-Mar-20
Plant and Equipment	-	0.20
	-	0.20

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

	As at 31 March, 2021	As at 31 March, 2020

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.

	As at 31 March, 2021	As at 31 March, 2020
Contingent Liabilities for :		
(a) (i) Claims against the Group not acknowledged as debts :		
Income-tax matters under dispute	-	2.53
Excise duty matters under dispute	4.04	2.77
Sales tax matter under dispute	0.30	0.30
Service tax matters under dispute	6.26	6.26
Value added tax matters under dispute	1.09	0.86
(ii) Other money for which the Group is contingently liable		
Excise duty matters under dispute	1.57	1.57
(b) Outstanding bank guarantees etc.	6.25	12.73
(c) Guarantees or counter guarantees or counter indemnity given by the Group		
On behalf of bodies corporate and others		
- Limit	0.09	0.09
- Outstanding	0.09	0.09

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

Capital Commitments

	As at 31 March, 2021	As at 31 March, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Property, plant and equipment (net of capital advances)	26.08	60.32

NOTE 26: DIVIDEND ON EQUITY SHARE

	As at 31 March, 2021	As at 31 March, 2020
Interim Dividend for the year of Rs. 7/- per share on face value of Rs. 2/- per share	120.64	120.64
Dividend Distribution tax on above	-	24.80
	120.64	145.44

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	Year ended 31 March, 2021	Year ended 31 March, 2020

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.

Basic and Diluted		
(i) Number of Equity Shares outstanding	17,23,37,860	17,23,37,860
(ii) Face value of each Equity Share (Rs)	2.00	2.00
(iii) Profit after Tax available for Equity Shareholders (Rs in Crores)	313.99	287.50
(iv) Basic and Diluted earnings per Share (Rs) [(iii)/(i)]	18.22	16.68

The Group does not have any dilutive potential equity shares.

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NOTE 28: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 31 March, 2021	As at 31 March, 2020
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 (Resigned with effect from February 4, 2021)~~	~~Non Executive Independent Director~~
x)	Raj Kumar Gupta	Chief Financial Officer and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020)
xi)	Kaushik Mukherjee	Company Secretary and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020)
xii)	Utpal Saha	Employee holding Directorship in subsidiary Company
xiii)	Sunil Bhandari	Employee holding Directorship in Holding Company
xiv)	Subhranghsu Chakraborty	Person holding Directorship in Holding Company
xv)	Yugesh Kanoria	Person holding Directorship in Holding Company

(c) Others with whom transactions have taken place during the year

Name	Relationship
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
RPSG Ventures Limited (Erstwhile: 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
Guiltfree Industries Limited	Company under the control of the Holding Company as per Ind AS-110
RPSG Resources Private Limited (Erstwhile: Accurate Commodeal Pvt. Limited)	Company under the control of the Holding Company as per Ind AS-110
Crescent Power Limited	Company under the control of the Holding Company as per Ind AS-110
Alipore Towers Pvt Ltd	Company under the control of the Holding Company as per Ind AS-110
Woodlands Multispeciality Hospital Limited	Fellow Subsidiary
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrison 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)

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(All amounts in Rs. Crores, unless otherwise stated)

(d) 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 and Subsidiary Company		Other Related Parties		Total	
		Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020
A.	Transactions										
1	Dividend paid on Equity Shares	60.56	60.56	-	-	-	-	-	-	60.56	60.56
2	Dividend received on Equity Shares	7.59	3.37	-	-	-	-	-	-	7.59	3.37
3	Dividend received on Preference Shares	-	1.91	-	-	-	-	-	-	-	1.91
4	Investment in Equity Shares	1.01	-	-	-	-	-	-	-	1.01	-
5	Security Deposit paid	30.00	-	-	-	-	-	-	-	30.00	-
6	Accommodation Charges paid	-	0.02	0.03	0.01	-		-	-	0.03	0.03
7	Accommodation Charges recovered	0.08	0.00	-	-	-	-	-	-	0.08	0.00
8	Reimbursement of expenses paid	0.76	0.21	-	-	-	-	-	-	0.76	0.21
9	Reimbursement of expenses received	8.14	5.24	-	-	-	-	-	-	8.14	5.24
10	Redemption of Preference Shares	-	47.75	-	-	-	-	-	-	-	47.75
11	Electricity charges paid	0.03	0.25	-	-	-	-	-	-	0.03	0.25
12	Rent & Flat Maintainance Paid	0.40	0.60	-	-	-	-	-	-	0.40	0.60
13	Power Selling expenses paid	1.37	2.18	-	-	-	-	-	-	1.37	2.18
14	Sale of Power	53.03	75.52	-	-	-	-	-	-	53.03	75.52
15	Advances given	0.50	-	-	-	-	-	-	1.29	0.50	1.29
16	Advances recovered	-	-	-	-	-	-	-	1.35	-	1.35
17	Licence Fees	16.00	0.28	-	-	-	-	-	-	16.00	0.28
18	Contributions paid	-	-	-	-	-	-	3.53	11.62	3.53	11.62
19	Remuneration to Key Management Personnel	-	-	-	-	15.87	16.41	-	-	15.87	16.41
20	Post-employment benefits to Key Management Personnel	-	-	-	-	0.51	0.55	-	-	0.51	0.55
21	Other long-term benefit to Key Management Personnel	-	-	-	-	0.12	0.21	-	-	0.12	0.21
22	Director's Sitting Fees	-	-	-	-	0.42	0.40	-	-	0.42	0.40
23	Director's Commission	-	-	-	-	10.50	16.00	-	-	10.50	16.00
24	Loan repaid by Key Management Personnel	-	-	-	-	0.04	0.06	-	-	0.04	0.06

		Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020
B.	Closing Balances										
1	Receivables	48.25	32.43	0.00	0.00	0.08	0.12	-	0.00	48.33	32.55
2	Payables	0.03	-	-	-	-	-	-	-	0.03	-
3	Investments	136.01	101.73	-	-	-	-	-	-	136.01	101.73

(e) Terms and Conditions

All transactions were made on normal commercial terms and conditions.
All outstanding balances are unsecured and are repayable in cash.

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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 end 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 31 March, 2021			Year ended 31 March, 2020		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	2,586.71	67.25	2,653.96	3,135.57	86.48	3,222.05
Other operating Revenues	5.56	-	5.56	21.49	-	21.49
Total revenue from operations	2,592.27	67.25	2,659.52	3,157.06	86.48	3,243.54
Inter-segment revenue	-	63.45	63.45	-	65.30	65.30
Total segment revenue	**2,592.27**	**130.70**	**2,722.97**	**3,157.06**	**151.78**	**3,308.84**

Revenue of Rs 1261.13 Crores (31 March 2020 - Rs 1,088.07 Crores) are derived from 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 revenues)	Year ended 31 March, 2021	Year ended 31 March, 2020
India	1,975.56	2,370.27
Other countries	678.40	851.78
Total	2,653.96	3,222.05

Segment Results :

Particulars	Year ended 31 March, 2021			Year ended 31 March, 2020		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	494.60	71.09	565.69	467.82	99.05	566.87
Reconciliation to Profit before tax						
Finance Cost	-	-	(33.88)	-	-	(45.90)
Interest Income	-	-	5.54	-	-	3.55
Unallocated expenses (Net)	-	-	(145.31)	-	-	(169.72)
Profit before tax	**494.60**	**71.09**	**392.04**	**467.82**	**99.05**	**354.80**

Depreciation/Amortisation and non cash expenses

Particulars	Year ended 31 March, 2021				Year ended 31 March, 2020			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	81.89	24.94	3.29	110.12	67.22	23.13	2.01	92.36
Non cash expense	0.50	-	-	0.50	13.28	-	-	13.28

Segment Assets :

Particulars	31st March, 2021			31st March, 2020		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	2,766.12	314.61	3,080.73	2,484.74	320.83	2,805.57
Reconciliation to total assets						
Investments	-	-	196.27	-	-	155.08
Other unallocable assets	-	-	449.05	-	-	350.01
Total assets as per the balance sheet	**2,766.12**	**314.61**	**3,726.05**	**2,484.74**	**320.83**	**3,310.66**

Particulars	31st March, 2021				31st March, 2020			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	127.42	16.03	0.96	144.41	201.56	20.44	13.24	235.24

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	31st March, 2021	31st March, 2020
India	2,921.99	2,672.90
other countries	158.74	132.67
Total	3,080.73	2,805.57

Segment Liabilities :

Particulars	31st March, 2021			31st March, 2020		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	650.14	28.32	678.46	503.64	16.34	519.98
Reconciliation to total liabilities						
Borrowings	-	-	606.79	-	-	616.97
Current Tax Liabilities (Net)	-	-	0.06	-	-	0.04
Deferred Tax Liabilities	-	-	271.42	-	-	254.87
Other Unallocated liabilities	-	-	226.32	-	-	212.41
Total liabilities as per the balance sheet	**650.14**	**28.32**	**1,783.05**	**503.64**	**16.34**	**1,604.27**

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2021 (All amounts in Rs. Crores, unless otherwise stated)

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, 2021	**99.19%**	**1,927.17**	**99.45%**	**312.27**	**101.38%**	**43.86**	**99.69%**	**356.13**
31 March, 2020	99.14%	1,691.68	98.61%	283.49	102.78%	(91.21)	96.74%	192.28
Subsidiaries								
Indian								
PCBL (TN) Ltd								
31 March, 2021	**0.11%**	**2.14**	**-0.07%**	**(0.22)**	**0.00%**	**-**	**-0.06%**	**(0.22)**
31 March, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Subsidiaries								
Foreign								
Phillips Carbon Black Cyprus Holdings Ltd								
31 March, 2021	**1.13%**	**22.00**	**0.04%**	**0.12**	**0.00%**	**-**	**0.03%**	**0.12**
31 March, 2020	1.24%	21.24	-0.06%	(0.18)	0.00%	-	-0.09%	(0.18)
Phillips Carbon Black Vietnam Joint Stock Company								
31 March, 2021	**2.26%**	**43.97**	**0.58%**	**1.83**	**0.00%**	**-**	**0.51%**	**1.83**
31 March, 2020	2.29%	39.10	1.65%	4.75	0.00%	-	2.39%	4.75
Non-Controlling Interest								
31 March, 2021	**0.39%**	**7.53**	**0.11%**	**0.36**	**-0.23%**	**(0.10)**	**0.07%**	**0.26**
31 March, 2020	0.43%	7.27	0.33%	0.95	-0.53%	0.47	0.71%	1.42
Adjustments								
31 March, 2021	**-3.08%**	**(59.81)**	**-0.12%**	**(0.37)**	**-1.16%**	**(0.50)**	**-0.24%**	**(0.87)**
31 March, 2020	-3.10%	(52.90)	-0.53%	(1.51)	-2.26%	2.00	0.25%	0.49
TOTAL								
31 March, 2021	**100.00%**	**1,943.00**	**100.00%**	**313.99**	**100.00%**	**43.26**	**100.00%**	**357.25**
31 March, 2020	100.00%	1,706.39	100.00%	287.50	100.00%	(88.74)	100.00%	198.76

Note: PCBL (TN) Limited a wholly owned subsidiary on Phillips Carbon Black Limited was incorporated with effect from 29 September ,2020 under the provisions of the Companies Act 2013 of India

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

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, 2021			As at 31st March, 2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	188.55	-	-	135.57	-
- Preference Shares	7.72	-	-	19.51	-	-
Trade receivables	-	-	707.53	-	-	588.24
Loans	-	-	44.81	-	-	14.76
Cash and cash equivalents	-	-	152.22	-	-	149.42
Other bank balances	-	-	112.16	-	-	2.68
Derivative financial assets	-	-	-	21.55	-	-
Other Financial Assets	-	-	3.81	-	-	2.37
Total financial assets	**7.72**	**188.55**	**1,020.53**	**41.06**	**135.57**	**757.47**
Financial liabilities						
Borrowings	-	-	561.66	-	-	544.68
Current maturities of long term debt	-	-	45.13	-	-	72.29
Derivative financial liabilities	0.98	-	-		-	-
Trade payables	-	-	591.63	-	-	418.77
Other financial liabilities	-	-	200.11			213.94
Total financial liabilities	**0.98**	**-**	**1,398.53**	**-**	**-**	**1,249.68**

(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:

(a) In respect of Investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.

(b) 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.

(c) 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 measures 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, 2021				As at 31st March, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVPL								
Investments in preference shares	-	-	7.72	7.72	-	-	19.51	19.51
Foreign-exchange forward contract		-	-	-	-	21.55	-	21.55
Financial assets at FVOCI								
Investments in equity instruments	119.84	-	68.71	188.55	80.58	-	54.99	135.57
Total financial assets	**119.84**	**-**	**76.43**	**196.27**	**80.58**	**21.55**	**74.50**	**176.63**
Financial liabilities								
Financial liabilities at FVPL								
Foreign-exchange forward contract	-	0.98	-	0.98	-	-	-	-
Total financial liabilities	**-**	**0.98**	**-**	**0.98**	**-**	**-**	**-**	**-**

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.

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, 2021 and 31st March, 2020.

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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, 2021	31st March, 2020			31st March, 2021	31st March, 2020
Unquoted equity shares	68.71	54.99	Discounted cash flow/Net Asset Value	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by Rs.0.73 Crores	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by Rs. 1.05 Crores
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 0.60 Crores	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 0.77 Crores
Unquoted Preference shares	7.72	19.51	Discounted Amortized cost	Discounting rate to determine PV	Decrease in discount rate by 1% will increase the fair value by Rs. 0.29 Crores	Decrease in discount rate by 1% will increase the fair value by Rs. 2.27 Crores
					Increase in discount rate by 1% will decrease fair value by Rs. 0.28 Crores	Increase in discount rate by 1% will decrease fair value by Rs. 1.90 Crores
Investment Property-Land	5.39	5.39	Fair market price	Discount for limited market activity	Decrease in discount rate by 1% will increase the fair value by Rs. 0.07 Crores	Decrease in discount rate by 1% will increase the fair value by Rs. 0.07 Crores
					Increase in discount rate by 1% will decrease fair value by Rs0.07 Crores.	Increase in discount rate by 1% will decrease fair value by Rs. 0.07 Crores.

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.

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(All amounts in Rs. Crores, unless otherwise stated)

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.

