RP - Sanjiv Goenka Group
Growing Legacies

Phillips Carbon Black Limited

22nd September, 2017

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

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

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

Dear Sir,

Sub : Submission of Annual Report to Stock Exchanges pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the Financial Year ended 31st March, 2017, which has been duly approved and adopted by the Members as per the provisions of the Companies Act, 2013 at the Annual General Meeting of the Company held on Thursday, the 21st day of September, 2017.

Kindly acknowledge the receipt of the same.

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

K. Mukherjee
Company Secretary and Chief Legal Officer

Enclo: As above

Phillips Carbon Black Limited, 31 Netaji Subhas Road, Kolkata – 700 001, India
Tel: +91 33 6625 1461-64 Fax: +91 33 2248 0140/2243-6681 Email: pcbl@rp-sg.in Web: www.pcblltd.com
CIN: L23109WB1960PLC024602

Annual Report
2016-17

Phillips Carbon Black Limited

RP - Sanjiv Goenka Group
Growing Legacies

TOUCHING LIVES IN MORE WAYS THAN ONE

CONTENTS

15%
Sales Volume

40%
EBITDA

242%
PBT

311%
EPS

*Figures are from Standalone Financial Statements of 2016-17

Y-o-Y growth in 2016-17 over 2015-16

Mundra Plant, Gujarat

Durgapur Plant, West Bengal

The most interesting aspect of our long journey is that we have always evolved with changing times.

Strategies had to be recalibrated, decisions revisited and what is more remarkable is that we continued to strengthen our focus on niche segments and emerging technologies, despite challenges. The outcome of all this has been rewarding.

With four strategically located plants, PCBL's presence today is spread across India and the world. We are the largest Carbon Black producer in the country, offering the most comprehensive portfolio in India. We have been able to establish a strong brand positioning by meeting specific end requirements across industries worldwide.

Our technical capabilities and investments in R&D have put us in good stead. Our R&D facility and a dedicated team continues to play a critical role in our transformational journey. Data analytics is emerging as a key focus area for us. Data leads to better diagnostics and that in turn enhances optimisation across operations. We are also focusing more on automation, Internet of things (IOT) and machine learning.

We have moved up the Carbon Black value chain by enhancing our focus on High Performance Rubber Blacks and Specialty Carbon Blacks, which has resulted in increased profitability. We constantly work towards addition of new grades in our product portfolio, and that has contributed significantly to volume growth.

As the Indian economy continues to power ahead at a commendable pace, we are upping our ante confidently.

Creating value for all those who have a stake in our progress.

A CLOSER LOOK AT PCBL

Our Company believes in continuous evolution, and this transformation has strengthened us across decades. Our story began more than five decades ago.

Phillips Carbon Black Limited (PCBL), (part of the RP-Sanjiv Goenka Group) was set up in collaboration with a US-based company-Phillips Petroleum in 1960.

At PCBL, we commenced production in December 1962. Ever since we have been playing an instrumental role in the Carbon Black industry. We offer a comprehensive portfolio of Carbon Black for rubber applications and Specialty Black for non-rubber applications across plastics, fibre, pipes, inks & coatings, wire & cable and other niche industries globally.

Palej Plant , Gujarat

50+ years
Of rich experience in the Carbon Black industry

4,72,000 MT
Annual Carbon Black capacity

LARGEST
Carbon Black producer and exporter in India

76 MW
Green power capacity

4
Strategically located manufacturing plants in India

30+
Country presence across five continents

Our Vision

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

Our Values

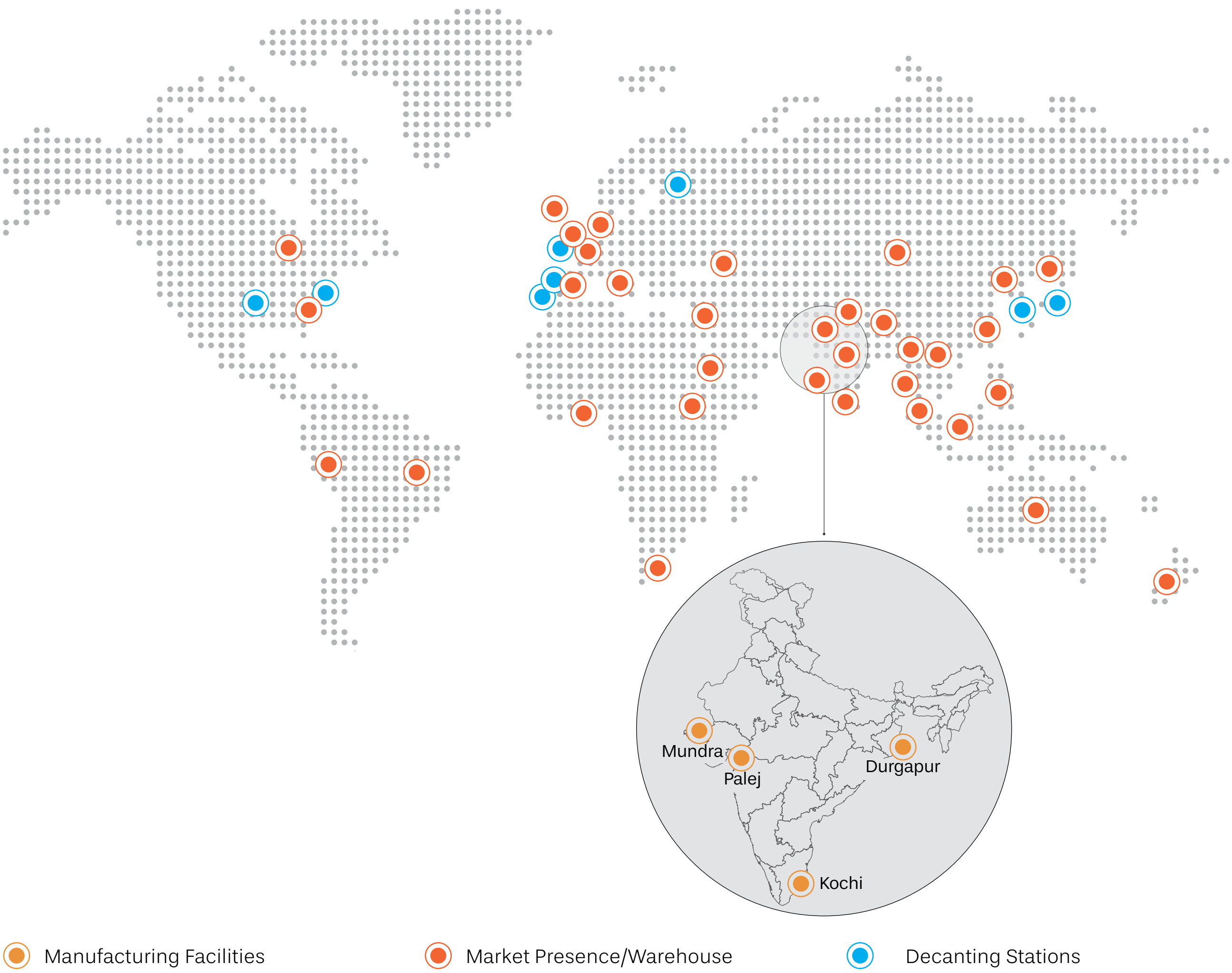
The Company subscribes to the Core values of:

- **Customer Happiness:** Bring a smile to your customer's face
- **Credibility:** Instill trust and confidence through your actions
- **Humaneness:** Be caring and respectful to all
- **Execution Excellence:** Put your heart and soul into your actions
- **Speed:** Move ahead of time
- **Risk Taking:** Dare to go beyond

Our Capacities

Location	Carbon Black Capacity	Captive Power Plant Capacity
Durgapur, West Bengal	1,47,000 MT/Annum	30 MW
Palej, Gujarat	95,000 MT/Annum	12 MW
Kochi, Kerala	90,000 MT/Annum	10 MW
Mundra, Gujarat	1,40,000 MT/Annum	24 MW

Our Global Presence



OUR COMPETITIVE ADVANTAGES

Brand Equity

We have emerged as one of the reputed carbon black brands globally on the strength of product customisation, quality excellence and on-time delivery. Our business practices reflect our ethical conduct, transparency, and customer commitment that have earned us the trust and confidence of our customers and peers.

Product Portfolio

We have a wide range of product portfolio and are gradually moving up the value chain. We are expanding our portfolio of high-performance, high-margin grades for both rubber and non-rubber applications in collaboration with our customers.

Global Network

We have a strong network of local distributors and channel partners across several countries. This allows us to leverage their understanding of the local market and cater to our global clients better, build trust and enhance loyalty. Our employees are strategically present at global locations.

Customer Connect

Our strong after-sales service and technical support ensures a loyal base of tyre, non-tyre, rubber and non-rubber customers around the world. Our engineers offer continuous technical support to customers by helping them overcome product related issues. We have dedicated teams responsible for engaging customers in joint development projects, which cater to customer-specific requirements.

Robust Clientele

Our customers comprise some of the leading tyre companies around the globe like Bridgestone, Goodyear, Michelin, Continental, Loadstar, Yokohama, TVS, Nexen, CEAT, MRF, JK, Sumitomo, Apollo, BKT, Kumho. Similarly, our non rubber customers include prominent names across the globe.

Technical Capabilities

We have four in-house R&D units that are recognised by the Department of Scientific and Industrial Research (DSIR). Our QC and Central R&D Unit at Palej, Gujarat is NABL accredited and is equipped with state-of-the-art facilities, manned by a pool of well-qualified and experienced scientists. Currently, we are in the process of setting up a new Central R&D Unit at Palej, Gujarat.

Key Certifications

Our manufacturing units are ISO9001, ISO/TS16949, ISO14001 and OHSAS 18001 certified, ensuring highest levels of quality, safety and eco-friendliness.

Passionate workforce

We have a passionate and dynamic team of over 890 members – a fine blend of youth and experience brings knowledge as well as energy to the organisation.

Wealth from Waste

Our plants have power generation facilities from waste recovery, enabling us to help reduce environmental impact. We are the world's first carbon black company to receive carbon credits from UNFCCC for our captive power plant at Palej, Gujarat.

WE TOUCH LIVES. EVERY MOMENT.

Carbon Black is a versatile product that enjoys wide applications in everyday life. There is carbon black in most of the things we use and see every day. Newspapers, Polyesters, Tyres, Pens, Handsets, Electric wires and more. It is chiefly used as a reinforcing agent, to enhance aesthetics and to increase the durability of the products.

Carbon Black is produced by incomplete combustion or thermal decomposition of gaseous or liquid hydrocarbons under controlled conditions. The biggest application of Carbon Black is as a reinforcing agent in tyres. Its unique properties make it useful for pigmentation as well as ultraviolet (UV) stabilisation. In addition, it is used as a conductive agent in a variety of Specialty high performance products.

Carbon Black's performance is determined by its fundamental properties. It includes the particle and aggregate size, surface activity and physical form. Based on its properties, carbon black can be divided into three broad categories: rubber black, high performance rubber black and non rubber black, including Specialty black.

MESSAGE FROM CHAIRMAN

We pledge to elevate our Company to the next altitude of value creation.

Dear Shareholders,

What can be a more pleasant task of a Chairman than to report to Phillips Carbon Black Limited Shareholders the best-ever result achieved so far by the Company?

Phillips Carbon Black Limited was set up way back in 1960, production at Durgapur began on 5th December 1962 and now, years later, we have achieved the highest-ever PBT of ₹ 165.52 crore. The 4th Quarter PBT was also the highest-ever – ₹ 63.81 crore.

It gives us additional pleasure that this wonderful result was achieved in a year when the global trade environment was not at its best and Indian business was passing through a period of ups and downs.

It is indeed a reflection of our Company's performance all around that with our four plants located at Durgapur, Kochi, Mundra and Palej, we achieved in FY'17 the highest-ever carbon black production of 383,316 tonnes. The Make-In-India slogan has been effective, with your Company exporting 93,340 tonnes of carbon black to more than 30 countries and sold another 294,066 tonnes within India. It is heartening to report that we also generated 483 million units of power – the highest-ever – since we decided to convert lean gas into useful power for use in our plants and also sell the excess power to those who need it.

In the year-under-review, our Company created many other records by offering to our worldwide customers 24 grades of rubber black and 29 grades of non-rubber black which helped us maintain our leadership journey, which had begun way back in 1962. Under the inspiration of the legendary Dr. B.C. Roy, my grandfather the Late Keshav Prasad Goenka took the bold step of making in India a product totally imported so far. FY'17, as you will see from the pages that follow, was a year of innovation, enhanced operational efficiency, higher cost optimisation and opening up new sales opportunities at home and abroad. Braving stiff competition, our Company added some of the world's best-known tyre companies as our new customers.

I am sure you would like to join me in congratulating each member of the PCBL family, who worked as a team of inspired professionals to give us the coveted leadership we have been aiming at for some time. As we embark on another phase of our journey of still better achievements, our employees remain our most valuable asset. We have initiated several programmes to enhance employee skills and commitments. We are indeed proud of creating within the Company a culture of strong ethics and transparency.

I would also like to share with you the belief that PCBL has the capability of achieving more in the year ahead and as we pledge to elevate our Company to the next altitude of value creation, I seek your continued support and guidance.

Yours sincerely,

Sanjiv Goenka

Sanjiv Goenka

MANAGING DIRECTOR'S REVIEW

At PCBL, we continue to evolve as a globally respected brand and a value-creating enterprise

Dear Shareholders,
PCBL's performance in FY'17 is the story of a healthy growth across all key performance indicators. While our production volume grew by 15%, sales volume was also up by 15%, in a year when capacity utilisation also reached an all-time high of 93%. Our International Market accounts for 24% of our total sales volume.

In FY 2016-17, EBITDA and PBT of the Company touched ₹ 305.02 crores and ₹ 165.52 crores against ₹ 217.30 crores and ₹ 48.39 crores in FY 2015-16. Our earnings per share stood at ₹ 20.17 from ₹ 4.91 in FY 2015-16.

Our co-created vision of becoming 'A trusted Global player providing cutting edge solutions to our Partners and an exciting workplace to our People' will revolve around the future strategy, customer centricity, process orientation, robust financials and brand building.

We embarked upon a Journey of Excellence across the whole Organisation.

We took several initiatives that translated into favourable outcomes.

FY'17 was a year of strengthening PCBL technology framework, which led to improved yield, better product quality and profitability. We strategically differentiated from our competition by gradually moving up the value chain. This enabled us to widen our basket of margin-accretive products of high-performance, high-margin grades for both rubber and non-rubber applications.

There was a healthy progress in PCBL's specialty black portfolio. This segment continues to remain one of the focus areas for us with plans for further expansion of product portfolio as well as capacity.

In the year under review, we successfully developed alternative feedstock sources, thus considerably reducing the risky dependence on one particular source of supply.

The Company's prudent strategies in the international marketplace further strengthened its role as a trusted global player. We are now aligned with our strategic customers as partners to undertake joint development projects.

Our emphasis on customer relationship building has led to the creation of a loyal customer base.

We have also introduced process-orientation in every conceivable area – be it in manufacturing, supply chain, marketing, human resources, finance or any other function.

Building a leadership pipeline is critical for the long-term growth and sustainability of an organisation. We nurture future leaders, who can take the organisation to the next level.

I am confident that with new ideas and initiatives, along with your guidance, at PCBL, we continue to evolve as a globally respected brand and a value-creating enterprise. As a Shareholder, you can reasonably expect PCBL to achieve more in the days and months ahead.

Warm regards,

Kaushik Roy

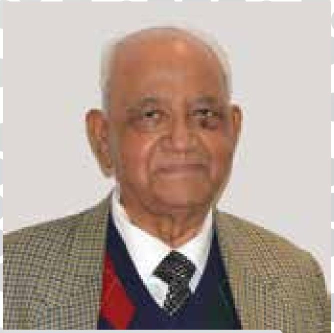
OUR BOARD OF DIRECTORS

Mr. Sanjiv Goenka
Chairman

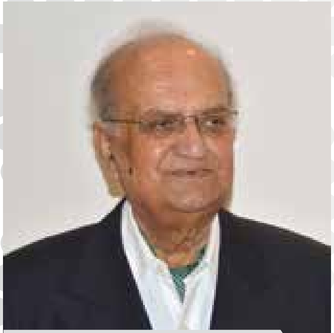
Mr. Kaushik Roy
Managing Director

Mr. Shashwat Goenka
Non-Executive Director

Mr. C R Paul
Independent Director



Mr. O P Malhotra
Independent Director



Mr. K S B Sanyal
Independent Director

Mr. Paras K Chowdhary
Independent Director

Mr. Pradip Roy
Independent Director

Ms. Kusum Dadoo
Independent Director

OUR PERFORMANCE

Revenue (Gross)

(₹ in Crores)

2016-17	**2,131**
2015-16	2,115
2014-15	2,711
2013-14	2,530
2012-13	2,532

EBITDA

(₹ in Crores)

2016-17	**305**
2015-16	217
2014-15	219
2013-14	155
2012-13	119

Profit Before Tax

(₹ in Crores)

2016-17	**166**
2015-16	48
2014-15	14
2013-14	-88
2012-13	-40

Earnings Per Share

(₹)

2016-17	**20**
2015-16	5
2014-15	4
2013-14	-25
2012-13	-6

Production Trend

(MT)

2016-17	**383,316**
2015-16	332,038
2014-15	311,823
2013-14	288,676
2012-13	296,555

Sales Volume

(MT)

2016-17	**387,406**
2015-16	335,146
2014-15	313,562
2013-14	287,389
2012-13	293,309

THE HUMAN TOUCH

We believe that no amount of technology can replace the human touch, and thus invest in attracting, nurturing and retaining talent. We are aware how important our teams are to ensure the right strategic competence. We are actively working to build a work culture that promotes diversity, meritocracy and leadership at all levels.

Building Capabilities

We have steadily enhanced our investments to sharpen the capabilities of our people. This is achieved through structured interventions across hierarchies and functions.

- **'CGMP programme for Managers':** We provide our managers the opportunity to undertake a 16 month's Certified General Management Program at the International Management Institute (IMI), Kolkata. This has been initiated with the purpose of providing leadership training to our managers.
- **'Leaders as coaches':** In line with our leadership philosophy of guiding people instead of directing them, we have introduced this programme. It helps our people become better leaders.
- **'Carbon black industry fundamentals':** The two-day programme for freshers aims to induct and integrate talent that is brought into the system.
- **'Product application and customer service':** We make sure our organisational goals are clear to every personnel in our team. We ensure to train our manufacturing team in line with the organisational objectives. The R&D team plays a special role in training our production team. Moreover, our customers provide specific feedback regarding our products. This feedback helps us to train our manufacturing team better.

An exciting workplace

- **'Live Sampark':** The leadership team hosts a 'townhall' and addresses the team members across all locations who are connected electronically on a real-time basis. Besides, providing an update on the performance, they also enlighten the team on the roadmap and challenges ahead. Following the business updates, team members can ask questions, offer suggestions and seek clarity directly from the leadership team .
- **'Brown bag session':** The panel discussion helps to disseminate knowledge beyond the Carbon Black industry and equip our people with a holistic perspective.
- **'We @ PCBL':** The audio-visual magazine is circulated quarterly and helps in creating goal congruence across the organisation.
- **'My pulse':** This is an internal blog to provide our employees an opportunity to post and share their views, thought, and concerns on any topic. The platform allows cross-pollination of ideas and thoughts and encourages conversations and dialogue in the organisation.

Empowering and Encouraging

Our job roles are designed to provide empowerment. We have created a leaner organisation structure and continually, encourage our employees to take up more responsibilities. We conduct 'career dialogues' with our managers and discuss the development programme for each one of them. This helps us discover the innate potential of each employee to find the right fit to leverage talent.

Recently, we conducted a Happiness Survey to identify the reasons that create discontent among employees. Our research has helped us understand the expectations and aspirations of our people; and we are working towards filling up the gaps identified. We believe happy employees are engaged employees and we consistently strive to create an environment, which invokes passion at work.

Celebrating Excellence

We believe that growth can be sustained only if our people are geared to take challenges and perform with pride. Our reward programmes are designed to encourage the spirit of excellence. The leadership team is given the responsibility to recognise and award team members for their outstanding performance. These awards go a long way in acknowledging performance and motivating colleagues.

SENIOR MANAGEMENT TEAM

Kaushik Roy
Managing Director

Raj Kumar Gupta
Chief Financial Officer

Kaushik Mukherjee
Company Secretary and Chief Legal Officer

Sabyasachi Bhattacharya
Chief - HR and IT

Utpal Saha
Chief - Project Commercial and Environmental Compliance

Desh Deepak Misra
Chief - Manufacturing

Arun Batra
Chief - Specialty Blacks

Jiten Keluskar
Chief Procurement Officer

Girish Singh
Chief Projects, Specialty Process & Technology

Gautam Kalia
Head - International Markets (Rubber Blacks)

Mainackya Ghosh
Head - National Markets (Rubber Blacks)

Sinjan Pal Mazumdar
Head - Business Development & Technical Services (Specialty Blacks)

Sudipto Kumar Ghosh
Head-Central Reliability & Engineering

Saibal Neogy
Head- Planning & Customer Service

Soumyendra Mohan Lahiri
Unit Head - Durgapur

K. Bhupathi
Unit Head - Kochi

Satish Bhutada
Unit Head - Palej

Kingshuk Bose
Unit Head - Mundra

A SOCIALLY RESPONSIBLE ORGANISATION

As a socially responsible organisation, we understand our responsibility towards inclusive development of communities. We have a formal CSR programme focused on inclusive development of the deprived sections of the population.

The key pillars of our CSR policy are health and education to underprivileged communities near our manufacturing locations. We have co-created our CSR programmes in close coordination with the local bodies. The CSR programmes are monitored closely to ensure the benefits reach as expected.

CSR Activity at an Orphanage

Progressing with Education

In line with this, the Company provides financial assistance to government schools near its production units. Moreover, we provide monetary aid to underprivileged students in these areas. We distribute educational and sports kits for BPL children residing near our plants.

Literacy programme for underprivileged Children

Not just philanthropy in education, the managers in our organisation take deep interest and actively engage in providing education to underprivileged sections of society. At Kochi, Kerala, managers provide tuition in the evening to the underprivileged children around our plant. We also run a computer literacy programme near the Kochi plant.

At Durgapur plant, West Bengal, we support a computer literacy programme run by the Rotary Club of Durgapur. This is a joint initiative that aids in spreading computer literacy among homemakers and students of nearby communities around the plant.

Health and Hygiene

PCBL is contributing towards the improvement of community health and hygiene around its production units with medical help for people residing near the plants. Medical help involves diagnosis and consultation for communities around our plants.

We organised an eye camp at Palej village, Gujarat and were instrumental in conducting cataract surgery of 28 patients. In addition, we have set up sanitation facilities near our Mundra plant, Gujarat. We hope this will enhance the quality of life in the area, especially that of women and girls.

Apart from our formal CSR activities on health and education, our company contributes in other areas as well depending on the requirements of society, which influence lives in communities around our manufacturing locations.

In the recent past, we aided the construction of roads in Palej village allowing increased connectivity for its residents.

Also, we have recently tied up with Responsible Charity, an NGO. This tie-up intends to start a used-clothes donation programme for slum kids and poverty-stricken people. Besides, our association with Smile Foundation helps us reach numerous underprivileged children and women with health and educational facilities indirectly. Above all, we are a responsible organisation pledged to protect our environment.

We lay emphasis on protecting the environment and reducing carbon footprint in areas where we manufacture or are otherwise established. We are confident that our actions will bear positive results for all, going forward.

Protecting the Environment

Being India's largest Carbon Black manufacturer, we understand the need to curb our carbon footprint and protect the environment. We believe our sustainability depends on preserving and enriching our environment.

At PCBL, we believe, dialogue and sustained efforts provide the best approach for handling environmental problems. Thus, we have made planting saplings a continuous exercise near all our production locations. We believe creating green belts around our manufacturing units will help in enriching them. Additionally, we take initiatives to align our employees to the cause of environmental protection.

Further, we involve community representatives in discussions regarding afforestation, rainwater harvesting, and treatment of wastewater, among others. Besides, recycling of waste, zero emissions and spillage policy form a major part of our community discussions, spreading awareness among local communities.

Computer Literacy Programme

Planting of Saplings on World Environment Day

CORPORATE INFORMATION

Board of Directors

Mr. Sanjiv Goenka, Chairman
Mr. Kaushik Roy, Managing Director
Mr. Shashwat Goenka
Mr. C R Paul
Mr. O P Malhotra
Mr. K S B Sanyal
Mr. Paras K Chowdhary
Mr. Pradip Roy
Ms. Kusum Dadoo

Company Secretary & Chief Legal Officer

Mr. Kaushik Mukherjee

Chief Financial Officer

Mr. Raj Kumar Gupta

Auditors

Price Waterhouse
Chartered Accountants

Solicitors

Khaitan & Co.

Bankers

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

Registered Office

Duncan House, 3rd Floor
31, Netaji Subhas Road
Kolkata 700 001
Phone: (033) 6625 1000, 6625 1500, 6625 1461-64 Fax: (033) 2248 0140,
Email: pcbl@rp-sg.in

Manufacturing Units

Durgapur
27, R.N Mukherjee Road
Dist. Burdwan,
Durgapur 713 201
Phone: (0343) 645 4532
Fax: (0343) 255 6692
Email: soumyendra.lahiri@rp-sg.in

Kochi
Karimugal
Brahmapuram PO
Kochi 682 303
Phone: (0484) 2720833/947/331/383
Fax: (0484) 2720649
Email: k.bhupathi@rp-sg.in

Mundra
Survey No. 47, SH- 46
Vill Mokha (Near Vadala)
Mundra 370 421
Dist. Kutch, Gujarat
Phone (02838) 283634
Fax: (02838) 283 635
Email: kingshuk.bose@rp-sg.in

Palej
National Highway No. 8
Palej 392 220
Dist. Bharuch Gujarat
Phone: (02642) 278 128
Fax: (02642) 277 160
Email: satish.bhutada@rp-sg.in

Regional Offices

Chennai
Level 5, Prestige Palladium
Baan No. 129-140, Greams Road,
Chennai 600 006
Phone: (044) 4654 9316
Fax: (044) 6693 6694
Email: k.velu@rp-sg.in

Delhi
315, Third Floor,
MGF Metropolis,
M.G. Road, Gurgaon 122002, Haryana
Phone: (0124) 4031975 / 2352924,
Email: akash.hansrani@rp-sg.in

Mumbai
Unit No. 903, Dev Corpora
Cadbury Junction,
Eastern Expressway,
Thane (W), Mumbai - 400 601
Phone: (022) 4100 7765/84/85,
Email: pratik.chatterjee@rp-sg.in

Markets

National
mainackya.ghosh@rp-sg.in

International
Global
gautam.kalia@rp-sg.in
Europe
hariharan.viswanathan@rp-sg.in
Japan
adrian.koh@rp-sg.in
USA
shreyash.gupta@rp-sg.in

Non Rubber Black
arun.batra@rp-sg.in

Visit us at: www.pcblltd.com

Phillips Carbon Black Limited

CIN: L23109WB1960PLC024602
Regd. Office: Duncan House, 3rd Floor, 31, Netaji Subhas Road, Kolkata - 700 001
Tel: (033)-6625-1000/1500/1461-64; Fax: 033-2248-0140
E-mail: pcbl@rp-sg.in; Website: www.pcblltd.com

ANNUAL GENERAL MEETING NOTICE TO THE SHAREHOLDERS OF THE COMPANY

Notice is hereby given that the Fifty-sixth Annual General Meeting of the Members of Phillips Carbon Black Limited will be held at Dr. R P Goenka Auditorium, International Management Institute, Kolkata, 2/4C Judges Court Road, Alipore, Kolkata - 700027, on Thursday, the 21st day of September, 2017 at 10:30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2017 including Consolidated Audited Financial Statements for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of Interim Dividend @ 60% (i.e. ₹ 6/- per equity share) already paid for the year ended 31st March, 2017.

3. To appoint a Director in place of Mr. Shashwat Goenka (holding DIN 03486121), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint auditors of the company to hold office from the conclusion of the forthcoming Annual General Meeting until the conclusion of the Sixty-First (61st) Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s) the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendation made by the Audit Committee of the Board of Directors of the Company, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, having Registration No 301003E/E300005 allotted by The Institute of Chartered Accountants of India (ICAI), be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s. Price Waterhouse, Chartered Accountants, having registration No. 301112E allotted by ICAI, the retiring Statutory Auditors, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting till the conclusion of the sixty first Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every Annual General Meeting till the sixty first Annual General Meeting, and the said Auditors be paid such remuneration as may be decided by the Audit Committee of the Board of Directors of the Company."

SPECIAL BUSINESS:

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

5. **(As a Special Resolution)**

   "RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and such other necessary approval(s), consent(s) or permission(s), if necessary, the Company hereby approves the variation in terms of remuneration of Mr. Kaushik Roy, Managing Director of the Company from 1st July, 2016 as set out in the Explanatory Statement attached to this Notice."

6. **(As an Ordinary Resolution)**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the consent of the Company be and is hereby accorded for the ratification of appointment of M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company ('the Board") for the Financial Year ending 31st March, 2018, with a remuneration of ₹ 4,50,000/- (Rupees Four Lacs Fifty Thousand only).

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

By Order of the Board

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

Kaushik Mukherjee
Company Secretary

10th August, 2017

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts relating to Special Business to be transacted at the Annual General Meeting is annexed hereto.

2. **A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy/Proxies to attend and vote on a poll instead of himself/herself. Such a proxy/proxies need not be a member of the Company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

   The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. A Proxy Form is annexed to this Notice. Proxies submitted on behalf of the companies, societies etc., must be supported by appropriate resolutions / authorities, as applicable.

3. **The business set out in the Notice will be transacted through remote electronic voting system and the Company is providing facility for voting by remote electronic means.** Instructions and other information relating to E-voting are given in the Notice under Note No. 27.

   Members attending the meeting, who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the meeting through ballot papers.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from the 15th day of September, 2017 to the 21st day of September, 2017 (both days inclusive).

5. An interim dividend @ 60% (i.e. ₹ 6/- per equity share) was declared at the meeting of the Board of Directors of the Company held on 1st March, 2017 to those members whose names appeared on the Company's Register of Members, or appeared as beneficial owners at the close of business on 13th March, 2017 ('Record Date') and the same was paid on and from 17th March, 2017.

6. In terms of the provisions of the Companies Act, 2013, the Company proposes to appoint Messrs. S. R. Batliboi & Co. LLP, Chartered Accountants, as new Auditors of the Company for a period of five years from the conclusion of the forthcoming Annual General Meeting, in place of Messrs. Price

Waterhouse, Chartered Accountants, the retiring Statutory Auditors of the Company.

7. Members, Proxies and Authorised Representatives are requested to bring their attendance slips enclosed herewith, duly completed and signed, mentioning therein the details of their DP ID and Client ID / Folio No. to the venue of the AGM. Duplicate attendance slips or copies of the Report and Accounts will not be made available at the venue of the AGM.

8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend as and when declared. The Company or its Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the Members.

9. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their Bank Details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrar and Share Transfer Agent.

   In case the mailing address mentioned on the Attendance Slip is without the PINCODE, Members are requested to kindly inform the PINCODE immediately.

10. The Company has transferred all unclaimed or unpaid Dividend declared upto the Financial Year ended 31st March, 2008 to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 125(1) of the Companies Act, 2013.

11. No Dividend has been declared for the Financial year ended 31st March, 2009. Dividend for the Financial Year ended 31st March, 2010 and thereafter, which remains unclaimed or unpaid for a period of seven consecutive years will be transferred to the IEPF under Section 124(5) of the Companies Act, 2013. Members who have not encashed the dividend warrant(s), so far for the financial year ended 31st March, 2010 or any subsequent financial years, are requested to submit their claims to the Registrar and Share Transfer Agent of the Company, viz. Link Intime Pvt. Ltd or the Secretarial Department at the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to IEPF as stated no further claim shall be entertained by the Company in respect thereof. The dividend for the Financial Year ended 31st March, 2010 is due to be transferred to the aforesaid Fund immediately after 29th August, 2017.

    Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years starting from 2003-2005 on the website of IEPF viz. www.iepf.gov.in and under "Investors Relations" section on the website of the Company viz. www.pcblltd.com.

12. The Ministry of Corporate Affairs (MCA) had notified the IEPF Rules, 2016 with effect from 7th September, 2016. Further MCA had notified the IEPF Rules, 2017 with effect from 28th February, 2017. Pursuant to Section 124(6) of the IEPF Rules, 2016, all the shares in respect of which dividend have remained unpaid / unclaimed for seven consecutive years are required to be transferred to the demat account of the IEPF Authority. However, the first proviso of Section 124(6) of the IEPF Rules, 2016 states that in case the beneficial owner has encashed any dividend warrant during the last seven years, such shares shall not be required to be transferred to the Fund even though some dividend warrants may not have been encashed.

13. Members can avail the nomination facility, under Section 72 of the Companies Act, 2013 by submitting

Form No. SH.13 as per Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 with the Company. Blank forms will be made available on request.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent/ Secretarial Department of the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as the transferor(s) shall furnish a copy of their PAN Card to the Company for registration of transfer of securities.

15. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Company's Registrar and Share Transfer Agent – Link Intime India Private Limited for the same.

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

17. In case of Joint holders attending the Meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote .

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

    (a) Change in their residential status on return to India for permanent settlement.