(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. In accordance with 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-21	31-Mar-20
Loss allowance at the beginning of the year	9.64	13.48
Change / (reversal) in allowance during the year (net)	0.83	(3.84)
Loss allowance at the end of the year	10.47	9.64

(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.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2021 (All amounts in Rs. Crores, unless otherwise stated)

NOTE 32: FINANCIAL RISK MANAGEMENT

(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, 2021					
Borrowings (including current maturities)	302.05	173.00	111.75	19.99	606.79
Trade payable	591.63	-	-	-	591.63
Other financial liabilities (excluding current maturities of non current borrowings)	111.19	32.11	24.01	33.78	201.09
	1,004.87	**205.11**	**135.76**	**53.77**	**1,399.51**
31 March, 2020					
Borrowings (including current maturities)	401.96	172.70	42.31	-	616.97
Trade payable	418.77	-	-	-	418.77
Other financial liabilities (excluding current maturities of non current borrowings)	106.40	34.05	29.33	44.16	213.94
	927.13	**206.75**	**71.64**	**44.16**	**1,249.68**

(All amounts in Rs. Crores, unless otherwise stated)

NOTE 32: FINANCIAL RISK MANAGEMENT

(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 INR, are as follows:

Particulars	31-Mar-21			31-Mar-20		
	INR equivalent of			INR equivalent of		
	USD	*EUR*	*GBP*	*USD*	*EUR*	*GBP*
Financial assets						
Trade receivables	144.50	8.26	-	108.11	8.19	-
Balances with banks	66.64	-	-	-	-	-
Derivative assets						
Foreign exchange forward contracts						
Sell foreign currency	(66.64)	-	-	(7.52)	-	-
Net exposure to foreign currency risk (assets)	**144.50**	**8.26**	**-**	**100.59**	**8.19**	**-**
Financial liabilities						
Foreign currency loan	86.31	-	-	126.47	-	-
Trade payables	420.67	(3.13)	0.20	288.80	(5.21)	0.16
Derivative liabilities						
Foreign exchange forward contracts						
Buy foreign currency	(383.51)	-	-	(319.42)	-	-
Net exposure to foreign currency risk (liabilities)	**123.47**	**(3.13)**	**0.20**	**95.85**	**(5.21)**	**0.16**
Net exposure to foreign currency risk (Assets- Liabilities)	**21.03**	**11.39**	**(0.20)**	**4.74**	**13.40**	**(0.16)**

(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 2021 and 31 March 2020:

	Impact on profit before tax	
	FY 2020-21	**FY 2019-20**
USD sensitivity		
INR/USD- Increase by 1%*	0.21	0.05
INR/USD- Decrease by 1%*	(0.21)	(0.05)
EUR sensitivity		
INR/EUR- Increase by 1%	0.11	0.13
INR/EUR- Decrease by 1%	(0.11)	(0.13)
GBP sensitivity		
INR/GBP- Increase by 1%	(0.01)	0.01
INR/GBP- Decrease by 1%	0.01	(0.01)

* Holding all other variable constant

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(All amounts in Rs. Crores, 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. It's 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, 2021	31 March, 2020
Total borrowings (including current maturities)	606.79	616.97

(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 2020-21	FY 2019-20
Interest Rates - Increase by 50 basis points (50 bps) *	(3.03)	(3.08)
Interest Rates - Decrease by 50 basis points (50 bps) *	3.03	3.08

* 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.

(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's 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.

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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, 2021**	**As at 31 March, 2020**
Long Term Borrowings (including current maturities of long term debt)	349.87	287.30
Short Term Borrowings	256.92	329.67
Less: Cash and cash equivalents	152.22	149.42
Total Borrowing (Net)	**454.57**	**467.55**
Total equity	1,943.00	1,706.39
Total Capital (Equity+Net Debt)	**2,397.57**	**2,173.94**

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2021 and 31st March, 2020.

34. The Company has contributed Rs. 20 crores (previous year Rs 35 crores) under section 182 of the Companies Act, 2013.

35. In view of the lockdown across the country due to the COVID-19 pandemic, manufacturing operations of the Group across all its locations were suspended temporarily during March & April-2020, in compliance with the directives/orders issued by the relevant authorities. The consolidated financial statement for the year ended March 31, 2021 were impacted by disruptions owing to COVID-19 and are therefore not comparable with those of previous year. The Group has made an assessment of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current / non-current assets as of 31 March 2021 and on the basis of evaluation, has concluded that no material adjustments are required in the 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.

36.The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

37. 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: April 21, 2021

S R Batliboi & Co. LLP Kolkata

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

Paras Kumar Chowdhary
Director
(DIN: 00076807)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

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S.R. BATLIBOI & CO. LLP
Chartered Accountants

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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.

S.R. Batliboi & Co. Kolkata LLP

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. 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: • 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. • 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.

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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.	• 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 judgements 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 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

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Key audit matters	How our audit addressed the key audit matter
	determine the completeness of claims, disputes and litigations. • We tested the adequacy of disclosures in the standalone Ind AS financial statements.
<u>Fair Valuation of investments in unquoted equity and preference shares</u> *(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.	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.

S R Batliboi & Co. LLP Kolkata

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.

S.R. Batliboi & Co. LLP Kolkata

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 Rs. 7,196.23 lacs as at March 31, 2020, and total revenues of Rs Nil and net cash inflows of Rs. 181.25 lacs 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 / 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;

S.R. Batliboi & Co. LLP Kolkata

(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;

S R Batliboi & Co. LLP
Kolkata

(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

S R Batliboi & Co. LLP
Kolkata

S.R. BATLIBOI & CO. LLP
Chartered Accountants

22, Camac Street
3rd Floor, Block 'B'
Kolkata – 700 016, India
Tel: +91 33 6134 4000

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.

S.R. Batliboi & Co. LLP Kolkata

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.

S.R. Batliboi & Co. LLP
Kolkata

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

S.R. Batliboi & Co. LLP
Kolkata

PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Balance Sheet as at 31 March, 2020

(All amounts in Rs. 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)	150,944.94	149,439.95
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		216,689.11	197,246.52
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		114,029.00	141,465.54
TOTAL ASSETS		330,718.11	338,712.06
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	8	3,446.77	3,446.77
Other equity	9	166,465.39	161,542.30
Non-Controlling Interest		726.39	584.56
TOTAL EQUITY		170,638.55	165,573.63
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		102,461.28	119,972.02
TOTAL LIABILITIES		160,079.56	173,138.43
TOTAL EQUITY AND LIABILITIES		330,718.11	338,712.06

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

Kusum Dadoo

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

S R Batliboi & Co. LLP Kolkata

PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Statement of Profit and Loss for the year ended 31 March, 2020

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from operations	15	324,353.75	352,855.68
Other income	16	2,901.42	1,993.33
Total Income		**327,255.17**	**354,849.01**
Expenses			
Cost of materials consumed	17(a)	218,571.80	235,195.95
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		**291,774.85**	**301,555.12**
Profit before tax		**35,480.32**	**53,293.89**
Income-tax expense	22		
Current tax (net of utilisation of minimum alternate tax credit)		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 - Rs. 2/- (Previous year - Rs.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

Kusum Dadoo

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

S R Batliboi & Co. LLP
Kolkata

PHILLIPS CARBON BLACK LIMITED

Consolidated Ind AS Statement of Cash Flows for the year ended 31 March, 2020

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year Ended 31 March, 2020		Year Ended 31 March, 2019	
A. Cash Flow from Operating Activities					
Profit before Tax			35,480.32		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 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)		(354.68)	
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		(330,700.71)		(257,700.00)	
Proceeds from sale/redemption of current investments		337,427.60		252,491.40	
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		111,706.50	
Repayment of current borrowings		(85,698.49)		(101,513.79)	
Dividends paid [excluding amount transferred to unpaid dividend account and remain unclaimed at year end and includes tax on dividend Rs. 2,479.72 Lakhs (previous year Rs. 1,664.95 Lakhs)]		(14,463.88)		(9,673.44)	
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

Changes in liabilities arising from financing activities

Particulars	1 April 2019	Cash Flows	Others	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	Others	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**

S R Batliboi & Co. LLP Kolkata

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

Kusum Dadoo

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	

S R Batliboi & Co. LLP
Kolkata

PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2020

(All amounts in Rs. 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 Rs 2/- (31 March, 2019 Rs. 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		Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other items of Comprehensive Income - FCTR		
As at 1 April, 2019	9	152.81	22,411.79	7,338.43	60.34	116,279.38	15,237.35	62.20	584.56	162,126.86
Profit for the year		-	-	-	-	28,655.15	-	-	95.00	28,750.15
Other comprehensive income for the year (net of tax)		-	-	-	-	(122.09)	(8,942.60)	200.13	46.83	(8,817.73)
Dividends paid (including Rs. 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 Rs. 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	128,588.70	7,650.99	262.33	726.39	167,191.78

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PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2020

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	Reserves and Surplus					Other reserves		Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other Items of Comprehensive Income - FCTR		
As at 1 April, 2018	9	152.81	22,411.79	7,338.43	60.34	88,944.23	15,426.21	(22.81)	659.13	134,970.13
Profit for the year		-	-	-	-	38,369.61	-	-	(102.97)	38,266.64
Other comprehensive income for the year (net of tax)		-	-	-	-	(62.59)	(188.86)	85.01	28.40	(138.04)
Dividends paid (including Rs. 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**	**116,279.38**	**15,237.35**	**62.20**	**584.56**	**162,126.86**

The accompanying notes form an integral part of these Consolidated Ind AS financial statements

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/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

Kusum Dadoo

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

S R Batliboi & Co. LLP Kolkata

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 (Rs), 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: -

i) certain financial assets and liabilities (including derivative instruments).
ii) Plan assets of defined benefit employee benefit plans

1.1.3. Principles of Consolidation

a. 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.

b. 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.

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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:

a. expected to be realised or intended to be sold or consumed in the normal operating cycle,
b. held primarily for the purpose of trading,
c. expected to be realised within twelve months after the reporting period, or
d. 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:

a. it is expected to be settled in the normal operating cycle,
b. it is held primarily for the purpose of trading,
c. it is due to be settled within twelve months after the reporting period, or
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:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
b) those measured at amortised cost.

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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.

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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 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 exchanges 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:

a) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet
b) 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
c) 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

a) 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 Rs. 6,131.64 Lakhs, and a lease liability of Rs. 6,629.82 Lakhs. Cumulative impact of applying the standard gross of taxes amount is Rs. 498.18 Lakhs and net of taxes amount is Rs. 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.

b) 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 Group

- Ind AS 12 Uncertainty over Income Tax Treatment
- Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment tor 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.

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 Group 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 Group, 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.

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TANGIBLE ASSETS

	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	173,972.77
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**	**182,940.61**
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**	-	**150,944.94**
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	157,392.58
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**	**173,972.77**
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**	-	**149,439.95**

* Includes Rs. Nil (31 March 2019 : Rs. 339.20 lakhs) on account of duty saved on assets imported under the EPCG scheme.

(i) Cost and accumulated depreciation include Rs.4,786.38 lakhs (31 March, 2019 - Rs. 4,775.22 lakhs) and Rs. 894.10 lakhs (31 March, 2019 - Rs. 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 Rs. 2,521.08 lakhs (31 March, 2019 - Rs. 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 is against 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).

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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 Rs. 281.54 Lakh (31 March 2019 Rs. 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, Odisha, 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 Rs. 539.42 lacs and Rs. 514.06 lacs 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).

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(All amounts in Rs. 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 as at 31 March, 2020	**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 as at 31 March, 2019	**143.11**

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer Note 20).

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(All amounts in Rs. lakhs, unless otherwise stated)

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**

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31st March, 2019

NOTE 4 (a) : INVESTMENTS

Accounting Policy

1. Investment

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.

Non-Current

Investments in Equity Instruments (fully paid-up) - Others

		As at 31 March, 2020	As at 31st March, 2019
Quoted			
Bank of Baroda 35,930 (31 March, 2019: 35,930) equity shares of Rs. 2/- each **		19.24	46.26
Indian Overseas Bank 11,400 (31 March, 2019: 11,400) equity shares of Rs. 10/- each **		0.80	1.65
Norplex Oak India Limited 380,000 (31 March, 2019: 380,000) equity shares of Rs 10/- each ^		-	-
Maple Circuits Limited 765,000 (31 March, 2019: 765,000) equity shares of Rs. 10/- each ^		-	-
CESC Limited 1,686,198 (31 March, 2019: 1,686,198) equity shares of Rs. 10/- each **		6,888.96	12,320.21
CESC Ventures Limited 337,239 (31 March, 2019: 337,239) equity shares of Rs. 10/- each **		397.77	2,097.46
Spencers Retail Limited 1,011,718 (31 March, 2019: 1,011,718) equity shares of Rs. 5/- each **		751.20	1,618.75
	Total (A)	8,057.97	16,084.33
Unquoted			
Apeejay Charter Private Limited 1,600 (31 March, 2019: 1,600) equity shares of Rs 10/- each **		3.82	0.16
Accurate Commodeal Private Limited 390,000 (31 March, 2019: 390,000) equity shares of Rs.10/- each **		1,629.74	481.85
Woodlands Multispeciality Hospital Limited 145,480 (31 March, 2019: 145,480) equity shares of Rs.10/- each **		504.82	421.89
Ritushree Vanijya Private Limited 1,900 (31 March, 2019: 1,900) equity Shares of Rs.10/- each **		630.58	1,445.14
Solty Commercial Private Limited 1,900 (31 March, 2019: 1,900) equity Shares of Rs.10/- each **		630.54	1,445.10
Subhrashi Vinimay Private Limited Nil (31 March, 2019: 13,000,000) equity shares of Rs. 10/- each (Refer Note 4)		-	1,606.52
Fairluck Commercial Company Limited Nil (31 March, 2019: 6,670,000) equity shares of Rs. 10/- each (Refer Note 4)		-	745.12
Spotboy Tracom Private Limited 330,875 (31 March, 2019: 330,875) equity shares of Rs.10/- each **		1,873.00	1,300.48
Elphinstone Properties (P) Ltd. Nil (31 March, 2019: 4,500,000) equity shares of Rs.10/- each (Refer Note 4)		-	628.93
RPG Industries (P) Ltd. 402,000 (31 March, 2019: 402,000) equity shares of Rs.10/- each **		226.19	283.75
	Total (B)	5,498.69	8,358.94

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

Investments in Preference Shares (fully paid-up) - Others		
Devise Properties Private Ltd. 1,050,000 (31 March, 2019: 1,050,000) 0% Convertible Preference Shares of Rs. 100/- each at par #	709.80	656.73
Lebnitze Real Estate (P) Ltd.		
Nil (31 March, 2019: 950,000) 0% Convertible Preference Shares of Rs. 100/- each at par #	-	603.07
5,017,110 (31 March, 2019: Nil) 6% Non Cumulative Non Convertible Redeemable Preference Share of Rs. 100/- each at par # (Refer Note 4)	1,241.88	
Norplex Oak India Limited 50 (31 March, 2019: 50) preference shares of Rs 100/- each ^	-	-
Maple Circuits Limited 50 (31 March, 2019: 50) preference shares of Rs 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 Rs. 100 each #	-	4,504.66
Investments in Mutual Funds #		
Unquoted		
ICICI Prudential Liquid - Direct Plan Growth Nil (31 March, 2019: 2,172,909.254 units) of face value Rs 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

2 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.

3 Refer note 31 for information about fair value measurements and note 32 for credit risk and market risk on investments.

4 The Company has received, specified number of 6% Non Cumulative Non Convertible Redeemable Preference Share of Lebnitze Real State (P) Ltd. in exchange of existing equity shares of Subhrashi Vinimay Private Ltd, Fairlink 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.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

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.

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

1. No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.
2. Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

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.

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

4(d) OTHER BANK BALANCES

Balances with Banks		
- In Unpaid Dividend Accounts *	268.01	188.52
	268.01	188.52

* Earmarked for payment of Unclaimed Dividends

4(e) LOANS

(Unsecured considered good)

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

4(f) OTHER FINANCIAL ASSETS

(Unsecured considered good)

Non-Current		
Margin Money Deposit against guarantees	139.20	139.20
	139.20	139.20
Current		
Derivative Instruments not designated as hedges - Foreign Exchange Forward Contracts	2,155.18	-
Unbilled Revenue from sale of power	97.57	194.32
	2,252.75	194.32

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	As at 31 March, 2020	As at 31st March, 2019
NOTE 5: OTHER ASSETS		
(Unsecured considered good, unless otherwise stated)		
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.

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 Rs. 768.69 Lakhs (Previous Year Rs. 572.57 Lakhs)]		
	32,618.87	46,029.23

NOTE 7: NON CURRENT TAX ASSETS (NET)

Advance payment of Taxes [Net of Provision for Tax Rs. 41,732.62 Lakhs (31 March, 2019: Rs. Nil)]	837.62	-
	837.62	-

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(All amounts in Rs. lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31st March, 2019
NOTE 8: EQUITY SHARE CAPITAL		
Authorized share capital		
310,000,000 (31 March, 2019: 310,000,000) equity shares of Rs 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 Rs. 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 (Holding %)	Number of Shares (Holding %)
Rainbow Investments Limited - Holding Company	86,515,370 -50.20%	86,515,370 -50.20%

(iii) **Terms/ Rights attached to equity shares**
The Company has only one class of equity shares having par value of Rs. 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 31st 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]	128,588.70	116,279.38
(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
	166,465.39	161,542.30

(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

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(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	116,279.38	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 Rs. 2,479.72 Lakhs (Previous year Rs 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 Rs. 174.05 Lakhs)	(324.13)	-
	v) Loss on fair valuation of preference shares of companies under common control/holding company	-	(1,207.04)
	vii) 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	128,588.70	116,279.38
	Note: Others represents amount directly recognised in retained earnings on consolidation of Rs. 56.31 Lakhs (Previous Year Rs. 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.		
(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.

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	As at 31 March, 2020	As at 31st March, 2019

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 31st 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 :

a) Rs. 19,246.66 lakhs (31 March 2019 - Rs. 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.

b) Rs.9,483.85 lakhs (31 March 2019 - Rs.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 31st 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 31st 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 Rs. Nil (31 March, 2019: Rs. Nil). Maximum amount outstanding at any time during the year was Rs. 7,500 Lakhs (31 March, 2019: Rs. 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.

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(All amounts in Rs. lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31st March, 2019

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.

	As at 31 March, 2020	As at 31st March, 2019
Current		
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 31st 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

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 31st 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.

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(All amounts in Rs. lakhs, unless otherwise stated)

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	01 April, 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

	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

	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 liability during the year and others	(2,229.77)
Balance as of 31 March 2020	**13,293.41**
Current	2,862.84
Non-Current	10,430.57

(All amounts in Rs. lakhs, unless otherwise stated)

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.

Non-current		
Provision for Employee Benefits (Refer Note18.1)		
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

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

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

NOTE 12: DEFERRED TAX LIABILITIES

	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 adopion 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 April1, 2019, subject to certain conditions specified therein. The Group 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 Alternative 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
Deferred Tax Liabilities:	Total	Total	Total	Total	Total
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

(All amounts in Rs. lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31st March, 2019

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, 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 31st 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 31st March, 2019
Provision for Income Tax [Net of Advance Tax Nil (31 March, 2019: Rs. 36,008.45 Lakhs)]	4.37	538.15
	4.37	538.15

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(All amounts in Rs. lakhs, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019

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.

Sales of Finished Goods		
Carbon black	313,556.80	340,603.47
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	324,353.75	352,855.68
India	237,026.12	268,493.78
Outside India	85,178.33	81,855.38
Total revenue (excluding scrap sales and exports incentive)	322,204.45	350,349.16

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.

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

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(All amounts in Rs. lakhs, unless otherwise stated)

NOTE 17(a) : COST OF MATERIAL CONSUMED

Opening Stock	30,900.18	23,158.49
Add : Purchases	207,564.97	242,937.64
Less : Closing Stock	(19,893.35)	(30,900.18)
Cost of material consumed	218,571.80 *	235,195.95

* 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

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

a. 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.

b. 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.

c. 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.

d. 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.

e. 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.

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 note18.1)	1,060.51	991.26
	13,455.28	11,112.36

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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.

The following table sets forth the particulars in respect of the defined benefit plans of the Group for the year ended 31st March, 2020:

		Gratuity Fund (Funded)			PRMB (Unfunded)
	Particulars	**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**

\## Includes Rs. 332.92 Lakhs (31 March, 2019: Rs. 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

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

	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**

(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 Yr.	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.

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(vii) Risk Exposure

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

1 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

2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

3 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.

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 Rs. 69.28 Lakhs (31 March, 2019: Rs 15.68 Lakhs) and outstanding as at the balance sheet date amounts to Rs 138.69 Lakhs (31 March, 2019: Rs 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 Rs. 195.92 lakhs (31 March 2019-Rs 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 Rs. 307.82 Lakhs (31 March, 2019: Rs. 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**

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(All amounts in Rs. lakhs, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019

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.

Interest expense on debts and borrowings	3,676.58	3,566.32
Interest on lease liabilities [on adoption of Ind AS 116 with effect from 1 April 2019, Refer Note 10(d)]	885.39	-
Other Borrowings Costs	27.84	111.56
	4,589.81	3,677.88

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

Depreciation of property, plant and equipment (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

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	(106.91)	(204.75)
Loss on disposal of property, plant and equipment	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 Rs. 3,500 lakhs (Previous Year Rs. 2,000 lakhs) toward contribution to political parties by way of electoral bonds under "The Electoral Bond Scheme, 2018".

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	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Details of CSR expenditure:		
(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 Rs. 100.00 lakhs (FY 31 March, 2019 Rs. 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 Rs. 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 Rs. 505.01 lakhs would be available for offset against the Group's future CSR obligation.

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.

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.

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(All amounts in Rs. 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 miminum 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%**

** Reprsents unrecognised credit of minimum alternative tax related to earlier years.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

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 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019

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.

Contingent Liabilities for :	As at 31 March, 2020	As at 31 March, 2019
(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

Capital Commitments

	As at 31 March, 2020	As at 31 March, 2019
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

	As at 31 March, 2020	As at 31 March, 2019
Final Dividend for the year ended 31 March 2018 of Rs.1.2/- per share on face value of Rs. 2/- per share	-	2,068.05
Dividend Distribution tax on above	-	425.09
Interim Dividend for the year ended 31 March 2020 of Rs. 7/- per share on face value of Rs. 2/- per share (31 March 2019 Rs. 3.5/- per share on face value of Rs. 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

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	Year ended 31 March, 2020	Year ended 31 March, 2019

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.

Basic and Diluted	Year ended 31 March, 2020	Year ended 31 March, 2019
(i) Number of Equity Shares outstanding	172,337,860	172,337,860
(ii) Face value of each Equity Share (Rs)	2.00	2.00
(iii) Profit after Tax available for Equity Shareholders (Rs in Lakhs)	28,750.15	38,266.64
(iv) Basic and Diluted earnings per Share (Rs) [(iii)/(i)]	16.68	22.20

The Group does not have any dilutive potential equity shares.

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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)	Sunit 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)

(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
Guiltfree Industries Limited	Company under the control of the Holding Company as per Ind AS-110
Accurate Commodeal 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)

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

(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 and 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	128.85	179.05
14	Advances recovered	-	-	-	-	-	-	135.10	172.58	135.10	172.58
15	Licence Fees	27.95	-	-	-	-	-	-	-	27.95	-
16	Contributions paid	-	-	-	-	-	-	1,161.63	665.08	1,161.63	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

		As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
B.	**Closing Balances**										
1	Receivables	2,820.39	742.88	0.03	8.96	11.50	17.50	0.07	6.31	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.

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 standalone 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 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 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	313,556.80	8,647.65	322,204.45	340,603.47	9,745.69	350,349.16
Other operating Revenues	2,149.30	-	2,149.30	2,506.52	-	2,506.52
Total revenue from operations	315,706.10	8,647.65	324,353.75	343,109.99	9,745.69	352,855.68
Inter-segment revenue	-	6,530.15	6,530.15	-	6,553.59	6,553.59
Total segment revenue	315,706.10	15,177.80	330,883.90	343,109.99	16,299.28	359,409.27

Revenue of Rs 108,807.00 Lakhs (31 March 2019 - Rs 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 revenues)	Year ended 31st March, 2020	Year ended 31st March, 2019
India	237,026.12	268,493.78
Other countries	85,178.33	81,855.38
Total	322,204.45	350,349.16

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

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

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

Particulars	31st March, 2020			31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	248,124.95	32,083.14	280,208.09	249,646.74	33,131.66	282,778.40
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	**248,124.95**	**32,083.14**	**330,718.11**	**249,646.74**	**33,131.66**	**338,712.06**

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	266,940.65	266,714.60
other countries	13,267.44	16,063.80
Total	280,208.09	282,778.40

Segment Liabilities :

Particulars	31st March, 2020			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**	**160,079.56**	**61,681.22**	**876.75**	**173,138.43**

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(All amounts in Rs. lakhs, unless otherwise stated)

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%	169,168.01	98.61%	28,349.40	102.78%	(9,121.00)	96.74%	19,228.40
31 March, 2019	99.54%	164,807.11	101.53%	38,853.35	157.91%	(309.24)	101.24%	38,544.11
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%	(5,290.08)	-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%	170,638.55	100.00%	28,750.15	100.00%	(8,874.04)	100.00%	19,876.11
31 March, 2019	100.00%	165,573.63	100.00%	38,266.64	100.00%	(195.83)	100.00%	38,070.81

Note: PCBL Netherlands Holdings B.V. a wholly owned 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.

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Kolkata

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

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	-	-	**124,968.82**	**746.03**	-	**136,593.66**

(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:

(a) 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.

(b) In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.

(c) 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.

(d) 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 measures 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

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 31st March, 2020	Fair Value at 31st March, 2019	Valuation Technique	Significant unobservable input	Sensitivity 31st March, 2020	Sensitivity 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 Rs. 105.23 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by Rs. 46.55 Lakhs
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 77.49 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 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 Rs. 227.48 lakhs	Decrease in discount rate by 1% will increase the fair value by Rs. 115.32 lakhs
					Increase in discount rate by 1% will decrease fair value by Rs. 190.28 Lakhs.	Increase in discount rate by 1% will decrease fair value by Rs. 109.82 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 Rs. 6.74 lakhs	Decrease in discount rate by 1% will increase the fair value by Rs. 6.86 lakhs
					Increase in discount rate by 1% will decrease fair value by Rs. 6.74 Lakhs.	Increase in discount rate by 1% will decrease fair value by Rs. 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.

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(All amounts in Rs. lakhs, unless otherwise stated)

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.

(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. In accordance with 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.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020 (All amounts in Rs. lakhs, unless otherwise stated)

NOTE 32: FINANCIAL RISK MANAGEMENT

(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**	**124,968.82**
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
	110,273.66	**16,133.33**	**10,932.70**	**-**	**137,339.69**

(All amounts in Rs. lakhs, unless otherwise stated)

NOTE 32: FINANCIAL RISK MANAGEMENT

(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 INR, are as follows:

Particulars	31-Mar-20			31-Mar-19		
	INR equivalent of			INR 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		
INR/USD- Increase by 1%*	4.75	8.28
INR/USD- Decrease by 1%*	(4.75)	(8.28)
EUR sensitivity		
INR/EUR- Increase by 1%	13.41	4.40
INR/EUR- Decrease by 1%	(13.41)	(4.40)
GBP sensitivity		
INR/GBP- Increase by 1%	(0.16)	(0.18)
INR/GBP- Decrease by 1%	0.16	0.18

* Holding all other variable constant

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(All amounts in Rs. 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. It's 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,	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	
	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.

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(All amounts in Rs. 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 Borrowings (including current maturities of long term debt)	28,730.51	34,140.81
Short Term Borrowings	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	170,638.55	165,573.63
Total Capital (Equity+Net Debt)	**217,393.96**	**233,559.19**

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2020 and 31st March, 2019.

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.

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

Kusum Dadoo

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

S R Batliboi & Co. LLP
Kolkata

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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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 2019, 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, 2019, 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.

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, 2019. 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.

1. **Revenue recognition** *(as described in Note 14 of the consolidated Ind AS financial statements)*

Key audit matter

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.

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.

How our audit addressed the key audit matter

Our audit procedures included the following:

- 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.
- 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 analysed 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.

2. **Provisions for claims & litigations and disclosure of contingent liabilities** *(as described in Note 10 and Note 23 of the consolidated Ind AS financial statements)*

Key audit matter

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:

- 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 judgement 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.