    (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

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

20. The route map showing directions to reach the venue of the Fifty Sixth (56th) AGM is annexed hereto.

21. Electronic copy of the Notice of the 56th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being also sent to all the Members whose email IDs are registered with the Company's Registrar and Share Transfer Agent/Depository Participants for communication purposes. For Members who have not registered their email address, physical copies of the Notice of the 56th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.

22. Electronic copy of the Annual Report for Financial Year 2016-2017 is being sent to all Members whose email IDs are registered with the Company's Registrar and Share Transfer Agent/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report for Financial Year 2016-2017 is being sent in the permitted mode.

23. Members may also note that the Notice of the 56th Annual General Meeting, Attendance Slip, Proxy Form and Route Map will be available on the Company's website at **www.pcblltd.com** and also on the website of NSDL at **https://www.evoting.nsdl.com** for their download. The Annual Report for Financial Year 2016-2017 will be available on the Company's website **www.pcblltd.com** for their download. The

physical copies of the aforesaid documents will also be available at the Secretarial Department of the Company's Registered Office in Kolkata for inspection during normal business hours (10.00 am to 6.00 pm) on all working days, up to the date of Annual General Meeting and shall also be avaliable at the venue of the Annual General Meeting of the Company. Even after registering for e-communication, members are entitled to receive such communication in physical form, by post free of cost, upon making a request for the same. For any communication, the shareholders may also send requests to the Company's investor email id – **pcbl.investor@rp-sg.in**.

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

25. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting at least 3 days before the AGM.

26. Details as required in sub-regulation (3) of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the Stock Exchanges in respect of the Director seeking re-appointment at the Annual General Meeting, forms an integral part of the Notice. The Director has furnished the requisite declaration for his re-appointment.

27. **Voting through electronic means**

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its Members , facility to exercise their right to vote on Resolutions proposed to be considered at the 56th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("Remote e-Voting") will be provided by National Securities Depository Limited (NSDL).

II. Members of the company, instead of casting their votes by the aforesaid "Remote E-voting" may cast their votes at the venue of the Annual General Meeting through physical ballot papers, which shall be made available at the venue of the AGM and only such Members attending the meeting, who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the Meeting through ballot papers.

III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their votes again.

IV. The remote e-voting period commences on 18th September, 2017 (9:00 am IST) and ends on 20th September, 2017 (5:00 pm IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 14th September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

V. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

VI. The process and manner for remote e-voting are as under:

A. **In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Registrar and Share Transfer Agent/ Depository Participants(s)] :**

(i) Open the email and the PDF file viz; "PCBL remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: **https://www.evoting.nsdl.com**.

(iii) Click on Shareholder – Login

(iv) Put user ID and password as initial password noted in step (i) above. Click on Login.

(v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on remote e-voting: Active E-voting Cycles.

(vii) Select "EVEN"(Electronic Voting Event Number) of "Phillips Carbon Black Limited ".

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authorization letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through e-mail to **pcbl.scrutinizer@gmail.com** with a copy marked to **evoting@nsdl.co.in**

B. **In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Company's Registrar and Share Transfer Agent / Depository Participants(s) or requesting physical copy]:**

(i) Initial password is provided at the bottom of the Attendance Slip for the AGM in the following manner:

EVEN	USER ID	PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of **www.evoting.nsdl.com** or contact NSDL on toll free no: 1800-222-990. In case of any grievance related to voting by electronic means, you may please contact Mr. Amit Vishal, Senior Manager, NSDL / Mr. Rajiv Ranjan, Asst. Manager, NSDL at 022 2499 4360 / 022 2499 4738 and send an e-mail to **evoting@nsdl.co.in** and **amitv@nsdl.co.in/ rajivr@nsdl.com.in**

VIII. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot password' option available on the site to reset the password.

IX. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

X. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

XI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 14th September, 2017.

XII. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e.14th September, 2017 may obtain the login ID and password by sending a request at **evoting@nsdl.co.in** or **kolkata@linkintime.co.in**.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on **www.evoting.nsdl.com** or contact NSDL at the following toll free no.: 1800-222-990.

XIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

XIV. Pursuant to the provisions of Section 108 of the Companies Act 2013, read with the rules thereof, Mr. Anjan Kumar Roy, Practicing Company Secretary, (Membership No. FCS 5684) has been appointed as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

XV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Papers" for all those members who are present at the AGM but have not cast their votes by availing the mode of remote e-voting facility.

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

28. For convenience of the Members and proper conduct of the Meeting, entry to the Meeting venue will be regulated by the Attendance Slip, which is enclosed with this Notice. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.

29. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

30. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 6.00 pm) on all working days, up to the date of Annual General Meeting and shall also be avaliable at the venue of the Annual General Meeting of the Company.

31. It is hereby informed that the Members of the Company shall be allowed to enter the venue of the AGM only on or after 10 A.M. The gate of the AGM venue shall not be open at any time prior to 10 A.M. Hence, Members are requested to plan accordingly.

By Order of the Board

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

Kaushik Mukherjee
Company Secretary

10th August, 2017

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

Item No. 5

The Members at their Annual General Meeting held on 22nd July, 2016 had approved the re-appointment of Mr. Kaushik Roy as Managing Director of the Company for a further period of three years effective 5th February, 2016 and payment of his remuneration. Subsequently, the Board of Directors of the Company, at its meeting held on 22nd July, 2016, subject to the approval of the members, approved an increase in the remuneration to Mr. Kaushik Roy with effect from 1st July, 2016 as under:

Basic Salary : ₹ 8,84,100/- per month

Perquisites:

Customised Allowance Pool : ₹ 20,20,510/- per month

All other terms and conditions as approved by the Members shall remain unchanged.

In the event of absence or inadequacy of profits in any Financial Year, the remuneration mentioned above shall be the minimum remuneration payable to Mr. Kaushik Roy.

The said remuneration has been approved by the Nomination and Remuneration Committee of the Board.

The terms and conditions of increase in the remuneration of Mr. Kaushik Roy is available for inspection by the members at the Registered Office of the Company during normal business hours (10.00 am to 6.00 pm) on all working days, up to the date of Annual General Meeting and shall also be avaliable at the venue of the Annual General Meeting of the Company.

The approval of Members is being sought for payment of the above remuneration as set out in Item No.5 of the Notice.

The Board recommends that the Resolution set out in Item No. 5 of the Notice be passed in the interest of the Company.

Except Mr. Kaushik Roy and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 of the Notice.

The information as required under Section II of Part II of Schedule V issued by the Ministry of Corporate Affairs, New Delhi for Item No. 5 of the Notice is given below:-

I. GENERAL INFORMATION :

(1) Nature of Industry

The Company is primarily engaged in the manufacture and sale of carbon black, which is used by the rubber industry. The Company also produces and sells excess electric power generated from the low calorific value off gas which is generated in the process of manufacture of carbon Black.

(2) Date or expected date of commencement of commercial production

5th December, 1962.

(3) In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.

Not applicable.

(4) Financial performance based on given Indicators:

Key financials for last three financial years are given as below:

(₹ in lakhs)

	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
Sales (Gross)	2,13,126.86	2,11,547.48	2,71,139.17
Profit/ (Loss) before tax	16,551.89	4,838.78	1,432.99
Profit/(Loss) after tax	6,952.14	1,690.70	1,264.45
Paid up share capital	3,446.73	3,446.73	3,446.73
Rate of dividend (%)	Interim Dividend @60%	25%	10%

(5) Foreign Investments or collaborations, if any

None

II. INFORMATION ABOUT THE APPOINTEE:

MR. KAUSHIK ROY:

(1) Background details:

Mr. Kaushik Roy has a vast experience of 27 years across varied functions in different industries.

Mr. Kaushik Roy is a Mechanical Engineer with a Post Graduate Degree from IIT Kharagpur and studied Business Administration from the University of Tokyo.

He is also an Alumni of IMD, Switzerland.

Mr. Kaushik Roy worked for long years with Apollo Tyres Ltd. from 1990 onwards except for a shorter stint with DLF Cements (now Gujarat Ambuja Cement) from 1994 to 1997. Mr. Roy was Management Board Member of Apollo Tyres Ltd. and Managing Director of Apollo Tyres (Lao) Company Ltd., a natural rubber plantation company.

As Managing Director of the Apollo Tyres (Lao) Company Ltd., a natural rubber plantation company, Mr. Kaushik Roy spearheaded the backward integration initiatives of Apollo Tyres into the field of natural rubber plantation.

Mr. Kaushik Roy was the Indian Tyre Industry Representative on the Industry Body of International Rubber Study Group, Singapore. He was also the Member of Governing Council, RSDC (Rubber Skill Development Centre), India.

Mr. Kaushik Roy is a regular visiting faculty for various Management Institutes and also a speaker in various conferences held across the globe.

(2) Past remuneration:

For the year ended 31st March, 2016, Mr. Kaushik Roy's total remuneration was ₹ 330.87 lakhs.

(3) Recognition or awards:

Mr. Kaushik Roy is widely acclaimed for bringing in a new era of leadership at the Company. Mr. Roy has been instrumental in introducing a customer centric approach to the Company's vision and strategy. He took on the challenge of realigning the business with strong focus on new technology, innovation, systems and process reengineering and expansion of scale. Mr. Roy has also introduced newer human resource practices that have brought in a vibrant work culture at the Company.

Mr. Kaushik Roy received the 'Chairman's Special Award' for Exceptional Contribution for the year 2016-2017.

(4) Job profile and his suitability:

Please see (1) above.

(5) Remuneration proposed :

The remuneration proposed to Mr. Kaushik Roy , is as set out in the Notice.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of origin):

The remuneration proposed to Mr. Kaushik Roy, is reasonably in line with the remuneration in similar sized companies in the same segment of business.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :

Apart from having received the remuneration as stated above, Mr. Kaushik Roy, who is functioning in a professional capacity, does not have any interest in the capital of the Company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and does not have any direct or indirect interest or related to the directors or promoters of the company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and possesses post graduate level qualification with expertise and specialized knowledge in the field in which the company operates.

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits:

PCBL has an inadequate profit after tax (PAT) of ₹ 69.52 crores. However, the Company has an adequate profit before tax (PBT) of ₹ 165.52 crores. The extraordinary gap between the PBT and PAT is due to the high tax in the financials because of deferred tax adjustments as per Indian GAAP which does not have any cash flow impact.

(2) Steps taken or proposed to be taken for improvement:

To remain competitive in the current challenges of economy and industry, the Company has taken following steps in manufacturing and procurement:

a. Improve yields.

b. Develop new sources for procurement of raw materials like CBFS and CBO which are contributing by way of better yields and lower prices.

c. Strengthen marketing and technical functions.

d. Undertaken initiatives in manufacturing to reduce variability in process.

(3) Expected increase in productivity and profits in measurable terms:

The Company has taken all out measures to reduce costs as well as improve operational efficiency and above all increase the price of carbon black to the extent possible considering the market scenario both Domestic and International. The Company has been maintaining a steady growth and is poised for improved performance in the coming years.

IV. DISCLOSURES:

The required disclosures as to remuneration package, etc. have been appropriately provided in the Report on Corporate Governance, forming a part of this Annual Report which may be referred to.

Item No. 6

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2018 at a remuneration of ₹ 4,50,000/- (Rupees four lacs fifty thousand only).

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out under Item No. 6.of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors, Key Managerial Personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid Resolution. The Board recommends the passing of the Resolution as set out under Item No. 6 of the Notice.

II. DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015

RE-APPOINTMENT OF MR. SHASHWAT GOENKA (ITEM NO. 3)

Mr. Shashwat Goenka (27 years) has joined the Board of Directors of Phillips Carbon Black Limited w.e.f 1st September, 2014. He has graduated from The Wharton School, University of Pennsylvania with a Bachelor of Science in Economics, specializing in Finance, Marketing and Management. He has worked with companies like Nestle India Limited and KPMG India. Presently he is on the Board of Firstsource Solutions Limited, Spencer International Hotels Limited and Retailers Association of India. Mr. Shashwat Goenka has been appointed as the President of Indian Chamber of Commerce w.e.f 15th July, 2017.

Mr. Shashwat Goenka is Chairman of the Corporate Social Responsibility Committee and Strategic Committee of Firstsource Solutions Limited and a Member of the Corporate Social Responsibility Committee of Phillips Carbon Black Limited.

Mr. Shashwat Goenka does not hold by himself or for any other person in any manner, any shares in the Company. Mr. Shashwat Goenka is not related to any other director except for Mr. Sanjiv Goenka.

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

Except Mr. Shashwat Goenka being an appointee, and Mr. Sanjiv Goenka, being related to Mr. Shashwat Goenka, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise, inthe Resolution as set out at Item No. 3 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

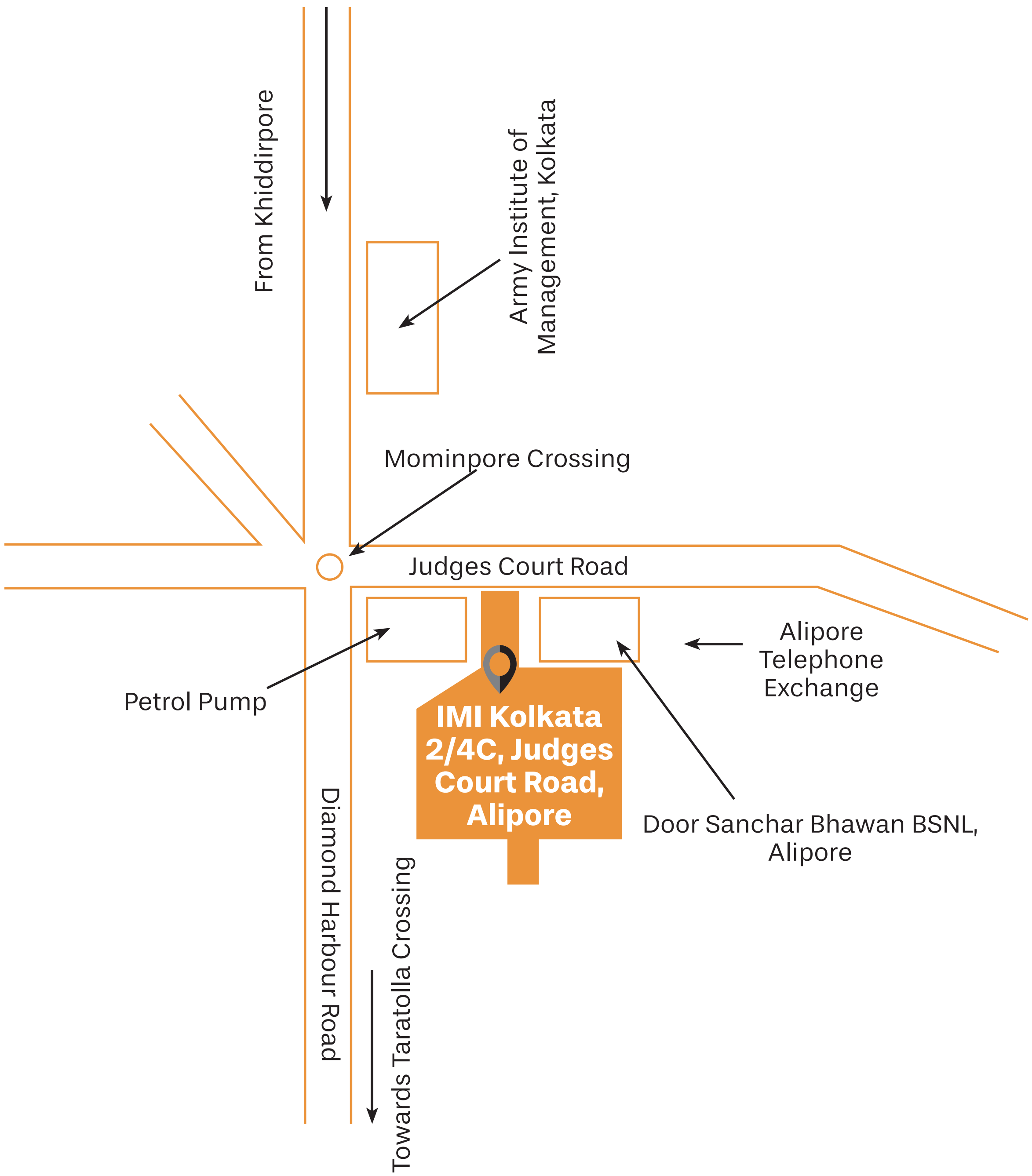
By Order of the Board

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

10th August, 2017

Kaushik Mukherjee
Company Secretary

Route Map to PCBL AGM Venue



Dr. R P Goenka Auditorium,
International Management Institute, Kolkata
2/4C, Judges Court Road, Alipore,
Kolkata – 700027

BOARDS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors have pleasure in presenting the fifty – sixth Annual Report on business and operations of Phillips Carbon Black Limited and the Audited Accounts for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

(Amount in ₹ Crore)

Year ended	31.03.17	31.03.16
Total Revenue	**2131.27**	**2115.47**
PBDIT	**305.02**	**217.30**
Less: Finance and hedging cost	78.88	106.76
PBDT	**226.14**	**110.54**
Less: Depreciation	60.62	62.15
PBT	**165.52**	**48.39**
Tax Expense	96	31.48
PAT	**69.52**	**16.91**
Balance brought forward	652.77	640.35
Remeasurement of post-employment benefit obligation, net of tax	(1.55)	(0.33)
Transferred from OCI	(2.09)	(0.01)
Profit available for Appropriation	718.65	656.92
Proposed Dividend including tax on dividend	(35.26)	(4.15)
Balance carried forward to Balance Sheet	683.39	652.77

The financial statements for the year ended 31st March, 2017 have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The financial statements for the year ended 31st March, 2016 have been restated in accordance with IND AS for comparative information.

DIVIDEND

The Board of Directors at its meeting held on 1st March, 2017 declared an interim dividend of 60% i.e, ₹6/- per equity share. The above interim dividend has been paid during the financial year 2016-2017.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global economic activity is gradually picking up with recovery in investment, manufacturing and trade. Stronger activity and expectation of improved global demand, coupled with compliance on agreed production cut on oil supply by OPEC in November 2016 helped crude prices to marginally recover from their trough in early 2016. However, the sustainability of the same can be doubted even as US shale exploration and production activities have simultaneously increased for its oil reserves at higher breakeven prices. Economic activity gained momentum for advanced economies in the second half of 2016. Continued government policy support and supply side reforms (reduction in excess Industrial capacity) is expected to improve China's growth prospects.

As per latest IMF estimates, world output grew by 3.2% in 2016 and is projected to grow further by 3.5% in 2017. Growth marginally picked up in the United States in the second half of 2016 as firms became more confident about future demand. Growth in Euro area remained stable, where consumer spending proved resilient after 2016 Brexit referendum. Economic performance across emerging markets and developing economies remained mixed. China grew by estimated 6.7%, reflecting continued policy support. In otherwise fast growing Indian economy, activity relatively slowed down in last quarter because of the impact of the currency exchange (demonetization) initiative. Crude oil income dependent Russian economy is gradually recovering. Brazil is still going through recession.

The mature economies, together with China, were key to the overall 2016 automobile growth story with an estimated growth of 4.6% as compared to 1.5% in 2015. The majority of global rise can be attributed to robust Chinese auto demand generated through tax and other sales incentives. Estimates suggest that China alone accounted for approximately 75% of the 2016 volume increase in global auto sales. U.S. auto sales did not witness much growth. The new US administration economic policies regarding cross border trade and tax might define the way forward for its stagnant auto industry. For Europe, the Brexit uncertainty and other political risks seems to have withered away and has no significant impact on otherwise growing auto demand (up 5.7% YoY in 2016).

After four consecutive years, the declining light vehicle sales market in Russia seems to have finally reached its bottom with an improved outlook for 2017.

In 2016, global truck tyre demand declined by an estimated 1%. The OEM segment witnessed 6% growth in Asia and 1% in Europe, while demand decreased by an estimated 18% in America. Replacement demand rose globally by an estimated 4% with most of the growth coming from Europe.

Passenger vehicle tyre market grew by an estimated 3% globally. China witnessed highest OEM growth by an estimated 14% followed by rest of Asia by 7% and Europe by 4%. North America reported muted growth of 1%. Replacement demand grew highest in China by 8% followed by rest of Asia by 4%. Rest of the world replacement demand experienced muted growth or de-growth.

The Demonetization initiative of Government of India impacted the otherwise fast growing Indian automobile industry which in FY 17, recorded rise in passenger vehicle demand by 9.2%, commercial vehicle by 4.1% and two wheeler by 6.9%. Indian tyre Industry received boost in demand due to demonetization in last quarter of FY17 during which period import in Truck & Bus radial segment sharply declined by an estimated 23% YoY. Low interest cost environment, increased infrastructural activity, normal to better monsoon forecast, re monetization of currency in the economy, GST implementation should drive the FY18 growth across the segments.

The Global carbon black industry operated at an improved estimated capacity utilization of 80% in FY17 against the demand supply imbalance created by huge capacity base installed in China. However, exports from China declined in the International market in 2017, possibly due to loosing on competitive advantage over raw material cost, which it had enjoyed during recent years and also due to government crackdown on fragmented Carbon Black capacities to enforce stringent environment norms. In addition to high Chinese raw material prices, anti-dumping duty in India on Chinese carbon black import further supported Indian manufacturers to achieve more than 90% capacity utilization.

PERFORMANCE

Carbon Black

Your Company's FY17 EBITDA rose to ₹ 305.02 crore as against ₹ 217.30 crore in the previous year. This was mainly on account of higher capacity utilization, improved manufacturing efficiency and wider specialty black portfolio. While global Carbon Black demand grew by 3.5 to 4%, your Company also achieved better growth. PBT for the year was ₹ 165.52 crore which is almost four times as that of previous year's PBT of ₹ 48.39 crore.

Power

The Company's power segment revenue (excluding inter segment revenue) was higher at ₹ 85.09 crore vis-à-vis ₹ 75.83 crore in the last year on account of improved volume and higher efficiency.

MANUFACTURING

Carbon Black production during FY17 rose to 3,83,316 MT as compared to 3,32,038 MT in the previous year.

The improvement in capacity utilization was due to higher demand from the market and rise in consumption trend of automobile sector. With strategically located four plants, your Company is well poised to service customers in India and overseas. The vicinity of seaports to a couple of Company's plants should facilitate logistic costs within India and abroad.

RESEARCH AND DEVELOPMENT

The Company's Research and Development (R&D) units located at Durgapur, Kochi, Mundra and Palej continued to receive recognition as in-house Research and Development units from the Department of Scientific and Industrial Research, Ministry of Science and Technology.

During the year the Company - i) developed new grades of carbon black for domestic and international markets, ii) improved/modified product characteristics to meet specific requirements of new/existing customers iii) continual improvement in operating condition to improve yield and quantity iv) efficient use/exchange of heat energy in carbon black production and v) modified reactor design operating conditions to improve yield.

ENVIRONMENT, HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

Your Company's commitment to Nature and Society leads to preservation and enrichment of environment by conducting all its operations in an environment-friendly manner. The Company is continuously acting upon the environmental, health care and educational initiatives that would touch the lives of the people around its manufacturing units. Each plant focuses on safe workplace initiatives, which has resulted in zero fatal accident at the Company's plants.

The Company has already redefined its business by establishing at each factory captive power plants from the off-gas or waste products, thus creating a sustainable green movement. Your Company is the first carbon black company in the world to be awarded Carbon Credit under Kyoto Protocol of UNFCCC.

HUMAN RESOURCE DEVELOPMENT

Your Company has already commenced a transformation journey by focusing on building capabilities with emphasis on human resources.

The Learning & Development initiatives introduced across the Company include 'Nirantar Gyan Vardhan', and 'Certified General Management Program' (CGMP).

Keeping in mind the need of communication within workplace, the Company has introduced three platforms of internal communication – 'Mypulse', 'Brown Bag Series' and 'We@PCBL'.

Industrial Relations (IR) continued to be harmonious. Not a single man-day was lost in this financial year.

On 31st March, 2017, there were 890 permanent employees on the rolls of the Company.

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

Your Company has adequate Internal Financial Control systems in all areas of operation. Your Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Services of internal and external auditors are utilized from time to time, as also in–house expertise and resources. The Company continuously upgrades these systems in line with the best available practices.

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

An Independent Audit Committee of the Board reviews the adequacy of Internal Financial Control.

OPPORTUNITIES AND THREATS

Your Company is constantly on the lookout for opportunities that may arise while keeping tab on the likely threats to its business.

Opportunities

- Slow but steady recovery of advanced economies and Asia market should increase the demand for automobile and tyre and therefore increase the demand for carbon black.

- In line with the expected capacity addition in Indian Auto Industry, the domestic tyre industry is also preparing to meet the increasing demand.

Threats

- Increasing competition from low cost carbon black manufacturers such as Russia and China continues.

- Aggressive protectionism policies, if any by advanced economies might prove detrimental for Indian Carbon black manufacturers' sales in International Market as global Auto and Tyre manufacturers might reassess their investment plans.

SEGMENT WISE PERFORMANCE

The performance of Carbon Black and Power segment has been covered in this Report earlier.

RISKS AND CONCERN

Raw material for your Company viz., Carbon Black Feedstock (CBFS) is a residue from a distillation process and is subject to daily volatility. In the case of extreme volatility and if the Company is unable to pass on the increase in CBFS cost, then it may have small impact on profit.

The Company is also exposed to fluctuation of Indian Rupee vis-à-vis other currencies, which is fully hedged.

MAJOR EXPANSION PLANS

The Company's carbon black capacity at Palej and Mundra in Gujarat are under expansion.

CREDIT RATINGS

During the year under review, the Company had received its credit ratings from the agencies -ICRA, and CARE. The Credit Rating received from ICRA on 12th May, 2017 stated that after due consideration, the Rating Committee of ICRA, has assigned a long term rating of [ICRA] A+ with a stable outlook to the Line of Credit for the long term loan of ₹ 400 crore. Furthermore, the Credit Ratings received from CARE on 30th June, 2016 stated that the rating for the Commercial Papers and other short term facilities has been upgraded from "A1" to "A1+" thereby denoting the highest rating for the short term facilities. Again, the

Credit Rating received from CARE dated 7th June, 2017 stated that the Credit Ratings for Long term / Short term bank facilities got upgraded to CARE A+.

AMALGAMATION

During the year under review, the Board of Directors of the Company at their meetings held on 5th October, 2016 and 18th January, 2017 approved the draft Scheme of Amalgamation of Goodluck Dealcom Private Limited, a wholly owned subsidiary of Phillips Carbon Black Limited with Phillips Carbon Black Limited under Sections 230 to 232 of the Companies Act, 2013 subject to regulatory approvals. The Appointed date for the Scheme of Amalgamation was 1st April, 2016. The afore-mentioned Scheme has been approved by the public shareholders of the Company through Postal Ballot and e-voting. The Kolkata Bench of the Honorable National Company Law Tribunal (NCLT), sanctioned the Scheme of Amalgamation of Goodluck Dealcom Private Limited with the Company vide its Order dated 19th July, 2017.

SUBSIDIARY COMPANIES

The Company has three subsidiaries as on date namely, Phillips Carbon Black Cyprus Holding Limited, PCBL Netherlands Holdings B.V, and Phillips Carbon Black Vietnam Joint Stock Company. There are no associate companies or joint venture companies within the meaning of section 2(6) of the Companies Act, 2013 ('the Act').

After taking into account the Scheme of Amalgamation of Goodluck Dealcom Private Limited, a wholly owned subsidiary of Phillips Carbon Black Limited with Phillips Carbon Black Limited, and in accordance with the provisions of Section 129(3) of the Act, the Company has prepared a Consolidated Financial Statement of the Company and of all the subsidiaries namely, Phillips Carbon Black Cyprus Holding Limited, PCBL Netherlands Holdings B.V, and Phillips Carbon Black Vietnam Joint Stock Company in the form and manner as that of its own, duly audited by M/s. Price Waterhouse, the auditors in compliance with the applicable accounting standards and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

The Consolidated Financial Statements for the year 2016-17 form a part of the Annual Report and Accounts and shall be laid before the Annual General Meeting of the Company while laying its financial statements under sub-section (2) of the said section. Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

The Company does not have any material subsidiary in the immediately preceding accounting year. However as per revised SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, SEBI has made it mandatory for all listed companies to formulate a policy for determining 'material' subsidiaries. Accordingly, a policy on 'material' subsidiaries was formulated by the Audit Committee of the Board of Directors and the same is also posted on the Company's website and may be accessed at link http://pcblltd.com/investorrelations/investorrelations.php.

FUTURE OUTLOOK

Carbon Black

Demand for carbon black in India is expected to grow @ 4-5% during the next couple of years. With its wide product portfolio basket, manufacturing units located strategically near the customer location, your Company is well positioned to meet increased demand.

Overseas demand for carbon black is expected to grow @ 3-4%. Your Company has established supply chain distribution network to ensure timely delivery, service to customers and thus widen its presence in the international market. This will continue to be a major thrust area for your Company in the coming years. While moving up the product value chain is one of the important pillars of your company's business strategy, the Manufacturing and Technology team is adding more high value products to its portfolio.

STEPS IN MANUFACTURING AND PROCUREMENT

Your Company continues to focus on several initiatives to improve operational efficiencies such as improving yield, exploring new geographies for feedstock sourcing, as well as investing in technical capabilities for developing new grades for high performance rubber and non-rubber applications.

SHARE CAPITAL

Your Company's paid up Equity Share Capital as on 31st March, 2017 stood at ₹ 34.47 crore. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on 31st March, 2017, none of the Directors of the Company hold shares or convertible instruments of the Company.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of annual return in the prescribed format is given in 'Annexure –A', which is annexed hereto and forms a part of the Board's Report.

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

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the 'Annexure – B', which is annexed hereto and forms a part of the Boards' Report.

PUBLIC DEPOSITS

The Company does not have any Public Deposit Scheme and has repaid all Public Deposits that matured and were claimed by the depositors under the earlier Public Deposit Schemes. There is no outstanding balance as on 31st March, 2017.

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

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the close of the financial year ended 31st March, 2017 and the date of this Boards' Report.

The amalgamation of Goodluck Dealcom Private Limited, an erstwhile wholly owned subsidiary of the Company with the Company has been given effect in the Accounts for the year ended 31st March, 2017.

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial Statements.

COMMITTEES OF THE BOARD

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

CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act and the rules made thereunder, the Company has formulated a Corporate Social Responsibility Policy, a brief outline of which along with the required disclosures is given in 'Annexure - C', which is annexed hereto and forms a part of the Board's Report.

The Company along with other companies of the Group has set up RP- Sanjiv Goenka Group CSR Trust, to carry out CSR activities.

The detail of the CSR Policy is also posted on Company's website and may be accessed at link-http://pcblltd.com/investorrelations/investorrelations.php.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, the Company has framed a Whistle Blower Policy / Vigil Mechanism for directors, employees, and stakeholders for reporting genuine concerns about any instance of any irregularity, unethical practice and/or misconduct. The details of the Vigil Mechanism/ Whistle Blower Policy are also posted on the Company's website and may be accessed at link- http://pcblltd.com/investorrelations/investorrelations.php.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

At a separate meeting of Independent directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non- executive directors. The same was also discussed in the Board Meeting. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

REMUNERATION POLICY

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

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Hence, the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus, disclosure in Form AOC-2 is not required. Further, there are no materially significant Related Party Transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

The policy on Related Party Transactions as approved by the Board is posted on the Company's website and may be accessed at link **http://pcblltd.com/investorrelations/investorrelations.php**.

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. The 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.

PARTICULARS OF EMPLOYEES

As required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees concerned forms a part of the Boards' Report. Having regard to the provisions of Section 136 of the Companies Act, 2013, the Annual Report and Accounts, excluding the aforesaid information are being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company. The said information is also available for inspection at the Registered Office during normal business hours (10.00 am to 6.00 pm) on all working days, up to the date of Annual General Meeting and shall also be available at the venue of the Annual General Meeting of the Company.

KEY MANAGERIAL PERSONNEL

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

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

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is marked as 'Annexure –D' ,which is annexed hereto and forms a part of the Boards' Report.

LISTING

The equity shares of the Company continue to be listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE). The Company has paid the requisite listing fees to all the Stock Exchanges for the financial year 2017-18.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this Annual Report.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

The details of the number of meetings of the Board of Directors held during the financial year 2016-17 form a part of the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, confirm that:

i) in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards have been followed and there are no material departures:

ii) appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss of the Company for the period;

iii) proper and sufficient care have been taken, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the annual accounts have been prepared on a going concern basis.

v) internal financial controls laid down by the Directors have been followed by the Company and such internal financial controls are adequate and were operating effectively.

vi) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director under Setion 149(7) of the Companies Act, 2013 , that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act,2013 and Regulations 16(b) and 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board, Messers S R Batliboi & Co. LLP, having Registration No. 301003E/E300005 allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors, Messers Price Waterhouse, Chartered Accountants, having registration No. 301112E allotted by ICAI, who shall hold office from the conclusion of this 56th Annual General Meeting for a term of five consecutive years till conclusion of the 61st Annual General Meeting to be held in the year 2022, subject to ratification of their appointment by the Members at every Annual General Meeting held after this Annual General Meeting till the 61st Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors. Accordingly, a Resolution seeking the approval of the Members and ratification thereafter, is included at Item No. 4 of the Notice convening the Annual General Meeting.

COST AUDIT

Pursuant to Section 148 of the Companies act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company relating to manufacture of Carbon Black and generation and transmission of electricity at the plants located at Durgapur, Kochi, Mundra and Palej is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed Messrs Shome & Banerjee, to audit the cost accounts for the financial year 2017 -2018 on a remuneration of ₹ 4,50,000/- (Rupees Four lacs fifty thousand only). As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members ratification for the remuneration payable to Messers Shome & Banerjee, Cost Auditors is included at Item no. 6 of the Notice convening the Annual General Meeting.