3. **Fair Valuation of investments in unquoted equity and preference shares** *(as described in Note 4(a) of the consolidated Ind AS financial statements)*

Key audit matter

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, 2018, and the unaudited management certified financial statements/trial balances for the year ended 31 March 2019, 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 31 March 2019 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, 2019 with the fair valuation as on March 31, 2018 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 Ind AS 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 system 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 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, 2019 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 subsidiaries, whose financial statements include total assets of Rs. 9,421.47 lakhs as at March 31, 2019, and total revenue from operations of Rs. Nil and net cash inflows of Rs. 89.04 lakhs for the year ended on that date. These financial statements 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 matter 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 the reports 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/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, 2019 taken on record by the Board of Directors of the Company, none of the directors of the

S.R. Batliboi & Co. LLP Kolkata

Company is disqualified as on March 31, 2019 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, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 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 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 10 and Note 23 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, 2019.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership Number: 058652
Place of Signature: Kolkata
Date: May 20, 2019

S.R. Batliboi & Co. LLP
Kolkata

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMTED

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, 2019, 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 Board of Directors of the Company, 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 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 31,2019, 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
Place of Signature: Kolkata
Date: May 20, 2019

PHILLIPS CARBON BLACK LIMITED

Consolidated Ind AS Balance Sheet as at 31 March 2019

(All amounts in INR Lakhs, unless otherwise stated)

	Notes	As at 31 March, 2019	As at 31 March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	149,439.95	139,426.75
Capital work-in-progress	3(b)	17,504.16	6,684.43
Investment property	3(c)	447.73	447.73
Intangible assets	3(d)	143.11	44.64
Financial assets			
(i) investments	4(a)	25,703.07	31,575.52
(ii) Loans	4(e)	1,372.16	1,319.89
(iii) Other financial assets	4(f)	139.20	139.20
Other non-current assets	5	2,497.14	4,720.55
Total Non-current assets		197,246.52	184,358.71
Current assets			
Inventories	6	46,029.23	30,990.16
Financial assets			
(i) Investments	4(a)	10,510.94	-
(ii) Trade receivables	4(b)	65,265.78	52,197.46
(iii) Cash and cash equivalents	4(c)	11,357.14	17,159.71
(iv) Other bank balances	4(d)	188.52	97.13
(v) Loans	4(e)	179.74	45.59
(vi) Other financial assets	4(f)	194.32	458.14
Other current assets	5	7,739.87	1,833.09
Total Current assets		141,465.54	102,781.28
TOTAL ASSETS		338,712.06	287,139.99
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	7	3,446.77	3,446.77
Other equity	8	161,542.30	134,311.00
Non-Controlling Interest		584.56	659.13
TOTAL EQUITY		165,573.63	138,416.90
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	9(a)(i)	27,066.03	16,425.49
Provisions	10	131.28	70.05
Deferred tax liabilities (Net)	11	25,671.86	22,727.27
Total Non-current liabilities		52,869.17	39,222.81
Current liabilities			
Financial Liabilities			
(i) Borrowings	9(a)(ii)	45,499.13	52,264.00
(ii) Trade payables	9(b)		
a) Total outstanding dues of micro enterprises and small enterprises		358.87	102.17
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		50,469.77	40,086.21
(iii) Other financial liabilities	9(c)	13,945.89	7,644.34
Provisions	10	8,321.11	7,780.12
Current tax liabilities (Net)	13	538.15	1,207.31
Other current liabilities	12	1,136.34	416.13
Total Current liabilities		120,269.26	109,500.28
TOTAL LIABILITIES		173,138.43	148,723.09
TOTAL EQUITY AND LIABILITIES		338,712.06	287,139.99

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: May 20, 2019

S R Batliboi & Co. LLP Kolkata

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kusum Dadoo

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

PCBL KOLKATA

PHILLIPS CARBON BLACK LIMITED

Consolidated Ind AS Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in INR Lakhs, unless otherwise stated)

	Notes	Year ended 31 March, 2019	Year ended 31 March, 2018
Revenue from operations	14	352,855.68	261,127.12
Other income	15	1,993.33	2,879.86
Total Income		**354,849.01**	**264,006.98**
Expenses			
Cost of materials consumed	16(a)	235,195.95	166,185.40
Changes in inventories of finished goods	16(b)	(5,539.79)	841.71
Excise duty on sale of goods		-	5,333.31
Employee benefits expense	17	11,112.36	9,735.85
Finance costs	18	3,677.88	4,143.53
Depreciation and amortisation expense	19	6,638.36	6,052.39
Other expenses	20	50,470.36	41,351.29
Total Expenses		**301,555.12**	**233,643.48**
Profit before tax		**53,293.89**	**30,363.50**
Income-tax expense	21		
Current tax		15,087.36	9,178.92
Deferred tax		(60.11)	(1,775.51)
Total tax expense		**15,027.25**	**7,403.41**
Profit for the year		**38,266.64**	**22,960.09**
Other Comprehensive Income			
Exchange difference on translation of foreign exchange		113.41	36.98
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)		(120.38)	(193.88)
Net (loss)/gain on FVTOCI equity instruments (net of tax)		(188.86)	4,582.65
Other Comprehensive Income for the year, net of tax		**(195.83)**	**4,425.75**
Total Comprehensive Income for the year, net of tax		**38,070.81**	**27,385.84**
Profit for the year Attributable to: -			
Owners of the Equity		38,369.61	22,884.30
Non-Controlling Interest		(102.97)	75.79
Other Comprehensive Income for the year Attributable to: -			
Owners of the Equity		(224.23)	4,425.75
Non-Controlling Interest		28.40	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO: -			
Owners of the Equity		38,145.38	27,310.05
Non-Controlling Interest		(74.57)	75.79
Earning per equity share : [Nominal Value per share - Rs. 2/- (Previous year - Rs.2/-)] [Refer note 7(ii)]	26		
Basic (Rs.)		22.20	13.32
Diluted (Rs.)		22.20	13.32

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: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kusum Dadoo

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

Kaushik Mukherjee

Raj Kumar Gupta

Consolidated Ind AS Statement of Cash Flows for the year ended 31 March, 2019

(All amounts in INR Lakhs, unless otherwise stated)

	Notes	Year Ended 31 March, 2019		Year Ended 31 March, 2018	
A. Cash Flow from Operating Activities					
Profit before Tax			**53,293.89**		**30,363.50**
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation expenses	19	6,638.36		6,052.39	
Finance costs	18	3,677.88		4,143.53	
Allowance for doubtful debts / expected credit losses - trade receivable	20	500.69		50.00	
Allowance for doubtful debts / expected credit loss written back	15	-		(249.06)	
Interest income from certain financial assets	15	(134.13)		(84.34)	
Exchange differences on translation of foreign subsidiaries		113.41		144.48	
Dividend income from equity instruments designated at FVOCI	15	(390.58)		(266.27)	
Gain on sale of investments carried at FVTPL	15	(797.69)		(927.33)	
Fair Value gains on investments at FVTPL	15	(354.58)		(220.84)	
Liabilities no longer required written back	15	(270.99)		(40.14)	
Loss on disposal of property, plant and equipment	20	16.15		-	
Provisions for claims and litigations		2,025.40		5,790.37	
Foreign exchange differences (net)		(433.02)		2,204.08	
			10,590.90		16,596.87
Operating profit before changes in operating assets and liabilities			**63,884.79**		**46,960.37**
Working capital adjustments					
(Increase) in inventories		(15,039.07)		(6,637.84)	
(Increase) in financial and non-financial assets		(20,122.28)		(1,225.62)	
Increase/(Decrease) in financial and non-financial liabilities		13,077.66		(3,009.30)	
			(22,083.69)		(10,872.76)
Cash generated from operations			**41,801.10**		**36,087.61**
Income tax paid			(12,811.51)		(6,831.59)
NET CASH FLOWS FROM OPERATING ACTIVITIES			**28,989.59**		**29,256.02**
B. Cash Flow from Investing Activities					
Purchase of property, plant and equipment		(23,273.90)		(9,443.36)	
Proceeds from disposal of property, plant and equipment		121.08		5.32	
Purchase of current investments		(257,700.00)		(288,700.00)	
Proceeds from sale/redemption of current investments		252,491.40		299,130.30	
Purchase of non-current investments		-		(8,227.22)	
Proceeds from sale of non-current investments		-		3,485.00	
Interest received		218.51		52.79	
Dividend received from equity instruments designated at FVOCI		390.58		266.27	
NET CASH FLOWS USED IN INVESTING ACTIVITIES			**(27,752.33)**		**(3,430.90)**
C. Cash Flow from Financing Activities					
Arrear Allotment money received		-		0.23	
Proceeds from non-current borrowings		18,300.00		5,000.00	
Repayment of non-current borrowings		(4,018.54)		(6,520.16)	
Increase/(decrease) in cash credit facilities from banks		(17,165.95)		454.14	
Proceeds from current borrowings		111,706.50		136,631.81	
Repayment of current borrowings		(101,513.79)		(140,922.82)	
Dividends paid (including Rs. 1,664.95 Lakhs (Previous year Rs 421.01 lakhs) tax on dividends)		(9,673.44)		(2,521.68)	
Finance cost paid		(4,674.61)		(3,109.78)	
NET CASH FLOWS USED IN FINANCING ACTIVITIES			**(7,039.83)**		**(10,988.26)**
Net increase/(decrease) in Cash and Cash Equivalents			**(5,802.57)**		**14,836.86**
Opening Cash and Cash Equivalents [Refer Note 4(c)]			17,159.71		2,322.85
Closing Cash and Cash Equivalents [Refer Note 4(c)]			**11,357.14**		**17,159.71**

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Consolidated Ind AS Statement of Cash Flows for the year ended 31 March, 2019 (All amounts in INR Lakhs, unless otherwise stated)

Changes in liabilities arising from financing activities

Particulars	1 April 2018	Cash Flows	Other	31 March 2019
Current borrowings	52,264.00	(6,973.25)	208.38	45,499.13
Non-current borrowings (including Current Maturities)	19,469.79	14,281.46	92.32	33,843.57
Total liabilities from financing activities	**71,733.79**	**7,308.21**	**300.70**	**79,342.70**

Particulars	1 April 2017	Cash Flows	Other	31 March 2018
Current borrowings	54,814.40	(3,836.88)	1,286.48	52,264.00
Non-current borrowings (including Current Maturities)	21,006.77	(1,520.16)	(16.82)	19,469.79
Total liabilities from financing activities	**75,821.17**	**(5,357.04)**	**1,269.66**	**71,733.79**

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: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Kusum Dadoo
Director
(DIN: 06967827)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

PHILLIPS CARBON BLACK LIMITED

Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2019

(All amounts in INR Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	31 March, 2019		31 March, 2018	
		No of shares	Amount	No of shares	Amount
Equity shares of Rs 2/- (31 March, 2018 Rs. 10/-) each issued, subscribed and paid up: (Refer Note 7 (ii))					
Opening balance	7	172,337,860	3,446.77	34,467,572	3,446.73
Receipt of pending allotment money		-	-	-	0.04
Closing balance		172,337,860	3,446.77	34,467,572	3,446.77

B. Other equity

Particulars	Notes	Reserves and Surplus					Other reserves		Non controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other Items of comprehensive Income - FCTR		
As at 1 April, 2018	8	152.81	22,411.79	7,338.43	60.34	88,944.23	15,426.21	(22.81)	659.13	134,970.13
Profit for the year		-	-	-	-	38,369.61	-	-	(102.97)	38,266.64
Other comprehensive income for the year (net of tax)		-	-	-	-	(62.59) *	(188.86)	85.01	28.40	(138.04)
Dividends paid (including Rs. 1,664.95 Lakhs tax on dividends)	25	-	-	-	-	(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	116,279.38	15,237.35	62.20	584.56	162,126.86

* Refer Note 8(e)

S.R. Batliboi & Co. LLP Kolkata

Phillips Carbon Black Ltd. Kolkata

PHILLIPS CARBON BLACK LIMITED

Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2019

(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Notes	Reserves and Surplus					Other reserves		Non controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other Items of comprehensive Income - FCTR		
As at 1 April, 2017	8	152.81	22,411.60	7,338.43	60.34	68,872.27	10,843.56	(59.79)	583.34	110,202.56
Amount received during the year		-	0.19	-	-	-	-	-	-	0.19
Profit for the year		-	-	-	-	22,884.30	-	-	75.79	22,960.09
Other comprehensive income for the year (net of tax)		-	-	-	-	(86.38) *	4,582.65	36.98	-	4,533.25
Dividends paid (including Rs. 421.01 Lakhs tax on dividends)	25	-	-	-	-	(2,489.06)	-	-	-	(2,489.06)
Loss on fair valuation of preference shares of the holding company purchased during the year		-	-	-	-	(236.90)	-	-	-	(236.90)
As at 31 March, 2018		**152.81**	**22,411.79**	**7,338.43**	**60.34**	**88,944.23**	**15,426.21**	**(22.81)**	**659.13**	**134,970.13**

* Refer Note 8(e)

The accompanying notes form an integral part of these Consolidated Ind AS financial statements

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/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kusum Dadoo

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

S.R. Batliboi & Co. LLP Kolkata

Phillips Carbon Black Ltd. Kolkata

Phillips Carbon Black Limited

Notes to Consolidated Ind AS Financial statements as at and for the year ended March 31, 2019

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 2019. 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 28. 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 May 20, 2019.

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 (Rs), 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:-

i) certain financial assets and liabilities (including derivative instruments);

ii) Plan assets of defined benefit employee benefit plans

1.1.3. Principles of Consolidation

a. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. 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.

b. 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.

c. The subsidiary companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of ownership interest as on March 31, 2019	% of ownership interest as on March 31, 2018
Phillips Carbon Black Cyprus Holdings Limiited	Cyprus	100	100
PCBL Netherlands Holdings B.V.	Netherlands	100	100
Phillips Carbon Black Vietnam Joint Stock Company	Vietnam	80	80

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:

a. expected to be realised or intended to be sold or consumed in the normal operating cycle,
b. held primarily for the purpose of trading,
c. expected to be realised within twelve months after the reporting period, or
d. 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:

a. it is expected to be settled in the normal operating cycle,
b. it is held primarily for the purpose of trading,
c. it is due to be settled within twelve months after the reporting period, or
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. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.4. Other financial assets (other than Investments)

1.4.1. Classification

The Group classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

b) 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.

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For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income.

1.4.2. 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.

1.4.3. 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 31 details how the Group determines whether there has been a significant increase in credit risk.

1.4.4. 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.

1.4.5. 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.

1.5. 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.

1.6. 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 Group or the counterparty.

1.7. Foreign currency transactions and translation

1.7.1 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 exchanges 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:

a) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet
b) 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
c) 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.

1.8. Recent Accounting Pronouncements

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 amending the following standard:

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately

- The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. These amendments shall have no material impact on the financial statements of the Group.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 April 2019. These amendments have no impact on the financial statements of the Group.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Annual improvement to Ind AS (2018);

These improvements include:

Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

Ind AS 116 Leases

Ind AS 116 *Leases* was notified on March 30, 2019 and it replaces Ind AS 17 *Leases*, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Ind AS 116 requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Group is in the process of evaluating the requirements of the standard and its impact on its financial statements.

1.9. 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.

Changes in accounting policies and disclosures

New and amended standards

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 is effective from April 1, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption. Under such method, there were no significant adjustments required to be made to the retained earnings as at 1st April 2018. Also, the application of Ind AS 115 did not have any significant impact on the profit for the year.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

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, 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 Group's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

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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 30 for further disclosures.

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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 asset.

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 Group 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 Group 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.

TANGIBLE ASSETS

	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 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	157,392.58
Additions during the year	-	-	276.68	2,278.91	14,065.16*	4.57	107.11	-	40.81	-	16,773.24
Disposals 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**	**173,972.77**
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 charge for the year	-	-	332.71	138.52	5,856.05	19.75	106.77	1.81	167.21	-	6,622.82
Adjustment of depreciation on disposals	-	-	-	-	(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	**20,206.19**	**42,920.48**	**6,312.42**	**7,606.07**	**70,669.56**	**75.29**	**196.10**	**3.18**	**1,450.66**	**-**	**149,439.95**
Year ended 31 March 2018											
Gross carrying amount											
Opening balance as at 1 April 2017	20,206.19	40,399.40	7,121.59	5,013.55	74,963.46	143.58	477.13	25.42	2,163.46	1.40	150,515.18
Additions during the year	-	2,521.08	164.77	796.66	3,562.14	21.03	90.92	-	28.42	-	7,185.02
Disposals during the year	-	-	-	-	(295.74)	(3.91)	(0.49)	(7.48)	-	-	(307.62)
Closing Gross carrying amount	**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**	**157,392.58**
Accumulated Depreciation											
Opening balance as at 1 April 2017	-	-	608.09	225.89	10,623.30	50.90	261.07	18.34	420.55	1.40	12,209.54
Depreciation charge for the year	-	-	309.82	118.64	5,294.13	20.89	110.30	2.09	194.01	-	6,049.88
Adjustment of depreciation on disposals	-	-	-	-	(283.10)	(2.68)	(0.33)	(7.48)	-	-	(293.59)
Closing Accumulated Depreciation	**-**	**-**	**917.91**	**344.53**	**15,634.33**	**69.11**	**371.04**	**12.95**	**614.56**	**1.40**	**17,965.83**
Net Carrying Amount	**20,206.19**	**42,920.48**	**6,368.45**	**5,465.68**	**62,595.53**	**91.59**	**196.52**	**4.99**	**1,577.32**	**-**	**139,426.75**

* Includes Rs.339.20 lakhs on account of duty saved on assets imported under the EPCG scheme.

(i) Cost and accumulated depreciation include Rs.4,775.22 lakhs (31 March, 2018 - Rs. 4,775.22 lakhs) and Rs. 698.33 lakhs (31 March, 2018 - Rs. 506.30 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 Rs. 2,521.08 lakhs (31 March, 2018 - Rs. 2,521.08) 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 9(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 19).

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Note 3(b) Capital Work-in-Progress

CAPITAL WORK IN PROGRESS

Particulars	Total
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**
Year ended 31 March, 2018	
Opening balance as at 1 April 2017	7,958.78
Additions during the year	5,852.52
Written off during the year	(582.99)
Capitalization during the year	(6,543.88)
Closing Gross carrying amount	**6,684.43**

1. During the year the Group has capitalised the following expenses to cost of Property, plant and equipment/capital work-in-progress:

	31 March, 2019	31 March, 2018
Finance Cost	248.08	55.78
Salaries and wages	458.85	263.65
Other Overheads	785.51	-
	1,492.44	319.43
Add: Balance brought forward from previous year	319.43	-
Less: Capitalised during the year to Property, plant and equipment	1,642.67	-
Balance lying in capital work-in-progress	169.20	319.43

Refer Note 9(a)(i) for the rate used to determine the amount of borrowings cost eligible for capitalization.

* Includes Rs.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, 2019	
Opening gross carrying amount at 1 April, 2018	447.73
Closing gross carrying amount	**447.73**
Year ended 31 March, 2018	
Opening gross carrying amount at 1 April, 2017	447.73
Closing gross carrying amount	**447.73**

Estimation of fair value

The Company's investment property consists of freehold land in Andul, West Bengal, 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 2019 and 31 March 2018, the fair values of the properties are Rs. 514.06 lacs and Rs. 447.73 lacs respectively.

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).

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR 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 - Acquired
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**
Year ended 31 March, 2018	
Gross carrying amount	
Opening balance as at 1 April 2017	63.96
Additions during the year	47.15
Closing Gross carrying amount	**111.11**
Accumulated amortisation	
Opening balance as at 1 April 2017	63.96
Amortisation charge during the year	2.51
Closing accumulated amortisation	**66.47**
Net Carrying Amount	**44.64**

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer note19).

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018

NOTE 4 (a) : INVESTMENTS

Accounting Policy

1 Investment

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 or 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. 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 or loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit or 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 or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or 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, 2019	As at 31 March, 2018
Non-Current			
Investments in Equity Instruments (fully paid-up) - Other body corporate			
Quoted			
Bank of Baroda 35,930 (31 March, 2018: 35,930) equity shares of Rs. 2/- each **		46.26	51.13
Indian Overseas Bank 11,400 (31 March, 2018: 11,400) equity shares of Rs. 10/- each **		1.65	1.99
Norplex Oak India Limited 380,000 (31 March, 2018: 380,000) equity shares of Rs 10/- each ^		-	-
Maple Circuits Limited 765,000 (31 March, 2018: 765,000) equity shares of Rs. 10/- each ^		-	-
CESC Limited 1,686,198 (31 March, 2018: 1,686,198) equity shares of Rs. 10/- each **		12,320.21	16,292.05
CESC Ventures Limited ## 337,239 (31 March, 2018: Nil) equity shares of Rs. 10/- each **		2,097.46	-
Spencers Retail Limited ## 1,011,718 (31 March, 2018: Nil) equity shares of Rs. 5/- each **		1,618.75	-
	Total (A)	16,084.33	16,345.17

Received during the year on restructuring of CESC Limited

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
Unquoted		
Apeejay Charter Private Limited 1,600 (31 March, 2018: 1,600) equity shares of Rs 10/- each **	0.16	0.16
Accurate Commodeal Private Limited 390,000 (31 March, 2018: 390,000) equity shares of Rs.10/- each **	481.85	248.39
Woodlands Multispeciality Hospital Limited 145,480 (31 March, 2018: 145,480) equity shares of Rs.10/- each **	421.89	247.34
Ritushree Vanijya Private Limited 1,900 (31 March, 2018: 1,900) Equity Shares of Rs.10/- each **	1,445.14	1,530.92
Solty Commercial Private Limited 1,900 (31 March, 2018: 1,900) Equity Shares of Rs.10/- each **	1,445.10	1,530.89
Subhrashi Vinimay Private Limited 13,000,000 (31 March, 2018: 13,000,000) equity shares of Rs. 10/- each **	1,606.52	1,752.39
Fairluck Commercial Group Limited 6,670,000 (31 March, 2018: 6,670,000) equity shares of Rs. 10/- each **	745.12	1,020.54
Spotboy Tracom Private Limited 330,875 (31 March, 2018: 330,875) equity shares of Rs.10/- each **	1,300.48	1,342.94
Elphinstone Properties (P) Ltd. 45,000,000 (31 March, 2018: 45,00,000) equity shares of Rs.10/- each **	628.93	690.34
RPG Industries (P) Ltd. 402,000 (31 March, 2018: 402,000) equity shares of Rs.10/- each **	283.75	245.22
Total (B)	8,358.94	8,609.13
Investments in Preference Shares (fully paid-up) - Other body corporate		
Rainbow Investments Limited (31 March, 2018: 4,775,000) 2% cumulative non convertible redeemable preference shares of Rs. 100 each #	-	4,249.67
Devise Properties Private Ltd. 1,050,000 (31 March, 2018: 1,050,000) 0% Convertible Preference Shares of Rs. 100/- each at par #	656.73	1,249.50
Lebnitze Real Estate (P) Ltd. 950,000 (31 March, 2018: 950,000) 0% Convertible Preference Shares of Rs. 100/- each at par #	603.07	1,122.05
Norplex Oak India Limited 50 (31 March, 2018: 50) preference shares of Rs 100/- each ^	-	-
Maple Circuits Limited 50 (31 March, 2018: 50) preference shares of Rs 100/- each ^	-	-
Total (C)	1,259.80	6,621.22
(D)=(A)+(B)+(C)	25,703.07	31,575.52
Current		
Investments in Preference Shares (fully paid-up) - Other body corporate		
Unquoted		
Rainbow Investments Limited 4,775,000, 2% cumulative non convertible redeemable preference shares of Rs. 100 each #	4,504.66	-
Investments in Mutual Funds #		
Unquoted		
ICICI Prudential Liquid - Direct Plan Growth 2,172,909.254 (31 March, 2018: NIL) of face value Rs 100/- each	6,006.28	-
	10,510.94	-

1 Additional Information		
(a) Aggregate amount - market value of quoted investments	16,064.33	16,345.17
(b) Aggregate amount of unquoted investments	20,129.68	15,230.35

\# 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

2 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.

3 Refer note 30 for information about fair value measurements and note 31 for credit risk and market risk on investments.

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018

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, 2019	As at 31 March, 2018
Secured		
Considered Good	100.00	70.00
Unsecured		
Considered Good	65,165.78	52,127.46
Receivables which have significant increase in credit risk	159.45	122.57
Receivables - credit impaired	1,188.39	724.58
Less: Allowance for significant increase in credit risk	(159.45)	(122.57)
Less : Allowance for credit impaired receivables	(1,188.39)	(724.58)
	65,265.78	52,197.46

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.

4(c) CASH AND CASH EQUIVALENTS

	As at 31 March, 2019	As at 31 March, 2018
Balances with banks	10,524.97	4,781.45
Deposits with original maturity of less than three months	-	10,000.00
Remittances in transit	826.03	2,375.67
Cash on Hand	6.14	2.59
	11,357.14	17,159.71

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.

4(d) OTHER BANK BALANCES

	As at 31 March, 2019	As at 31 March, 2018
Balances with Banks		
- In Unpaid Dividend Accounts *	188.52	97.13
	188.52	97.13

* Earmarked for payment of Unclaimed Dividends

4(e) LOANS

(Unsecured considered good)

	As at 31 March, 2019	As at 31 March, 2018
Non-current		
Security deposits	1,231.94	1,232.39
Other Loans		
Loan to Employees @	140.22	87.50
	1,372.16	1,319.89
@ Includes amount due from an officer of the Company	11.50	17.50
Current		
Security deposits	9.10	11.80
Other Loans		
Loan to Employees @	170.64	33.79
	179.74	45.59
@ Includes amount due from an officer of the Company	6.00	6.00

4(f) OTHER FINANCIAL ASSETS

(Unsecured considered good)

	As at 31 March, 2019	As at 31 March, 2018
Non-Current		
Margin Money Deposit against guarantees	139.20	139.20
	139.20	139.20
Current		
Interest Receivable	-	84.38
Derivative Instruments not designated as hedges - Foreign Exchange Forward Contracts	-	131.16
Unbilled Revenue from sale of power	194.32	242.60
	194.32	458.14

	As at 31 March, 2019	As at 31 March, 2018
NOTE 5: OTHER ASSETS		
(Unsecured considered good, unless otherwise stated)		
Non-current		
Capital advances		
- Considered Good :	1,918.52	4,041.58
- Considered Doubtful :	45.62	45.62
Less : Allowance for doubtful advances	(45.62)	(45.62)
Deposits under dispute	452.39	586.74
Others		
Prepaid Expenses	126.23	92.23
	2,497.14	4,720.55
Current		
Advances to Suppliers/ Service providers (other than capital)		
- Considered Good :	1,293.07	309.79
- Considered Doubtful :	16.18	16.18
Less : Allowance for doubtful advances	(16.18)	(16.18)
Balances with Government Authorities *		
- Considered Good :	5,007.80	326.43
- Considered Doubtful :	216.46	216.46
Less : Allowance for doubtful advances	(216.46)	(216.46)
Advances to Employees	-	77.21
Prepaid Expenses	386.89	510.12
Export Benefit Receivables #	1,038.95	609.49
Others	13.16	0.05
	7,739.87	1,833.09

* Balances with Government Authorities primarily include 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 and work in progress: 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.

	31 March, 2019	31 March, 2018
Raw materials	30,900.18	23,158.49
Finished goods	8,311.51	2,771.72
Stores and spares parts *	6,817.54	5,059.95
* [including packing material Rs. 572.57 Lakhs (Previous Year Rs. 579.34 Lakhs)]		
	46,029.23	30,990.16

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
NOTE 7: EQUITY SHARE CAPITAL		
Authorized share capital		
310,000,000 (31 March, 2018: 62,000,000 equity shares of Rs. 10 each) equity shares of Rs 2/- each (Refer (ii) below)	6,200.00	6,200.00
Issued, subscribed and paid-up		
172,337,860 (31 March, 2018: 34,467,572 equity shares of Rs. 10/- each fully paid up) equity shares of Rs. 2/- each fully paid up (Refer (i) and (ii) 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, 2019 and 31 March, 2018. 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) Pursuant to the Special Resolution passed by the Shareholders by way of Postal Ballot on 3rd April, 2018, the Company had sub-divided 1 Equity Share of face value of Rs. 10/- per share, fully paid-up into 5 Equity Shares of face value of Rs. 2/- per share, fully paid up, effective from 21st April, 2018.

(iii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company:

	Number of Shares (Holding %)	Number of Shares (Holding %)
Rainbow Investments Limited - Holding Company (Refer Note (ii))	86,515,370 (50.20%)	17,303,074 (50.20%)

(iv) **Terms/ Rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 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.

(v) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94.

(vi) 48 equity shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India.

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	As at 31 March, 2019	As at 31 March, 2018
NOTE 8: OTHER EQUITY		
(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)	116,279.38	88,944.23
(ii) Other Reserves		
Equity Instruments through Other comprehensive income (Refer f (i) below)	15,237.35	15,426.21
Foreign Currency Translation reserve (refer f(ii) below)	62.20	(22.81)
	161,542.30	134,311.00

		As at 31 March, 2019	As at 31 March, 2018
(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	22,411.60
	Add: Amount received during the year	-	0.19
	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.

		As at 31 March, 2019	As at 31 March, 2018
(e)	**Retained Earnings**		
	Balance as at the beginning of the year	88,944.23	68,872.27
	Profit for the year	38,369.61	22,884.30
	Items of other comprehensive income recognised directly in Retained Earnings		
	- Remeasurement of post-employment defined benefit obligation (net of tax)/Others (Refer Note (i) below)	(62.59)	(86.38)
	Dividends paid (including Rs. 1,664.95 Lakhs (Previous year Rs 421.01 lakhs) tax on dividends) (Refer note 25)	(9,764.83)	(2,489.06)
	Loss on fair valuation of preference shares of companies under common control/holding company	(1,207.04)	(236.90)
	Balance as at the end of the year	116,279.38	88,944.23

Note (i)- Others represents amount directly recognized in retained earnings on consolidation of Rs.57.79 lakhs (Previous year Rs.107.50 lakhs)

Retained Earnings are the profits and gains that the Group has earned till date and adjustments done on transition to Ind AS, less any transfer to general reserve, dividends or other distributions paid to shareholders.