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Anjan Kumar Roy & Co., Company Secretaries (Membership No. FCS 5684) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the Financial Year ended 31st March, 2017 is marked as 'Annexure –E', which is annexed hereto and forms a part of the Board's Report.

QUALIFICATION, RESERVATION OR ADVERSE REMARK IN THE AUDIT REPORTS

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

DIRECTORS

Mr. Shashwat Goenka retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

There have been 2 changes in the composition of the Board of Directors of the Company during the financial year ended 31st March, 2017. Mr. Paras K Chowdhary,a Non-Executive Director of the Company, was appointed as an Independent Director of the Company and the approval of the shareholders was obtained in the Annual General Meeting of the Company held on 22nd July, 2016.

In addition to the above, Mr. Pradip Roy was inducted in the Audit Committee of the Board of Directors of the Company at its Board Meeting held on 13th May, 2016.

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

CHANGE IN THE NATURE OF BUSINESS

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

GREEN INITIATIVES

As in the previous years, this year too, we are publishing only the statutory disclosures in the print version of the Annual Report. Physical copies of the Notice convening the 56th Annual General Meeting (AGM) have been sent to all the Members of the Company. Besides, the electronic copies of the Notice have also been sent to all the Members whose email IDs are registered with the Company's Registrar and Share Transfer Agent / Depository Participants for communication purposes. The electronic copies of the Annual Report 2016-17 are being sent to all Members whose email IDs are registered with the Company's Registrar and Share Transfer Agent / Depository Participants. For Members who have not registered their email addresses, physical copies of Annual Report are being sent in the permitted mode.

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

FORWARD - LOOKING STATEMENT

This Report contains forward–looking statements that involve risks and uncertainties. Actual results, performance or achievements could differ materially from those expressed or implied in such forward–looking statements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions affecting demand-supply and price conditions, foreign exchange fluctuations, changes in government regulations, tax regimes and other statutes.

ACKNOWLEDGEMENT

Your Directors record their grateful appreciation for the encouragement, assistance and co-operation received from members, government authorities, banks and customers. They also thank them for the trust reposed in the Management and wish to thank all employees for their commitment and contribution.

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN: 00074796)

Kolkata
10th August, 2017

Annexure A to the Boards' Report

Form No. MGT- 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS:

i) **CIN:** L23109WB1960PLC024602

ii) **Registration Date:** 31/03/1960

iii) **Name of the Company:** Phillips Carbon Black Limited

v) **Category / Sub-Category of the Company:** Public Company / Limited by shares

v) **Address of the Registered office and contact details:**
31, Netaji Subhas Road, Kolkata – 700001,
Telephone No. – 033-66251461-1464, Fax : 033 2248 0140
E-mail : pcbl@rp-sg.in

vi) **Whether listed company:** Yes

vii) **Name, Address and Contact details of Registrar and Share Transfer Agent, if any:**
Link Intime India Pvt. Ltd
Address of Registered Office:-
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West), Mumbai – 400 083
Contact Details:- 022-49186270, Fax No: 022-49186060
Website : www.linkintime.co.in

Address of Branch Office:-
59 – C, Chowringhee Road, 3rd Floor, Room No. 5
Kolkata - 700020
Contact Details:- 033 – 22890540
E-mail : kolkata@linkintime.co.in
Website : www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total Turnover of the company
1	Manufacturing of Carbon Black	2803	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held by the Company	Applicable Section
1	Phillips Carbon Black Cyprus Holdings Limited, 15 Demetriou Karatasou Street, Anastasio Building, 6th Floor, Office / Flat 601, 2024, Nicosia, Cyprus	N.A	Wholly Owned Subsidiary Company	100%	2(87)
2	PCBL Netherlands Holdings B.V., WTC Amsterdam, Tower C-11, Strawinskylaan 1143, 1077 XX, Amsterdam, Netherlands	N.A	Wholly Owned Subsidiary of Phillips Carbon Black Cyprus Holdings Limited	100%	2(87)
3	Phillips Carbon Black Vietnam Joint Stock Company, Lot No. – 04, My Xuan – A – Industrial Zone, Tan Thanh District, Ba-Ria Vung Tan Province, Vietnam	N.A	Subsidiary Company of PCBL Netherlands Holdings B.V.	80%	2(87)

Note : The Kolkata Bench of the Honorable National Company Law Tribunal vide its Order dated 19th July, 2017 had approved the Scheme of Amalgamation of Goodluck Dealcom Private Limited, an erstwhile wholly owned subsidiary of Phillips Carbon Black Limited with Phillips Carbon Black Limited effective 1st April, 2016. Accordingly, the status of Goodluck Dealcom Private Limited now stands as 'Amalgamated'.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)[AS PER RECORDS WITH THE REGISTRAR)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoters									
1) Indian									
a.) Individual / HUF	0	0	0	0	0	0	0	0	0
b.) Central Govt.	0	0	0	0	0	0	0	0	0
c.) State Govt.(s)	0	0	0	0	0	0	0	0	0
d.) Bodies Corp.	18461557	0	18461557	53.562	18461557	0	18461557	53.562	0
e.) Bank / FI	0	0	0	0	0	0	0	0	0
f.) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	**18461557**	**0**	**18461557**	**53.562**	**18461557**	**0**	**18461557**	**53.562**	**0**
2) Foreign									
a.) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b.) Others- Individuals	0	0	0	0	0	0	0	0	0
c.) Bodies Corp.	0	0	0	0	0	0	0	0	0
d.) Banks/ FI	0	0	0	0	0	0	0	0	0
e.) Any Other....	0	0	0	0	0	0	0	0	0
Sub- total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)= A(1)+(A)(2)	**18461557**	**0**	**18461557**	**53.562**	**18461557**	**0**	**18461557**	**53.562**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public shareholding									
1. Institutions									
a) Mutual Funds	0	1602	1602	0.0046	308109	1602	309711	0.8986	+0.894
b) Banks /FI	156018	1352	157370	0.4566	155954	1352	157306	0.4564	-0.0002
c) Central Govt./State Govt(s)	467900	0	467900	1.3575	467900	0	467900	1.3575	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	2362503	0	2362503	6.8543	2821883	0	2821883	8.1871	+1.3328
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**2986421**	**2954**	**2989375**	**8.6730**	**3753846**	**2954**	**3756800**	**10.8995**	**+2.2265**
2. Non- Institutions									
a) Bodies Corp.									
i. Indian	2806689	8075	2814764	8.1664	2727651	8075	2735726	7.9371	-0.2293
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i.) Individuals shareholders holdings nominal share capital up to ₹ 1 Lakhs	5784859	767148	6552007	19.0092	5398856	753649	6152505	17.8501	-1.1591
ii.) Individuals shareholders holdings nominal share capital in excess of ₹ 1 Lakhs	2527443	13333	2540778	7.3715	2441936	0	2441936	7.0847	-0.2868
c) Others (Specify) :-									
i) Clearing Member	151202	0	151202	0.4387	232993	0	232993	0.6760	+0.2373
ii) Non Resident Indians (Repat)	169691	63859	233550	0.6776	158070	62712	220782	0.6405	-0.0371
iii) Non Resident Indians (Non-Repat)	76134	0	76134	0.2209	73406	0	73406	0.2130	-0.0079
iv) Hindu Undivided Family (HUFs)	468982	0	468982	1.3606	378967	0	378967	1.0995	-0.2611
v) Trusts	179225	0	179225	0.5199	11200	0	11200	0.0325	-0.4874
vi) Foreign Nationals	0	0	0	0	1700	0	1700	0.0049	+0.0049
Sub-total (B)(2)	**12164225**	**852415**	**13016640**	**37.7649**	**11424779**	**824436**	**12249215**	**35.5384**	**-2.2265**
Total Public Shareholdings (B) =(B)(1)+(B)(2)	**15150646**	**855369**	**16006015**	**46.4379**	**15178625**	**827390**	**16006015**	**46.4379**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**33612203**	**855369**	**34467572**	**100**	**33640182**	**827390**	**34467572**	**100**	**0**

(ii) Shareholding of Promoters

SL No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			%change in Share holding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rainbow Investments Limited	17216074	49.949	0	17303074	50.201	0	+0.252
2	Dotex Merchandise Private Limited	1155000	3.351	0	1068000	3.099	0	-0.252
3	STEL Holdings Limited	90383	0.262	0	90383	0.262	0	0
4	Saregama India Limited	100	0.000	0	100	0.000	0	0
	Total :	**18461557**	**53.562**	**0**	**18461557**	**53.562**	**0**	**0**

(iii) Change in Promoter's Shareholding

SL No.	Name	Shareholding at the beginning/end of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 - 31.03.2017)	
		No. of shares at the beginning of the year - 01.04.2016/ end of the year (31.03.2017)	% of total shares of the company				No. of shares	% of total shares of the company
1	Rainbow Investments Limited	17216074	49.95	01.04.2016	0	-	17216074	49.95
				06.03.2017	87000	Acquired	17303074	50.20
		17303074	50.20	31.03.2017	0	-	17303074	50.20
2	Dotex Merchandise Private Limited	1155000	3.35	01.04.2016	0	-	1155000	3.35
				06.03.2017	(87000)	Disposed	1068000	3.10
		1068000	3.10	31.03.2017	0	-	1068000	3.10
3	Stel Holdings Limited	90383	0.26	01.04.2016	0	Nil movement during the year	90383	0.26
		90383	0.26	31.03.2017	0			
4	Saregama India Limited	100	0	01.04.2016	0	Nil movement during the year	100	0.00
		100	0	31.03.2017	0			

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

SL No.	Name	Shareholding at the beginning/end of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 – 31.03.2017)	
		No. of shares at the beginning of the year – 01.04.2016/ end of the year (31.03.2017)	% of total shares of the company				No. of shares	% of total shares of the company
1	National Westminister Bank PLC as Trustee of the Jupiter India Fund #	1000000	2.90	01.04.2016	0	–	1000000	2.90
				09.08.2016	(283996)	Disposed	716004	2.08
				14.08.2016	(117194)	Disposed	598810	1.74
				21.08.2016	(27913)	Disposed	570897	1.66
				28.08.2016	(570897)	Disposed	–	0.00
		0	0	31.03.2017	0	–	0	0
2	Elara Capital PLC A/C Elara Global Funds – Elara Emerging Markets Fund	901698	2.62	01.04.2016	0	–	901698	2.62
				17.06.2016	(70000)	Disposed	831698	2.41
				30.06.2016	(64056)	Disposed	767642	2.23
				29.07.2016	(51681)	Disposed	715961	2.08
				07.10.2016	(75000)	Disposed	640961	1.86
				14.10.2016	(6000)	Disposed	634961	1.84
				04.11.2016	(36000)	Disposed	598961	1.74
				06.01.2017	3000	Acquired	601961	1.75
				24.03.2017	(23000)	Disposed	578961	1.68
				31.03.2017	(25000)	Disposed	553961	1.61
		553961	1.61	31.03.2017	0	–	553961	1.61
3	BNK Capital Markets Limited	764500	2.22	01.04.2016	0	–	764500	2.22
				19.08.2016	(34100)	Disposed	730400	2.12
		730400	2.12	31.03.2017	0	–	730400	2.12
4	Kerala State Industrial Development Corporation	467900	1.36	01.04.2016	0	Nil movement during the year	467900	1.36
		467900	1.36	31.03.2017	0		467900	1.36
5	Chandra Singh Lodha	339406	0.98	01.04.2016	0	–	339406	0.98
				27.05.2016	26550	Acquired	365956	1.06
				03.06.2016	2500	Acquired	368456	1.07
				10.06.2016	10000	Acquired	378456	1.10
				18.06.2016	10945	Acquired	389401	1.13
				27.06.2016	4799	Acquired	394200	1.14
				13.07.2016	9794	Acquired	403994	1.17
				17.07.2016	(5000)	Disposed	398994	1.16
				25.07.2016	(1750)	Disposed	397244	1.15
				14.08.2016	3500	Acquired	400744	1.16
				28.08.2016	2100	Acquired	402844	1.17
				05.09.2016	(31125)	Disposed	371719	1.08
				12.09.2016	3000	Acquired	374719	1.09
				17.09.2016	(18300)	Disposed	356419	1.03
				26.09.2016	(8800)	Disposed	347619	1.01
				02.10.2016	(16200)	Disposed	331419	0.96
				09.10.2016	(12559)	Disposed	318860	0.93
				05.11.2016	(3000)	Disposed	315860	0.92
				12.11.2016	(7111)	Disposed	308749	0.90
				14.01.2017	(2000)	Disposed	306749	0.89
				22.01.2017	(5500)	Disposed	301249	0.87
				29.01.2017	6480	Acquired	307729	0.89
				05.02.2017	2000	Acquired	309729	0.90

SL No.	Name	Shareholding at the beginning/end of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 - 31.03.2017)	
		No. of shares at the beginning of the year - 01.04.2016/ end of the year (31.03.2017)	% of total shares of the company				No. of shares	% of total shares of the company
5	Chandra Singh Lodha			19.02.2017	(6300)	Disposed	303429	0.88
				25.02.2017	(6800)	Disposed	296629	0.86
				04.03.2017	2792	Acquired	299421	0.87
				27.03.2017	(1000)	Disposed	298421	0.87
				31.03.2017	(200)	Disposed	298221	0.87
		298221	0.87	31.03.2017	0	-	298221	0.87
6	Jupiter South Asia Investment Company Limited #	300000	0.87	01.04.2016	0	-	300000	0.87
				09.08.2016	(85199)	Disposed	214801	0.62
				14.08.2016	(35158)	Disposed	179643	0.52
				21.08.2016	(8374)	Disposed	171269	0.50
				28.08.2016	(171269)	Disposed	-	0.00
		0	0	31.03.2017	0	-	0	0
7	Kusum Lodha	230290	0.67	01.04.2016	0	-	230290	0.67
				21.05.2016	22000	Acquired	252290	0.73
				11.06.2016	(12000)	Disposed	240290	0.70
				18.06.2016	(7000)	Disposed	233290	0.68
				27.06.2016	(2700)	Disposed	230590	0.67
				17.07.2016	(3000)	Disposed	227590	0.66
				01.08.2016	(3000)	Disposed	224590	0.65
				09.08.2016	(1000)	Disposed	223590	0.65
				14.08.2016	3000	Acquired	226590	0.66
				28.08.2016	(1800)	Disposed	224790	0.65
				05.09.2016	(9000)	Disposed	215790	0.63
				09.10.2016	(74083)	Disposed	141707	0.41
				05.11.2016	(5000)	Disposed	136707	0.40
				19.11.2016	5000	Acquired	141707	0.41
				05.02.2017	1000	Acquired	142707	0.41
				20.03.2017	(2000)	Disposed	140707	0.41
		140707	0.41	31.03.2017	0	-	140707	0.41
8	Arun Nahar	201419	0.58	01.04.2016	0	Nil movement during the year	201419	0.58
		201419	0.58	31.03.2017	0		201419	0.58
9	Ratnakar Suppliers Private Limited	200000	0.58	01.04.2016	0	-	200000	0.58
				05.02.2017	(62817)	Disposed	137183	0.40
		137183	0.40	31.03.2017	0	-	137183	0.40

SL No.	Name	Shareholding at the beginning/end of the year		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 - 31.03.2017)	
		No. of shares at the beginning of the year - 01.04.2016/ end of the year (31.03.2017)	% of total shares of the company				No. of shares	% of total shares of the company
10	Kalpeshkumar Verma	**201000**	**0.58**	**01.04.2016**	**0**	**-**	**201000**	**0.58**
				08.05.2016	(10000)	Disposed	191000	0.55
				14.05.2016	4155	Acquired	195155	0.57
				04.06.2016	(1122)	Disposed	194033	0.56
				11.06.2016	(1552)	Disposed	192481	0.56
				18.06.2016	(2355)	Disposed	190126	0.55
				07.07.2016	(556)	Disposed	189570	0.55
				09.08.2016	(393)	Disposed	189177	0.55
				21.08.2016	(2751)	Disposed	186426	0.54
				28.08.2016	(4115)	Disposed	182311	0.53
				12.09.2016	(2087)	Disposed	180224	0.52
				17.09.2016	(2792)	Disposed	177432	0.51
				26.09.2016	(436)	Disposed	176996	0.51
				03.10.2016	(11975)	Disposed	165021	0.48
				19.11.2016	(17425)	Disposed	147596	0.43
				26.11.2016	(18693)	Disposed	128903	0.37
				03.12.2016	18500	Acquired	147403	0.43
				01.01.2017	(29900)	Disposed	117503	0.34
				22.01.2017	649	Acquired	118152	0.34
		118152	**0.34**	**31.03.2017**	**0**	**-**	**118152**	**0.34**
11	Nirmal Bang Financial Services Pvt. Ltd $	**0**	**0**	**01.04.2016**	**0**	**-**	**0**	**0**
				09.08.2016	238030	Acquired	238030	0.69
				12.09.2016	(208)	Disposed	237822	0.69
				17.09.2016	(5622)	Disposed	232200	0.67
				26.09.2016	(46497)	Disposed	185703	0.54
				03.10.2016	41231	Acquired	226934	0.66
				09.10.2016	(174000)	Disposed	52934	0.15
				22.10.2016	(52934)	Disposed	-	0.00
		0	**0**	**31.03.2017**	**0**	**-**	**0**	**0**
12	Vimal Sagarmal Jain *	**0**	**0**	**01.04.2016**	**0**	**-**	**0**	**0**
				05.08.2016	216000	Acquired	216000	0.63
				02.09.2016	108000	Acquired	324000	0.94
		324000	**0.94**	**31.03.2017**	**0**	**-**	**324000**	**0.94**
13	Mindset Securities Private Limited *	**0**	**0**	**01.04.2016**	**0**	**-**	**0**	**0**
				28.08.2016	217194	Acquired	217194	0.63
				12.11.2016	(76233)	Disposed	140961	0.41
				19.11.2016	(101961)	Disposed	39000	0.11
				10.12.2016	(163)	Disposed	38837	0.11
		38837	**0.11**	**31.03.2017**	**0**	**-**	**38837**	**0.11**
14	Goldman Sachs (Singapore) PTE *	**0**	**0**	**01.04.2016**	**0**	**-**	**0**	**0**
				17.09.2016	214387	Acquired	214387	0.62
				26.09.2016	182978	Acquired	397365	1.15
				03.10.2016	76150	Acquired	473515	1.37
				09.10.2016	38837	Acquired	512352	1.49
				22.10.2016	(39810)	Disposed	472542	1.37
				29.10.2016	(19132)	Disposed	453410	1.32
				05.11.2016	(31438)	Disposed	421972	1.22
				12.11.2016	(16084)	Disposed	405888	1.18
				19.11.2016	(8298)	Disposed	397590	1.15

SL No.	Name	Shareholding at the beginning/end of the year: No. of shares at the beginning of the year - 01.04.2016/ end of the year (31.03.2017)	Shareholding at the beginning/end of the year: % of total shares of the company	Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 - 31.03.2017): No. of shares	Cumulative Shareholding during the year (01.04.2016 - 31.03.2017): % of total shares of the company
14	Goldman Sachs (Singapore) PTE *			26.11.2016	(7830)	Disposed	389760	1.13
				03.12.2016	(23628)	Disposed	366132	1.06
				10.12.2016	(7830)	Disposed	358302	1.04
				19.12.2016	44278	Acquired	402580	1.17
				25.12.2016	7889	Acquired	410469	1.19
				01.01.2017	9663	Acquired	420132	1.22
				07.01.2017	(7992)	Disposed	412140	1.20
				14.01.2017	(62814)	Disposed	349326	1.01
				22.01.2017	(36144)	Disposed	313182	0.91
				29.01.2017	(35738)	Disposed	277444	0.80
				05.02.2017	46075	Acquired	323519	0.94
				12.02.2017	39410	Acquired	362929	1.05
				19.02.2017	17645	Acquired	380574	1.10
				25.02.2017	(29588)	Disposed	350986	1.02
				04.03.2017	(30891)	Disposed	320095	0.93
				20.03.2017	31884	Acquired	351979	1.02
				27.03.2017	(32930)	Disposed	319049	0.93
				31.03.2017	15416	Acquired	334465	0.97
		334465	**0.97**	**31.03.2017**	0	-	**334465**	**0.97**
15	Ajo Emerging Markets Small - Cap Master Fund Ltd $	0	0	**01.04.2016**	0	-	0	0
				05.11.2016	187123	Acquired	187123	0.54
				19.11.2016	21680	Acquired	208803	0.61
				26.11.2016	10559	Acquired	219362	0.64
				05.02.2017	(44944)	Disposed	174418	0.51
				25.02.2017	(27149)	Disposed	147269	0.43
				04.03.2017	(53575)	Disposed	93694	0.27
				13.03.2017	(57431)	Disposed	36263	0.11
		36263	**0.11**	**31.03.2017**	0	-	**36263**	**0.11**
16	Acadian Emerging Markets Small Cap Equity Fund *	0	0	**01.04.2016**	0	-	0	0
				12.11.2016	181172	Acquired	181172	0.53
				19.11.2016	45908	Acquired	227080	0.66
				03.12.2016	36473	Acquired	263553	0.76
				19.12.2016	26735	Acquired	290288	0.84
		290288	**0.84**	**31.03.2017**	0	-	**290288**	**0.84**
17	Bhupesh Kumar Lodha *	0	0	**01.04.2016**	0	-	0	0
				05.02.2017	199995	Acquired	199995	0.58
				12.02.2017	5	Acquired	200000	0.58
		200000	**0.58**	**31.03.2017**	0	-	**200000**	**0.58**

Ceased to be in the list of top 10 shareholders as on 31.03.2017. The same is reflected above, since the shareholder was one of the top 10 shareholders as on 01.04.2016.

* Not in the list of top 10 shareholders as on 01.04.2016. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2017.

$ Not in the list of top 10 shareholders as on 01.04.2016 and 31.03.2017. The same has been reflected above since the shareholder was one of the top 10 shareholders during the period 01.04.2016 to 31.03.2017.

(v) Shareholding of Directors and Key Managerial Personnel : NONE

V. INDEBTEDNESS

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

(Amount in ₹ Lakhs)

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness Indebtedness at the beginning of the financial year				
i) Principal Amount	81192.89	21152.30	0	102345.19
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	171.32
Total (i+ii+iii)	**81192.89**	**21152.30**	**0**	**102516.51**
Change in indebtedness during the financial year				
• Addition	0	16548.55	0	16548.55
• Reduction	(42980.37)	0	0	(42980.37)
Interest accrued but not due	0	0	0	(79.02)
Interest due but not paid	0	0	0	0
Net Change	**(42980.37)**	**16548.55**	**0**	**(26510.84)**
Indebtedness at the end of the financial year				
i) Principal Amount	38212.52	37700.85	0	75913.37
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	92.30
Total (i+ii+iii)	**38212.52**	**37700.85**	**0**	**76005.67**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sl. No.	Particulars of Remuneration	Name of Managing Director Kaushik Roy	Total Amount (In ₹)
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	43263900	43263900
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	32400	32400
	(c) Profits in lieu of salary	0	0
2	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission	0	0
	– as % of profit – others, specify...	0	0
5.	Others, please specify (Contribution to Provident Fund, Superannuation Fund and Gratuity Fund)	3642356	3642356
	Total (A)	**46938656**	**46938656**
	Ceiling as per the Act	The remuneration is well within the limits prescribed under the Companies Act, 2013, read with the notification issued from time to time.	

B. Remuneration to other directors:

SL No.	Particulars of Remuneration	Name of Directors								Total Amount (in ₹)
		C.R. Paul	O.P. Malhotra	K.S.B. Sanyal	Paras K Chowdhary[1]	Pradip Roy[2]	Kusum Dadoo	Sanjiv Goenka	Shashwat Goenka	
1.	**Independent Directors**									
	a.) Fees for attending board and committee meetings	490000	480000	300000	400000	450000	370000	0	0	2490000
	b.) Commission	0	0	0	0	0	0	0	0	0
	c.) Others, please specify	0	0	0	0	0	0	0	0	0
	Total (1)	**490000**	**480000**	**300000**	**400000**	**450000**	**370000**	**0**	**0**	**2490000**
2.	**Other Non-Executive Directors**									
	a.) Fees for attending board and committee meetings	0	0	0	0	0	0	300000	355000	655000
	b.) Commission	0	0	0	0	0	0	0	0	0
	c.) Others, please specify	0	0	0	0	0	0	0	0	0
	Total (2)	**0**	**0**	**0**	**0**	**0**	**0**	**300000**	**355000**	**655000**
	Total (B) = (1+2)	**490000**	**480000**	**300000**	**400000**	**450000**	**370000**	**300000**	**355000**	**3145000**
	Total Managerial Remuneration									**3145000**
	Ceiling as per the Act – The remuneration is well within the limits prescribed under the Companies Act, 2013.									

1 Mr. Paras K Chowdhary, a Non-Executive Director, has been appointed as an Independent Director of the Company and the approval of the shareholders was obtained in the Annual General Meeting of the Company held on 22nd July, 2016.

2 Mr. Pradip Roy was inducted in the Audit Committee of the Board of Directors of the Company at its Board Meeting held on 13th May, 2016.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total (in ₹)
		CEO	Company Secretary (Kaushik Mukherjee)	Chief Financial Officer (Raj Kumar Gupta)	
1.	Gross salary	Not Applicable			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961		4334019	5323875	9657894
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		20804	10800	31604
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0	0	0
2	Stock Option		0	0	0
3	Sweat Equity		0	0	0
4	Commission – as % of profit - others, specify ...		0	0	0
5	Others, please specify (Provident Fund, Super Annuation Fund, Gratuity)		377412	586265	963677
	Total:		**4732235**	**5920940**	**10653175**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NONE

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN 00074796)

Kolkata
10th August, 2017

Annexure B to the Boards' Report

(Statement in accordance with Section 134(3)(m) of the Companies Act,2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Boards' Report for the year ended 31st March, 2017)

1.A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

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

- 30 MW Co- generation Power Plant at Durgapur,

- 24 MW Co- generation Power Plant at Mundra,

- 12 MW Co - generation Power Plant at Palej and

- 10 MW Co- generation Power Plant at Kochi

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

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

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

–

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

Reflected in the improved financial performance of the Company.

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

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

Form – A

Form for disclosure of particulars with respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION

	Current year 31.03.2017	Previous Year 31.03.2016
A. Power and Fuel consumption		
1. Electricity		
Purchased units(KWH)	5366242	13460483
(a) Total amount(₹ in lakhs)	1021	1431
Rate per unit(₹)	19.02	10.63
(b) Own generation		
(i) Through diesel generators units (KWH)	-	-
Units per ltr. of diesel oil (KWH)	-	-
Cost per unit (₹)	-	-
(ii) Through steam/turbine generators units (KWH)	-	-
Units per ltr. of fuel/gas oil (KWH)	-	-
Cost per unit (₹)	-	-
(iii) Through co-gen power plants		
(off-gas burning) units (KWH)	178505423	145796799
Units per ltr. of fuel oil (KWH)	721	1159
Cost per unit (₹)	0.05	0.08
2. Coal(specify quality and where used)	-	-
Quantity(tonnes)	-	-
Total Cost(₹ in lakhs)	-	-
Average rate(₹)	-	-
3. Furnace Oil	-	-
Quantity(K.ltr)	-	-
Total Cost (₹ in lakhs)	-	-
Average rate(₹)	-	-
4. Others/internal generation(process steam)	-	-
Quantity(MT)	2188401	1720262
Total Cost (₹ in lakhs)	201.49	129.34
Average rate(₹)	9.21	7.52
5. Consumption per unit of production		
CARBON BLACK: i) Electricity (KWH/MT)	336	325
ii) Furnace Oil (Ltr./MT)	-	-
iii) Coal	-	-
iv) Others-process steam (MT/MT)	5.71	5.18

B. TECHNOLOGY ABSORPTION:

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

Form – B

Form for disclosure of particulars with respect to absorption:

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D has been carried out by the Company:

- Development of more new grades of specialty black for international and domestic markets
- Improvement of product characteristics to meet more stringent customer specifications
- Joint development projects with Strategic Business Partners for New Carbon Black grade development
- NABL accreditation (Certificate no. TC-5367) to QC and Central R&D Laboratory of Palej for Chemical and Mechanical Testing

2. Technical Services (TS)

- Capturing Specific Requirements of new Customers and new requirements of existing Customers and guiding Plant Manufacturing team to meet this requiement by modification of product characteristics and process parameters
- Continual recasting of Standard Operating Procedures for manufacturing efficiency improvement
- Technical support to customer at various levels of product development and in processing
- Aligning the Manufacturing processes with International Safety, Health and Environmental requirements

3. Process Technology(PT)

- Reactor design and operating conditions suitably modified to match international benchmarks
- Reactor design optimisation using state of the art software modules
- Computerized Fluid Dynamic(CFD)simulations were carried out for optimizing design and operating parameters of existing and new process equipment.
- Unique Oil(Feedstock) homogenization system designed, developed and installed in Palej, Kochi and Mundra units.
- Developing processes to reduce defects and to reduce the cost of poor quality.

3. Benefits derived as a result of the above R&D, TS and PT:

- Improved sales in domestic and international market and entry into niche markets.
- Higher price realisation in markets
- Customised grade development aligned with strategic partner's R&D projects for more business share
- Improved equipment life and reliability.
- Quality consistency and improvement.
- Improved manufacturing efficiency and reduced costs.
- Gaining trust and confidence of Customers on PCBL

4. Future Plan of Action:

- Development of more specialised rubber grades for specific applications in niche market.
- Improvement of product portfolio by developing new grades for non rubber applications
- Further improvement in processes for higher yield and better quality.
- More focus on customised grade development aligning strategic business partners' manufacturing and product requirements

- Enhancement of R&D laboratory facilities for new product and customer development
- Debottlenecking of various processes and equipments
- Increased technical expertise to support customers and market development
- Leveraging external R & D resources for Basic Research
- Patent application for new product / process technologies

5. Expenditure on R & D :

Amount in ₹ Lakhs

	Current year	Previous Year
(a) Capital	-	-
(b) Recurring	480.26	393.64
(c) Total	480.26	393.64
(d) Total R&D Expenditure as a percentage of total expenditure	0.24	0.21

Technology absorption, adaptation & innovation:

1. Efforts in brief towards technology absorption, adaptation & innovation:

   - The revision in Standard Operating Procedures resulted in improved yields.

2. Benefits derived as a result of the above efforts:

   - Improved quality of the product

3. Particulars of Imported Technology in the last 5 years:

   (a) Technology Imported :
   Not applicable

   (b) Year of Import :
   Not applicable

   (c) Has the technology been fully absorbed?:
   Not applicable

   (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action:
   Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Various initiatives relating to improvement in quality and service, developing new markets, etc. have resulted in exports of ₹45330.59 lakhs.

(b) Total foreign exchange used and earned:

Amount in ₹ Lakhs

	Current year	Previous Year
Foreign Exchange used	105668.03	92195.52
Foreign Exchange earned	45330.59	43674.56

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN 00074796)

Kolkata
10th August, 2017

Annexure C to the Boards' Report

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-2017
[Pursuant to Section 135 of the Companies Act, 2013 & Rules made thereunder]

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

In accordance with the provisions of Companies Act, 2013 and the rules made thereunder, the Company has framed its CSR Policy to carry out its CSR activities in accordance with Schedule VII of the Act. The Company has been undertaking community oriented programmes for inclusive development of the deprived sections of the population. The Company's focus areas are concentrated on increasing access to health, education and holistic development with a focus on underprivileged people living around its manufacturing units and other establishments. The Company wishes to formalize and institutionalize its efforts made in the domain of Corporate Social Responsibility and this Policy shall serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the Policy. This Policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different sections of the society. The Company's CSR policy is placed on its website and the web-link for the same is http://www.pcblltd.com/investorrelations/policy/CSR_Policy.pdf.

2. The Composition of the CSR Committee:

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

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

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

Not applicable, as the Company did not have any average net profit during the last three financial years.

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE): NOT APPLICABLE

Despite not being statutorily applicable, the CSR initiatives continued to be focused to touch the lives of communities in and around its manufacturing units. The Company leaves no stones unturned in preserving and enriching the environment while being a pioneer in the production of carbon black in the country. The Company is well adapted to the requirements of the communities where the Company's manufacturing set-ups are located, and takes initiatives to ensure that the employees align themselves to the needs of preserving the environment. These involve interactions between the Company and the community representatives in terms of contributing to the environment, social and economic development; afforestation, rain water harvesting, recycling of waste, treatment of waste water, zero emission and spillage policy. The Company has woven numerous initiatives around its CSR philosophy with Health, Hygiene, Safety, Education and Environment as the focus areas.

The Company provides free medical facility for diagnosis and consultation for the communities around its plants; gives financial assistance to the students and government schools, and for other social causes, provides evening tuition classes to the under-privileged children for the past several years around its Kochi Plant in Kerala.

The Company also provides educational and sanitation facilities at the localities around its Mundra Plant in Gujarat and supports a computer literacy program for housewives and students of nearby communities around Durgapur Plant – an initiative that is being executed in association with the Rotary Club of Durgapur, in West Bengal. In the recent past, the Company aided in the construction of roads of the Palej village in Gujarat.

Tree plantation is a continuous effort at all plant locations. The Company always remembers to give back to the environment in which it exists.

The Company has already redefined its business by establishing captive power plants at each factory from the off-gas or waste product from the carbon black manufacturing process thus creating a sustainable green movement. Your Company is the first carbon black company in the world to be awarded Carbon Credit under Kyoto Protocol of UNFCCC. Your Company had been nominated in the category of 'Best CSR Idea' in ET Bengal Corporate Awards, 2017.

5. **DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:** Not applicable, Refer para 3 above.

   (a) Total amount to be spent for the financial year 2016-2017: N.A.

   (b) Amount unspent, if any: N.A

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

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

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

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

Sd/-	Sd/-
Kaushik Roy	K.S.B. Sanyal
Managing Director	Chairman of the CSR Committee
(DIN : 06513489)	(DIN : 00009497)

Kolkata
10th August, 2017

Annexure D to the Boards' Report

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

(1) The ratio of the remuneration (including sitting fees) of the Directors – Mr. Kaushik Roy, Mr. Sanjiv Goenka, Mr. Shashwat Goenka, Mr. C R Paul, Mr. O P Malhotra, Mr. K S B Sanyal, Mr. Paras K Chowdhary, Mr. Pradip Roy and Ms. Kusum Dadoo to the median remuneration of employees of the Company for the financial year 2016-17 and the percentage increase in their remuneration during the said financial year 2016-17 is 92.018 : 1 (52.96%), 54.545 : 1 (114.29%), 64.545 : 1 (144.83%), 89.090 : 1 (84.91%), 87.272 : 1 (88.24%), 54.545 : 1 (11.11%), 72.727 : 1 (81.82%), 81.818 : 1 (181.25%) and 67.272 : 1 (131.25%) respectively. The increase in remuneration of the Chief Financial Officer (CFO) and the Company Secretary and Chief Legal Officer during the said financial year was 56.04% and 44.18% respectively. During the said financial year, there was an increase of 11.5% in the median remuneration of employees on the rolls as at 31st March, 2017. There were 890 permanent employees on the rolls of Company as on 31st March, 2017.

(2) During the financial year 2016-17 the average increase in the remuneration was 7.3%.

(3) The average % increase in the salaries of the employees on roll as at 31.03.2017 other than the managerial personnel was 7.3% in 2016-17 whereas the increase in the managerial remuneration for the same financial year was 7%.

(4) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN 00074796)

Kolkata
10th August, 2017

Annexure E to the Boards' Report

SECRETARIAL AUDIT REPORT
Form No. MR - 3

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. Phillips Carbon Black Limited
31, Netaji Subhas Road,
Kolkata – 700 001

1. We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Phillips Carbon Black Limited (hereinafter called 'the company') during the financial year ended 31st March, 2017. Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of company's books, papers, minute books, forms and returns filed and other records maintained by the company, as shown to us during the said audit and also based on the information provided by the company, its officers, agents and authorized representatives during the conduct of the aforesaid secretarial audit, we hereby report that in our opinion and to the best of our understanding, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and the company also has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

3. We further report that compliance with applicable laws is the responsibility of the company and our report constitutes an independent opinion. Our report is neither an assurance for future viability of the company nor a confirmation of efficient management by the company.

4. (I) We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by M/s. Phillips Carbon Black Limited for the financial year ended on 31st March, 2017 according to the provisions of the following laws and as shown to us during our audit, as also referred in above paragraphs of this report;

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 –

d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, to the extent as applicable.

e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 –

(II) We have also examined the secretarial compliance on test check basis of the books, papers, forms and returns, if any, filed and other records maintained by M/s. Phillips Carbon Black Limited for the financial year ended on 31st March, 2017, according to the provisions of the following laws specifically applicable to the company and as represented to us during our audit, as also referred in above paragraphs of this report;

a) Petroleum Act, 1934.

b) The Hazardous and Other Wastes (Management and Transboundary Movement)Rules, 2016.

c) The Water (Prevention and Control of Pollution) Act, 1974.

d) The Air (Prevention and Control of Pollution) Act, 1981.

e) The Environment (Protection) Act, 1986.

f) The Electricity Act, 2003.

g) The Indian Boilers Act, 1923.

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.

6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above in Paragraph 4(I), Paragraph 4(II) and Paragraph 5 of this Report.

7. We have checked the compliance with the provisions of the Standard Listing Agreement entered by the Company with the following Stock Exchanges in India and also with the provisions of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, during the period under review and to the best of our knowledge, belief and understanding, we are of the view that the Company has complied with the secretarial functions and board processes to comply with the applicable provision thereof, during the aforesaid period under review.

(i) National Stock Exchange of India Limited (NSE);

(ii) Bombay Stock Exchange Limited (BSE) and

(iii) Calcutta Stock Exchange Limited (CSE)

8. We further report to the best of our understanding that,

a) The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There has been no change in the composition of the Board of Directors of the Company during the period under review except for the following 2 as mentioned herein below:-

i) Mr. Paras K Chowdhary, a Non-Executive Director was appointed as an Independent Director of the Company and the approval of the shareholders was obtained in the Annual General Meeting of the Company held on 22nd July, 2016.

ii) Mr. Pradip Roy was inducted in the Audit Committee of the Board of Directors of the Company at its Board Meeting held on 13th May, 2016.

b) Adequate notices were given to all directors for the Board and Committee Meetings. Agenda and notes on agenda were sent in advance and further information and clarifications on the agenda items were provided for meaningful participation at the meeting.

c) All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and Committee of the Board, as the case may be.

9. We further report that as informed to us, the following specific event has been given effect for the period under review:-

i) Vide order of the National Company Law Tribunal bench at Kolkata dated 19/07/2017 (Date of Order), the National Company Law Tribunal has approved the Scheme of Amalgamation of Goodluck Dealcom Private Limited, a wholly owned subsidiary of Phillips Carbon Black Limited ("Transferor Company"), with Phillips Carbon Black Limited ("Transferee Company") effective from 1st April, 2016, a copy of which order has been filed with the Registrar of Companies, Kolkata on the 21st day of July, 2017.

10. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines generally applicable to the company such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to company.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For, ANJAN KUMAR ROY & CO.
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Kolkata
10th August, 2017

Annexure A to the Secretarial Audit Report

(Of M/s. Phillips Carbon Black Limited for the Financial Year ended 31/03/2017)

To,
The Members,
M/s. Phillips Carbon Black Limited
31, Netaji Subhas Road,
Kolkata – 700 001

Our Secretarial Audit Report for the financial year ended 31/03/2017 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate board process and compliance management system, commensurate to the size of the company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers and agents of the company during the said audit.

2. We have followed the audit practices and processes as were appropriate, to the best of our understanding, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.

4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of compliance procedures on test basis. We would not be liable for any business decision or any consequences arising thereof, made on the basis of our report.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

For, ANJAN KUMAR ROY & CO.
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Kolkata
10th August, 2017

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company strongly believes in ensuring and implementing good Corporate Governance across the entire organization with a view to sustain and improve, with each passing day, the Company's efficiency, effectiveness and social responsibility. The basic philosophy of Corporate Governance in our organization emphasizes on highest levels of transparency, accountability, awareness and equity in all respect of its operations. Our continuous endeavour aims at designing and improving the flow of activities in an effective manner and ensuring economic prosperity and long term value creation for the enterprise as well as the stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company is fully in compliance with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (referred to as the "Listing Regulations").

II. THE BOARD OF DIRECTORS

A. COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors of the Company (referred to as "The Board") is entrusted with the implementation of the activities of the Company in an effective and efficient manner as well as it is bestowed with the ultimate responsibility of the Management.

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

B. STRUCTURE OF THE BOARD

The Board comprises:-

- 2 Non-Executive Promoter Directors
- 1 Executive Director, who is the Managing Director of the Company
- 6 Non-Executive Independent Directors

Composition of the Board as on 31st March, 2017:-

The composition of the Board satisfies the requirements of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations.

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

Name of the Director	Category of Director	No. of other Directorships and Committee Memberships / Chairmanships in other public companies incorporated in India			No. of Shares and Convertible instruments held in the Company
		Director[1]	Member[2]	Chairman[2]	
Mr. Sanjiv Goenka	Promoter, Non – Executive (Chairman)	6	1	2	NIL
Mr. Shashwat Goenka	Promoter, Non – Executive	2	–	–	NIL
Mr. C.R.Paul	Non – Executive & Independent	–	–	–	NIL
Mr. O P Malhotra	Non – Executive & Independent	–	–	–	NIL
Mr. K S B Sanyal	Non – Executive & Independent	3	1	2	NIL
Mr. Paras K.Chowdhary [9]	Non – Executive & Independent	3	1	1	NIL
Mr. Pradip Roy	Non –Executive & Independent	7	5	1	NIL
Ms. Kusum Dadoo	Non –Executive & Independent	3	1	–	NIL
Mr. Kaushik Roy	Managing Director	3	–	–	NIL

Notes:

1. Directorships held by Directors in the afore-mentioned Table do not include alternate directorships, directorships of foreign companies, Section 8 companies, one person companies and private limited companies.

2. Memberships/ Chairmanships of only Audit Committee and the Stakeholders' Relationship Committee of public limited companies, have been considered.

3. None of the Directors are related to each other, except for Mr. Sanjiv Goenka and Mr. Shashwat Goenka.

4. The Independent Directors have confirmed that they meet the criteria of independence u/s 149(6) of the Act and the Listing Regulations.

5. The Company has proper systems to enable the Board of Directors to periodically review the compliance reports of all laws applicable to the Company.

6. During the year 2016-2017, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.

7. The Company has in place, plans for orderly succession for appointment to the board of directors and senior management.

8. The Company, also, has in place, procedures to inform members of the Board of Directors about the risk assessment and minimization.

9. Mr. Paras K Chowdhary who was a Non-Executive Director has been appointed as an Independent Director of the Company at its Board Meeting and the approval of the shareholders was obtained in the Annual General Meeting of the Company held on 22nd July, 2016.

C. BOARD MEETINGS:-

The Board generally meets at least 4 times a year, with 1 meeting being held in every quarter. This financial year 2016-2017 witnessed more than 4 Board Meetings. The Board Meeting dates are fixed well in advance and necessary intimations and disclosures take place. The notice of the Board meeting is given well in advance to all the Directors. The Agenda of the Board / Committee Meetings is set up by the Company Secretary and includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

D. BOARD AGENDA AND CIRCULATION:-

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

E. DETAILS OF BOARD MEETINGS DURING THE FINANCIAL YEAR 2016-2017:-

The Board of Directors met 7 times during the financial year ended 31st March, 2017, details of which are depicted below:-

Sl No.	Date	Board Strength	No. of Directors present
1	13th May, 2016	9	9
2	22nd July, 2016	9	9
3	17th August, 2016	9	9
4	5th October, 2016	9	8
5	10th November, 2016	9	8
6	18th January, 2017	9	9
7	1st March, 2017	9	7

Attendance at Board Meetings and at Annual General Meeting during the Financial Year 2016-2017:-

The Attendance Record of the Directors at the Board Meetings held on 13th May, 2016, 22nd July, 2016, 17th August, 2016, 5th October, 2016, 10th November, 2016, 18th January, 2017 and 1st March, 2017 are captured herein below:-

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting
	Held during tenure	Attended	
Mr. Sanjiv Goenka	7	6	No
Mr. Shashwat Goenka	7	7	No
Mr. C.R. Paul	7	7	Yes
Mr. O.P.Malhotra	7	7	Yes
Mr. K.S.B.Sanyal	7	4	Yes
Mr. Paras K.Chowdhary	7	7	Yes
Mr. Pradip Roy	7	7	Yes
Ms. Kusum Dadoo	7	7	Yes
Mr. Kaushik Roy	7	7	Yes

F. COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted the "Code of Conduct for Board Members and Senior Management Personnel". The Code is available on the website of the Company at www.pcblltd.com.

The Chairman, the Managing Director and the Senior Management Personnel of the Company have given a declaration of compliance with the Company's Code of Conduct during the year ended 31st March, 2017.

III. COMMITTEES OF THE BOARD

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

A. AUDIT COMMITTEE

1. Terms of Reference

The Company has an Audit Committee and the terms of reference are in conformity with the powers as stipulated in Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Companies Act, 2013.

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements and Auditors report before submission to the Board for approval, with particular reference to :

    a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub- section 3 of Section 134 of the Act.

    b) Changes, if any, in accounting policies and practices and reasons for the same.

    c) Major accounting entries involving estimates based on the exercise of judgment by management.

    d) Significant adjustments made in the financial statements arising out of audit findings.

    e) Compliance with listing and other legal requirements relating to financial statements.

    f) Disclosure of any related party transactions.

    g) Qualifications in the draft audit report, if any.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up thereon.

9. Investigating into any matter in relation to the items specified in the terms of reference and reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post –audit discussion to ascertain any area of concern.

11. Reviewing the Company's risk management policies.

12. Valuation of undertakings or assets of the Company, wherever it is necessary.

13. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.

b) Obtain professional advice from external sources to carry on any investigation and have full access to information contained in the records of the Company.

c) Discuss any related issues with the internal and statutory auditors and the management of the Company.

d) Review and monitor the auditor's independence and performance, and effectiveness of audit process.

e) Approve subsequent modification of transactions of the Company with related parties.

f) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

g) Scrutinize the inter-corporate loans and investments and evaluate internal financial controls and risk management systems.

h) Oversee the vigil mechanism/whistle blower policy of the Company.

i) Approval of appointment of chief financial officer after assessing the qualifications, experience and background etc. of the candidate.

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

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

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

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

2. Composition

The Audit Committee presently comprises 5 Directors, all of whom are Non-Executive Independent Directors. The members of the Audit Committee are Mr. C R Paul, Mr. O P Malhotra, Mr. K S B Sanyal, Mr. Paras K Chowdhary and Mr. Pradip Roy. The Chairman of the Audit Committee, Mr. K S B Sanyal, is an Independent Director.

3. Details of Audit Committee Meetings held during the Financial Year 2016-2017:-

The Audit Committee met 6 times during the financial year ended 31st March, 2017, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Directors present
1	13th May, 2016	4	4
2	17th August, 2016	5	5
3	5th October, 2016	5	4
4	10th November, 2016	5	4
5	18th January, 2017	5	5
6	1st March, 2017	5	4

ATTENDANCE AT AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2016-2017:-

The names of members and chairperson of the Audit Committee, Meetings held and attendance thereof during the Financial Year 2016-2017 is as given below:-

Name of the Director	Position held	No of Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal (Non-Executive & Independent)	Chairman	6	3
Mr. C. R. Paul (Non-Executive & Independent)	Member	6	6
Mr. O.P.Malhotra (Non-Executive & Independent)	Member	6	6
Mr. Paras. K.Chowdhary (Non-Executive & Independent)	Member	6	6
Mr. Pradip Roy * (Non-Executive & Independent)	Member	5	5

* Mr. Pradip Roy was inducted in the Audit Committee of the Board of Directors of the Company at its Board Meeting held on 13th May, 2016.

4. Meetings

- Audit Committee Meetings were held on 13th May, 2016, 17th August, 2016, 5th October, 2016, 10th November, 2016, 18th January, 2017 and 1st March, 2017 respectively. The necessary quorum was present for all the meetings. The Annual Accounts for the year ended 31st March, 2016 was reviewed by the Audit Committee at its meeting held on 13th May, 2016. The Audit Committee also reviewed the Audited Financial Results for the year ended 31st March, 2016 and Unaudited Financial Results for the quarters ended 30th June, 2016, 30th September, 2016 and 31st December, 2016 before recommending their adoption to the Board.

- The Chairman of the Audit Committee, Mr. K S B Sanyal attended the Fifty-fifth Annual General Meeting of the Company held on 22nd July, 2016 to answer the shareholder queries.

- The Managing Director, Chief Financial Officer, Head of Internal Audit and the representatives of the Statutory and Cost Auditors of the Company are invited by the Audit Committee to its Meetings. The Auditors are heard in the meetings of the Audit Committee when it considers the financial results of the Company and auditors' views thereon are taken into consideration.

- The Company Secretary acts as Secretary to the Audit Committee.

- All members of the Audit Committee are eminent persons in their fields having expertise in Finance and Accounting.

B. NOMINATION AND REMUNERATION COMMITTEE

1. Terms of Reference

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

The role of the Committee inter alia includes the following:

- Identify persons qualified to become directors or hold senior management positions and advise the Board for such appointments/removals where necessary.

- Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees.

- Evaluate the performance of independent directors and the board of directors and to decide whether to continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

- Devise a policy on Board diversity.

  In accordance with the recommendation of the Committee, the Company has since formulated a Remuneration Policy for directors, key managerial personnel and other employees of the Company. The Committee is responsible for recommending the fixation and periodic revision of remuneration of the Managing Director. The Committee also decides on payment of commission to non-executive Directors and other senior managerial personnel. The performance evaluation criteria for non-executive directors including independent directors laid down by the Committee and taken on record by the Board includes -

a. Attendance and participation in the Meetings.

b. Preparedness for the Meetings.

c. Understanding of the Company and the external environment in which it operates and contributes to strategic direction.

d. Raising of valid concerns to the Board and constructive contribution to issues and active participation at meetings.

e. Engaging with and challenging the management team without being confrontational or obstructionist.

The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who are subject to evaluation had not participated.

2. Composition

The Nomination and Remuneration Committee comprises 3 Directors, all of whom are Non - Executive Independent Directors. The Chairman of the Nomination and Remuneration Committee, Mr. K S B Sanyal, is an Independent Director.

3. Details of Nomination and Remuneration Committee Meetings held during the Financial Year 2016-2017:-

The Nomination and Remuneration Committee met 2 times during the financial year ended 31st March, 2017, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Directors present
1	22nd July, 2016	3	3
2	10th November, 2016	3	2

Attendance at Nomination and Remuneration Committee Meetings held during the Financial Year 2016-2017:-

The names of members and chairperson of the Nomination and Remuneration Committee, Meetings held and attendance thereof during the Financial Year 2016-2017 is as given below:-

Name of the Director	Position held	No of Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal	Chairman	2	1
Mr. C.R. Paul	Member	2	2
Mr. O.P.Malhotra	Member	2	2

4. Meetings

- During the year ended 31st March, 2017, the Nomination and Remuneration Committee met twice on 22nd July, 2016 and 10th November, 2016.

- The Chairman of the Nomination and Remuneration Committee, Mr. K S B Sanyal attended the fifty-fifth Annual General Meeting of the Company held on 22nd July, 2016.

- The Company Secretary is in attendance at the Nomination and Remuneration Committee Meetings.

5. Remuneration Policy –

In compliance with the requirements of Companies Act, 2013 and Rules made thereunder and pursuant to Regulation 19 of the SEBI Listing Regulations read with Schedule II Part D to the said Regulations, the Board of Directors has a Nomination and Remuneration Policy for its Directors, Key Managerial Personnel, Functional Heads and other employees of the Company.

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

  The remuneration paid to the Non-Executive Directors by way of sitting fees is ₹ 50,000/- per meeting for the Board Meetings, ₹ 20,000/- per meeting for the Audit Committee and Independent Directors' Committee Meetings, and ₹ 5000/- per meeting for Stakeholders Relationship, Nomination and Remuneration and Corporate Social Responsibility Committee Meetings.

THE DETAILS OF THE REMUNERATION PAID TO THE NON – EXECUTIVE DIRECTORS HAVE BEEN ENUMERATED BELOW:-

I. Details of Sitting Fees/ Remuneration

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

The sitting fees for the Board and the Committee Meetings and Commission paid to the Non-Executive Directors during the year ended 31st March, 2017 are as follows:-

Mr. Sanjiv Goenka – Sitting Fee ₹ 3,00,000/-, Mr. Shashwat Goenka – Sitting Fee ₹ 3,55,000/-, Mr. C R Paul – Sitting Fee ₹ 4,90,000/- , Mr. K S B Sanyal – Sitting Fee ₹ 3,00,000/-, Mr. O P Malhotra – Sitting Fee ₹ 4,80,000/-, Mr. Paras K Chowdhary – Sitting Fee ₹ 4,00,000/- , Mr. Pradip Roy – Sitting Fee ₹ 4,50,000/- and Ms. Kusum Dadoo - Sitting Fee ₹ 3,70,000/-.

No commission was paid to the Non-Executive Directors during the year ended 31st March, 2017. The Company also reimburses the out of pocket expenses incurred by the Directors for attending the meetings.

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

Executive Director	Business relationships with the Company, if any	All elements of remuneration package, i.e. salary, benefits, bonuses, pension etc. for the year ended 31st March, 2017	
		Description	Amount (₹ in lakhs)
Mr. Kaushik Roy *	Managing Director	Salary and Allowances	235.02
		Contribution to Provident, Gratuity and Superannuation Funds	36.42
		Perquisites	234.66
		TOTAL	506.10

* Service Contract: For a period of three years w.e.f 5th February, 2016
* Notice Period: Ninety days notice from either side.
* Severance Fees: Ninety days salary in lieu of notice.
* Stock Options: None

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

1. Terms of Reference

The Company has a Stakeholders' Relationship Committee and the terms of reference of the Stakeholders Relationship Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation

20 of the SEBI Listing Regulations, read with Part D of Schedule II to the said Regulations. The Stakeholders' Relationship Committee specifically looks into the redressal of grievances of shareholders and other security holders such as transfer/transmission of shares, issue of duplicate share certificates, recording dematerialization /rematerialisation of shares, non-receipt of Annual Report, non-receipt of declared dividends and other related matters.

2. Composition

The Stakeholders' Relationship Committee of the Board of Directors comprises 2 Directors, both of whom are Non-Executive Independent Directors. Under the Chairmanship of a Non-Executive Independent Director, Mr. C. R. Paul, the Stakeholders' Relationship Committee of the Board of Directors meets at regular intervals and specifically looks into redressal of grievances of shareholders and other security holders.

3. Details of Stakeholders' Relationship Committee Meetings held during the Financial Year 2016-2017:-

The Stakeholders' Relationship Committee met 2 times during the financial year ended 31st March, 2017, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Directors present
1	22nd July, 2016	2	2
2	18th January, 2017	2	2

Attendance at Stakeholders' Relationship Committee Meetings held during the Financial Year 2016-2017:-

The names of members and chairperson of the Stakeholders Relationship Committee, Meetings held and attendance thereof during the Financial Year 2016-2017 is as given below:-

Name of the Director	Position held	No of Meetings	
		Held during tenure	Attended
Mr. C.R. Paul	Chairman	2	2
Mr. K.S.B.Sanyal	Member	2	2

Name and designation of Compliance Officer: Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer.

4. Meetings

- During the year ended 31st March, 2017, the Stakeholders' Relationship Committee met twice on 22nd July, 2016 and 18th January, 2017.
- The Company Secretary is in attendance at the Stakeholders' Relationship Committee Meetings.
- The Company has a User ID and Password in place for logging into the SEBI Complaints Redressal System – 'SCORES' and can view the complaints which have been lodged by the shareholders. The Company ensures that timely redressals are made against any complaints raised by the shareholders relating to registration of share transfers, issue of new share certificates, sub-division or consolidation of shareholdings etc.

5. Status of Shareholders' Complaints

Number of complaints received during the year ended 31st March, 2017 as per records of the Company	Number of complaints resolved during the year ended 31st March, 2017	Number of complaints pending as on 31st March, 2017
6	5	1*

* It is confirmed that 1 (one) shareholders' complaint lying pending as on 31st March, 2017 has since been resolved. The final resolution date was 5th April, 2017. The Company has also received confirmation from National Stock Exchange Ltd, Bombay Stock Exchange Ltd and Calcutta Stock Exchange Ltd. that no investor complaints are pending as on 31st March, 2017.

6. Share Transfer

Mr. Kaushik Roy, Managing Director, Mr. Raj Kumar Gupta, Chief Financial Officer, and Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer are severally authorized to approve share transfers in physical mode.

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Companies Act, 2013 and Rules framed thereunder. The CSR Committee monitors the implementation of CSR projects or programmes undertaken by the Company.

The role of Committee inter alia includes the following :-

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act.
- Recommend the amount of expenditure to be incurred on the activities referred to in the above point.
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

2. Composition

The Corporate Social Responsibility Committee comprises 3 Directors out of which 1 is a Non - Executive Independent Director, 1 is a Promoter Non-Executive Director and 1 is an Executive Director. The Chairman of the Committee is Mr. K S B Sanyal, a Non-Executive Independent Director.

3. Details of Corporate Social Responsibility Committee Meetings held during the Financial Year 2016-2017:-

The Corporate Social Responsibility Committee met once during the financial year ended 31st March, 2017, details of which are depicted below:

Sl No.	Date	Committee Strength	No. of Directors present
1	18th January, 2017	3	3

Attendance at Corporate Social Responsibility Committee Meetings during the Financial Year 2016-2017:-

The names of members and chairperson of the Corporate Social Responsibility Committee, Meetings held and attendance thereof during the Financial Year 2016-2017 is as given below:

Name of the Director	Position held	No of Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal (Non-Executive & Independent)	Chairman	1	1
Mr. Shashwat Goenka (Non-Executive)	Member	1	1
Mr. Kaushik Roy (Managing Director)	Member	1	1

4. Meetings

- Corporate Social Responsibility Committee Meeting was held on 18th January, 2017.
- The Company Secretary acts as a Secretary to the Corporate Social Responsibility Committee.

E. INDEPENDENT DIRECTORS' COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has constituted an Independent Directors' Committee in terms of Section 149 read with Schedule IV to the Companies Act, 2013. The statutory role of the Independent Directors' Committee of the Board of Directors is encapsulated below:-

a.) To review the performance of non-independent directors and the Board as a whole;

b.) To review the performance of the Chairperson of the company, taking into account the views of the executive and non-executive directors;

c.) To assess the quality, quantity and timeliness of flow of information between the Company management and Board that is necessary for the Board to effectively and reasonably perform their duties.

The policy on the familiarization programmes imparted to the independent directors is posted on the website of the Company and may be accessed at the link: http://pcblltd.com/investorrelations/investorrelations.php.

2. Composition

The Independent Directors' Committee comprises all 6 Independent Directors. The Chairman of the Committee is Mr. K S B Sanyal, a Non-Executive Independent Director.

3. **Details of Independent Directors' Committee Meetings held during the Financial Year 2016-2017:-**

The Independent Directors' Committee met once during the financial year ended 31st March, 2017, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Directors present
1	18th January, 2017	6	6

Attendance at Independent Directors' Committee Meetings held during the Financial Year 2016-2017:-

The names of members and chairperson of the Independent Directors' Committee, Meetings held and attendance thereof during the Financial Year 2016-2017 is as given below:-

Name of the Director	Position held	No of Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal (Non-Executive & Independent)	Chairman	1	1
Mr. C. R. Paul (Non-Executive & Independent)	Member	1	1
Mr. O.P.Malhotra (Non-Executive & Independent)	Member	1	1
Mr. Paras. K.Chowdhary (Non-Executive & Independent)	Member	1	1
Mr. Pradip Roy (Non-Executive & Independent)	Member	1	1
Ms. Kusum Dadoo (Non-Executive & Independent)	Member	1	1

The details of the familiarisation programme for Independent Directors have already been dealt with earlier in this Report.

IV. SUBSIDIARY COMPANIES

The Company has 3 subsidiaries as on date, namely, Phillips Carbon Black Cyprus Holding Limited, PCBL Netherlands Holdings B.V, and Phillips Carbon Black Vietnam Joint Stock Company. The Kolkata Bench of the National Company Law Tribunal had approved the Scheme of Amalgamation of Goodluck Dealcom Private Limited, a wholly owned subsidiary of Phillips Carbon Black Limited with Phillips Carbon Black Limited vide its Final Order dated 19th July, 2017 effective from 1st April, 2016. Accordingly, Goodluck Dealcom Private Limited now stands amalgamated with Phillips Carbon Black Limited.

V. GENERAL BODY MEETINGS

1. Location and time of the last 3 Annual General Meetings (AGM) held and Special Resolutions Passed :

AGM	Date	Venue	Time	Special Resolution Passed
55th	22nd July, 2016	"Uttam Mancha"	10.30 A.M	Yes
54th	31st July, 2015	"Uttam Mancha"	10.30 A.M	Yes
53rd	30th July, 2014	"Uttam Mancha"	10.30 A.M	Yes

2. **Details of Special Resolution passed last year through postal ballot –**

Neither any special resolution was put through postal ballot last year nor any special resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting.

The Company had put the Resolution for approval of Scheme of Amalgamation of Goodluck Dealcom Private Limited with Phillips Carbon Black Limited for voting, through Postal Ballot and E-Voting, to the public shareholders of the Company vide SEBI Circular No. – CIR/CFD/CMD/16/2015 dated 30th November, 2015. The proposed Resolution approving the Scheme was passed with requisite majority as required by the SEBI Circular and the Voting Results were intimated to the Stock Exchanges under Regulation 44(3) of the SEBI Listing Regulations on 6th July, 2017 as well as displayed on the website of the Company, www.pcblltd.com.

The Kolkata Bench of the National Company Law Tribunal had approved the Scheme of Amalgamation of Goodluck Dealcom Private Limited, a wholly owned subsidiary of Phillips Carbon Black Limited with Phillips Carbon Black Limited vide its Order dated 19th July, 2017 effective from 1st April, 2016.

3. Disclosure regarding appointment or re-appointment of Directors in accordance with Regulation 36(3) of the SEBI Listing Regulations has been provided in the Notice convening the Annual General Meeting of the Company.

VI. DISCLOSURES

1. **Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large :**

No such transactions took place during the year ended 31st March, 2017. The Board has approved a policy for related party transactions which has been posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php

2. **Disclosure by Senior Management in accordance with Regulation 26(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

The Senior Management of the Company has confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions entered into with the Company that may have a potential conflict with the interests of the Company at large.

3. **Disclosures on Compliance of Law :**

The Company has complied with the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures were imposed by SEBI, Stock Exchanges, or any statutory authorities on any matter related to capital markets during the last three years.

4. **Vigil Mechanism / Whistle Blower Policy:**

The Company has a Whistle Blower Policy / Vigil Mechanism which is posted on the website of the Company for its directors and employees to report their concerns about the Company's working or about any violation of its policies and no personnel has been denied any access to the Audit Committee.

5. **Code for Prevention of Insider Trading Practices**

In compliance with the SEBI Regulation on Prevention of Insider Trading, the Company has in place a comprehensive code of conduct for its Directors and Senior Management Officers. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company. The code clearly specifies, among other matters, that Directors and specified employees of the Company can trade in the shares of the Company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

Since the close of the year, two new sets of codes – Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by Insiders have been adopted by the Board, in supersession of the earlier one in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The policy relating to Code of Conduct on Insider Trading has been posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php

Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer, is the Compliance Officer who also acts as the Chief Investor Relations Officer.

6. **Details of compliance with mandatory requirements and adoption of non mandatory requirements**
All mandatory requirements have been complied with and the non-mandatory requirements are dealt with at the end of the Report.

7. **Policy for determining 'material' subsidiaries**
The Company has adopted Policy for determining 'material' subsidiaries and the same is posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php

8. **Commodity price risk or foreign exchange risk and hedging activities**
The foreign exchange exposure during FY 2016-2017 was hedged in accordance with the policy.

9. **Certificate from the Managing Director and the Chief Financial Officer**
Certificate from Mr. Kaushik Roy, Managing Director and Mr. Raj Kumar Gupta, Chief Financial Officer, in terms of Regulation 17(8) of the SEBI Listing Regulations for the financial year ended 31st March, 2017 was placed before the Board of Directors of the Company in its meeting held on 10th August, 2017.

10. **Code of Conduct**
A new code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013, has been adopted by the Board, in supersession of the earlier one, to bring it in line with the SEBI Listing Regulations. The Code of Conduct for Board Members and Senior Management Personnel of the Company has been posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php

All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Managing Director in terms of SEBI Listing Regulations forms a part of this Annual Report.

11. **Sexual Harassment Policy**
The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all employees of the Company. Internal Complaints Committee set up for the purpose did not receive any complaints for redressal during the year.

VII. MEANS OF COMMUNICATION

1. The quarterly results of the Company were announced within due time as per the statutory requirements and were sent to the Stock Exchanges. These results were also published in the leading English and Bengali newspapers, such as Business Standard, Financial Express, Economic Times and The Times of India and Aajkal (Kolkata).

2. The results are also posted on the Company's website: www.pcblltd.com.

3. Whenever the Company issues any press release, it is immediately sent to the Stock Exchanges as well as posted on the Company's website. The Company puts forth the key information about the Company and its

performance, including quarterly results, official news releases and presentations made to institutional investors or analysts, on its website www.pcblltd.com regularly for the benefit of its shareholders and the public at large. The intimations are also given to Stock Exchanges simultaneously.

4. Management Discussion and Analysis forms a part of the Boards' Report.

VIII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting: Date, Time and Venue:

- **Date, Time and Venue:** 21st September, 2017 at 10.30 a.m. to be held at Dr. R P Goenka Auditorium, International Management Institute, Kolkata, 2/4C, Judges Court Road, Alipore, Kolkata – 700 027.

- **Financial Year:** 1st April 2016 to 31st March, 2017

- **Book Closure:** 15th September, 2017 to 21st September, 2017 (both days inclusive)

- **Interim Dividend Payment Date:** The Board in its meeting held on 1st March, 2017 declared an Interim Dividend of 60% i.e. ₹ 6 per equity share to those members whose names appeared on the Company's Register of Members, or appeared as beneficial owners at the close of business on 13th March, 2017 ('Record Date'). The said Interim Dividend was paid on and from 17th March, 2017.

- **Listing on Stock Exchanges and Stock Codes:**

a) The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata – 700 001.	10026125
b) Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	506590 (B2)
c) National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai – 400 051	PHILIPCARB

Listing Fees for all the above Stock Exchanges for 2017-2018 have been paid.