(f) **Other Comprehensive Income**

	As at 31 March, 2019	As at 31 March, 2018
(i) Balance as at the beginning of the year	15,426.21	10,843.56
Changes in fair value of FVOCI Equity Instruments, net of tax	(188.86)	4,582.65
Balance as at the end of the year	15,237.35	15,426.21

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.

	As at 31 March, 2019	As at 31 March, 2018
(ii) Foreign Currency translation reserve		
Balance as at the beginning of the year	(22.81)	(59.79)
Add/(less): Other comprehensive income for the year	85.01	36.98
Balance as at the end of the year	62.20	(22.81)

	As at 31 March, 2019	As at 31 March, 2018

9(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

SECURED LOANS

Term loans from Banks	33,843.57	19,469.79
Less: Current maturities of Long Term Debt [included in Note 9(c)]	(6,777.54)	(3,044.30)
	27,066.03	16,425.49

Out of the Term Loans in (i) above, loans amouting to :

a) Rs. 22,300.00 lakhs (31.03.2018 - Rs.4,983.18 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.

b) Rs.11,543.57 lakhs (31.03.2018 - Rs.13,500 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 charges created in favour of other term lenders.

c) Rs. Nil (31.03.2018 - Rs.453.64 lakhs) is secured by way of first charge on fixed assets (Property, plant and equipment) both present and future, of the Company by way of hypothecation and mortgage on pari-passu basis with other term lenders. Secondcharge on all current assets (present & future) of the company on pari passu basis.

d) Rs. Nil (31.03.2018 - Rs.564.90 lakhs) is secured by pari passu first charge on the entire fixed assets (Property, plant and equipment) both present and future, moveable and immovable. Second pari passu charge by way of hypothecation of the entire current assets of the Company (both present and future).

Maturity Profile of Long Term Borrowings outstanding as on 31st March,2019 :

Loan with residual maturity of upto 1 and 3 years	-	453.64
Loan with residual maturity of upto 3 and 5 years	22,300.00	4,983.18
Loan with residual maturity of upto 5 and 10 years	11,543.57	14,032.97
	33,843.57	19,469.79

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.

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	As at 31 March, 2019	As at 31 March, 2018
(ii) Current Borrowings		
SECURED LOANS FROM BANKS		
Loans repayable on demand	12,495.39	13,176.83
Other loans	2,797.24	6,115.39

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.

UNSECURED LOANS		
Loans repayable on demand		
- From Banks	30,206.50	32,971.78
	45,499.13	52,264.00

Balance outstanding as at 31 March, 2019 in respect of Commercial Paper was Rs. Nil (31 March, 2018: Nil). Maximum amount outstanding at any time during the year was Rs. 25,000 lakhs (2017-18: Rs 10,000 Lakhs)

Refer notes 3(a) and 4(b) 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.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018

9(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.

	As at 31 March, 2019	As at 31 March, 2018
Current		
Total outstanding of Dues to Micro Enterprises and Small Enterprises	358.87	102.17
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	50,469.77	40,086.21
	50,828.64	40,188.38

Information relating to Micro, Small and Medium Enterprises (MSME)s:

	As at 31 March, 2019	As at 31 March, 2018
(i) The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	316.56	87.04
Interest	24.31	7.31
(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	1,997.22	340.25
Interest	2.87	3.07
(iv) The amount of interest accrued and remaining unpaid at the end of the year	42.31	15.13
(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	27.18	10.38

9(c) OTHER FINANCIAL LIABILITIES

Accounting Policy

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.

	As at 31 March, 2019	As at 31 March, 2018
Current		
Current maturities of long term Debt	6,777.54	3,044.30
Interest accrued but not due	281.06	337.64
Unpaid Dividends [Refer Note (i) below]	188.52	97.13
Others:		
Security Deposits received	108.90	100.99
Employee benefits payable	1,544.91	1,262.68
Capital creditors	2,684.84	961.45
Directors' fees & commission payable	1,614.09	900.00
Derivative instrument not designated as hedges - foreign-exchange forward contracts	746.03	-
Other financial liability	-	940.15
	13,945.89	7,644.34

(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.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018

NOTE 10: 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, 2019	As at 31 March, 2018
Non-current		
Provision for Employee Benefits (Refer Note17.1)		
Provision for gratuity	31.05	-
Provision for post retirement medical liability and Others	100.23	70.05
	131.28	70.05
Current		
Provision for Employee Benefits (Refer Note 17.1)		
Provision for gratuity	913.99	626.45
Provision for compensated absences	848.87	756.84
Provision for post retirement medical liability/others	14.74	10.12
Provisions for claims and litigations (Refer Note 10.1)	6,543.51	6,386.71
	8,321.11	7,780.12

10.1 **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

At the beginning of the year	6,386.71	466.66
Add: Arisen During the year	2,025.40	5,920.05
Less : Paid / adjusted during the year	1,868.60	-
At the end of the year	6,543.51	6,386.71

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

NOTE 11: DEFERRED TAX LIABILITIES

	Balance as at 1 April, 2018	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31 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

	Balance as at 1 April, 2017	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31 March, 2018
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and Equipments, Intangible Assets and Investment Property	26,882.44	3.11	-	-	26,885.55
Borrowings	41.07	0.37	-	-	41.44
Financial Assets at Fair value through Profit or Loss - Mutual Funds	1.03	(1.03)	-	-	-
Financial Assets at Fair value through Other Comprehensive Income	-	-	2,687.32	-	2,687.32
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	-	45.33	-	-	45.33
	26,924.54	47.78	2,687.32	-	29,659.64
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	-	-	-	8.44
Items allowable for tax purpose on payments/adjustment	455.30	2,134.51	-	-	2,589.81
Allowance for doubtful debts - trade receivable	553.90	(260.71)	-	-	293.19
Fair value changes on financial assets - equity instruments	50.51	(50.51)	-	-	-
Minimum Alternate Tax Credit*	5,389.13	-	-	(1,348.20)	4,040.93
	6,457.28	1,823.29	-	(1,348.20)	6,932.37
Net Deferred Tax Liabilities:	20,467.26	(1,775.51)	2,687.32	1,348.20	22,727.27

* Utilised during the year against normal tax liability

	As at 31 March, 2019	As at 31 March, 2018

NOTE 12: 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, 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.

Advances from Customers	164.23	159.76
Dues payable to Government Authorities	385.46	256.37
Liability for Export Obligation	586.65	-
	1,136.34	416.13

NOTE 13: CURRENT TAX LIABILITIES (NET)

Provision for Income Tax [Net of Advance Tax Rs. 36,008.45 Lakhs (31 March, 2018: Rs. 23,196.94 Lakhs)]	538.15	1,207.31
	538.15	1,207.31

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	Year ended 31 March, 2019	Year ended 31 March, 2018

NOTE 14: 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.

However, sales tax/ value added tax (VAT)/ 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 satisifed 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) 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.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Sales of Finished Goods **		
Carbon black	340,603.47	251,141.84
Sale of Power	9,745.69	8,454.65
Other Operating Revenues		
Scrap sales	507.93	434.65
Exports Incentive	1,998.59	1,095.98
Total revenue from operations	352,855.68	261,127.12
India	268,493.78	204,721.36
Outside India	81,855.38	54,875.13
Total revenue from operations (excluding scrap sales and exports incentive)	350,349.16	259,596.49

** Post the applicability of Goods and Service Tax (GST) with effect from July 1,2017, Revenue from Operations are required to be disclosed net of GST. Accordingly the sale of finished goods - Carbon Black for the year ended 31 March 2018 include excise duty collected on sales for the period from 1 April 2017 to 30 Jun 2017. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended 31 March 2019 is not comparable to that for the year ended 31 March 2018.

NOTE 15: 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, 2019	Year ended 31 March, 2018
Interest income from certain financial assets	134.13	84.34
Dividend income from equity instruments designated at FVOCI	390.58	266.27
Others		
Gain on sale of investments carried at FVTPL	797.69	927.33
Gain on subleasing of land (net-off lease rentals pending to be amortised)	-	953.59
Fair Value gains on financial assets (investments) at FVTPL	354.58	220.84
Provision/Liability no longer required written back (includes Rs. Nil (Previous year: Rs. 249.06 lakhs) for allowance for doubtful debts/expected credit loss written back)	270.99	289.20
Miscellaneous income	45.36	138.29
	1,993.33	2,879.86

Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	Year ended 31 March, 2019	Year ended 31 March, 2018

NOTE 16(a) : COST OF MATERIAL CONSUMED

Opening Stock	23,158.49	16,497.90
Add : Purchases	242,937.64	172,845.99
Less : Closing Stock	(30,900.18)	(23,158.49)
Cost of material consumed	235,195.95	166,185.40

a) Raw material consumption for the year ended March 31, 2018 includes amount accrued on account of a disputed arbitration awarded against the Company during the year, relating to purchase of raw material in earlier years and Entry taxes payable on imports of raw materials into the state of West Bengal consequent to a ruling of the Hon'ble Supreme Court in the matter of Entry taxes.

NOTE 16(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

Closing Stock (Carbon black)	8,311.51	2,771.72
Less: Opening Stock (Carbon black)	(2,771.72)	(3,613.43)
	(5,539.79)	841.71

NOTE 17 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

a. 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.

b. 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.

c. 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.

d. 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.

e. 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.

Salaries, wages and bonus	9,073.11	8,122.18
Contribution to provident and other funds (Refer note 17.1)	1,047.99	732.69
Staff welfare expense (Refer note17.1)	991.26	880.98
	11,112.36	9,735.85

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17.1 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.

The following table sets forth the particulars in respect of the defined benefit plans of the Group for the year ended 31st March, 2019:

		Gratuity Fund (Funded)			PRMB (Unfunded)
	Particulars	**Present Value of Obligation**	**Fair value of plan assets**	**Net Amount**	**Present Value of Obligation**
(i)	**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**
(ii)	**1 April 2017**	**1,726.96**	**(1,301.38)**	**425.58**	**29.83**
	Current Service Cost	97.61	-	97.61	-
	Interest expense/(Income)	115.66	(93.29)	22.37	2.09
	Total Amount recognised in profit or loss	**213.27**	**(93.29)**	**119.98**	**2.09**
	Remeasurements (gain)/loss				
	(Gain)/loss from change in financial assumptions	158.88	(13.48)	145.40	(1.04)
	(Gain)/Loss arising from experience adjustments	147.58	-	147.58	3.34
	Total amount recognised in other comprehensive income	**306.46**	**(13.48)**	**292.98**	**2.30**
	Employer's contributions	-	(212.09)	(212.09)	-
	Benefit payments	(149.32)	149.32	-	(1.87)
	31 March 2018	**2,097.37**	**(1,470.92)**	**626.45**	**32.35**

Include Rs. 314.16 Lakhs related to present value obligation of gratuity payable for contractual workers. These 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 17

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 17

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR lakhs, unless otherwise stated)

	2018-19	2017-18
(iii) Actual Return on Plan Asset	101.41	93.29

(iv) The net liability disclosed above relates to funded and unfunded plans are as follows

	As at 31 March, 2019	As at 31 March, 2018
Present value of funded obligations	2,676.33	2,097.37
Fair value of plan assets	(1,731.29)	(1,470.92)
Deficit of funded plan	945.04	626.45
Unfunded plans	45.56	32.35
	990.60	658.80

(v) Principal : Actuarial assumptions

	As at 31 March, 2019	As at 31 March, 2018
(i) Discount rate	7.20%	7.40%
(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, 2019	As at 31 March, 2018		As at 31 March, 2019	As at 31 March, 2018
Discount Rate - Gratuity	Decrease by 1%	172.93	117.05	Increase by 1%	(148.18)	(101.21)
Discount Rate - PRMB	Decrease by 1%	3.63	2.73	Increase by 1%	(3.17)	(2.36)
Salary escalation Rate	Decrease by 1%	(149.99)	(102.50)	Increase by 1%	171.71	116.41
Life expectancy	Decrease by 1%	1.49	0.88	Increase by 1%	(1.49)	(0.88)
Long term increase in health care cost (medical)	Decrease by 1%	(1.83)	(1.01)	Increase by 1%	2.07	1.18

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.

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(vii) Risk Exposure

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

1 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

2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

3 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.

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 Rs 15.68 Lakhs (31 March, 2018: Rs 8.25 Lakhs) and outstanding as at the balance sheet date amounts to Rs 69.41 Lakhs (31 March, 2018: Rs 53.73 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal Actuarial Assumptions	As at 31 March, 2019	As at 31 March, 2018
Discount Rate	7.20%	7.40%
Expected Return on Exempted Fund	8.65%	8.65%
Expected EPFO return	8.65% for first 1 year and 8.60% thereafter.	8.65% for first 1 year and 8.55% 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 Rs. 424.60 lakhs (31 March 2018-Rs 374.62 Lakhs)

(III) Defined Benefit Liability and Employer Contributions

Expected contributions to Post-employment benefit plans for the year ending 31 March, 2020 is Rs. 630.81 lakhs (31 March, 2019: Rs. 626.45 lakhs)

The weighted average duration of the defined benefit obligation is 5 years for employees (31 March, 2018 - 6 years) and 11 years for contractual employees. The expected maturity analysis of 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	Over 5 years	Total
March 31 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**
March 31 2018							
Defined benefit obligation							
Gratuity	876.66	105.52	89.99	148.13	164.06	1,183.51	2,567.87
Provident fund	7.37	4.36	4.33	4.44	4.44	19.41	44.35
Post employment medical benefits	3.12	3.11	3.09	3.07	3.04	14.48	29.91
Total	**887.15**	**112.99**	**97.41**	**155.64**	**171.54**	**1,217.40**	**2,642.13**

	Year ended 31 March, 2019		Year ended 31 March, 2018

NOTE 18 : 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.