- **Market Price high, low, close during each month from April, 2016 to March, 2017 (in ₹) (as available from the website of National Stock Exchange of India Limited and Bombay Stock Exchange Limited):-**

Month	High		Low		Close	
	NSE	BSE	NSE	BSE	NSE	BSE
April'16	125.90	125.90	95.00	95.35	119.60	119.30
May'16	130.00	129.00	116.00	115.50	118.25	118.05
June'16	168.70	168.80	114.85	114.05	162.10	162.15
July'16	212.75	212.70	159.60	160.00	205.85	204.90
August'16	251.95	252.00	185.30	185.30	248.10	247.45
September'16	278.00	277.90	232.00	231.00	251.15	251.25
October'16	289.70	289.75	251.55	251.00	278.40	277.95
November'16	278.00	278.90	202.00	201.00	229.65	229.85
December'16	238.95	239.40	215.05	214.50	222.35	222.85
January'17	274.15	274.50	223.00	223.45	258.65	257.65
February'17	310.80	311.00	253.60	251.00	302.50	301.75
March'17	334.50	335.00	280.15	280.15	329.90	330.00

Monthly Comparison Chart of the Share Prices (in ₹) with the NSE Nifty and BSE SENSEX along with the No. of Shares traded during the period April, 2016 to March, 2017:-

Month	Nifty / Sensex (Close)		Share Price (Close) (₹)		No. of Shares Traded	
	NSE	BSE	NSE	BSE	NSE	BSE
April'16	7849.80	25606.62	119.60	119.30	3499789	941108
May'16	8160.10	26667.96	118.25	118.05	2375534	529529
June'16	8287.75	26999.72	162.10	162.15	9192733	2259675
July'16	8638.50	28051.86	205.85	204.90	8576342	2183382
August'16	8786.20	28452.17	248.10	247.45	13707442	3868678
September'16	8611.15	27865.96	251.15	251.25	9290459	2776459
October'16	8638.00	27930.21	278.40	277.95	5401005	1760690
November'16	8224.50	26652.81	229.65	229.85	5886115	2006641
December'16	8185.80	26626.46	222.35	222.85	2730826	879701
January'17	8561.30	27655.96	258.65	257.65	5444270	1599043
February'17	8879.60	28743.32	302.50	301.75	5506176	1523340
March'17	9173.75	29620.50	329.90	330.00	5248615	1805078

- **Registrar and Share Transfer Agent:**
  Link Intime India Pvt. Ltd.
  59-C Chowringhee Road,
  3rd Floor, Room No. – 5,
  Kolkata 700 020
  Telephone No: (033) 2289 0539/40 Fax – 033- 2289 0539
  Website: www.linkintime.co.in
  E -Mail: kolkata@linkintime.co.in

- **Share Transfer Process**
  The shares in physical form for transfer should be lodged at the office of the Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd., Kolkata or at the Registered Office of the Company. The transfers are processed within 10 days from the date of receipt of such request for transfer, if technically found to be in order and complete in all respects. As per directives issued by SEBI it is compulsory to trade in securities of any Company's equity shares in dematerialized form.

  As per the requirement of Regulation 40(9) of the SEBI Listing Regulations, the Company has obtained the half yearly certificates from the Company Secretary in practice for due compliance of the share transfer formalities.

- **Reconciliation of Share Capital Audit**
  As stipulated by SEBI, a qualified Company Secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

  The Company Secretary in practice conducts the Audit every quarter and issues us the Report which, is then, submitted to the Stock Exchanges within a period of 30 days from the end of each quarter.

- **Dematerialization**
The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerializing the shares, the shareholders should open a demat account with a Depository Participant (DP). He/ She is required to submit a Demat Request Form duly filled up along with the share certificates to his/her DP. The DP will allocate a demat request number and shall forward the request physically as well as electronically, through NSDL/CDSL, to the Registrar and Share Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialised and an electronic credit of shares is given in the account of the shareholder.

- **Distribution of Shareholding as on 31st March, 2017:-**

Shareholding Pattern – Size of Holdings	No. of Shares	Percentage (%) to share capital	No. of Shareholders	Percentage (%) to Total holders
1 – 500	2945140	8.5447	30984	92.2884
501 – 1000	1055191	3.0614	1327	3.9526
1001 – 2000	944734	2.7409	623	1.8557
2001 – 3000	465104	1.3494	181	0.5391
3001 – 4000	341137	0.9897	94	0.2800
4001 – 5000	371842	1.0788	78	0.2323
5001 – 10000	1056514	3.0652	142	0.4230
10001 & above	27287910	79.1698	144	0.4289
Total	**34467572**	**100.00**	**33573**	**100.00**

- **Shareholding Pattern as on 31st March, 2017:-**

Nature of holdings	No. of shareholders	No. of Shares	% of Holdings
Non Resident Indians	864	294188	0.8535
Institutional Investors	938	4381660	12.7124
Promoters	4	18461557	53.5621
Bodies Corporate	473	2735726	7.9371
Resident Individuals	31290	8594441	24.9349
Total	**33569**	**34467572**	**100.00**

- **Dematerialisation of shares:**

	SHARES	%
NSDL	30260701	87.80
CDSL	3379481	9.80
Total	**33640182**	**97.60**

- **ISIN NO. INE 602A01015**

- **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:** Nil

- **Plant Locations**
The Company's plants are located at Durgapur in West Bengal, Kochi Kerala, Mundra and Palej in Gujarat. The detailed addresses of the Company's plants have also been given separately in the Annual Report.

- **Address for correspondence :**

  1) Registrar and Share Transfer Agent:
  (For share and dividend related queries)

  Link Intime India Pvt. Ltd.
  59-C Chowringhee Road,
  3rd Floor, Room No. – 5,
  Kolkata 700 020
  Telephone No: (033) 2289 0539/40
  Fax – 033- 2289 0539
  E -Mail: kolkata@linkintime.co.in
  Website: www.linkintime.co.in

  2) Company
  (For any other matter and unresolved complaints)

  Mr. Kaushik Mukherjee
  Company Secretary and Chief Legal Officer
  Phillips Carbon Black Limited
  31, Netaji Subhas Road
  Kolkata – 700 001
  Phones : (033) 6625 1500, (033) 6625 1461-64
  Fax : (033) 2248 0140
  E – Mail : kaushik.mukherjee@rp-sg.in

IX. STATUS OF ADOPTION OF THE NON MANDATORY REQUIREMENTS

The Company has duly fulfilled the following discretionary requirements as prescribed in sub – regulation 1 of Regulation 27 of the SEBI Listing regulations as follows:

a. **Separate posts of chairperson and chief executive officer:** Mr. Sanjiv Goenka is the Chairman of the Company and Mr. Kaushik Roy is the Managing Director of the Company.

b. **Reporting of Internal Auditor:** Internal Auditors of the Company make presentations to the Audit Committee on their reports and has direct access to the Audit Committee.

Other Items

- The rest of the Non Mandatory Requirements will be implemented by the Company as and when required and/or deemed necessary by the Board.

X. CONFIRMATION OF COMPLIANCE

- The Statutory Auditors' Certificate states that the Company has complied with the conditions of Corporate Governance and the same is annexed hereto.

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN: 00074796)

Kolkata
10th August, 2017

DECLARATION BY THE MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT UNDER REGULATION 26(3) OF THE SEBI LISTING REGULATIONS

I, Kaushik Roy, Managing Director of Phillips Carbon Black Limited declare that all the Members of the Board of Directors and Senior Management Personnel have complied with the Company's Code of Conduct for Board Members and Senior Management Personnel for the year ended 31st , March, 2017 in terms of the SEBI Listing Regulations.

Kaushik Roy
Managing Director
(DIN: 06513489)

Kolkata
10th August, 2017

Auditors' Certificate

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Phillips Carbon Black Limited

We have examined the compliance of conditions of Corporate Governance by Phillips Carbon Black Limited, for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
10th August, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PHILLIPS CARBON BLACK LIMITED

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

1. This Report supersedes our Report dated May 25, 2017.

2. We have audited the accompanying standalone Ind AS financial statements of Phillips Carbon Black Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which is incorporated the Ind AS financial statements/ financial information of Goodluck Dealcom Private Limited ("Transferor Company") for the year ended on that date audited by another firm of Chartered Accountants (refer sub-paragraph 11 of the Other Matters Paragraph below).

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

4. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

5. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

8. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor for the Transferor Company in terms of their report referred to in sub-paragraph 11 of the Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

9. In our opinion and to the best of our information and according to the explanations given to us, and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph below, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

EMPHASIS OF MATTER

10. We draw attention to Note 30 to the standalone Ind AS financial statements which describes the basis for revision of the standalone Ind AS financial statements consequent to the amalgamation of the Transferor Company with the 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"). We further report that, our audit procedures on the subsequent events in so far as it relates to the revision to the standalone 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 standalone Ind AS financial statements were first approved by the Board of Directors of the Company and reported upon by us by our report of that date).

Our opinion is not modified in respect of this matter.

OTHER MATTERS

11. The standalone Ind AS financial statements of the Company for the period April 1, 2016 to March 31, 2017 include the Ind AS financial statements/ financial information of the Transferor Company consequent to its amalgamation into the Company with the appointed date of April 1, 2016 (referred to in Note 30 to the standalone Ind AS financial statements). We did not audit the Ind AS financial statements/ financial information of the Transferor Company for year ended March 31, 2016, the transition date opening balance sheet as at April 1, 2015 and for the period April 1, 2016 to March 31, 2017, included in the standalone Ind AS financial statements of the Company, whose Ind AS financial statements/ financial information reflect total assets of ₹20,072.32 lakhs as at March 31, 2017 , ₹13,182.93 lakhs as at March 31, 2016 and ₹15,150.49 lakhs as at March 31, 2015, net assets of ₹13,843.44 lakhs as at March 31, 2017 , ₹8,794.78 lakhs as at March 31, 2016 and ₹10,787.14 lakhs as at March 31, 2015, total comprehensive income (comprising of profit/(loss) and other comprehensive income) of ₹5,048.61 lakhs and ₹(1,992.35) lakhs for the years ended March 31, 2017 and March 31, 2016 respectively, total revenue of ₹806.27 lakhs and ₹672.06 lakhs for the years ended March 31, 2017 and March 31, 2016 respectively and net cash flows amounting to ₹454.36 lakhs and ₹0.03 lakhs for the years ended March 31,2017 and March 31, 2016 respectively as considered in the standalone Ind AS financial statements. The said Ind AS financial statements/ financial information of the Transferor Company has been audited by other auditor, whose report dated August 5, 2017 has been furnished to us, and our

opinion in so far as it relates to the amounts and disclosures included in respect of the Transferor Company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the Transferor Company, is based solely on the report of the other auditor.

Our opinion on the standalone Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter and with respect to our reliance on the work done and the report of the other auditor.

12. The financial information of the Company (other than for the Transferor Company referred to in sub-paragraph 11 above) for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), which were audited by us, on which we expressed an unmodified opinion dated May 13, 2016, and May 6, 2015 respectively. The adjustments to those standalone Ind AS financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

    Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us and based on the report of the other auditor for the Transferor Company referred to in sub- paragraph 11 of the Other Matters Paragraph above , we give in the Annexure B a statement on the matters specified in Paragraphs 3 and 4 of the Order.

14. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and from the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company as referred to in sub-paragraph 11 of the Other Matters Paragraph above.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and the Ind AS financial statements/ financial information of the Transferor Company audited by the other auditor referred to in sub-paragraph 11 of the Other Matters Paragraph above.

    (d) In our opinion, and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph above, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors, taken on record by the Board of Directors and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company as referred to in sub-paragraph 11 of the Other Matters Paragraph above, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company referred to in sub- paragraph 11 of the Other Matters Paragraph above:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 24 to standalone Ind AS Financial Statements;

ii. The Company has long-term contracts and derivative contracts as at March 31, 2017 for which there were no material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph above, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 37 to the standalone Ind AS financial statements.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572

Kolkata
August 10, 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 (f) of the Independent Auditors' Report of even date to the members of Phillips Carbon Black Limited on the standalone Ind AS financial statements for the year ended March 31, 2017

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. This Report supersedes our Report dated May 25, 2017.

2. We have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited ("the Company") as of March 31, 2017, which includes the internal financial controls over financial reporting of Goodluck Dealcom Private Limited (Transferor Company) for the year ended on that date audited by another firm of Chartered Accountants (Refer Other Matter Paragraph below) in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 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.

AUDITORS' RESPONSIBILITY

4. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 standalone Ind AS financial statements, whether due to fraud or error.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor for the Transferor Company in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 standalone Ind AS 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 standalone Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

8. Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

EMPHASIS OF MATTER

9. We draw attention to Note 30 to the standalone Ind AS financial statements which describes the basis for revision of the standalone Ind AS financial statements consequent to the amalgamation of Transferor Company with the 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"). We further report that, our audit procedures on the subsequent events in so far as it relates to the revision to the standalone Ind AS financial statements (as amended) with respect to the adequacy and operating effectiveness of internal financial controls over financial reporting therein 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 standalone Ind AS financial statements were first approved by the Board of Directors of the Company and reported upon by us by our report of that date).

   Our opinion is not modified in respect of this matter.

OTHER MATTER

10. We did not audit the adequacy and operating effectiveness of internal financial controls over financial reporting of the Transferor Company for the period April 1, 2016 to March 31, 2017. The adequacy and operating effectiveness of internal financial controls over financial reporting of the Transferor Company for the aforesaid period, has been audited by other auditor, whose report has been furnished to us and our opinion in so far as it relates to the

adequacy and operating effectiveness of internal financial controls over financial reporting included in respect of the Transferor Company, and our report in so far as it relates to the Transferor Company is based solely on the report of the other auditor.

Our opinion is not modified in respect of this matter.

OPINION

11. In our opinion and based on the report of the other auditor on the adequacy and operating effectiveness over financial reporting of the Transferor Company, referred to in Other Matter Paragraph above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572

Kolkata
August 10, 2017

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

(This Report supersedes our Report dated May 25, 2017)

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Phillips Carbon Black Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3(a) on fixed assets to the standalone Ind AS financial statements, are held in the name of the Company.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company does not have any fixed assets. Accordingly, clause 3 (i) of the said Order is not applicable for the Transferor Company.

ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company does not have any inventory. Accordingly, clause 3 (ii) of the said Order is not applicable for the Transferor Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable for the Transferor Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made and guarantees and security provided by it, as applicable.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made and guarantees and security provided by it, as applicable.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the maintenance of cost records in respect of the Transferor Company has not been specified by the Central Government under Section 148 (1) of the Companies Act, 2013. Accordingly, Clause 3(vi) of the said Order is not applicable to the Transferor Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of provident fund, employees state insurance, income tax, professional tax, sales tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company is regular in depositing the undisputed statutory dues in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	19.30	2010-11 and 2012-13	Deputy Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	1,571.55	2010-11, 2011-12 and 2012-13	Joint Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	138.61	2007-08	Senior Joint Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	677.71	2003-04, 2004-05, 2005-06, 2006-07, 2008-09, 2010-11, 2011-12, and 2012-13	West Bengal Commercial Taxes Appellate & Revisional Board
Central Sales Tax Act, 1956	Central Sales Tax	458.13	1994-95, 1995-96, 1999-2000 and 2000-01	High Court of Calcutta
West Bengal Sales Tax Act, 1994	Sales Tax	67.46	2003-04	West Bengal Commercial Taxes Appellate & Revisional Board

Name of the statute	Nature of dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where the dispute is pending
West Bengal Sales Tax Act, 1994	Sales tax	92.72	1994-95,1995-96, 1999-00, 2000-01 and 2004-05	West Bengal Taxation Tribunal
West Bengal Value Added Tax Act, 2003	Valued Added Tax	78.31	2007-08	Senior Joint Commissioner Commercial Taxes
West Bengal Value Added Tax Act, 2003	Value Added Tax	63.52	2006-07, 2009-10, 2010-11, 2011-12 and 2012-13	West Bengal Commercial Taxes Appellate & Revisional Board
West Bengal Value Added Tax Act, 2003	Value Added Tax	28.16	2005-06 and 2014-15	West Bengal Taxation Tribunal
Gujarat Value Added Tax Act, 2006	Value Added Tax	1,223.63	2010-11 ,2011-12 and 2012-13	Joint Commissioner of Commercial Taxes
Gujarat Value Added Tax Act, 2006	Value Added Tax	22.57	2006-07	Gujarat Value Added Tax Tribunal
Kerala Value Added Tax Act, 2003	Value Added Tax	21.43	2009-10 and 2011-12	Deputy Commissioner of Commercial Taxes
Central Excise Act, 1944	Excise Duty	395.07	1997-98, 1998-99, 2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	264.11	2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 2014-15, 2015-16 and 2016-17	Commissioner (Appeals)*
Central Excise Act, 1944	Excise Duty	5,478.01	1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09,2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	164.42	2014-15, 2015-16, 2016-17	Customs Excise and Service Tax Appellate Tribunal*
Central Excise Act, 1944	Excise Duty	0.77	2004-05	High Court at Kerala
Central Excise Act, 1944	Excise Duty	3.08	2009-10	Ministry of Finance
Central Excise Act, 1944	Service Tax	602.06	2012-13	Customs Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	38.30	2006-07, 2007-08, 2008-09, 2009-10 and 2010-11	Deputy Commissioner of Customs
Customs Act, 1962	Customs Duty	8.03	2009-10 and 2012-13	Customs Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	11.79	2008-09 and 2009-10	Supreme Court
Name of the statute	Nature of dues	Amount		
(₹ In Lacs)	Period to which the amount relates	Forum where the dispute is pending		
Finance Act, 1994	Service Tax	180.93	2008-09, 2009-10, 2010-11 and 2011-12	Customs Excise and Service Tax Appellate Tribunal
Income-tax Act, 1961	Income Tax	198.12	1993-94	Commissioner (Appeals)

* To be filed

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax, as applicable, as at March 31, 2017 which have not been deposited on account of any dispute.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders, as applicable, as at the balance sheet date.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders, as applicable, as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of commercial paper and term loans have been applied on an overall basis for the purposes for which they were obtained, the Company has not raised any moneys by way of initial public offer and any other further public offer (including debt instruments).

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Transferor Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the other auditor have neither come across any instance of material fraud by the Transferor Company or on the Transferor Company by its officers or employees, noticed or reported during the year, nor have they been informed of any such case by the Management of the Transferor Company.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, as the Transferor Company does not pay any managerial remuneration, Section 197 read with Schedule V to the Act is not applicable and accordingly Clause 3(xi) of the Order are not applicable to the Transferor Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company is not a Nidhi Company and accordingly Clause 3(xii) of the Order are not applicable to the Transferor Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone Ind AS financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, which to the extent applicable has been disclosed in the aforesaid Ind AS financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Transferor Company is not required to constitute an Audit Committee under Section 177 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Transferor Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him/her. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company has not entered into any non-cash transactions with its directors or persons connected with him/her. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Transferor Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

Based on the report of the other auditor on the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph in the audit report, the Transferor Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Transferor Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572

Kolkata
August 10, 2017

BALANCE SHEET as at 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3(a)	138,305.64	141,571.49	143,747.01
Investment properties	3(b)	447.73	–	–
Capital work-in-progress	3(c)	7,375.79	7,333.63	7,346.24
Intangible assets	3(d)	–	13.33	63.96
Financial assets				
(i) Investments	4(a)	21,399.16	15,060.40	17,111.19
(ii) Loans	4(e)	1,791.00	1,736.66	1,631.42
(iii) Other financial assets	4(f)	–	–	1,583.29
Deferred tax assets (Net)	12	–	57.74	84.53
Other non-current assets	5	444.70	502.28	1,067.04
TOTAL NON-CURRENT ASSETS		**169,764.02**	**166,275.53**	**172,634.68**
Current assets				
Inventories	6	24,352.32	24,422.24	29,683.99
Financial assets				
(i) Investments	4(a)	9,502.97	9,808.25	–
(ii) Trade receivables	4(b)	46,565.61	43,814.93	52,059.38
(iii) Cash and cash equivalents	4(c)	2,233.35	4,859.08	939.35
(iv) Other bank balances	4(d)	268.95	201.92	210.48
(v) Loans	4(e)	50.63	193.78	94.18
(vi) Other financial assets	4(f)	52.83	769.94	169.17
Current tax assets (Net)	7	0.23	–	151.71
Other current assets	5	3,402.10	7,224.67	8,039.80
TOTAL CURRENT ASSETS		**86,428.99**	**91,294.81**	**91,348.06**
TOTAL ASSETS		**256,193.01**	**257,570.34**	**263,982.74**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	8	3,446.73	3,446.73	3,446.73
Other equity	9	109,146.48	100,389.00	101,344.79
TOTAL EQUITY		**112,593.21**	**103,835.73**	**104,791.52**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	10(a)	19,016.25	20,436.81	32,626.00
(ii) Other financial liabilities	10(c)	–	58.50	59.40
Provisions	11	494.14	422.40	365.17
Deferred tax liabilities (Net)	12	20,467.26	14,795.88	12,992.15
TOTAL NON-CURRENT LIABILITIES		**39,977.65**	**35,713.59**	**46,042.72**
Current liabilities				
Financial Liabilities				
(i) Borrowings	10(a)	54,814.30	70,534.88	77,494.08
(ii) Trade payables	10(b)			
a) Total outstanding dues of micro enterprises and small enterprises		5.51	4.42	4.90
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		41,329.05	26,929.27	14,393.29
(iii) Other financial liabilities	10(c)	5,056.01	18,767.60	17,812.62
Provisions	11	565.59	352.93	460.32
Current tax liabilities (Net)	14	206.65	50.41	–
Other current liabilities	13	1,645.04	1,381.51	2,983.29
TOTAL CURRENT LIABILITIES		**103,622.15**	**118,021.02**	**113,148.50**
TOTAL LIABILITIES		**143,599.80**	**153,734.61**	**159,191.22**
TOTAL EQUITY AND LIABILITIES		**256,193.01**	**257,570.34**	**263,982.74**

The accompanying notes form an integral part of these standalone financial statements.
This is the Standalone Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of Board of Directors

Pinaki Chowdhury
Partner
Membership Number 57572

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	Year ended 31 March, 2017	Year ended 31 March, 2016
Revenue from operations	15	213,126.86	211,547.48
Other income	16	1,893.80	1,676.29
TOTAL INCOME		**215,020.66**	**213,223.77**
EXPENSES			
Cost of materials consumed	17(a)	122,126.36	129,145.86
Purchases of stock-in-trade (carbon black feed stock)		-	1,748.17
Changes in inventories of finished goods	17(b)	1,527.55	3,560.81
Excise duty on sale of products		20,431.75	22,137.79
Employee benefits expense	18	8,180.12	7,260.97
Finance costs	19	5,144.89	7,210.44
Depreciation and amortisation expense	20	6,061.98	6,215.42
Other expenses	21	34,996.12	31,105.53
TOTAL EXPENSES		**198,468.77**	**208,384.99**
Profit before tax		**16,551.89**	**4,838.78**
Income-tax expense	22		
Current tax		3,611.07	1,316.78
Deferred tax		5,988.68	1,831.30
TOTAL TAX EXPENSE		**9,599.75**	**3,148.08**
Profit for the year		**6,952.14**	**1,690.70**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss, net of taxes			
Remeasurements of post-employment defined benefit obligation		(350.79)	(73.94)
Changes in fair value of equity instruments through OCI		5,347.95	(2,174.26)
Income tax relating to these items		334.35	16.56
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		**5,331.51**	**(2,231.64)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,283.65**	**(540.94)**
Earning per equity share :	28		
[Nominal Value per share - ₹ 10/- (Previous year - ₹10/-)]			
Basic (₹)		20.17	4.91
Diluted (₹)		20.17	4.91

The accompanying notes form an integral part of these standalone financial statements.
This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of Board of Directors

Pinaki Chowdhury
Partner
Membership Number 57572

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

STATEMENT OF CASH FLOWS for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31 March, 2017		Year Ended 31 March, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax		16,551.89		4,838.78
Adjustments for:				
Depreciation and amortisation expense	6,061.98		6,215.42	
Finance costs	5,144.89		7,210.44	
Allowance for doubtful debts / expected credit losses on trade receivable	766.72		1.55	
Allowance for doubtful advances	251.46		117.50	
Interest income classified as investing cash flow	(146.20)		(513.88)	
Unwinding of interest on loan to subsidiary	(42.31)		(38.46)	
Income from dividend	(264.12)		(417.03)	
Net gain on sale of current investment carried at fair value through profit or loss	(510.18)		(161.95)	
Net gain on sale of non-current investment carried at fair value through profit or loss	(332.64)		(1.37)	
Net gain on current investment carried at fair value through profit or loss	(2.97)		(8.25)	
Net gain on non-current investment carried at fair value through profit or loss	(150.81)		(213.92)	
Liabilities no longer required written back	(13.38)		(98.24)	
Allowance for doubtful debts written back	(216.78)		-	
Allowance for doubtful advances written back	(117.50)		(43.68)	
(Profit)/Loss on disposal of property, plant and equipment / Capital work in progress written off	697.73		(18.84)	
Balance with Government Authorities written off	475.95		193.37	
Advances / Intercorporate deposits written off	135.17		-	
Provision for Impairment of investment in subsidiary	235.41		109.72	
Foreign exchange differences (net)	(1,273.12)		(1,055.47)	
		10,699.30		11,276.91
Operating profit before changes in operating assets and liabilities		**27,251.19**		**16,115.69**
Changes in operating assets and liabilities				
Decrease in inventories	69.92		5,261.75	
Decrease in financial and non-financial assets	733.11		9,860.00	
Increase in financial and non-financial liabilities	9,998.32		12,105.08	
		10,801.35		27,226.83
Cash generated from operations		**38,052.54**		**43,342.52**
Income tax paid		(3,380.27)		(1,118.38)
NET CASH FROM OPERATING ACTIVITIES		**34,672.27**		**42,224.14**

STATEMENT OF CASH FLOWS for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

		Year Ended 31 March, 2017		Year Ended 31 March, 2016	
B.	**Cash Flow from Investing Activities**				
	Payments for acquisition of property, plant and equipment	(4,070.55)		(3,894.28)	
	Proceeds on disposal of property, plant and equipment	5.83		465.69	
	Payments for purchase of current investments	(248,211.62)		(109,901.40)	
	Proceeds from sale/redemption of current investments	249,030.05		100,263.35	
	Payments for purchase of non-current investments	(3,599.30)		(19.35)	
	Proceeds from sale of non-current investments	2,856.55		1.45	
	Interest received	135.60		516.94	
	Dividend received from equity instruments designated at FVOCI and others	264.12		410.91	
	Inter Corporate Deposits given	-		(4,640.00)	
	Inter Corporate Deposits realised	-		4,651.00	
	NET CASH USED IN INVESTING ACTIVITIES		**(3,589.32)**		**(12,145.69)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from non-current borrowings	16,564.90		-	
	Repayment of non-current borrowings	(27,247.85)		(11,644.20)	
	Increase/(decrease) in cash credit facilities from banks	(3,329.03)		(666.99)	
	Proceeds from current borrowings	89,870.38		196,190.23	
	Repayment of current borrowings	(101,030.60)		(202,472.95)	
	Dividends paid [including tax on dividend ₹**596.43 lakhs** (Previous Year - ₹70.17 lakhs)]	(3,526.17)		(414.70)	
	Finance cost paid	(5,010.31)		(7,150.11)	
	NET CASH USED IN FINANCING ACTIVITIES		**(33,708.68)**		**(26,158.72)**
	Net increase/(decrease) in Cash and Cash Equivalents		**(2,625.73)**		**3,919.73**
	Opening Cash and Cash Equivalents [Refer Note 4(c)]		4,859.08		939.35
	Closing Cash and Cash Equivalents [Refer Note 4(c)]		**2,233.35**		**4,859.08**

Notes:

1. The above Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes form an integral part of these Standalone Statement of Cash Flows

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date: 10 August, 2017

For and on behalf of Board of Directors

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1 April, 2015	8	3,446.73
Changes in equity share capital during the year ended 31 March, 2016		-
As at 31 March, 2016		3,446.73
Changes in equity share capital during the year ended 31 March, 2017		-
As at 31 March, 2017		3,446.73

B. Other equity

Particulars	Notes	Reserves and Surplus					Other reserves	Total other equity
		Capital reserve	Securities premium reserve	General reserve	Statutory Reserve	Retained earning (Surplus in Statement of Profit and Loss)	Fair value through other comprehensive income - Equity instrument	
Balance as at 1 April, 2015	9	152.81	22,411.60	7,338.43	60.34	64,035.28	7,346.33	101,344.79
Profit for the year		-	-	-	-	1,690.70	-	1,690.70
Other comprehensive income for the year		-	-	-	-	(32.57)	(2,199.07)	(2,231.64)
Transfer from Other Comprehensive Income		-	-	-	-	(0.67)	0.67	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**-**	**-**	**1,657.46**	**(2,198.40)**	**(540.94)**
Dividends paid (including ₹ 70.17 Lakhs tax on dividends)	26	-	-	-	-	(414.85)	-	(414.85)
Balance as at 31 March, 2016		**152.81**	**22,411.60**	**7,338.43**	**60.34**	**65,277.89**	**5,147.93**	**100,389.00**
Balance as at 1 April, 2016	9	152.81	22,411.60	7,338.43	60.34	65,277.89	5,147.93	100,389.00
Profit for the year		-	-	-	-	6,952.14	-	6,952.14
Other comprehensive income for the year		-	-	-	-	(154.52)	5,486.03	5,331.51
Transfer from Other Comprehensive Income		-	-	-	-	(209.61)	209.61	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**-**	**-**	**6,588.01**	**5,695.64**	**12,283.65**
Dividends paid (including ₹ 596.43 Lakhs tax on dividends)	26	-	-	-	-	(3,526.17)	-	(3,526.17)
Balance as at 31 March, 2017		**152.81**	**22,411.60**	**7,338.43**	**60.34**	**68,339.73**	**10,843.57**	**109,146.48**

The accompanying notes form an integral part of these standalone financial statements.
This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date: 10 August, 2017

For and on behalf of Board of Directors

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

BACKGROUND

Phillips Carbon Black Limited is a Company limited by shares, incorporated and domiciled in India. The Company is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 32. 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, 3rd Floor, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

The standalone financials statements were approved and authorised for issue with the resolution of the Board of Directors on August 10, 2017.

1. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. These Financial Statements are the separate financial statements of the Company.

1.1 Basis of preparation

1.1.1 Compliance with Ind AS

The standalone financial statements comply in all material aspects with 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.

The standalone financial statements up to year ended 31 March, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first standalone financial statements of the Company under Ind AS. Refer Note 36 for an explanation of how the transition from previous GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows.

1.1.2 Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except the following:-

i) certain financial assets and liabilities (including derivative instruments) that is measured at fair value;

ii) defined benefit plans – plan assets measured at fair value.

iii) certain class of property, plant and equipment and investments in a subsidiary measured at fair value on 1 April, 2015 (transition date) and considered such value as deemed cost at that date.

1.1.3 Current versus Non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

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 noncurrent.

1.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discounts, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customers, the type of transaction and the specifics of each arrangement.

Sale of carbon black

Revenue from sale of carbon black is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer as per the terms of contract.

Sale of power

Revenue from the sale of power is recognised based on the units as transmitted to 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 and Focused Market Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Company and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

1.3 Property, plant and equipment

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction less accumulated depreciation, impairment loss, if any, or at deemed cost (fair value as at transition date) less accumulated depreciation, impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset 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.

1.3.1 Transition to Ind AS

On transition to Ind AS, the Company has elected to measure certain class of property, plant and

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

equipments at its fair value as at the transition date and considered such value as deemed cost at that date, while remaining class of property, plant and equipment are carried at cost determined in accordance with retrospective application of Ind AS.

1.3.2 Depreciation methods, estimated useful lives and residual value

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 are as follows:

Assets	Useful life
Plant & Equipments and Electrical Installations	18 to 20 Years

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 period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other gains/ (losses).

The cost of property plant and equipment not ready to use are disclosed under capital work in progress.

1.3.A Intangible assets

Intangible assets (Computer Software) has 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.

1.3.A.1 Amortisation method and period

Computer software are 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.

1.3.A.2 Research and development

Research cost are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 'Intangible Assets' are recognised as expense as incurred.

1.3.A.3 Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with carrying value of all of intangible assets recognised as at 1 April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

1.3.B Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

Investment properties are other than land is depreciated using the straight-line method over their estimated useful lives.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

1.4 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount 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. 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).

1.5 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company 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.

1.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost of Inventories comprises cost of purchases and all other costs incurred in bringing the inventories to the present location and condition. Cost of finished goods comprises direct materials, direct labour and appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis. 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.

1.7 Investment in Subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment loss, if any. Investments are tested for impairment wherever event or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount.

Transition to Ind AS

On transition to Ind AS, the Company has elected to measure its investment in Phillips Carbon Black Cyprus Holdings Limited at fair value as on transition date and consider that value as the deemed cost of such investments.

1.8 Investment and other financial assets (other than Investments in Subsidiaries)

1.8.1 Classification

The Company 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 Company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Company has made an irrevocable

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies the debt investments when and only when the business model for managing those assets changes.

1.8.2 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit or loss when the asset is derecognised or impaired.

Fair value through other comprehensive income (FVOCI): Assets that are held for collections of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss and recognised in other income.

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. 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 instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ other expenses in the statement of profit and loss.

1.8.3 Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

assets carrying at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.8.4 Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or

- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.8.5 Income recognition

(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 Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

(b) Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

1.8.6 Fair value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of method and assumptions that are based on market conditions and risk existing at each reporting date. The methods used to determine fair value includes discounted cash flow analysis and available quoted market prices. All method of assessing fair value result in general approximation of fair value and such value may never actually be realised.

1.9 Derivatives Instruments

The Company enters into certain derivative contracts to hedge risk which are not designated as hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

end of each reporting period with changes included in other income / other expense.

1.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.11 Trade receivables

Trade receivables are amount 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.

1.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

1.13 Trade Payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.14 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. 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 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 drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1.15 Borrowing Cost

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

1.16 Foreign currency transactions and translation

1.16.1 Functional and presentation currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which Company operates ('the functional currency'). The standalone financial statements are presented in Indian Rupee (₹), which is the Company's functional and presentation currency.

1.16.2 Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates 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.

1.17 Employee benefits

1.17.1 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 in which the employees render the related service are recognized in respect of employees' service up to the end of the reporting period and 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.

1.17.2 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 Employee Benefit Expense in the statement of profit and loss.

(d) Remeasurement 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(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.

1.17.3 Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

1.18 Income tax

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 and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

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.

1.19 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

1.20 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.21 Earnings per share

1.21.1 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.

1.21.2 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.

1.22 Segment reporting

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. Refer note 32 for segment information presented.

1.23 Business Combinations

A common control business combination, involving entities or businesses in which all the combining

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interests method. Other business combinations, involving entities or businesses are accounted for using acquisition method. The Company has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

1.24 Recent Accounting Pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7 'Statements of cash flows'. This amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statements of cash flows'. The amendments are applicable to the Company from 1 April, 2017.

Amendments to Ind AS 7

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from cash flows and non - cash charges, suggesting inclusion of a reconciliation between the opening and closing balance in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirements. The Company is evaluating the requirements of the amendments and the effect on the standalone financial statements is being evaluated.

1.25 Rounding of amounts

All amounts disclosed in the standalone Financial Statements and notes have been rounded off to the nearest Lakhs (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENT

The preparation of standalone financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of Contingent assets and liabilities at the date of these standalone financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates are recognised in the period in which the estimates is revised and future period impacted.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements:-

The areas involving critical estimates of judgments are:

Employee Benefits(Estimation of defined benefit obligation) - Note 1.17 and 11

Post-employment benefits represents obligation that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the company to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations,

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

funding requirements and benefit costs incurred.

Impairment of trade receivables – Note 1.11 and 4(b)

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of doubtful debtors, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the valuation allowance are reviewed periodically.

Estimation of expected useful lives and residual values of property, plants and equipment – Notes 1.3 and 3(a)

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taken into account at residual value. The asset's residual value and useful life are based on the Company's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities – Note 1.19 and 24

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business, the Company consults with legal counsel and certain other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Fair Value Measurements – Note 1.8.6 and 4(a)

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

NOTE 3(A) PROPERTY, PLANT AND EQUIPMENT

(All amounts in ₹ Lakhs, unless otherwise stated)

	Freehold land	Leasehold land	Buildings (i)	Non-factory buildings and flats	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Electrical installations	Railway sidings	Total
Year ended 31 March, 2016											
Gross carrying amount											
Deemed cost as at 1 April, 2015	20,653.92	40,399.40	6,966.25	5,030.67	68,190.74	119.75	233.28	25.62	2,125.98	1.40	143,747.01
Additions during the year	-	-	68.82	400.09	3,797.96	28.43	117.81	6.98	16.03	-	4,436.12
Disposals during the year	-	-	-	(442.07)	-	(4.06)	(0.26)	(3.42)	-	-	(449.81)
CLOSING GROSS CARRYING AMOUNT	**20,653.92**	**40,399.40**	**7,035.07**	**4,988.69**	**71,988.70**	**144.12**	**350.83**	**29.18**	**2,142.01**	**1.40**	**147,733.32**
Accumulated depreciation											
Depreciation charge during the year	-	-	302.24	116.94	5,333.83	27.95	148.99	15.77	217.67	1.40	6,164.79
Adjustment of depreciation on disposals	-	-	-	(0.42)	-	(0.40)	(0.06)	(2.08)	-	-	(2.96)
CLOSING ACCUMULATED DEPRECIATION	**-**	**-**	**302.24**	**116.52**	**5,333.83**	**27.55**	**148.93**	**13.69**	**217.67**	**1.40**	**6,161.83**
NET CARRYING AMOUNT	**20,653.92**	**40,399.40**	**6,732.83**	**4,872.17**	**66,654.87**	**116.57**	**201.90**	**15.49**	**1,924.34**	**-**	**141,571.49**
Year ended 31 March, 2017											
Gross carrying amount											
Opening balance as at 1 April, 2016	20,653.92	40,399.40	7,035.07	4,988.69	71,988.70	144.12	350.83	29.18	2,142.01	1.40	147,733.32
Reclassified to investment property	(447.73)	-	-	-	-	-	-	-	-	-	(447.73)
Additions during the year	-	-	86.52	24.86	2,974.76	3.62	127.33	0.04	22.96	-	3,240.09
Disposals during the year	-	-	-	-	-	(4.16)	(1.03)	(3.80)	(1.51)	-	(10.50)
CLOSING GROSS CARRYING AMOUNT	**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**
Accumulated depreciation											
Opening balance as at 1 April, 2016	-	-	302.24	116.52	5,333.83	27.55	148.93	13.69	217.67	1.40	6,161.83
Depreciation charge during the year	-	-	305.85	109.37	5,289.47	23.99	112.33	4.75	202.89	-	6,048.65
Adjustment of depreciation on disposals	-	-	-	-	-	(0.64)	(0.19)	(0.10)	(0.01)	-	(0.94)
CLOSING ACCUMULATED DEPRECIATION	**-**	**-**	**608.09**	**225.89**	**10,623.30**	**50.90**	**261.07**	**18.34**	**420.55**	**1.40**	**12,209.54**
NET CARRYING AMOUNT	**20,206.19**	**40,399.40**	**6,513.50**	**4,787.66**	**64,340.16**	**92.68**	**216.06**	**7.08**	**1,742.91**	**-**	**138,305.64**

(i) Cost and accumulated depreciation include ₹ 4,614.66 lakhs (31 March, 2016 – ₹ 4,536.22 lakhs, 1 April, 2015 – ₹ 3,368.78 lakhs) and ₹ 334.19 lakhs (31 March, 2016 – ₹ 116.93 lakhs, 1 April, 2015 – ₹ Nil lakhs) respectively in respect of Buildings on Leasehold Land.

(ii) Title deed of the above immovable properties are held in the name of Phillips Carbon Black Limited.

(iii) The Company has borrowed from banks which carry charge over certain of the above property, plant and equipment. (Refer note 10(a) for details).

(iv) Gross carrying amount on leasehold land represents amount paid under certain lease agreement where the Company has an option to renew the properties on expiry of the lease period.

(v) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 20).

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(B) INVESTMENT PROPERTIES

Particulars	Total
Year ended 31 March, 2016	
Opening gross carrying amount as at 1 April, 2015	–
Additions during the year	–
CLOSING GROSS CARRYING AMOUNT	**–**
Year ended 31 March, 2017	
Opening gross carrying amount as at 1 April, 2016	–
Reclassification from freehold land [Refer Note 3(a)]	447.73
CLOSING GROSS CARRYING AMOUNT	**447.73**
Fair Value	
As at 1 April, 2015	–
As at 31 March, 2016	–
As at 31 March, 2017	447.73

Estimation of fair value

The fair value of the investment property is approximate to it's carrying amount stated above and 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 valuation is based on valuation performed by an accredited independent valuer. Fair valuation is based on market approach method. The fair value measurement is categorised in Level 2 fair value hierarchy.

NOTE 3(C) CAPITAL WORK-IN-PROGRESS

Particulars	Total
Year ended 31 March, 2016	
Opening gross carrying amount as at 1 April, 2015	7,346.24
Additions during the year	4,423.51
Capitalization during the year	(4,436.12)
CLOSING GROSS CARRYING AMOUNT	**7,333.63**
Year ended 31 March, 2017	
Opening gross carrying amount as at 1 April, 2016	7,333.63
Additions during the year	3,976.25
Written off during the year	(694.00)
Capitalization during the year	(3,240.09)
Closing gross carrying amount	**7,375.79**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(D) INTANGIBLE ASSETS

Particulars	Computer Software - Acquired
Year ended 31 March, 2016	
Gross carrying amount	
Deemed cost as at 1 April, 2015	63.96
CLOSING GROSS CARRYING AMOUNT	**63.96**
Accumulated amortisation	
Amortisation charge during the year	50.63
CLOSING ACCUMULATED AMORTISATION	**50.63**
Net carrying amount	13.33
Year ended 31 March, 2017	
Gross carrying amount	
Opening balance as at 1 April, 2016	63.96
CLOSING GROSS CARRYING AMOUNT	**63.96**
Accumulated amortisation	
Opening accumulated amortisation	50.63
Amortisation charge during the year	13.33
Closing accumulated amortisation	**63.96**
Net carrying amount	-

Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer note 20).

NOTE 4 (A) : INVESTMENTS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-Current			
Investments in Equity Instruments (fully paid-up) - Subsidiaries			
Unquoted			
Phillips Carbon Black Cyprus Holdings Limited	2,164.91	2,164.91	2,164.91
18,118 (31 March, 2016: 18,118, 1 April, 2015: 18,118) equity shares of Euro 1/- each @			
Investments in Equity Instruments (fully paid-up) - Other body corporate			
Quoted			
Bank of Baroda	62.14	52.82	58.74
35,930 (31 March, 2016: 35,930, 1 April, 2015: 35,930) equity shares of ₹2/- each $			

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Indian Overseas Bank	3.04	3.45	4.83
11,400 (31 March, 2016: 11,400, 1 April, 2015: 11,400) equity shares of ₹10/- each $			
Norplex Oak India Limited	-	-	-
380,000 (31 March, 2016: 380,000, 1 April, 2015: 600,000) equity shares of ₹10/- each #			
Maple Circuits Limited	-	-	-
765,000 (31 March, 2016: 765,000, 1 April, 2015: 1,910,000) equity shares of ₹10/- each #			
CESC Limited	14,184.30	8,026.30	10,176.20
1,686,198 (31 March 2016: 1,686,198, 1 April 2015: 1,686,198) equity shares of ₹ 10/- each $			
Unquoted			
Apeejay Charter Private Limited	0.16	0.16	0.16
1,600 (31 March, 2016: 1,600, 1 April, 2015: 1,600) equity shares of ₹10/- each $			
Accurate Commodeal Private Limited	33.19	33.19	-
390,000 (31 March 2016: 390,000, 1 April 2015: Nil) equity shares of of ₹10/- each $			
Woodlands Multispeciality Hospital Limited	243.63	243.63	242.95
145,480 (31 March 2016: 145,480, 1 April 2015: 145,480) equity shares of ₹10/- each $			
Open Media Network Private Limited	-	-	0.75
NIL (31 March 2016: Nil, 1 April 2015: 75,000) equity shares of ₹10/- each $			
Ritushree Vanijya Private Limited	0.19	0.19	-
1,900 (31 March 2016:1900, 1 April 2015: Nil) Fully paid Equity Shares of ₹10/- each $			
Solty Commercial Private Limited	0.19	0.19	-
1,900 (31 March 2016:1900, 1 April 2015: Nil) Fully paid Equity Shares of ₹10/- each $			
Subhrashi Vinimay Private Limited	1,523.82	-	-
13,000,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of ₹ 10/- each $			
Fairluck Commercial Company Limited	-	-	-
6,670,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of ₹ 10/- each $			
Spotboy Tracom Private Limited	862.99	862.99	894.29
330,875 (31 March 2016: 330,875, 1 April 2015: 330,875) equity shares of ₹10/- each $			

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Investments in Preference Shares (fully paid-up) - Other body corporate #			
Unquoted			
Rainbow Investments Limited	2,665.73	3,782.29	3,568.36
3,175,000 (31 March 2016: 4,775,000, 1 April 2015: 4,775,000) 2% cumulative non convertible redeemable preference shares of ₹ 100 each			
Norplex Oak India Limited	-	-	-
50 (31 March, 2016: 50, 1 April, 2015: 50) preference shares of ₹100/- each			
Maple Circuits Limited	-	-	-
50 (31 March, 2016: 50, 1 April, 2015: 50) preference shares of ₹100/- each			
	21,744.29	**15,170.12**	**17,111.19**
Less: Impairment in value of Investment in Phillips Carbon Black Cyprus Holding Limited	(345.13)	(109.72)	-
	21,399.16	**15,060.40**	**17,111.19**
Current			
Investments in Mutual Funds #			
Unquoted			
Principal Cash management Fund - Direct Plan Growth	5,001.66	5,003.78	-
315,752.87 (31 March, 2016: 339,298.20, 1 April, 2015: Nil) of face value ₹1,000/- each			
Taurus Liquid Fund - Direct Plan - Super Institutional Growth	-	1,001.11	-
Nil (31 March, 2016: 6,0952.90, 1 April, 2015: Nil) of face value ₹1,000/- each			
ICICI Prudential Liquid - Direct Plan Growth	2,500.75	3,803.36	-
1,038,874.26 (31 March, 2016: 1,695,731.35, 1 April, 2015: Nil) of face value ₹1,000/- each			
Kotak Floater Mutual Fund - Direct Plan Growth	2,000.56	-	-
74,944.79 (31 March, 2016: Nil, 1 April, 2015: Nil) of face value ₹ 1,000/- each			
	9,502.97	**9,808.25**	**-**
1. Additional Information			
(a) Aggregate amount - market value of quoted investments	14,249.48	8,082.57	10,239.77
(b) Aggregate amount of unquoted investments	16,997.78	16,895.80	6,871.42
(c) Aggregate amount of impairment in value of investments	345.13	109.72	-

@ Investments carried at deemed cost (less impairment, where applicable) based on fair value as at 1 April, 2015
# Investments carried at Fair value through profit or loss
$ Investments carried at Fair value through Other Comprehensive Income (OCI) - Refer note 2 below

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

2 These investments in equity instruments are not held or 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 securities are derecognized.

Disclosures as per Ind AS 101

Aggregate deemed cost of investment in subsidiary on which deemed cost is their fair values	2,164.91
Less: Impairment in value of investment	–
Carrying Value of investment	2,164.91
Aggregate adjustment to carrying amount reported under previous GAAP	857.49

3 Refer note 33 for information about fair value measurements and note 34 for credit risk and market risk on investments.

4(B) TRADE RECEIVABLES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Unsecured			
Considered Good	46,565.61	43,814.93	52,059.38
Considered doubtful	1,443.64	893.70	892.15
Less : Allowance for doubtful debts / expected credit loss	(1,443.64)	(893.70)	(892.15)
	46,565.61	**43,814.93**	**52,059.38**

4(C) CASH AND CASH EQUIVALENTS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Balances with banks	1,636.91	3,880.02	68.85
Remittances in transit	589.91	974.03	866.67
Cash on Hand	6.53	5.03	3.83
	2,233.35	**4,859.08**	**939.35**

There are no repatriation restriction with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

4(D) OTHER BANK BALANCES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Balances with Banks			
– In Margin Money Account against guarantee (Maturity of more than three months but less than twelve months)	139.20	139.20	139.47
– In Unpaid Dividend Accounts ⋆	129.75	62.72	71.01
	268.95	**201.92**	**210.48**

⋆ Earmarked for payment of Unclaimed Dividend

4(E) LOANS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(Unsecured considered good)			
Non-current			
Security deposits	1,219.73	1,221.44	1,120.82
Loan to Related Party			
Phillips Carbon Black Cyprus Holding Limited (Subsidiary) (Refer Note 31)	465.38	423.07	384.61
Other Loans			
Loan to Employees @	105.89	92.15	125.99
	1,791.00	**1,736.66**	**1,631.42**

@ Includes amount due from an officer of the Company	-	0.01	0.08

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Current			
Security deposits	14.63	–	–
Inter corporate loans	–	130.00	11.00
Other Loans			
Loan to Employees #	36.00	63.78	83.18
	50.63	**193.78**	**94.18**

# Includes amount due from an officer of the Company	0.02	0.06	0.06

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

4(F) OTHER FINANCIAL ASSETS

(Unsecured considered good)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Derivative Instruments not designated as hedges $			–
Currency and Interest rate swaps	–	–	1,583.29
	–	**–**	**1,583.29**
Current			
Interest Receivable	52.83	42.23	39.17
Advances against Equity	–	–	130.00
Derivative Instruments not designated as hedges $			
Currency and Interest rate swaps	–	727.71	–
	52.83	**769.94**	**169.17**

$ Financial assets carried at fair value through profit and loss

NOTE 5: OTHER ASSETS

(Unsecured considered good, unless otherwise stated)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Capital advances			
- Considered Good :	338.38	333.56	682.86
- Considered Doubtful :	45.62	10.62	15.72
Less : Allowance for doubtful advances	(45.62)	(10.62)	(15.72)
Others			
Prepaid Expenses	106.32	168.72	383.57
Advances to Employees	–	–	0.61
	444.70	**502.28**	**1,067.04**
Current			
Advances to Suppliers/ Service providers (other than capital)			
- Considered Good :	815.19	934.71	1,210.72
- Considered Doubtful :	16.18	16.18	54.76
Less : Allowance for doubtful advances	(16.18)	(16.18)	(54.76)
Balances with Government Authorities *			
- Considered Good :	1,544.61	4,796.06	4,525.06
- Considered Doubtful :	216.46	117.50	–
Less : Allowance for doubtful advances	(216.46)	(117.50)	–
Advances to Employees @	76.77	136.21	83.44
Prepaid Expenses	364.98	598.96	633.61
Export Benefit Receivables #	600.55	758.73	1,586.97
	3,402.10	**7,224.67**	**8,039.80**

* Balances with Government Authorities primarily include amounts realisable from the excise, service tax, value added tax and customs authorities of India, the unutilised excise input credits on purchases and amounts paid under protest relating to indirect tax matters. These are generally realised within one year or regularly utilised to offset the excise duty liability on goods manufactured by the Company. Accordingly, these balances have been classified as current assets.

Export Benefit Receivable primarily consist of amounts receivable from various government authorities of India towards incentives on export sales made by the Company

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

@	i)	Due from an Officer of Company	-	0.12	-
	(ii)	Held in trust by Managing Director of the Company which has been subsequently refunded to the Company	-	36.00	-

NOTE 6: INVENTORIES

(At lower of cost and net realisable value)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Raw materials	16,497.90	15,540.64	17,458.26
(including in transit ₹ Nil (31 March, 2016: ₹ 7,725.60 Lakhs, 1 April, 2015:₹ Nil))			
Finished goods *	3,613.43	5,140.98	8,701.79
(including in transit ₹ Nil (31 March, 2016: ₹ Nil, 1 April, 2015:₹ 53.31 Lakhs))			
Stores and spares parts (including packing material)	4,240.99	3,740.62	3,523.94
	24,352.32	**24,422.24**	**29,683.99**

* Includes carried at fair value less cost to sell	96.48	197.44	3,808.37

NOTE 7: CURRENT TAX ASSETS (NET)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Advance payment of Taxes, etc.	0.23	-	151.71
[Net of Provision for Taxation ₹30.35 Lakhs (31 March, 2016: Nil, 1 April, 2015: ₹11,716.72 Lakhs)]			
	0.23	**-**	**151.71**

NOTE 8: EQUITY SHARE CAPITAL

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Authorized			
62,000,000 (31 March, 2016: 50,000,000, 1 April, 2015: 50,000,000) equity shares of ₹10/- each *	6,200.00	5,000.00	5,000.00
Issued, subscribed and paid-up			
34,467,572 (31 March, 2016: 34,467,572, 1 April, 2015: 34,467,572) equity shares of ₹10 each fully paid up (Refer (i) below)	3,446.77	3,446.77	3,446.77
Less : Allotment money receivable	(0.04)	(0.04)	(0.04)
	3,446.73	**3,446.73**	**3,446.73**

* As per the Scheme of Amalgamation referred to in Note 30, the authorized share capital of the Transferor Company (Goodluck Dealcom Private Limited) amounting to 12,000,000 shares of ₹ 10 each is transferred to and merged with the authorized share capital of the Company.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(i) There were no change in number of shares during the year ended 31 March, 2017 and 31 March 2016. No additional 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 year

(ii) Details of equity shares held by the Holding Company :-

	No of Shares (Holding %)	No of Shares (Holding %)	No of Shares (Holding %)
Rainbow Investments Limited	17,303,074	17,216,074	17,216,074
(The immediate and Ultimate Holding Company)	(50.20%)	(49.95%)	(49.95%)
(with effect from 6 March, 2017)			

(iii) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company :

	No of Shares (Holding %)	No of Shares (Holding %)	No of Shares (Holding %)
Rainbow Investments Limited	17,303,074	17,216,074	17,216,074
	(50.20%)	(49.95%)	(49.95%)

(iv) Terms/ Rights attached to equity shares

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. 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 eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(v) Allotment of 1823 shares is pending against rights issue made during 1993-94.

(vi) 48 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, 2017	As at 31 March, 2016	As at 1 April, 2015
(i) Reserves and Surplus			
Capital Reserve (Refer a below)	152.81	152.81	152.81
Securities Premium Reserve (Refer b below)	22,411.60	22,411.60	22,411.60
Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below)	60.34	60.34	60.34
General reserve (Refer d below)	7,338.43	7,338.43	7,338.43
Retained earnings (Refer e below)	68,339.73	65,277.89	64,035.28
(ii) Other Reserves			
Equity Instruments through Other comprehensive income (Refer f below)	10,843.57	5,147.93	7,346.33
	109,146.48	**100,389.00**	**101,344.79**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation	156.81	156.81	156.81
Capital Reserve arisen pursuant to the Scheme of Amalgamation - Refer note 30	(4.00)	(4.00)	(4.00)
Total Capital Reserve	**152.81**	**152.81**	**152.81**

(b) Securities premium reserve 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

(c) Statutory Reserve has been created in the books of the Transferor Company in accordance with the requirements of Section 45-IC of Reserve Bank of India Act, 1934.

(d) **General Reserve**

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 mandatory 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, 2017	As at 31 March, 2016
(e) **Retained Earning**		
Balance as at the beginning of the year	65,277.89	64,035.28
Profit for the year	6,952.14	1,690.70
Items of other comprehensive income recognised directly in retained earning	-	-
- Remeasurement of post-employment defined benefit obligation, net of tax	(154.52)	(32.57)
- Transferred from FVOCI - Equity instrument on account of disposal of investment	(209.61)	(0.67)
Dividend paid (including Dividend Distribution Tax) (Refer note 26)	(3,526.17)	(414.85)
Balance as at the end of the year	**68,339.73**	**65,277.89**

Retained Earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

	As at 31 March, 2017	As at 31 March, 2016
(f) **Other Comprehensive Income**		
Balance as at the beginning of the year	5,147.93	7,346.33
Changes in fair value of FVOCI Equity Instruments, net of tax	5,486.03	(2,199.07)
Transferred to retained earnings on account of disposal of investment	209.61	0.67
Balance as at the end of the year	**10,843.57**	**5,147.93**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

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 securities are derecognised.

10(A) BORROWINGS

Non-current borrowings

Secured Loans

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Term loans from Banks	21,061.02	31,697.13	44,275.64
Less: Current maturities of Long Term Debt [included in Note 10(c)]	(1,990.52)	(11,202.18)	(11,560.98)
Less: Interest accrued [included in Note 10(c)]	(54.25)	(58.14)	(88.66)
	19,016.25	**20,436.81**	**32,626.00**

Nature of Security

Term loan from bank amounting to ₹Nil (31 March, 2016: ₹2,757.11 Lakhs, 1 April, 2015: ₹ 7,786.03 Lakhs) is secured by way of pari-passu first charge created on all the immovable properties of the Company situated in Durgapur in West Bengal, Palej and Mundra in Gujarat and Kochi in Kerala and also on the Company's movable plant and machinery, machinery spares, tools and accessories and other movable properties both present and future. The above term loan from bank is also secured by pari-passu second charge on the Company's existing and future stock of raw materials, finished and semi finished goods, consumables stores and spares, including stock in transit and in the possession of any third party, present and future book debts, monies receivable, claims etc held by any third party to the order of the disposition of the Company excluding those relating to 30MW co-generation power plant at Durgapur in West Bengal.

Terms of Repayment

Loan availed for ₹ 24,358.72 Lakhs is repayable in 12 equal semi-annual installments, first installment being due at the end of 30 months from the first drawdown date of the facility i.e. on 29 March , 2011 and at the end of every six months there after.

Nature of Security

Term loan from bank amounting to ₹Nil (31 March, 2016: 5,698.05 Lakhs, 1 April 2015: ₹ 8,534.41 Lakhs) is secured by way of first pari-passu charge over all the immovable and movable properties of the Company. The above term loan from bank is also secured by second charge by way of hypothecation of the Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal), both present and future, in a form and manner satisfactory to the bank, ranking pari-passu with other participating banks.

Terms of Repayment

Loan availed for ₹ 10,000 Lakhs is repayable in 14 equal quarterly installments. First installment due at the end of 21 month from the first drawdown date of the facility i.e. on 26 November, 2014. However, the loan has been fully repaid during the year.

Nature of Security

Term loan from bank amounting to ₹Nil (31 March,2016 : 8,587.90 Lakhs, 1 April 2015: ₹ 9,928.99 Lakhs) is secured

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

by way of first pari passu charge over all the immovable and movable properties of the Company. The above term loan from bank is also secured by second charge by way of hypothecation of the Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal) both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks.

Terms of Repayment

Loan availed for ₹ 10,000 Lakhs is repayable in 22 equal quarterly installments. First installment due at the end of 21 month from the first drawdown date of the facility i.e on 30 July, 2015. However, the loan has been fully repaid during the year.

Nature of Security

Term loan from bank amounting to ₹Nil Lakhs (31 March, 2016,: ₹6,043.03 Lakhs, 1 April 2015: ₹ 8,063.09 Lakhs) is secured by way of first charge on the fixed assets both present and future, of the Company by way of mortgage on pari-passu basis.

Terms of Repayment

Loan availed for ₹ 10,000 Lakhs is repayable in 20 equal quarterly installments. First installment due on 30 June, 2014 . However, the loan has been fully repaid during the year.

Nature of Security

Term loan from bank amounting to ₹5,026.79 Lakhs (31 March, 2016: 8,611.04 Lakhs, 1 April 2015: ₹ 9,963.12 Lakhs) is secured by way of first charge on fixed assets both present and future, of the Company by way of hypothecation and mortgage on pari-passu basis with other term lenders. Second charge on all current assets (present & future) of company on pari passu basis excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal.

Terms of Repayment

Loan availed for ₹ 10,000 Lakhs is repayable in 22 equal quarterly installments. First installment being due after a moratorium period of 18 months from the date of disbursement i.e. on 21 August, 2015.

Nature of Security

Term loan from bank amounting to ₹15,471.47 Lakhs (31 March 2016: ₹Nil, 1 April 2015: Nil) is secured by first charge on the entire fixed assets of the company both present and future: The above security to be shared on pari passu basis amongst lenders.

Terms of Repayment

Loan availed for ₹ 16,000 Lakhs is repayable in 32 equal quarterly installments of the total amount drawn under the said facility starting from 31 March 2017

Nature of Security

Term loan from bank amounting to ₹562.76 Lakhs (31 March, 2016: ₹Nil, 1 April 2015: ₹ Nil) is secured by pari passu first charge on the entire fixed assets 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)

Terms of Repayment

Loan availed for ₹ 564.90 Lakhs repayable in 28 quarterly installments as follows after 1 year of moratorium from the date of first disbursal (29 March, 2017).Repayment to start from 30 June 2018-

1) 2nd Year-10%
2) 3rd Year-12.50%
3) 4th Year-12.50%
4) 5th Year-15%
5) 6th Year-15%
6) 7th Year-17.50%
7) 8th Year-17.50%

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Current Borrowings

Secured Loans from Banks

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Loans repayable on demand	5,463.15	4,195.96	6,827.40
Other loans	11,688.35	45,299.80	38,775.18

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 excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal, 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, both present and future excluding those immovable and movable fixed assets pertaining to 30MW co-generation power plant at Durgapur, West Bengal ranking pari passu without any preference or priority of one over the others.

Unsecured Loans

Loans repayable on demand

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
- From Banks	31,573.85	20,975.05	32,050.00
- From Others	6,127.00	177.25	
	54,852.35	**70,648.06**	**77,652.58**
Less: Interest accrued [included in Note 10(c)]	(38.05)	(113.18)	(158.50)
	54,814.30	**70,534.88**	**77,494.08**

Balance outstanding as at 31 March, 2017 in respect of Commercial Paper was ₹ Nil (31 March, 2016: Nil, 1 April, 2015: Nil). Maximum amount outstanding at any time during the year was ₹ 29,000 Lakhs (2015-16: ₹25,000 Lakhs, 2014-15: ₹ 7,500 Lakhs)

Refer notes 3(a), 4(b), 4(c), 4(e) and 4(f) for details of assets pledged as security as set out in the above note. Refer note 34 for information about liquidity risk and market risk on borrowings.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

10(B) TRADE PAYABLES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Current			
Total outstandings of dues to Micro Enterprises and Small Enterprises	5.51	4.42	4.90
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	41,329.05	26,929.27	14,393.29
	41,334.56	**26,933.69**	**14,398.19**

Information relating to Micro, Small and Medium Enterprises (MSME)s:

		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(i)	The Principal amount and interest due there on remaining unpaid under Micro, Small and Medium Enterprises Development Act, 2006 to suppliers			
	Principal	0.76	0.21	1.09
	Interest	0.11	-	-
(ii)	The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount 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	114.45	27.96	-
	Interest	0.43	0.40	-
(iv)	The amount of interest accrued and remaining unpaid at the end of the year [including ₹ 4.21 Lakhs (31 March, 2016: ₹3.81 Lakhs, 1 April, 2015: ₹ 3.81 lakhs) being interest outstanding as at the beginning of the accounting year.	4.75	4.21	3.81
(iv)	The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act,2006	0.54	0.40	-

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

10(C) OTHER FINANCIAL LIABILITIES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Security deposits	-	58.50	59.40
	-	**58.50**	**59.40**
Current			
Current maturities of long term debt	1,990.52	11,202.18	11,560.99
Interest accrued	98.13	196.15	247.16
Unpaid dividends [Refer Note (i) below]	129.75	62.72	70.86
Others:			
Security deposits received	81.50	120.05	1.16
Employee benefits payable	455.13	417.36	238.50
Capital creditors	752.50	806.98	632.15
Other borrowing cost accrued	145.91	-	-
Book overdraft	-	4,128.04	4,341.34
Derivative instrument not designated as hedges - foreign-exchange forward contract	1,402.57	1,834.12	720.46
	5,056.01	**18,767.60**	**17,812.62**

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTE 11: PROVISIONS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Provision for Employee Benefits (Refer Note 11.1)			
Provision for compensated absences	428.06	358.57	311.07
Provision for post retirement medical liability / Others	66.08	63.83	54.10
	494.14	**422.40**	**365.17**
Current			
Provision for Employee Benefits (Refer Note 11.1)			
Provision for gratuity	425.58	244.99	360.16
Provision for compensated absences	130.78	103.46	92.94
Provision for post retirement medical liability/others	9.23	4.48	7.22
	565.59	**352.93**	**460.32**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

11.1 Employee Benefits:

(I) Leave Obligations

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

Based on past experience and in keeping with Company's practice, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months and accordingly the total year end provision determined on actuarial valuation, as aforesaid is classified between current and non current.

(II) Post employment obligations

(A) Gratuity

The Gratuity scheme is a final salary defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. Benefits provided under this plan is over and above the requirement of the Payment of Gratuity Act, 1972. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested in solely with the Life Insurance Corporation of India.

(B) Post- retirement medical benefits

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 are 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 are recognized as a charge on accrual basis. The scheme is unfunded

The following table sets forth the particulars in respect of the defined benefit plans of the Company for the year ended 31 March, 2017:

	Gratuity Fund (Funded)			Post retirement medical benefit (Unfunded)
	Present value of Obligation	Fair value of plan assets	Net Amount	Present value of Obligation
(a) 1 April 2015	1,165.64	(805.48)	360.16	25.65
Current service cost	64.46	-	64.46	-
Interest expense/(Income)	89.64	(71.82)	17.82	1.98
TOTAL AMOUNT RECOGNISED IN STATEMENT OF PROFIT AND LOSS	**154.10**	**(71.82)**	**82.28**	**1.98**
Remeasurements (gains)/losses				
(Gain)/loss from change in financial assumptions	5.95	-	5.95	
(Gains)/ losses arising from experience adjustment	64.50	1.30	65.80	2.19
TOTAL AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME	**70.45**	**1.30**	**71.75**	**2.19**
Employer's contributions	-	(269.20)	(269.20)	-
Benefit payments	(61.96)	61.96	-	(1.15)
31 MARCH 2016	**1,328.23**	**(1,083.24)**	**244.99**	**28.67**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Gratuity Fund (Funded)			Post retirement medical benefit (Unfunded)
	Present value of Obligation	Fair value of plan assets	Net Amount	Present value of Obligation
(b) 1 April 2016	1,328.23	(1,083.24)	244.99	28.67
Past service cost – plan amendment	6.83	–	6.83	–
Current service cost	72.24	–	72.24	–
Interest expense/(Income)	98.55	(89.51)	9.04	2.24
TOTAL AMOUNT RECOGNISED IN STATEMENT OF PROFIT AND LOSS	**177.62**	**(89.51)**	**88.11**	**2.24**
Remeasurements (gains)/losses				
(Gain)/loss from change in financial assumptions	61.02	–	61.02	1.95
(Gains)/ losses arising from experience adjustment	289.70	–	289.70	(1.88)
TOTAL AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME	**350.72**	**-**	**350.72**	**0.07**
Employer's contributions	–	(258.24)	(258.24)	–
Benefit payments	(129.61)	129.61	–	(1.15)
31 MARCH 2017	**1,726.96**	**(1,301.38)**	**425.58**	**29.83**

The expected return on plan assets is determined after taking into consideration composition of plan assets held, assessed risks of asset management, historical results of return on plan assets, Company's policies for plan asset management and other relevant factors.