Interest expense on debts and borrowings	3,566.32	3,872.38
Other Borrowings Costs	111.56	271.15
	3,677.88	4,143.53

NOTE 19 : DEPRECIATION AND AMORTISATION EXPENSES

Depreciation of property, plant and equipments (Refer Note 3(a))	6,622.82	6,049.88
Amortization of intangible assets (Refer Note 3(d))	15.54	2.51
	6,638.36	6,052.39

NOTE 20 : OTHER EXPENSES

Consumption of stores and spares	5,267.51		4,136.74
Consumption of packing materials	5,918.40		5,206.88
Power and fuel	2,285.04		2,233.60
Water charges	559.32		419.48
Rent	2,101.52		2,098.39
Rates and taxes	1,457.08		980.95
Repairs and maintenance:			
- Buildings	223.74		319.69
- Plant and Machinery	4,000.95		3,015.64
- Others	277.14		253.74
Insurance	220.08		161.27
Travelling and conveyance	1,235.98		1,299.81
Subscriptions and donations *	2,498.22		136.49
Freight outward (net of recovery)	8,249.52		6,807.36
Commission to selling agents	3,238.45		2,677.65
Directors' sitting fees & Commission	1,641.49		918.65
Research and development expenses (refer note 22)	488.41		783.48
Net loss/(gain) on foreign currency transaction/translation	(204.75)		1,829.43
Loss on disposal of property, plant and equipments	16.15		579.06
Bad Debt Written off during the year :		397.43	
Less : Adjusted with provision	-	(397.43)	-
Allowance for doubtful debts / expected credit loss - trade receivable	500.69		50.00
Miscellaneous expenses	10,495.42		7,442.98
	50,470.36		41,351.29

* Includes Rs. 2,000 lakhs (Previous Year Rs. Nil) toward contribution to political parties by way of electoral bonds through "The Electoral Bond Scheme, 2018".

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

	Year ended 31 March, 2019	Year ended 31 March, 2018

NOTE 21 : 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 Group 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 Group 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 Group 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.

In the situations where the Group 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 Group'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 Group 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, 2019	Year ended 31 March, 2018
a. Income-tax expense recognised in the statement of Profit and Loss		
Current tax		
Current tax on profits for the year	15,087.36	9,178.92
Deferred Tax		
Origination and reversal of temporary differences	(60.11)	(1,775.51)
Income-tax expense reported in the Statement of Profit and Loss	**15,027.25**	**7,403.41**
b. Income-tax expense on other comprehensive income		
Current Tax - Remeasurement of post employment defined benefit obligation	64.68	101.40
Deferred tax - Fair value through other comprehensive income - equity instruments	322.19	(2,687.32)
Income-tax expense recognised in Other Comprehensive Income	**386.87**	**(2,585.92)**
c. Reconciliation of statutory rate of tax and the effective rate of tax		
Profit before income tax	**53,293.89**	**30,363.50**
Enacted Income tax rate in India applicable to the Company	**34.95%**	**34.61%**
Tax on Profit before tax at the enacted Income tax rate in India	18,626.22	10,508.81
Adjustments:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Items not deductible / Income exempt from tax	229.36	471.04
Incentives / additional benefits allowable under Income-tax	(4,023.58)	(3,632.77)
Other items	195.25	56.33
Total Income tax expense	**15,027.25**	**7,403.41**
Effective tax rate	**28.20%**	**24.38%**

es to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR Lakhs, unless otherwise stated)

TE 22: RESEARCH AND DEVELOPMENT EXPENSES

counting Policy

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 development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

venue Expenses

	Year ended 31st March, 2019					Year ended 31st March, 2018				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Materials Consumed	-	-	-	-	-	228.97	25.06	107.96	32.19	63.76
ries Wages and Bonus	393.24	67.58	56.17	212.23	57.26	464.84	69.99	138.07	160.00	96.78
tribution to Provident and Other Funds	33.26	6.21	3.91	18.54	4.60	10.63	1.86	1.55	5.69	1.53
Welfare Expense	18.51	1.35	1.12	14.89	1.15	12.16	1.77	1.38	7.64	1.37
ellaneous Expenses	43.40	3.45	-	39.95	-	66.88	26.51	16.67	13.86	9.84
l	**488.41**	**78.59**	**61.20**	**285.61**	**63.01**	**783.48**	**125.19**	**265.63**	**219.38**	**173.28**

ital Expenditure

	31st March, 2019	31st March, 2018
ling	1,045.43	494.36**

luded under Capital work in progress

	As at 31 March, 2019	As at 31 March, 2018

NOTE 23: 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.

	As at 31 March, 2019	As at 31 March, 2018
Contingent Liabilities for :		
(a) (i) Claims against the Group not acknowledged as debts :		
Income-tax matters under dispute	253.08	361.84
Excise duty matters under dispute	560.11	524.95
Sales tax matter under dispute	27.14	12.78
Service tax matters under dispute	625.52	705.95
Value added tax matters under dispute	159.76	164.95
(ii) Other money for which the Group is contingently liable		
Excise duty matters under dispute	156.53	156.53
(b) Outstanding bank guarantees etc.	1,241.91	1,606.16
(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.

(d) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

NOTE 24: COMMITMENTS

(a) **Capital Commitments**

	As at 31 March, 2019	As at 31 March, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Property, plant and equipment (net of capital advances)	659.77	2,545.53

(b) **Non-cancellable operating leases**

The Group has entered into operating leases on certain motor vehicles and storage tanks, with lease terms for 3 years.
The Group has paid Rs. 535.20 lacs (31 March 2018: Rs. 417.07 lacs) during the year towards minimum lease payment.

	As at 31 March, 2019	As at 31 March, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	385.67	494.77
Later than one year but not later than five years	488.17	579.35
Later than five years	1.36	11.06
	875.20	1,085.18

NOTE 25: DIVIDEND ON EQUITY SHARE

	As at 31 March, 2019	As at 31 March, 2018
Final Dividend for the year ended 31 March 2018 of Rs.1.2/- per share on face value of Rs. 2/- per share	2,068.05	-
Dividend Distribution tax on above	425.09	-
Interim Dividend for the year ended 31 March 2019 of Rs. 3.5/- per share on face value of Rs. 2/- per share (31 March 2018 Rs 6/- per share on face value of Rs. 10/- per share)	6,031.83	2,068.05
Dividend Distribution tax on above	1,239.86	421.01
	9,764.83	2,489.06

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	Year ended 31 March, 2019	Year ended 31 March, 2018

26 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.

Basic and Diluted	Year ended 31 March, 2019	Year ended 31 March, 2018
(i) Number of Equity Shares outstanding [Refer note 7(ii)]	172,337,860	172,337,860
(ii) Face value of each Equity Share (Rs)	2.00	2.00
(iii) Profit after Tax available for Equity Shareholders (Rs in Lakhs)	38,266.64	22,960.09
(iv) Basic and Diluted earnings per Share (Rs) [(iii)/(i)]	22.20	13.32

The Group does not have any dilutive potential equity shares.

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NOTE 27: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 31 March, 2019	As at 31 March, 2018
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 (w.e.f. 27 July, 2018)
iv) Kaushik Roy	Managing Director
v) C R Paul	Non Executive Independent Director (till 20 April, 2018)
vi) O P Malhotra	Non Executive Independent Director
vii) K S B Sanyal	Non Executive Independent Director
viii) Paras K Chowdhary	Non Executive Independent Director
ix) Pradip Roy	Non Executive Independent Director
x) Kusum Dadoo	Non Executive Independent Director
xi) Sunil Bhandari	Employee holding Directorship in Holding Company
xii) Subhrangshu Chakraborty	Employee holding Directorship in Holding Company (till 31 January, 2019)
xiii) Raj Kumar Gupta	Chief Financial Officer
xiv) Kaushik Mukherjee	Company Secretary

(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 control of Holding Company as per Ind-AS 110
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrisons Malayalam Limited	Associate of Holding Company
Woodlands Multispeciality Hospital 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)

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(All amounts in INR Lakhs, unless otherwise stated)

(d) Details of transaction between the Company and related parties and outstanding balances

Sl. No.	Nature of Transactions	Company under control of Holding Company as per Ind AS-110 and Holding Company		Associates of Holding Company		Fellow Subsidiaries		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
A.	**Transactions**												
1	Recovery of reimbursement of expenses	1.06	2.82	-	-	-	-	-	-	-	-	1.06	2.82
2	Dividend paid on Equity Shares	4,066.22	1,038.18	-	-	-	-	-	-	-	-	4,066.22	1,038.18
3	Dividend received on Equity Shares	295.08	202.34	-	-	-	-	-	-	-	-	295.08	202.34
4	Dividend received on Preference Shares	95.50	63.50	-	-	-	-	-	-	-	-	95.50	63.50
5	Purchase of investments - Acquired by erstwhile subsidiary ompany subsequently merged with the Company	-	2,615.72	-	-	-	-	-	-	-	-	-	2,615.72
6	Accomodation Charges paid	-	-	0.92	0.76	-	-	-	-	-	-	0.92	0.76
7	Reimbursement of expenses paid	-	-	3.61	0.23	3.21	7.92	-	-	-	-	6.82	8.15
8	Expenses incurred and recovered	28.50	26.66	-	-	-	-	-	-	-	-	28.50	26.66
9	Reimbursement of expenses received	265.99	41.04	-	-	-	-	-	-	-	-	265.99	41.04
10	Electricity charges paid	2.46	2.24	-	-	-	-	-	-	-	-	2.46	2.24
11	Rent Paid	-	-	-	-	12.38	5.92	-	-	-	-	12.38	5.92
12	Power Selling expenses recovered	-	-	-	-	319.66	137.47	-	-	-	-	319.66	137.47
13	Sale of Power	-	-	-	-	8,577.81	4,739.77	-	-	-	-	8,577.81	4,739.77
14	Advances given	-	-	-	-	-	-	-	-	179.05	122.58	179.05	122.58
15	Advances recovered	-	-	-	-	-	-	-	-	172.58	132.67	172.58	132.67
16	Contributions paid	-	-	-	-	-	-	-	-	665.08	488.20	665.08	488.20
17	Remuneration to Key Management Personnel	-	-	-	-	-	-	1,342.61	1,092.28	-	-	1,342.61	1,092.28
18	Post-employment benefits to Key Management Personnel	-	-	-	-	-	-	29.60	33.49	-	-	29.60	33.49
19	Other long-term benefit to Key Management Personnel	-	-	-	-	-	-	18.47	24.31	-	-	18.47	24.31
20	Director's Sitting Fees	-	-	-	-	-	-	27.90	18.68	-	-	27.90	18.68
21	Director's Commission	-	-	-	-	-	-	900.00	-	-	-	900.00	-
22	Loan given to Key Management Personnel	-	-	-	-	-	-	-	24.00	-	-	-	24.00
23	Loan repaid by Key Management Personnel	-	-	-	-	-	-	6.00	0.50	-	-	6.00	0.50
		As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
B.	**Closing Balances**												
1	Receivables	-	16.01	8.96	8.96	742.88	416.81	17.50	23.50	6.31	-	775.65	465.28
2	Payables	(9.90)	-	(0.01)	(0.01)	-	-	-	-	-	(0.15)	(9.91)	(0.16)
3	Investment	4,504.66	4,249.67	-	-	-	-	-	-	-	-	4,504.66	4,249.67

(e) 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.

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NOTE 28: 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 31 March, 2019			Year ended 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	340,603.47	9,745.69	350,349.16	251,141.84	8,454.65	259,596.49
Other operating Revenues	2,506.52	-	2,506.52	1,530.63	-	1,530.63
Total revenue from operations	**343,109.99**	**9,745.69**	**352,855.68**	**252,672.47**	**8,454.65**	**261,127.12**
Inter-segment revenue	-	6,553.59	6,553.59	-	6,180.93	6,180.93
Total segment revenue	**343,109.99**	**16,299.28**	**359,409.27**	**252,672.47**	**14,635.58**	**267,308.05**

Revenue of Rs 124,715.47 Lakhs (31 March 2018 - Rs 84,252.43 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 Operating Companies of the Group are 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	Year ended 31 March, 2019	Year ended 31 March, 2018
India	268,493.78	204,721.36
Other countries	81,855.38	54,875.13
Total	**350,349.16**	**259,596.49**

Segment Results :

Particulars	Year ended 31 March, 2019			Year ended 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	61,902.96	10,891.06	72,794.02	32,476.37	9,827.33	42,303.70
Reconciliation to Profit before tax						
Finance Cost	-	-	(3,677.88)	-	-	(4,143.53)
Interest Income	-	-	134.13	-	-	144.99
Unallocated expenses (Net)	-	-	(15,956.38)	-	-	(7,941.66)
Profit before tax	**61,902.96**	**10,891.06**	**53,293.89**	**32,476.37**	**9,827.33**	**30,363.50**

Depreciation/Amortisation and non cash expenses

Particulars	Year ended 31 March, 2019				Year ended 31 March, 2018			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	4,182.00	2,333.38	122.98	6,638.36	3,682.32	2,249.98	120.09	6,052.39
Non cash expense	1,259.22	-	495.42	1,754.64	5,839.73	-	-	5,839.73

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Segment Assets :

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	2,49,646.74	33,131.66	2,82,778.40	2,02,755.02	30,876.35	2,33,631.37
Reconciliation to total assets						
Investments	-	-	36,214.01	-	-	31,575.52
Other unallocable assets	-	-	19,719.65	-	-	21,933.10
Total assets as per the balance sheet	**2,49,646.74**	**33,131.66**	**3,38,712.06**	**2,02,755.02**	**30,876.35**	**2,87,139.99**

Particulars	As at 31 March, 2019				As at 31 March, 2018			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	20,683.50	4,745.00	155.42	25,583.92	7,765.92	1,670.88	807.08	10,243.88

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	As at 31 March, 2019	As at 31 March, 2018
India	2,66,714.60	2,24,487.45
other countries	16,063.80	9,132.92
Total	2,82,778.40	2,33,631.37

Segment Liabilities :

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	61,681.22	876.75	62,557.97	41,211.27	585.33	41,796.60
Reconciliation to total liabilities						
Borrowings	-	-	79,342.70	-	-	71,733.79
Current Tax Liabilities (Net)	-	-	538.15	-	-	1,207.31
Deferred Tax Liabilities	-	-	25,671.86	-	-	22,727.27
Other Unallocated liabilities	-	-	5,027.75	-	-	11,258.12
Total liabilities as per the balance sheet	**61,681.22**	**876.75**	**1,73,138.43**	**41,211.27**	**585.33**	**1,48,723.09**

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NOTE 29: 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, 2019	99.54%	164,807.11	101.53%	38,853.35	157.91%	(309.24)	101.24%	38,544.11
31 March, 2018	99.15%	137,234.87	100.08%	22,978.62	99.16%	4,388.77	99.93%	27,367.39
Subsidiaries								
Foreign								
Phillips Carbon Black Cyprus Holdings Ltd								
31 March, 2019	1.22%	2,013.28	-0.05%	(20.20)	0.00%	-	-0.05%	(20.20)
31 March, 2018	1.52%	2,103.62	-0.02%	(5.44)	0.00%	-	-0.02%	(5.44)
PCBL Netherlands Holdings B.V.								
31 March, 2019	1.41%	2,328.97	0.00%	-	0.00%	-	0.00%	-
31 March, 2018	1.74%	2,410.29	0.00%	-	0.00%	-	0.00%	-
Phillips Carbon Black Vietnam Joint Stock Company								
31 March, 2019	1.09%	1,800.76	-1.35%	(514.84)	0.00%	-	-1.35%	(514.84)
31 March, 2018	1.60%	2,217.56	1.65%	378.79	0.00%	-	1.38%	378.79
Non-Controlling Interest								
31 March, 2019	0.35%	584.56	-0.27%	(102.97)	-14.50%	28.40	-0.20%	(74.57)
31 March, 2018	0.48%	659.13	0.33%	75.79	0.00%	-	0.28%	75.79
Adjustments								
31 March, 2019	-3.60%	(5,961.05)	0.13%	51.30	-43.41%	85.01	0.36%	136.31
31 March, 2018	-4.49%	(6,208.57)	-2.04%	(467.67)	0.84%	36.98	-1.57%	(430.69)
TOTAL								
31 March, 2019	100.00%	165,573.63	100.00%	38,266.64	100.00%	(195.83)	100.00%	38,070.81
31 March, 2018	100.00%	138,416.90	100.00%	22,960.09	100.00%	4,425.75	100.00%	27,385.84

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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, 2019			As at 31st March, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	24,443.27	-	-	24,954.30	-
- Preference Shares	5,764.46	-	-	6,621.22	-	-
- Mutual Funds	6,006.28	-	-	-	-	-
Trade receivables	-	-	65,265.78	-	-	52,197.46
Loans	-	-	1,551.90	-	-	1,365.48
Cash and cash equivalents	-	-	11,357.14	-	-	17,159.71
Other bank balances	-	-	188.52	-	-	97.13
Derivative financial assets	-	-	-	131.16	-	-
Other financial assets	-	-	333.52	-	-	466.18
Total financial assets	**11,770.74**	**24,443.27**	**78,696.86**	**6,752.38**	**24,954.30**	**71,285.96**
Financial liabilities						
Borrowings	-	-	72,565.16	-	-	68,689.49
Current maturities of long term debt	-	-	6,777.54	-	-	3,044.30
Derivative financial liabilities	746.03	-	-	-	-	-
Trade payables	-	-	50,828.64	-	-	40,188.38
Other financial liabilities	-	-	7,168.35	-	-	4,600.04
Total financial liabilities	**746.03**	**-**	**137,339.69**	**-**	**-**	**116,522.21**

(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:

(a) 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.