The expenses for the above mentioned benefits have been included and disclosed under the following line items:-

Gratuity – under 'Contribution to Provident and other funds' in note 18

Post retirement medical benefit – under 'Staff welfare expenses' in note 18

	Year ended 31 March, 2017	Year ended 31 March, 2016
(c) Actual return on plan asset	89.51	71.82

(d) The net liability disclosed above relates to funded and unfunded plans are as follows

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Present value of funded obligations	1,726.96	1,328.23	1,165.64
Fair value of plan assets	(1,301.38)	(1,083.24)	(805.48)
Deficit of funded plan	425.58	244.99	360.16
Deficit of unfunded plans	29.83	28.67	25.65
	455.41	**273.66**	**385.81**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(e) Principal : actuarial assumptions

		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(i)	Discount rate	7.00%	7.80%	7.90%
(ii)	Salary escalation rate #	5.00%	5.00%	5.00%
(iii)	Medical inflation rate	5.00%	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.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
(v)	Mortality table (Post retirement)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)

The estimate of future salary increases considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Company ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Company's ALM objective is to match asset with gratuity obligation. The Company actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Company has not changed the process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

(f) Sensitivity Analysis

		Increase/ (Decrease) in DBO			Increase/ (Decrease) in DBO	
		As at 31-Mar-17	As 31-Mar-16		As at 31-Mar-17	As at 31-Mar-16
Discount Rate - Gratuity	Decrease by 1%	86.32	64.15	Increase by 1%	(75.28)	(56.19)
Discount Rate - Medical	Decrease by 1%	2.80	2.49	Increase by 1%	(2.40)	(2.13)
Salary escalation rate	Decrease by 1%	(77.33)	(58.13)	Increase by 1%	87.23	65.35
Expected return on plan assets						
Life expectancy	Decrease by 1%	0.83	N.A	Increase by 1%	(0.85)	N.A
Long term increase in health care cost (medical)	Decrease by 1%	(1.11)	(0.92)	Increase by 1%	1.30	1.09
Claim rates (medical)						

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(g) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending 31 March, 2018 are ₹ 425.58 Lakhs.

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2016 - 7 years). 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
31 March, 2017							
Defined benefit obligation							
Gratuity	706.53	161.39	100.77	95.72	125.83	878.24	2068.48
Provident fund	7.94	4.58	4.38	4.35	4.41	20.20	45.86
Post employment medical benefits	2.79	2.80	2.79	2.77	2.75	13.23	27.13
TOTAL	**717.26**	**168.77**	**107.94**	**102.84**	**132.99**	**911.67**	**2141.47**
31 March, 2016							
Defined benefit obligation							
Gratuity	510.38	125.22	143.65	93.75	82.60	714.64	1670.24
Provident fund	1.89	4.36	4.21	4.37	4.29	20.28	39.40
Post employment medical benefits	2.76	2.76	2.75	2.73	2.71	13.02	26.73
TOTAL	**515.03**	**132.34**	**150.61**	**100.85**	**89.60**	**747.94**	**1736.37**
1 April, 2015							
Defined benefit obligation							
Gratuity	438.21	68.99	117.27	134.46	91.79	551.63	1,402.35
Provident fund	4.84	3.59	3.69	3.61	3.47	17.27	36.47
Post employment medical benefits	2.49	2.48	2.47	2.46	2.44	11.71	24.05
TOTAL	**445.54**	**75.06**	**123.43**	**140.53**	**97.70**	**580.61**	**1,462.87**

(h) Plan assets for gratuity is funded with Life Insurance Corporation of India.

(i) Risk Exposure

Through its defined benefit plans, the Company 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

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

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. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss. Actuarial gains/ losses are recognized immediately in the Statement of Profit and Loss as income/ expense.

The Actuary has carried out actuarial valuation of the plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and deterministic approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, the future anticipated shortfall with regard to interest rate obligation of the Company amounts to ₹5.84 Lakhs (31 March, 2016: ₹3.97 Lakhs) and outstanding as at the balance sheet date amounts to ₹45.48 Lakhs (31 March, 2016: ₹39.64 Lakhs, 1 April , 2015: ₹35.67 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal Actuarial Assumptions	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Discount rate	7.00%	7.80%	7.90%
Expected return on exempted fund	8.60%	8.60%	8.60%
Expected EPFO return	8.65% for first 1 year and 8.60% thereafter.	8.75% for first 1 year and 8.60% thereafter.	8.75% for first 1 year and 8.60% thereafter.

(III) Defined contribution plans

The Company has certain defined contribution plans viz. provident fund and superannuation fund. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The Company has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of basic and dearness Allowance of the member with superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 194.88 Lakhs(31 March 2016-₹180.12 Lakhs)

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 12: DEFERRED TAX LIABILITIES

	Balance as at 1 April, 2016	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Recognized directly to Equity	Balance as at 31 March, 2017
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	26,685.87	196.57	–	–	26,882.44
Borrowings	37.68	3.39	–	–	41.07
Financial Assets at Fair value through Profit or Loss – Mutual Funds	2.86	(1.83)	–	–	1.03
	26,726.41	**198.13**	**-**	**-**	**26,924.54**
Deferred Tax Assets:					
Unabsorbed Depreciation / Business Loss	6,134.75	(6,134.75)	–	–	–
Financial Assets at Fair value through Profit or Loss – Derivative Financial Instruments	(227.27)	235.71	–	–	8.44
Items allowable for tax purpose on payments/ adjustment	353.73	(19.91)	121.48	–	455.30
Allowance for doubtful debts – trade receivable	280.19	273.71	–	–	553.90
Fair value changes on financial assets – equity instruments	57.74	(145.31)	138.08	–	50.51
Minimum Alternate Tax Credit	5,389.13	–	–	–	5,389.13
	11,988.27	**(5,790.55)**	**259.56**	**-**	**6,457.28**
Net Deferred Tax Liabilities:	14,738.14	5,988.68	(259.56)	–	20,467.26
Disclosed as					
Deferred tax assets (net)	(57.74)				–
Deferred tax liabilities (net)	14,795.88				20,467.26
	14,738.14				**20,467.26**

	Balance as at 1 April, 2015	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Recognized directly to Equity	Balance as at 31 March, 2016
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and Equipments, Intangible Assets and Investment Property	26,425.69	260.18	–	–	26,685.87
Fair valuation of financial liabilities	68.22	(30.54)	–	–	37.68
Financial Assets at Fair value through Profit or Loss – Derivative Financial Instruments	517.76	(290.49)	–	–	227.27
Financial Assets at Fair value through Profit or Loss – Mutual Funds	–	2.86	–	–	2.86
	27,011.67	**(57.99)**	**-**	**-**	**26,953.68**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Balance as at 1 April, 2015	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Recognized directly to Equity	Balance as at 31 March, 2016
	Total	Total	Total	Total	Total
Deferred Tax Assets:					
Unabsorbed Depreciation / Business Loss	7,834.60	(1,699.85)	-	-	6,134.75
Items allowable for tax purpose on payments/ adjustment	517.94	(189.80)	25.59	-	353.73
Allowance for doubtful debts - trade receivable	275.17	5.02	-	-	280.19
Fair value changes on financial assets - equity instruments	84.53	(1.98)	(24.81)	-	57.74
Minimum Alternate Tax Credit	5,389.13	-	-	-	5,389.13
Others	2.68	(2.68)	-	-	-
	14,104.05	**(1,889.29)**	**0.78**	**-**	**12,215.54**
Net Deferred Tax Liabilities:	12,907.62	1,831.30	(0.78)	-	14,738.14
Disclosed as					
Deferred tax assets (net)	(84.53)				(57.74)
Deferred tax liabilities (net)	12,992.15				14,795.88
	12,907.62				**14,738.14**

NOTE 13: OTHER CURRENT LIABILITIES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Advance from Customers	807.35	116.96	272.27
Dues payable to Government Authorities *	780.23	992.10	1,274.05
Liability for Export Obligation	57.46	272.45	1,436.97
	1,645.04	**1,381.51**	**2,983.29**

* Dues Payable to Government Authorities includes sales tax, excise duty, withholding taxes, payroll taxes, service tax, value added tax, entry tax and other taxes payable

NOTE 14: CURRENT TAX LIABILITIES (NET)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Provision for Income Tax [Net of Advance Tax ₹16,346.01 Lakhs (31 March, 2016: ₹ 12,986.71 Lakhs, 1 April, 2015: ₹ Nil)]	206.65	50.41	-
	206.65	**50.41**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 15: REVENUE FROM OPERATIONS

	Year ended 31 March, 2017	Year ended 31 March, 2016
Sales of Products (including excise duty)		
Finished Goods		
Carbon black	204,327.31	202,009.36
Power	8,508.88	7,582.93
Traded Goods (Carbon Black Feed Stock)	–	1,748.17
Other Operating Revenues		
Scrap sales	290.67	207.02
	213,126.86	**211,547.48**

NOTE 16: OTHER INCOME

	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest income from certain financial assets	196.07	570.79
Unwinding of interest on loan to subsidiary	42.31	38.46
Dividend income from equity instruments designated at FVOCI	264.12	417.03
Others		
Gain on sale of investments carried at FVTPL	842.82	163.32
Fair Value gains on financial assets (investments) at FVTPL	153.78	222.17
Profit on sale of Property, plant and equipment	–	18.84
Liability no longer required written back	13.38	98.24
Allowance for doubtful debts / expected credit loss written back	216.78	–
Allowance for doubtful advances written back	117.50	43.68
Miscellaneous income	47.04	103.76
	1,893.80	**1,676.29**

NOTE 17(a) : COST OF MATERIAL CONSUMED

	Year ended 31 March, 2017	Year ended 31 March, 2016
Opening Stock	15,540.64	17,458.26
Add : Purchases	123,083.62	127,228.24
Less : Closing Stock	(16,497.90)	(15,540.64)
	122,126.36	**129,145.86**

Raw material purchase is net of ₹ 1,841.85 Lakhs [31 March, 2016: ₹1,882.13 Lakhs] being benefits under duty exemption/ benefit scheme pertaining to exports.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 17(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

	Year ended 31 March, 2017	Year ended 31 March, 2016
Closing Stock (Carbon black)	3,613.43	5,140.98
Less: Opening Stock (Carbon black)	(5,140.98)	(8,701.79)
	1,527.55	**3,560.81**

Write down of inventories to net realisable value amounted to ₹ 16.21 Lakhs (Previous year ₹ 90.99 Lakhs). These were recognised as an expense during the year ended 31 March 2017 and 31 March 2016 respectively and included in changes in inventories of finished goods in the Statement of profit and loss.

NOTE 18 : EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries and wages	6,883.19	5,934.90
Contribution to provident and other funds (Refer note 11.1)	486.84	442.41
Staff welfare expense	810.09	883.66
	8,180.12	**7,260.97**

NOTE 19 : FINANCE COSTS

	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest expense on financial liabilities carried at amortised cost	4,598.68	6,592.12
Other Borrowings Costs - Loan processing charges	468.94	246.37
Applicable net loss on foreign currency transactions and translations	77.27	371.95
(to the extent regarded as adjustment to borrowing cost)		
	5,144.89	**7,210.44**

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 March, 2017	Year ended 31 March, 2016
Depreciation of property, plant and equipments	6,048.65	6,164.79
Amortization of intangible assets	13.33	50.63
	6,061.98	**6,215.42**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 21 : OTHER EXPENSES

	Year ended 31 March, 2017	Year ended 31 March, 2016
Consumption of stores and spares parts	3,570.13	2,856.64
Consumption of packing materials	4,725.53	4,317.57
Power and fuel	1,845.94	2,016.27
Water charges	318.70	186.21
Rent	540.32	507.93
Rates and taxes	370.02	208.84
Repairs :		
– Buildings	267.23	276.38
– Plant and Machinery	1,257.48	884.23
– Others	222.69	245.27
Insurance	136.98	132.89
Travelling and transport expenses	1,074.23	1,056.55
Subscriptions and donations	44.35	19.65
Freight outward	4,163.34	4,330.87
Commission to selling agents	2,939.79	2,535.47
Directors' fees	31.74	16.55
Research and development expenses	480.26	393.64
Hedging cost	4,611.76	5,593.12
Net (gain)/loss on foreign currency transaction/translation	(1,868.36)	(2,127.44)
Loss on disposal of property, plant and equipments / Capital work in progress written off	697.73	–
Balance with government authorities written off	475.95	193.37
Allowance for doubtful advances	251.46	117.50
Advances written off	135.17	–
Provision for impairment – investment in subsidiary	235.41	109.72
Allowance for doubtful debts / expected credit loss – trade receivable	766.72	1.55
Payment to auditors [refer note (b) below]	66.71	68.96
Miscellaneous expenses	7,634.84	7,163.79
	34,996.12	**31,105.53**

(a) No expense has been incurred during the year for CSR activity.

(b) Details of payment to auditors

	Year ended 31 March, 2017	Year ended 31 March, 2016
Auditors' remuneration and expenses:		
Audit Fees for standalone financial statements	30.00	37.00
Audit Fees for consolidated financial statements	5.00	5.00
Tax audit fees	5.75	5.75
Others (Certification etc.)	24.25	19.75
Reimbursement of expenses [including ₹0.25 Lakhs (Previous Year ₹ Nil) being service tax]	1.71	1.46
	66.71	**68.96**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 22 : TAX EXPENSE

		Year ended 31 March, 2017	Year ended 31 March, 2016
a.	**Income-tax expense recognised in the statement of Profit and Loss**		
	Current tax		
	Current tax on profits for the year	3,824.87	1,316.78
	Adjustments for current tax for earlier years	(213.80)	-
	Total current tax expense	**3,611.07**	**1,316.78**
	Deferred Tax		
	Origination and reversal of temporary differences	5,988.68	1,831.30
	Total deferred tax expense (benefit)	**5,988.68**	**1,831.30**
	Income-tax expense reported in the Statement of Profit and Loss	**9,599.75**	**3,148.08**
b,	**Income-tax expense on other comprehensive income**		
	Current Tax - Remeasurement of post employment defined benefit obligation	74.79	15.78
	Total current tax expense	**74.79**	**15.78**
	Deferred tax - Remeasurement of post employment defined benefit obligation	121.48	25.59
	Deferred tax - Fair value through other comprehensive income - equity instruments	138.08	(24.81)
	Total deferred tax (expense) / benefit recognised in Other Comprehensive Income	**259.56**	**0.78**
	Income-tax expense recognised in other comprehensive income	**334.35**	**16.56**
c.	**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**		
	Profit before income tax	16,551.89	4,838.78
	Enacted income tax rate in India applicable to the Company	34.61%	34.61%
	Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	5,728.61	1,674.70
	Adjustments:		
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Items not deductible / Income exempt from tax	1,191.87	611.29
	Incentives / additional benefits allowable under Income-tax	(990.48)	(136.24)
	Income tax written back in respect of earlier years	(213.80)	-
	Impact of change in statutory tax rate	-	93.00
	Tax on book profit under section 115JAA	3,675.00	1,304.78
	Other items	208.55	(399.45)
	TOTAL INCOME TAX EXPENSE	**9,599.75**	**3,148.08**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 23: RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 March, 2017					Year ended 31 March 2016				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Raw Materials Consumed	174.26	38.29	–	90.69	45.28	111.65	59.85	27.54	24.26	–
Salaries Wages and Bonus	257.06	59.44	28.51	116.82	52.29	246.73	88.25	48.90	78.59	30.99
Contribution to Provident and Other Funds	32.18	7.18	3.52	14.89	6.59	19.08	6.87	3.75	5.95	2.51
Staff Welfare Expense	9.71	0.64	2.25	5.58	1.24	7.53	1.75	2.80	2.65	0.33
Miscellaneous Expenses	7.05	1.68	1.15	2.94	1.28	8.65	2.25	1.53	3.91	0.96
TOTAL	**480.26**	**107.23**	**35.43**	**230.92**	**106.68**	**393.64**	**158.97**	**84.52**	**115.36**	**34.79**

NOTE 24: CONTINGENT LIABILITIES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Contingent Liabilities for :			
(a) (i) Claims against the Company not acknowledged as debts :			
Income-tax matters under dispute	253.08	42.27	42.27
Excise duty matters under dispute	478.81	350.85	310.27
Custom duty matters under dispute	–	–	57.12
Sales tax matter under dispute	12.78	12.78	–
Service tax matters under dispute	312.76	0.98	–
Value added tax matters under dispute	1,251.17	–	–
(ii) Other money for which the Company is contingently liable			
Excise duty matters under dispute	156.57	156.52	156.52
Entry tax matter under dispute	2,313.35	2,027.50	1,605.77
(b) Outstanding bank guarantees etc.	454.06	1,050.95	911.70
(c) Guarantees or counter guarantees or counter indemnity given by the Company			
On behalf of bodies corporate and others			
- Limit	9.00	9.00	9.00
- Outstanding	9.00	9.00	9.00

It is not practicable for the company to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings. The company does not expect any reimbursement in respect of the above contingent liabilities.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 25: COMMITMENTS

		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(a)	Capital Commitments			
	Estimated amount of contracts remaining to be executed on capital account and not provided for			
	Property, plant and equipment (Gross)	607.36	396.93	832.61
(b)	Non-cancellable operating leases			
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
	Within one year	274.76	305.22	191.67
	Later than one year but not later than five years	210.85	355.18	212.34
	Later than five years	20.76	30.21	-
		506.37	**690.61**	**404.01**
(c)	Other Commitments:			
	Export commitments in lieu of imported capital goods under the Export Promotion Capital Goods (EPCG) scheme	1,046.34	2,358.28	98.70

NOTE 26: DIVIDEND ON EQUITY SHARE

	As at 31 March, 2017	As at 31 March, 2016
Final Dividend for the year ended 31 March 2016 of ₹5 per share (31 March 2015 ₹1 per share)	861.69	344.68
Dividend Distribution tax on above	175.42	70.17
Interim Dividend for the year ended 31 March 2017 of ₹ 6 per share (31 March 2016 ₹NIL)	2,068.05	-
Dividend Distribution tax on above	421.01	-
TOTAL	**3526.17**	**414.85**

27 As set out in note 1.3.1 and 36.1.1.1, the Company has elected to measure certain items of property, plant and equipment at its fair value as at the transition date and considered such value as deemed cost at that date. Fair value of such assets as on April 1, 2015 were carried out by an external valuer using the following approach:

- Market approach for Freehold and Leasehold Land
- Direct method of the Cost Approach to arrive at the fair value of the various factory and non-factory buildings.
- Indirect/ indexing method of the Cost Approach to arrive at the fair value in case of Plant & Machinery, Office Equipment, Electrical Installations and Railway sidings

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Assets not revalued are being carried at historical cost determined in accordance with retrospective application of Ind AS. The aggregate of such fair values and the aggregate adjustment to such carrying amounts are as follows:

	Freehold Land	Leasehold Land	Buildings	Non-Factory Buildings and Flats	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Electrical Installations	Railway Sidings	Total
As on April 1, 2015											
Aggregate Fair Value as on 1 April 2015	20,653.92	40,399.40	6,966.25	5,030.67	68,187.64	-	25.14	-	2,115.10	1.40	143,379.52
Adjustment to the carrying amounts reported under previous GAAP.	17,943.95	39,580.78	1,869.64	1,675.84	734.34	-	11.92	-	(52.49)	0.79	61,764.77
Aggregate carrying amount as per Previous GAAP for assets which have been fair valued.	**2,709.97**	**818.62**	**5,096.61**	**3,354.83**	**67,453.30**	**-**	**13.22**	**-**	**2,167.59**	**0.61**	**81,614.75**
Aggregate Book Value of Assets carried at historical cost computed as per retrospective application of IndAS.	-	-	-	-	3.10	119.75	208.14	25.62	10.88	-	367.49
TOTAL CARRYING AMOUNT AS PER PREVIOUS GAAP	**2,709.97**	**818.62**	**5,096.61**	**3,354.83**	**67,456.40**	**119.75**	**221.36**	**25.62**	**2,178.47**	**0.61**	**81,982.24**

28 EARNING PER EQUITY SHARES

		Year ended 31 March, 2017	Year ended 31 March, 2016
Basic and Diluted			
(i)	Number of Equity Shares at the beginning of the year	34,467,572	34,467,572
(ii)	Number of Equity Shares at the end of the year	34,467,572	34,467,572
(iii)	Weighted average number of Equity Shares outstanding during the year	34,467,572	34,467,572
(iv)	Face value of each Equity Shares (₹)	10.00	10.00
(v)	Profit after Tax available for Equity Shareholders (₹in Lakhs)	6,952.14	1,690.70
(vi)	Basic and Diluted earnings per Share (₹ [(v)/(iii)]	20.17	4.91

29 Pending completion of the relevant formalities of transfer of certain assets acquired pursuant to the Scheme of Amalgamation of Transmission Holdings Limited with the Company in 2001-02, such assets remained included in the books of the Company under the name of the transferor Company.

NOTE 30

A Scheme of Amalgamation of Goodluck Dealcom Private Limited, a wholly owned subsidiary of the Company, (the "Transferor Company") with the Company was filled in 2016-17 before the applicable regulatory authorities in keeping with the provisions of applicable statutes. ("the Scheme")

The Financial Statements of the Company for the year ended 31 March, 2017 were first approved by the Board of Directors at its meeting held on 25th May, 2017 without giving effect of the amalgamation of the Transferor Company with the Company pending receipt of the Order from the National Company Law Tribunal ("NCLT"). On receipt of the order dated 19th July, 2017 from NCLT

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

sanctioning the Scheme and filing the same with the Registrar of Companies on 21 July, 2017, the financial statements approved on 25th May, 2017 as aforesaid have been revised by the Company only to give effect to the aforesaid amalgamation with effect from the Appointed Date of 1 April, 2016 in keeping with the Scheme and with the applicable Accounting Standards.

This common control business combination has been accounted for as per the Scheme and in accordance with applicable Accounting Standards notified under the Companies Act, 2013 and has been accounted by using the Pooling of Interest method. Accordingly, the Company has recorded all the assets, liabilities and reserves of the Transferor Company at their respective book values as appearing in the books of account of the Transferor Company immediately preceding the appointed date, the details of which are as follows: (also refer footnote on Note 36.2.1)

Particulars	Amount as on 1 April, 2016
ASSETS	
Non-current assets :	
(a) Financial assets :	
(i) Investments	12,948.78
(b) Deferred tax assets (net)	57.74
TOTAL NON - CURRENT ASSETS	**13,006.52**
Current assets :	
(a) Financial assets	-
(i) Cash and cash equivalents	0.34
(ii) Loans	130.00
(iv) Other financial assets	46.07
(b) Current tax assets	-
TOTAL CURRENT ASSETS	**176.41**
TOTAL ASSETS	**13,182.93**
EQUITY AND LIABILITIES	
EQUITY	
Other Equity	4,603.78
LIABILITIES	
Current liabilities	
(a) Financial liabilities	
(i) Borrowings	177.25
(ii) Trade and other payables	0.35
(iii) Other financial liabilities	4,152.87
(b) Other current liabilities	45.79
(d) Current tax liabilities	11.89
TOTAL CURRENT LIABILITIES	**4,388.15**
TOTAL EQUITY AND LIABILITIES	**8,991.93**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 31: RELATED PARTY TRANSACTIONS

(a) Parent Entity

The Company is controlled by the following entity with effect from 6 March, 2017

Name	Type	Place of Incorporation	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Rainbow Investments Limited	Parent Entity	India	50.20%	-	-

(b) Subsidiaries

The Company has following subsidiaries and step down subsidiary companies:-

Name	Type	Place of Incorporation	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Phillips Carbon Black Cyprus Holdings Limited	Wholly Owned Subsidiary	Cyprus	100%	100%	100%
PCBL Netherlands Holdings B.V.	Wholly Owned Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited	Netherlands	100%	100%	100%
Phillips Carbon Black Vietnam Joint Stock Company	Subsidiary Company of PCBL Netherlands Holdings B.V.	Vietnam	80%	80%	80%

c) Key management personnel of the Company and Parent Company with whom transactions have taken place

Name		Relationship
i)	Sanjiv Goenka	Chairman and Non Executive Director
ii)	Shashwat Goenka	Non Executive Director
iii)	Kaushik Roy	Managing Director
iv)	C R Paul	Non Executive Independent 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)	Sunil Bhandari (w.e.f. 6 March, 2017)	Director of Parent Entity
xi)	Subhrangshu Chakraborty (w.e.f. 6 March, 2017)	Director of Parent Entity
xii)	Dr. Ram S Tarneja (upto 7 August, 2015)	Non Executive Independent Director

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(d) Others with whom transactions have taken place during the financial year 2016-17 / balance due to/from as on 31 March, 2017

Name	Relationship
Rainbow Investments Limited	Investment party in respect of which the company is an associate (till 5 March, 2017)
Saregama India Limited	Fellow Subsidiary (with effect from 6 March, 2017 upto 28 March, 2017)
RPG Power Trading Company Limited	Fellow Subsidiary (with effect from 6 March, 2017 upto 28 March, 2017)
Trade Apartment Private Limited	Fellow Subsidiary (with effect from 6 March, 2017)
Dynamic Success Projects Private Limited	Fellow Subsidiary (with effect from 6 March, 2017)
CESC Limited	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Duncan Brothers & Co. Ltd	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Harrisons Malayalam Limited	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Woodlands Multispeciality Hospital Limited	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund)	Post Employment Benefit Plan of the Company
Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund)	Post Employment Benefit Plan of the Company
Phillips Carbon Black Limited Staff Provident Institution (Provident Fund)	Post Employment Benefit Plan of the Company

(e) Transactions with related parties

	Year ended 31 March, 2017	Year ended 31 March, 2016
A) Parent Entity		
Recovery of reimbursement of expenses	0.04	-
Dividend received on preference shares	94.75	-
B) Subsidiary Companies		
Impairment in value of investments in Phillips Carbon Black Cyprus Holdings Limited	235.41	109.72
C) Investment party in respect of which the company is an associate (Till 5 March, 2017)		
Recovery of reimbursement of expenses	0.57	0.37
Rent paid	-	8.28
Dividend paid	1,468.59	172.16
Recovery of security deposit	-	604.00
Dividend received on preference shares	0.75	95.50
D) Associates of Parent Entity		
a) Accommodation charges paid		
Duncan Brothers & Co. Ltd	0.02	
CESC Limited	0.12	
b) Reimbursement of expenses		
CESC Limited	48.35	

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

		Year ended 31 March, 2017	Year ended 31 March, 2016
c)	Miscellaneous expenses paid		
	Harrisons Malayalam Limited	0.06	
d)	Expenses incurred and recovered		
	CESC Limited	26.36	
e)	Electricity charges paid		
	CESC Limited	0.23	
E)	**Fellow Subsidiaries**		
a)	Recovery of reimbursement of expenses		
	Saregama India Limited	0.01	
b)	Rent paid		
	Dynamic Success Projects Private Limited	0.25	
	Trade Apartment Private Limited	0.25	
c)	Power selling expenses recovered/recoverable		
	RPG Power Trading Company Limited	15.87	
d)	Power selling expenses paid/payable		
	RPG Power Trading Company Limited	1.20	
e)	Power sales		
	RPG Power Trading Company Limited	539.89	
F)	**Post Employment Benefit Plans**		
a)	Advance given to Gratuity Fund	86.15	63.19
b)	Advance – recovered from Gratuity Fund	83.08	56.58
c)	Contribution towards Gratuity fund	262.81	269.20
d)	Contribution towards Provident fund	154.51	120.92
e)	Contribution towards Superannuation fund	63.95	52.74
G)	**Key management personnel of the Company and Parent Company**		
(i)	Remuneration to Key Management Personnel		
	Mr. Kaushik Roy	506.10	330.87
(ii)	Sitting fees paid to Key Management Personnel		
	Mr. Sanjiv Goenka	3.00	1.40
	Mr. Shashwat Goenka	3.55	1.45
	Mr. C R Paul	4.90	2.65
	Mr. O P Malhotra	4.80	2.55
	Mr. K S B Sanyal	3.00	2.70
	Mr. Paras K Chowdhary	4.00	2.20
	Mr. Pradip Roy	4.50	1.60
	Dr. Ram S Tarneja	–	0.40
	Ms. Kusum Dadoo	3.70	1.60
(iii)	Advance given to Managing Director		
	Advance given *	40.00	36.00
	Advance recovered [including ₹36 Lakhs (31 March, 2016 – ₹Nil) adjusted with remuneration]	76.00	–
(iv)	Remuneration to Key Managerial Personnel of Parent Entity		
	Mr. Sunil Bhandari	11.50	–
	Mr. Subhranghshu Chakrabarti	7.35	–

* Towards personal exigencies and in keeping with the Company's policy (as part of the condition of service extended by the company to others)

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

H Remuneration to Key Management Personnel

	Year ended 31 March, 2017	Year ended 31 March, 2016
Short-term employee benefits	522.24	335.33
Post-employment benefits	9.27	4.82
Other long-term benefits	6.04	7.28

I Balance outstanding at the year end

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
I) Parent Company			
Receivable from Rainbow Investments Limited	59.82	-	-
Investment in preference shares	2,665.73	-	-
II) Subsidiary Companies			
Loan			
Phillips Carbon Black Cyprus Holdings Limited	465.38	423.07	384.61
Investments			
Phillips Carbon Black Cyprus Holdings Limited [Refer Note 4(a)]	2,164.91	2,164.91	2,164.91
Less: Impairment in value of investment	345.13	109.72	-
Carrying Value of investment	1,819.78	2,055.18	2,164.91
III) Investment Party in respect of which Company is an Associate			
Receivable from Rainbow Investments Limited	-	59.86	671.26
Investment in preference shares	-	3,782.29	3,568.36
IV) Fellow Subsidiaries			
Receivable from Saregama India Limited	0.10	-	-
Receivable from Dynamic Success Projects Private Limited	199.07	-	-
Receivable from Trade Apartment Private Limited	203.10	-	-
Payable to RPG Power Trading Company Limited	134.70	-	-
V) Associates of Parent Entity			
Payable to Duncan Brothers & Co. Ltd.	0.32	-	-
Receivable from Harrisons Malayalam Limited	8.93	-	-
Payable to Woodlands Multispeciality Hospital Limited	0.02	-	-
Payable to CESC Limited	34.19	-	-
V) Post Employment Benefit Plan			
Receivable from Gratuity Fund	9.94	6.87	0.26
VI) Key Management Personnel Advance			
Receivable from Mr. Kaushik Roy (since refunded/adjusted to/by the Company)	-	36.00	-

VII) Apart from the investments set out above, there is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

VIII) 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 32: SEGMENT

(a) Description of segments and principal activities

The Company's Managing Director examines the Company's performance and has identified two reportable segments of its business.