(b) In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.

(c) 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.

(d) 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 measures 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, 2019				As at 31st March, 2018			
	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	-	-	5,764.46	5,764.46	-	-	6,621.22	6,621.22
Foreign-exchange forward contract	-	-	-	-	-	131.16	-	131.16
Financial assets at FVOCI								
Investments in equity instruments	16,084.33	-	8,358.94	24,443.27	16,345.17	-	8,609.13	24,954.30
Total financial assets	**22,090.61**	**-**	**14,123.40**	**36,214.01**	**16,345.17**	**131.16**	**15,230.35**	**31,706.68**
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 (for example, over-the counter derivatives) 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, 2019 and 31st March, 2018.

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, 2019	31st March, 2018			31st March, 2019	31st March, 2018
Unquoted equity shares	8,358.94	8,609.13	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 Rs. 46.55 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by Rs. 8.67 Lakhs
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 39.28 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 7.71 Lakhs
Unquoted Preference shares	5,764.46	6,621.22	Discounted Amortized cost	Discounting rate to determine PV	Decrease in discount rate by 1% will increase the fair value by Rs. 115.32 lakhs	Decrease in discount rate by 1% will increase the fair value by Rs. 81.17 lakhs
					Increase in discount rate by 1% will decrease fair value by Rs. 109.82 Lakhs	Increase in discount rate by 1% will decrease fair value by Rs. 79.26 Lakhs
Investment Property-Land	514.06	447.73	Fair market price	Discount for limited market activity	Decrease in discount rate by 1% will increase the fair value by Rs. 6.86 lakhs	Decrease in discount rate by 1% will increase the fair value by Rs. 5.97 lakhs
					Increase in discount rate by 1% will decrease fair value by Rs. 6.86 Lakhs	Increase in discount rate by 1% will decrease fair value by Rs. 5.97 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.

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NOTE 31: 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.

(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 March, 2019	31 March, 2018
Loss allowance at the beginning of the year	847.15	1,443.64
Change / (reversal) in allowance during the year (net)	500.69	(199.06)
Written back during the year/ adjusted with bad debt written off during the year	-	(397.43)
Loss allowance at the end of the year	1,347.84	847.15

(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.

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NOTE 31: FINANCIAL RISK MANAGEMENT

(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, 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 long term borrowings)	7,168.34	-	-	-	7,168.34
	110,273.65	**16,133.33**	**10,932.70**	**-**	**137,339.68**
31 March, 2018					
Borrowings (including current maturities)	55,307.60	9,643.04	5,183.59	1,598.86	71,733.09
Trade payable	40,188.38	-	-	-	40,188.38
Other financial liabilities (excluding current maturities of long term borrowings)	4,600.04	-	-	-	4,600.04
	100,096.02	**9,643.04**	**5,183.59**	1,598.86	**116,521.51**

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NOTE 31: FINANCIAL RISK MANAGEMENT

(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. 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 INR, are as follows:

Particulars	31 March, 2019 INR equivalent of				31 March, 2018 INR equivalent of			
	USD	*EUR*	*JPY*	*GBP*	*USD*	*EUR*	*JPY*	*GBP*
Financial assets								
Trade receivables	15,137.27	552.47	-	-	9,322.79	480.03	7.10	99.73
Net exposure to foreign currency risk (assets)	**15,137.27**	**552.47**	-	-	**9,322.79**	**480.03**	**7.10**	**99.73**
Financial liabilities								
Foreign currency loan	43,906.50	-	-	-	44,072.61	-	-	-
Trade payables	37,498.56	116.39	-	18.33	28,679.20	(1,566.26)	-	39.89
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	-				
Buy foreign currency	(67,095.68)				(65,186.52)	-	-	-
Net exposure to foreign currency risk (liabilities)	**14,309.38**	**116.39**	-	**18.33**	**7,565.29**	**(1,566.26)**	-	**39.89**
Net exposure to foreign currency risk (Assets- Liabilities)	**827.89**	**436.08**	-	**(18.33)**	**1,757.50**	**2,046.29**	**7.10**	**59.84**

(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 2019 and 31 March 2018:

	Impact on profit before tax	
	FY 2018-19	FY 2017-18
USD sensitivity		
INR/USD- Increase by 1%*	(208.98)	17.58
INR/USD- Decrease by 1%*	208.98	(17.58)
EUR sensitivity		
INR/EUR- Increase by 1%	4.40	20.46
INR/EUR- Decrease by 1%	(4.40)	(20.46)
JPY sensitivity		
INR/JPY- Increase by 1%	-	0.07
INR/JPY- Decrease by 1%	-	(0.07)
GBP sensitivity		
INR/GBP- Increase by 1%	(0.18)	0.60
INR/GBP- Decrease by 1%	0.18	(0.60)

* 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 Group's exposure to risk of change in market interest rates relates primarily to its debt interest obligations. It's 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, 2019	31 March, 2018
Total borrowings (including current maturities)	79,342.70	71,733.79

(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 2018-19	FY 2017-18
Interest Rates - Increase by 50 basis points (50 bps) *	(396.71)	(358.67)
Interest Rates - Decrease by 50 basis points (50 bps) *	396.71	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 30.

(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 2018-19	FY 2017-18
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.

32 During the previous year, the Special Director of Enforcement Directorate has issued an order imposing a penalty of Rs. 8.5 crore on the Group on premise of alleged non-compliances of certain FEMA provisions in reelation to Group's investments in foreign subsidiaries in earlier years. While the Group has contested the demand, it has made corresponding provision in the books. The matter is pending for hearing before The Appellate Tribunal for Foreign Exchange, New Delhi.

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Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2019 (All amounts in INR 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, 2019	As at 31 March, 2018
Long Term Borrowing (including current maturities of long term debt)	33,843.57	19,469.79
Short Term Borrowing	45,499.13	52,263.30
Less: Cash and cash equivalents	11,357.14	17,159.71
Total Borrowing (Net)	**67,985.56**	**54,573.38**
Total equity	165,573.63	138,416.90
Total Capital (Equity+Net Debt)	**233,559.19**	**192,990.28**

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2019 and 31st March, 2018.

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: May 20, 2019

S R Batliboi & Co LLP Kolkata

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Kusum Dadoo
Director
(DIN: 06967827)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

PHILLIPS CARBON BLACK LTD. KOLKATA

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Kaushik Roy
Managing Director

Date: October 5, 2021
Place: Kolkata

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

____
Kaushik Roy
Managing Director

Date: October 5, 2021
Place: Kolkata

I am authorized by the Fund Raising Committee of the Board of Directors of the Company, vide resolution dated October 5, 2021, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____
Kaushik Roy
Managing Director

____
Kaushik Mukherjee
Company Secretary and Chief Legal Officer

Date: October 5, 2021
Place: Kolkata

PHILLIPS CARBON BLACK LIMITED

Registered Office
31 Netaji Subhas Road, Kolkata - 700001, India
Telephone No: + 91 33 6625 1443, Fax No: + 91 33 2230 6844 / 2243 6681

Corporate Office
RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700027
Telephone No: + 91 33 4087 0500 / 600

Email: pcbl@rpsg.in | **Website**: www.pcblltd.com

CIN: L23109WB1960PLC024602

Company Secretary and Compliance Officer: Kaushik Mukherjee
31 Netaji Subhas Road, Kolkata – 700001
Telephone: +91 33 6625 1443
E-mail: kaushik.mukherjee@rpsg.in

BOOK RUNNING LEAD MANAGERS

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg,
Prabhadevi,
Mumbai - 400025

Ambit Private Limited
Ambit House
449, Senapati Bapat Marg
Lower Parel
Mumbai 400 013

STATUTORY AUDITORS OF OUR COMPANY

S. R. Batliboi & Co. LLP, Chartered Accountants
Chartered Accountants
22 Camac Street
3rd Floor, Block 'B'
Kolkata 700 016

INDIAN LEGAL COUNSEL TO THE COMPANY

Khaitan & Co
One World Centre
10th and 13th Floor, Tower 1C
841 Senapati Bapat Marg
Mumbai 400 013

INDIAN LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

J. Sagar Associates
Vakils House,
18 Sprott Road
Ballard Estate,
Mumbai 400 001

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS

Dentons US LLP
2000 McKinney Avenue,
Suit 1900,
Dallas, Texas 75201-1858
Tel: +1 214 259 0952

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below.

(Note: The format of the Application Form included herein below is for reference and for the purposes of compliance with applicable law only, and no Bids in this Issue should have been made through the sample Application Form. The Company, in consultation with the Book Running Lead Managers, had identified Eligible QIBs and circulated serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should have been made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format below.):

Phillips Carbon Black Limited (*Incorporated in the Republic of India under the provisions of the Companies Act, 1956*) **Registered Office**: 31 Netaji Subhas Road, Kolkata - 700001, India **Corporate Office**: RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700027 **Telephone**: +91 33 6625 1000 / +91 33 6625 1500 / +91 33 6625 1461-64 | **Fax**: +91 33 2248 0140 | **Email**: pcbl@rpsg.in | **Website**: www.pcblltd.com | **CIN:** L23109WB1960PLC024602	**APPLICATION FORM** Name of Bidder: __________________ Form No: ________________________ Date: _____________________________

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹2 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO APPROXIMATELY ₹ [●] CRORES UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY PHILLIPS CARBON BLACK LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ [●] AND OUR COMPANY MAY OFFER A DISCOUNT OF UPTO [●]% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in 'offshore transactions' as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" in the accompanying preliminary placement document dated [●] (the "PPD").

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
PHILLIPS CARBON BLACK LIMITED
31 Netaji Subhas Road,
Kolkata - 700001

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm that we are an eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoter of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoter or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI.

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*
MF	Mutual Funds	**IF**	Insurance Funds
FPI	Foreign Portfolio Investors**	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI-NBFC**	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	**OTH**	Others __________________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "*Application Form*" under Issue Procedure section of the PPD.
** Sponsor and Manager should be Indian owned and controlled.*
***Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Company is entitled, in consultation with ICICI Securities Limited and Ambit Private Limited (the "**BRLMs**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We acknowledge and agree that (i) our names, address, contact details, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; and; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, West Bengal at Kolkata (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "Notice to Investors", "Representations by Investors", "Issue Procedure" and "Selling Restrictions" sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "Risk Factors" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the confirmation of allocation note ("**CAN**"), when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company, in consultation with the BRLMs, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLMs. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent, warrant, acknowledge and agree that we are located outside the United States and purchasing the Equity Shares in an 'offshore transaction' as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.**

<table>
<tr><th colspan="5">BIDDER DETAILS (in Block Letters)</th></tr>
<tr><td>NAME OF BIDDER*</td><td colspan="4"></td></tr>
<tr><td>NATIONALITY</td><td colspan="4"></td></tr>
<tr><td>REGISTERED ADDRESS</td><td colspan="4"></td></tr>
<tr><td>CITY AND CODE</td><td colspan="4"></td></tr>
<tr><td>COUNTRY</td><td colspan="4"></td></tr>
<tr><td>TELEPHONE NO.</td><td colspan="2"></td><td>FAX.</td><td></td></tr>
<tr><td>EMAIL</td><td colspan="4"></td></tr>
<tr><td>FOR ELIGIBLE FPIs**</td><td>Registration Number:</td><td colspan="2">For AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs</td><td>Registration Number:</td></tr>
</table>

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.*
***In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*
****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the BRLMs will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER BY 1.00 P.M. (IST), September [●], 2021, [●]	
Name of the Account	PHILLIPS CARBON BLACK LIMITED – QIP - ESCROW ACCOUNT
Name of the Bank	ICICI Bank Limited
Address of the Branch of the Bank	Capital Market Division, 122/1 Mistry Bhavan, Backbay Reclamation, Churchgate, Mumbai – 400020
Account Type	Current
Account Number	000405129672
IFSC	ICIC0000004
Tel No.	022-66818911
E-mail	sagar.welekar@icicibank.com

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "*PHILLIPS CARBON BLACK LIMITED - QIP ESCROW ACCOUNT*". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS		
Depository Name(Please ✓)	National Security Depository Limited	Central Depository Services (India) Limited
Depository Participant Name		
DP – ID	I N	
Beneficiary Account Number		(16 digit beneficiary account. No. to be mentioned above)
The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.**		

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		**BID AMOUNT PER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
Date of Application	
Signature of Authorised Signatory (may be signed either physically or digitally)	

ENCLOSURES ATTACHED

Attested/ certified true copy of the following:
- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
- ☐ Copy of notification as a public financial institution
- ☐ FIRC
- ☐ Copy of IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of Power of Attorney
- ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.
(2) The application form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLMs.

(3) *This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.*