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 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 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, 2017			Year ended 31 March, 2016		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	204,327.31	8,508.88	212,836.19	203,757.53	7,582.93	211,340.46
Other operating Revenues	290.67	-	290.67	207.02	-	207.02
TOTAL REVENUE FROM OPERATIONS	**204,617.98**	**8,508.88**	**213,126.86**	**203,964.55**	**7,582.93**	**211,547.48**
Inter-segment revenue	-	5,652.58	5,652.58	-	5,336.33	5,336.33
TOTAL SEGMENT REVENUE	**204,617.98**	**14,161.46**	**218,779.44**	**203,964.55**	**12,919.26**	**216,883.81**

Revenue of ₹76,158.99 Lakhs (31 March 2016- ₹78,891.59 Lakhs) are derived from two external customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The Company is domiciled in India. The amount of its revenue from external customers broken down by the location of the customers is shown in table below:

Revenue from external customers	Year ended 31 March, 2017	Year ended 31 March, 2016
India	169,970.43	164,851.87
Other countries	43,156.43	46,695.61
TOTAL	**213,126.86**	**211,547.48**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Segment Result:-

Particulars	Year ended 31 March, 2017			Year ended 31 March, 2016		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	19,722.02	9,627.56	29,349.58	9,621.40	8,944.01	18,565.41
Reconciliation to Profit before tax						
Finance Cost	-	-	(5,144.89)	-	-	(7,210.44)
Interest Income	-	-	238.38	-	-	609.25
Unallocated expenses (Net)	-	-	(7,891.18)	-	-	(7,125.44)
Profit before tax	**19,722.02**	**9,627.56**	**16,551.89**	**9,621.40**	**8,944.01**	**4,838.78**

Particulars	Year ended 31 March, 2017				Year ended 31 March, 2016			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/ Amortisation	3,450.93	2,244.24	366.81	6,061.98	3,840.23	2,196.74	178.45	6,215.42
Non cash expense	2,188.13	-	370.58	2,558.71	312.42	-	109.72	422.14

Segment Assets :-

Particulars	Year ended 31 March, 2017			Year ended 31 March, 2016			1 April, 2015		
	Carbon Black	Power	Total	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	187,477.31	31,475.89	218,953.20	191,037.24	32,834.16	223,871.40	206,821.43	33,903.57	240,725.00
Reconciliation to total assets									
Investments	-	-	30,902.13	-	-	24,868.65	-	-	17,111.19
Current Tax Assets (Net)	-	-	0.23	-	-	-	-	-	151.71
Deferred Tax Assets (Net)	-	-	-	-	-	57.74	-	-	84.53
Other unallocable assets	-	-	6,337.45	-	-	8,772.55	-	-	5,910.31
TOTAL ASSETS AS PER THE BALANCE SHEET	**187,477.31**	**31,475.89**	**256,193.01**	**191,037.24**	**32,834.16**	**257,570.34**	**206,821.43**	**33,903.57**	**263,982.74**

Particulars	Year ended 31 March, 2017				Year ended 31 March, 2016			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial assets	2,859.76	373.51	53.80	3,287.07	3,082.10	718.99	273.13	4,074.22

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
India	211,113.82	215,873.35	228,784.39
other countries	7,839.38	7,998.05	11,940.61
	218,953.20	223,871.40	240,725.00

Segment Liabilities :-

Particulars	Year ended 31 March, 2017			Year ended 31 March, 2016			1 April, 2015		
	Carbon Black	Power	Total	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	44,508.89	611.17	45,120.06	31,050.03	38.67	31,088.70	18,605.75	166.89	18,772.64
Reconciliation to total liabilities									
Borrowings	–	–	75,821.07	–	–	102,173.87	–	–	121,681.07
Current Tax Liabilities (Net)	–	–	206.65	–	–	50.41	–	–	-
Deferred Tax Liabilities	–	–	20,467.26	–	–	14,795.88	–	–	12,992.15
Other Unallocated liabilities	–	–	1,984.76	–	–	5,625.75			5,745.36
TOTAL LIABILITIES AS PER THE BALANCE SHEET	**44,508.89**	**611.17**	**143,599.80**	**31,050.03**	**38.67**	**153,734.61**	**18,605.75**	**166.89**	**159,191.22**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 33: FAIR VALUE MEASUREMENT

(i) Financial instruments by category

	As at 31 March, 2017				As at 31 March, 2016				As at 1 April, 2015			
	FVPL	FVOCI	Amortised Cost	Total	FVPL	FVOCI	Amortised Cost	Total	FVPL	FVOCI	Amortised Cost	Total
Financial assets												
Investments												
- Equity instruments	-	16,913.65	-	16,913.65	-	9,222.92	-	9,222.92	-	11,377.92	-	11,377.92
- Preference Shares	2,665.73	-	-	2,665.73	3,782.29	-	-	3,782.29	3,568.36	-	-	3,568.36
- Mutual Funds	9,502.97	-	-	9,502.97	9,808.25	-	-	9,808.25	-	-	-	-
Trade receivables	-	-	46,565.61	46,565.61	-	-	43,814.93	43,814.93	-	-	52,059.38	52,059.38
Loans	-	-	1,841.63	1,841.63	-	-	1,930.44	1,930.44	-	-	1,725.60	1,725.60
Cash and cash equivalents	-	-	2,233.35	2,233.35	-	-	4,859.08	4,859.08	-	-	939.35	939.35
Other bank balances	-	-	268.95	268.95	-	-	201.92	201.92	-	-	210.48	210.48
Derivative financial assets	-	-	-	-	727.71		-	727.71	1,583.29		-	1,583.29
Other financial assets	-	-	52.83	52.83		-	42.23	42.23		-	169.17	169.17
TOTAL FINANCIAL ASSETS	**12,168.70**	**16,913.65**	**50,962.37**	**80,044.72**	**14,318.25**	**9,222.92**	**50,848.60**	**74,389.77**	**5,151.65**	**11,377.92**	**55,103.98**	**71,633.55**
Financial liabilities												
Borrowings	-	-	73,830.55	73,830.55	-	-	90,971.69	90,971.69	-	-	10,120.08	10,120.08
Current maturities of long term debt	-	-	1,990.52	1,990.52	-	-	11,202.18	11,202.18	-	-	11,560.99	11,560.99
Derivative financial liabilities	1,402.57	-	-	1,402.57	1,834.12	-	-	1,834.12	720.46	-	-	720.46
Trade payables	-	-	41,334.56	41,334.56	-	-	26,933.69	26,933.69	-	-	14,398.19	14,398.19
Other financial liabilities			1,662.92	1,662.92			5,789.80	5,789.80			5,590.57	5,590.57
TOTAL FINANCIAL LIABILITIES	**1,402.57**	**-**	**118,818.55**	**120,221.12**	**1,834.12**	**-**	**134,897.36**	**136,731.48**	**720.46**	**-**	**141,669.83**	**142,390.29**

(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 forward exchange rates at the Balance Sheet date.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(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, non-current financial liabilities and long-term borrowings at floating interest rates which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and 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 company has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31 March, 2017				As at 31 March, 2016				As at 1 April, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Financial assets at FVPL												
Investments in mutual funds	9,502.97	-	-	9,502.97	9,808.25	-	-	9,808.25	-	-	-	-
Investments in preference shares	-	-	2,665.73	2,665.73	-	-	3,782.29	3,782.29	-	-	3,568.36	3,568.36
Financial assets at FVOCI												
Investments in equity instruments	14,249.48	-	2,664.17	16,913.65	8,082.57	-	1,140.35	9,222.92	10,239.77	-	1,138.15	11,377.92
Derivative financial assets not designated as hedges												
Currency and Interest rate swaps	-	-	-	-	-	727.71	-	727.71	-	1,583.29	-	1,583.29
TOTAL FINANCIAL ASSETS	**23,752.45**	**-**	**5,329.90**	**29,082.35**	**17,890.82**	**727.71**	**4,922.64**	**23,541.17**	**10,239.77**	**1,583.29**	**4,706.51**	**16,529.58**
Derivative financial liabilities not designated as hedges												
Foreign-exchange forward contract	-	1,402.57	-	1,402.57	-	1,834.12	-	1,834.12	-	720.46	-	720.46
TOTAL FINANCIAL LIABILITIES	**-**	**1,402.57**	**-**	**1,402.57**	**-**	**1,834.12**	**-**	**1,834.12**	**-**	**720.46**	**-**	**720.46**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

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 Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31 March, 2017 and 31 March, 2016.

Some of the Company's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Valuation inputs and relationship to fair value

Particulars	Fair Value at			Significant unobservable input	Sensitivity		
	31 March, 2017	31 March, 2016	1 April, 2015		31 March, 2017	31 March, 2016	1 April, 2015
Unquoted equity shares	2,664.17	1,140.35	1,138.15	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 30.53 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 25.41 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase / decrease fair value by ₹ 26.24 Lakhs
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 27.55 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 22.93 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would increase / decrease fair value by ₹ 21.87 Lakhs
Unquoted Preference shares	2,665.73	3,782.29	3,568.36	Discounting rate to determing PV	Decrease in discount rate by 1% will increase the fair value by ₹ 173.33 lakhs	Decrease in discount rate by 1% will increase the fair value by ₹ 146.11 lakhs	Decrease in discount rate by 1% will increase the fair value by ₹ 114.60 lakhs
					Increase in discount rate by 1% will decrease fair value by ₹ 163.74 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹ 139.43 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹ 111.26 Lakhs.

Valuation process :

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Company are derived and evaluated as follows :

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 34: FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Company. The Company's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Company's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Company seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Company has laid comprehensive risk assessment and minimization/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Company does not enter into derivative financial instruments for speculative purposes.

(A) Credit risk

Credit risk refers to risk of financial loss to the Company if customers or counterparties fail to meet their contractual obligations. The Company is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Company through its established policies and procedures which involve setting up credit limit based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Company also has a policy to provide for all receivables which are overdue for a period over 365 days. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision – Trade receivable are as follows:

Particulars	Year ended	
	31-Mar-17	31-Mar-16
Loss allowance at the beginning of the year	893.70	892.15
Change in allowance during the year	549.94	1.55
Loss allowance at the end of the year	1,443.64	893.70

(b) Deposits and financial assets (Other than trade receivables):

The Company maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.

(B) Liquidity Risk

Liquidity risk implies that the Company may not be able to meet its obligations associated with its financial liabilities. The Company manages its liquidity risk on the basis of the business plan that ensures that the funds required for financing the business operations and meeting financial liabilities are available in a timely manner and in the currency required at optimal costs. The Management regularly monitors rolling forecasts of the Company's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits / marketable debt securities / debt mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Company.

Additionally, the Company has committed fund and non-fund based credit lines from banks which may be drawn anytime based on Company's fund requirements. The Company maintains a cautious liquidity strategy with positive cash balance and undrawn bank lines throughout the year.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

Contractual maturity of financial liability	Upto 1 year	1 Year to 3 year	3 year to 5 year	More than 5 years	Total
31 March, 2017					
Borrowings (including current maturities) #	56,804.82	9,094.85	4,144.70	5,776.70	75,821.07
Trade payable	41,334.56	-	-	-	41,334.56
Other financial liabilities	5,072.34	3,509.18	1,477.39	755.97	10,814.88
	103,211.72	**12,604.03**	**5,622.09**	**6,532.67**	**127,970.51**
31 March, 2016					
Borrowings (including current maturities) #	81,737.06	14,083.84	6,352.97	-	102,173.87
Trade payable	26,933.69	-	-	-	26,933.69
Other financial liabilities	11,031.27	2,931.74	691.16	58.50	14,712.67
	119,702.02	**17,015.58**	**7,044.13**	**58.50**	**143,820.23**
1 April, 2015					
Borrowings (including current maturities) #	89,055.08	20,653.12	9,247.68	2,725.19	121,681.07
Trade payable	14,398.19	-	-	-	14,398.19
Other financial liabilities	12,360.41	5,072.63	1,721.10	214.02	19,368.16
	115,813.68	**25,725.75**	**10,968.78**	**2,939.21**	**155,447.42**

Includes transaction cost adjustment on borrowings amounting to ₹58.13 Lakhs (31 March, 2016: ₹150.65 Lakhs, 1 April, 2015: ₹292.83 Lakhs)

@ Includes contractual interest payment based on interest rate prevailing at the end of the reporting period amounting to ₹7,749.39 Lakhs, ₹7,088.76 Lakhs and ₹13,057.12 Lakhs as at 31 March, 2017, 31 March, 2016 and 1 April, 2015 respectively.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Company's income and expenses and / or value of its investments. The Company's exposure to and management of these risks are explained below

(i) Foreign currency risk

The Company operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Company's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign exchange and investment in overseas subsidiaries. Over ninety percent of Company's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Company's risk management policy is 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 company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	31 March, 2017				31 March, 2016				1 April, 2015			
	INR equivalent of				INR equivalent of				INR equivalent of			
	USD	EUR	JPY	GBP	USD	EUR	JPY	GBP	USD	EUR	JPY	GBP
Financial assets												
Trade receivables	7,654.29	595.18	311.17	114.27	6,885.28	875.69	249.90	15.43	10,865.38	843.70	25.81	19.39
Derivative assets												
Foreign exchange forward contracts												
Sell foreign currency	–	–	–	–	–	–	–	–	–	–	–	–
NET EXPOSURE TO FOREIGN CURRENCY RISK (ASSETS)	**7,654.29**	**595.18**	**311.17**	**114.27**	**6,885.28**	**875.69**	**249.90**	**15.43**	**10,865.38**	**843.70**	**25.81**	**19.39**
Financial liabilities												
Foreign currency loan	27,225.45	–	–	–	66,449.24	–	–	–	62,207.48	–	–	–
Trade payables	31,658.82	10.69	–	16.06	21,057.50	10.67	–	0.22	4,573.49	104.71	–	8.31
Other financial liabilities	277.14	–	–	–	463.83	–	–	–	260.02	–	–	–
Derivative liabilities												
Foreign exchange forward contracts												
Buy foreign currency	(53,713.38)	–	–	–	(79,427.89)	–	–	–	(47,099.39)	–	–	–
Currency and interest swap	–	–	–	–	(2,760.83)	–	–	–	(7,813.13)	–	–	–
NET EXPOSURE TO FOREIGN CURRENCY RISK (LIABILITIES)	**5,448.03**	**10.69**	**-**	**16.06**	**5,781.85**	**10.67**	**-**	**0.22**	**12,128.47**	**104.71**	**-**	**8.31**
NET EXPOSURE TO FOREIGN CURRENCY RISK (ASSETS- LIABILITIES)	**2,206.27**	**584.50**	**311.17**	**98.21**	**1,103.43**	**865.02**	**249.90**	**15.21**	**(1,263.09)**	**738.99**	**25.81**	**11.08**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Sensitivity

A fluctuation in the exchange rates of 7% with other conditions remaining unchanged would have the following effect on Company's profit or loss before taxes as at 31 March 2017 and 31 March 2016:

	Impact on profit before tax	
	FY 2016-17	**FY 2015-16**
USD sensitivity		
INR/USD- Increase by 7%*	154.44	77.24
INR/USD- Decrease by 7%*	(154.44)	(77.24)
EUR sensitivity		
INR/EUR- Increase by 7%	40.91	60.55
INR/EUR- Decrease by 7%	(40.91)	(60.55)
JPY sensitivity		
INR/JPY- Increase by 7%	21.78	17.49
INR/JPY- Decrease by 7%	(21.78)	(17.49)
GBP sensitivity		
INR/GBP- Increase by 7%	6.87	1.06
INR/GBP- Decrease by 7%	(6.87)	(1.06)

* Holding all other variable constant

(ii) Interest rate risk

The Company'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 Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Total borrowings (including current maturities)	75,821.07	102,173.87	121,681.07

(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 2016-17	**FY 2015-16**
Interest Rates – Increase by 50 basis points (50 bps) *	(379.11)	(510.87)
Interest Rates – Decrease by 50 basis points (50 bps) *	379.11	510.87

* 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

The Company invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments) and certain quoted equity instruments.

To manage its price risk arising from investments in mutual funds and equity instruments, the Company diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk exposure

The Company's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Company and classified in the Balance Sheet as fair value through profit or loss/ fair value through other comprehensive income is disclosed under Note 33.

(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 2016-17	FY 2015-16
NAV of mutual funds/Market price of quoted equity instruments - Increase by 1%*	237.52	178.91
NAV of mutual funds/Market price of quoted equity instruments - Decrease by 1%*	(237.52)	(178.91)

* Holding all other variable constant

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Company's cost of sales. Significant movement in raw material costs could have an adverse effect on results of Company's operations.

The Company endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Company's own requirements. Further, a significant portion of Company's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Company also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE 35 : CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Company's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Company's policy is to borrow primarily through banks to maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Company.

The Company monitors capital on the basis of cost of capital. The Company is not subject to any externally imposed capital requirements.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

The following table summaries the capital of the Company:

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Long Term Borrowing (including current maturities of long term debt)	21,006.77	31,638.99	44,186.99
Short Term Borrowing	54,814.30	70,534.88	77,494.08
Less: Cash and cash equivalents	2,233.35	4,859.08	939.35
TOTAL BORROWING (NET)	**73,587.72**	**97,314.79**	**120,741.72**
Total equity	112,593.21	103,835.73	104,791.52
TOTAL CAPITAL (EQUITY+ NET DEBT)	**186,180.93**	**201,150.52**	**225,533.24**

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March, 2017 and 31 March, 2016.

NOTE 36: FIRST TIME ADOPTION OF IND-AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March, 2017, the comparative information presented in these financial statements for the year ended 31 March, 2016 and in the preparation of an opening Ind AS balance sheet at 1 April, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard Rules), 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

36.1 Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

36.1.1 Ind AS optional exemptions

36.1.1.1 Deemed cost

Ind AS 101 permits a first time adopter to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date. The exemption can also be used for intangible assets covered by Ind AS 38 'Intangible Assets'.

Accordingly, the Company has elected to measure certain class of property, plant and equipment at its fair value as at the transition date and considered such value as deemed cost at that date. While remaining class of assets are carried at historical cost determined in accordance with retrospective application of Ind AS.

36.1.1.2 Designation of previously recognised equity instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in certain equity instruments (other than its subsidiaries).

36.1.1.3 Investments in subsidiaries

Ind AS 101 permits a first time adopter to elect to measure its investment in subsidiaries at fair value of such investments at the Company's date of transition

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

to Ind AS or previous GAAP carrying amount at that date and use that as its deemed cost as on the date of transition.

Accordingly the Company has elected to measure its investment in Phillips Carbon Black Cyprus Holding Limited at fair value as at 1 April, 2015.

36.1.1.4 Exchange differences on long-term foreign currency monetary items

Under previous GAAP, exchange differences arising on reporting of long–term foreign currency monetary items (i) relating to acquisition of depreciable capital assets were allowed to be adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases were allowed to be accumulated in a 'Foreign Currency Monetary item Translation Difference Account' (to be adjusted over the balance period of the related long term monetary asset/ liability). Ind AS 101 includes an optional exemption that allows a first time adopter to continue with the above accounting policy in respect of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of first Ind AS financial reporting period i.e. 1 April, 2016 or to discontinue with such policy.

The Company has not availed aforementioned optional exemption and has decided to discontinue with the above policy.

36.1.2 Ind AS mandatory exceptions

36.1.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:-

- Investments in equity instruments carried at FVPL and OCI

- Impairment of financial assets based on expected credit loss model

36.1.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of company's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

36.1.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed the same accordingly.

36.2 Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

36.2.1 Reconciliation of equity as at date of transition, i.e., 1 April, 2015 and as at 31 March, 2016

	Notes to first time adoption	As at 31 March, 2016			As at 1 April, 2015		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	36.3.1,36.3.12, 36.3.14	79,936.37	61,635.12	141,571.49	81,982.24	61,764.77	143,747.01
Capital work-in-progress		7,333.63	–	7,333.63	7,346.24	–	7,346.24
Intangible assets		13.33	–	13.33	63.96	–	63.96
Financial Assets							
(i) Investments	36.3.2, 36.3.3 , 36.3.4	11,598.46	3,461.94	15,060.40	11,579.87	5,531.32	17,111.19
(ii) Loans	36.3.3	1,933.01	(196.35)	1,736.66	1,866.23	(234.81)	1,631.42
(iii) Others financial assets	36.3.5	–	–	–	–	1,583.29	1,583.29
Deferred tax assets (net)		–	57.74	57.74	–	84.53	84.53
Other non-current assets		5,891.41	(5,389.13)	502.28	6,456.17	(5,389.13)	1,067.04
TOTAL NON-CURRENT ASSETS		**106,706.21**	**59,569.32**	**166,275.53**	**109,294.71**	**63,339.97**	**172,634.68**
Curr ent assets							
Inventories		24,422.24	–	24,422.24	29,683.99	–	29,683.99
Financial Assets			–				
(i) Investments	36.3.2	9,800.00	8.25	9,808.25	–	–	–
(ii) Trade receivables	36.3.7	43,899.08	(84.15)	43,814.93	52,141.98	(82.60)	52,059.38
(iii) Cash and cash equivalents		4,859.08	–	4,859.08	939.35	–	939.35
(iv) Other bank balances		201.92	–	201.92	210.48	–	210.48
(v) Loans		193.78	–	193.78	94.18	–	94.18
(vi) Others financial assets	36.3.5	42.23	727.71	769.94	169.17	–	169.17
Current tax assets (Net)		–	–	–	151.71	–	151.71
Other current assets	36.3.8	7,266.46	(41.79)	7,224.67	8,131.93	(92.13)	8,039.80
TOTAL CURRENT ASSETS		**90,684.79**	**610.02**	**91,294.81**	**91,522.79**	**(174.73)**	**91,348.06**
TOTAL ASSETS		**197,391.00**	**60,179.34**	**257,570.34**	**200,817.50**	**63,165.24**	**263,982.74**
EQUITY AND LIABILITIES							
EQUITY							
Equity share capital		3,446.73	–	3,446.73	3,446.73	–	3,446.73
Other equity	36.2.1, 36.2.2, 36.2.3, 36.2.4 36.2.5, 36.2.6, 36.2.7, 36.2.8, 36.2.9,36.2.12, 36.3.15	48,980.01	51,408.99	100,389.00	47,744.11	53,600.68	101,344.79
TOTAL EQUITY		52,426.74	51,408.99	103,835.73	51,190.84	53,600.68	104,791.52
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Borrowings	36.3.8	20,492.91	(56.10)	20,436.81	32,743.68	(117.68)	32,626.00
(ii) Other financial liabilities		58.50	–	58.50	59.40	–	59.40
Provisions		422.40	–	422.40	365.17	–	365.17
Deferred tax liabilities (Net)	36.3.6	4,908.84	9,887.04	14,795.88	2,779.94	10,212.21	12,992.15
TOTAL NON-CURRENT LIABILITIES		**25,882.65**	**9,830.94**	**35,713.59**	**35,948.19**	**10,094.53**	**46,042.72**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes to first time adoption	As at 31 March, 2016			As at 1 April, 2015		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
Current liabilities							
Financial liabilities							
(i) Borrowings	36.3.8	70,576.67	(41.79)	70,534.88	77,586.21	(92.13)	77,494.08
(ii) Trade payables	36.3.5		–				
a) Total outstanding dues of micro enterprises and small enterprises		4.42	–	4.42	4.90	–	4.90
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		28,110.68	(1,181.41)	26,929.27	14,689.49	(296.20)	14,393.29
(iii) Other financial liabilities	36.3.5, 36.3.8	17,567.88	1,199.72	18,767.60	17,539.41	273.21	17,812.62
Provisions	36.3.9	1,390.04	(1,037.11)	352.93	875.17	(414.85)	460.32
Current tax liabilities (Net)		50.41	–	50.41	–	–	–
Other current liabilities		1,381.51	–	1,381.51	2,983.29	–	2,983.29
TOTAL CURRENT LIABILITIES		**119,081.61**	**(1,060.59)**	**118,021.02**	**113,678.47**	**(529.97)**	**113,148.50**
TOTAL LIABILITIES		**144,964.26**	**8,770.35**	**153,734.61**	**149,626.66**	**9,564.56**	**159,191.22**
TOTAL EQUITY AND LIABILITIES		**197,391.00**	**60,179.34**	**257,570.34**	**200,817.50**	**63,165.24**	**263,982.74**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note and includes those of the Transferor Company as per the Scheme of Amalgamation referred to in Note 30.

36.2.2 Reconciliation of total comprehensive Income for the year ended 31 March, 2016

	Notes to first time adoption	As at 31 March, 2016		
		Previous GAAP*	Adjustments	Ind AS
Revenue from operations	36.3.10, 36.3.13	189,471.87	22,075.61	211,547.48
Other income	36.3.2, 36.3.3, 36.3.14	1,822.59	(146.30)	1,676.29
TOTAL INCOME		**191,294.46**	**21,929.31**	**213,223.77**
Expenses				
Cost of materials consumed		129,145.86	–	129,145.86
Purchases of stock-in-trade (carbon black feed stock)		1,748.17	–	1,748.17
Changes in inventories of finished goods		3,560.81	–	3,560.81
Excise duty on sale of Products	36.3.10	–	22,137.79	22,137.79
Employee benefits expense	36.3.11	7,334.91	(73.94)	7,260.97
Finance costs	36.3.8	7,118.60	91.84	7,210.44
Depreciation and amortisation expense	36.3.1, 36.3.12	5,497.07	718.35	6,215.42
Other expenses	36.3.4, 36.3.5, 36.3.7, 36.3.12, 36.3.13, 36.3.14	31,186.12	(80.59)	31,105.53
TOTAL EXPENSES		**185,591.54**	**22,793.45**	**208,384.99**
Profit before tax		5,702.92	(864.14)	4,838.78
Income tax expense				
Current tax	36.3.11	1,301.00	15.78	1,316.78
Deferred tax	36.3.6	2,128.90	(297.60)	1,831.30
TOTAL TAX EXPENSE		**3,429.90**	**(281.82)**	**3,148.08**
Profit for the year		**2,273.02**	**(582.32)**	**1,690.70**

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes to first time adoption	As at 31 March, 2016		
		Previous GAAP*	Adjustments	Ind AS
Other comprehensive income				
Items that will not be reclassified to profit or loss, net of taxes				
Remeasurements of post-employment defined benefit obligation	36.3.11	-	(73.94)	(73.94)
Changes in fair value of equity instruments through OCI	36.3.2	-	(2,174.26)	(2,174.26)
Income tax relating to these items	36.3.11	-	16.56	16.56
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		**-**	**(2,231.64)**	**(2,231.64)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,273.02**	**(2,813.96)**	**(540.94)**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note and includes those of the Transferor Company as per the Scheme of Amalgamation referred to in Note 30.

36.2.3 Reconciliation of total equity as at 31 March 2016 and 1 April, 2015

	Notes to first time adoption	As at 31 March, 2016	As at 1 April, 2015
TOTAL EQUITY (SHAREHOLDER'S FUNDS) AS PER PREVIOUS GAAP#		52,426.74	51,190.84
Adjustments:			
Fair valuation of investments in equity instruments through OCI	36.3.2	5,421.87	7,595.46
Fair valuation of investments in preference shares routed through profit or loss	36.3.2	(992.72)	(1,206.64)
Fair valuation of investments in mutual funds through profit and loss	36.3.2	8.25	-
Fair valuation of investments in subsidiary	36.3.4	(1,092.30)	(1,092.30)
Fair valuation of derivatives through profit and loss	36.3.5	656.64	1,523.26
Allowance for expected credit losses on trade receivables	36.3.7	(84.15)	(82.60)
Proposed dividend (including tax on proposed dividend)	36.3.9	1,037.11	414.85
Borrowing-transaction cost adjustment	36.3.8	108.86	200.70
Discontinuation of capitalisation of foreign exchange gain on long term non monetary assets	36.3.12	995.63	-
Depreciation impact on above discontinuation of capitalisation	36.3.12	(154.09)	-
Revaluation of Property, plant and equipment, Intangible asset & Investment property	36.3.1	61,764.77	61,764.77
Additional depreciation on above revaluation of property, plant and equipment	36.3.1	(564.26)	-
Remeasurement of profit on sale of fixed assets consequent to above revaluation	36.3.14	(406.93)	-
Unwinding of interest on loan to subsidiary	36.3.3	38.46	-
Impairment in value of investment in subsidiary	36.3.4	(109.72)	-
Tax effect of adjustments	36.3.6	(15,218.43)	(15,516.82)
TOTAL ADJUSTMENTS		**51,408.99**	**53,600.68**
TOTAL EQUITY AS PER IND AS		**103,835.73**	**104,791.52**

Total equity as per the previous GAAP includes those relating to the Transferor Company as per the Scheme of Amalgamation referred to in Note 30 amounting to ₹ 4,344.89 Lakhs (1 April, 2015 ₹ 4,358.10 Lakhs)

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

36.2.4 Reconciliation of total comprehensive income for the year ended 31 March, 2016

	Notes to first time adoption	For the year ended 31 March, 2016
Profit after tax as per previous GAAP*		2,273.02
Adjustments:		
Fair valuation of investments in mutual funds through profit and loss	36.3.2	8.25
Loss on sale of equity instruments routed through OCI	36.3.2	0.67
Fair valuation of investments in preference shares through profit or loss	36.3.2	213.92
Fair valuation of derivatives through profit and loss	36.3.5	(866.62)
Allowance for expected credit losses on trade receivables	36.3.7	(1.55)
Borrowings-transaction cost adjustment	36.3.8	(91.84)
Discontinuation of capitalisation of foreign exchange gain on long term non monetary assets	36.3.12	995.63
Depreciation impact on above discontinuation of capitalisation	36.3.12	(154.09)
Additional depreciation on revaluation of property, plant and equipment	36.3.1	(564.26)
Remeasurement of profit on sale of property, plant and equipment consequent to revaluation	36.3.14	(406.93)
Remeasurement of post-employment defined benefit Obligations	36.3.11	73.94
Unwinding of interest on loan to subsidiary	36.3.3	38.46
Impairment in value of investment in subsidiary	36.3.4	(109.72)
Tax effect of adjustments	36.3.6	281.82
TOTAL ADJUSTMENTS		**(582.32)**
Profit after tax as per Ind AS		1,690.70
Other Comprehensive Income	36.3.11, 36.3.2, 36.3.6	(2,231.64)
TOTAL COMPREHENSIVE INCOME AS PER IND AS		**(540.94)**

* Profit as per previous GAAP is adjusting loss of ₹ 13.20 Lakhs relating to the Transferor Company as per the Scheme of Amalgamation referred to in Note 30.

36.2.5 Impact of Ind AS adoption on the cash flows for the year ended 31 March, 2016

There were no material differences between the Cash Flow statement presented under Ind AS and the previous GAAP.

36.3 Notes to first-time Adoption

36.3.1 Property, plant and equipment

Under the previous GAAP, Property, plant and equipment were stated at revalued amount (for items revalued)/cost of acquisition/construction (for items not revalued) less accumulated depreciation/ amortisation, impairment loss, if any and inclusive of borrowing cost, where applicable, and adjustments for exchange difference arising on reporting of long–term foreign currency monetary items relating to acquisition of depreciable capital assets.

Under Ind AS, the Company has elected to measure certain class of property, plant and equipment at its fair value as at the transition date and considered such value as deemed cost at that date. While remaining class of property, plant and equipment are carried at historical cost determined in accordance with retrospective application of Ind AS. (Refer Note 36.1.1.1)

The resulting fair value changes consequent to the measurement of property, plant and equipment at

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

their fair value have been recognised in retained earning as at the date of transition. This increased retained earnings by ₹61,764.77 Lakhs as at 31 March, 2016 (1 April, 2015 - ₹61,764.77 Lakhs)

Basis fair value changes in measurement of certain class of property, plant and equipment , depreciation on such increase amounting to ₹564.26 lakhs have been charged to the statement of profit and loss for the year ended 31 March, 2016 under depreciation expense.

Consequent to the above, the total equity as at 31 March 2016 has increased by ₹61,200.51 Lakhs (1 April 2015- ₹61,764.77 Lakhs) and profit for the year ended 31 March, 2016 decreased by ₹564.26 Lakhs.

36.3.2 Fair valuation of investment (other than investment in subsidiary)

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments, as determined by the Board of directors of the Company based on periodical review.

Under Ind AS, these investments are required to be measured at fair value.

Fair value changes with respect to investments in equity instruments designated at FVOCI have been recognised in FVOCI - Equity Investments Reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2016. This has resulted into increase in other reserves by ₹5,421.87 Lakhs as at 31 March, 2016 (1 April 2015- ₹7,595.46 Lakhs) and decrease in other comprehensive income for the year ended 31 March, 2016 by ₹2,173.59 Lakhs.

Loss on sale of equity instrument classified as FVTOCI amounting to ₹0.67 Lakhs earlier recognised in Statement of Profit and Loss has been reclassified to Other Comprehensive Income. This increased profit for the year ended 31 March, 2016 by ₹0.67 Lakhs with decrease in other comprehensive income by an equivalent amount.

Under Ind AS investments in preference shares have been classified as fair value through profit and loss and accordingly gain / loss on such fair valuation has been recognised in retained earnings as on the transition date and subsequently in statement of profit and loss under fair value gain on financial assets at FVTPL. This decreased retained earning by ₹992.72 Lakhs as at 31 March, 2016 (1 April 2015: ₹1,206.64 Lakhs) and increase in profit for the year ended 31 March, 2016 by ₹213.92 Lakhs.

Under the previous GAAP, current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value.

The resulting fair value changes of these investments have been recognised in the retained earnings as at the date of transition and subsequently in the statement of profit and loss under fair value gain on financial assets at FVPL for the year ended 31 March, 2016. This increased retained earnings by ₹8.25 Lakhs (1 April, 2015 - ₹Nil) and profit for the year ended 31 March, 2016 by ₹8.25 Lakhs

Consequent to the above, the total equity as at 31 March 2016 increased by ₹4,437.40 Lakhs (1 April 2015- ₹6,388.82 Lakhs), profit for the year ended 31 March, 2016 increased by ₹222.84 Lakhs and other comprehensive income for the year ended 31 March 2016 decreased by ₹2,174.26 Lakhs.

36.3.3 Loan to subsidiary carried at amortised cost

Under the previous GAAP, financial assets are initially recognised and carried at cost. Under Ind

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

AS, Company has classified and measured interest free loan given by it to Phillips Carbon Black Cyprus Holding Limited, a subsidiary company at amortised cost. The resulting change in the carrying amount of this financial asset have been recognised in the investment in subsidiary as at the date of transition. Unwinding of Interest income amounting to ₹38.46 Lakhs from this financial assets measured using effective interest rate method have been credited to the statement of profit and loss for the year ended 31 March, 2016 under other income. This decreased loan to related party as at 31 March, 2016 by ₹196.35 Lakhs (1 April, 2015 – ₹234.81 Lakhs) and increased investment in subsidiary by ₹234.81 Lakhs (1 April, 2015 – ₹234.81 Lakhs)

Consequent to the above, total equity as at 31 March 2016 increased by ₹38.46 Lakhs (1 April 2015– ₹Nil) with a corresponding increase in profit for the year ended 31 March 2016 by an equivalent amount.

36.3.4 Fair Value of investment in subsidiary

Under the previous GAAP, investment in subsidiaries were carried at cost less provision for other than temporary decline in the value of such investments, as determined by the Board of Directors based on periodical review. Under Ind AS, Company has elected to measure its investment in Phillips Carbon Black Cyprus Holding Limited at fair value as at the transition date and considered these as their deemed cost pursuant to optional exemption given under Ind AS 101 (Refer Note 36.1.14).

The resulting fair value changes on measurement of investment in Phillips Carbon Black Cyprus Holding Limited at fair value have been recognised in retained earning as at the date of transition. Company has also recognised provision for impairment loss for decline in the value of investment below its deemed cost in accordance with the requirement of Ind AS 109 in the statement of profit and loss for the year ended 31 March, 2016. This decreased retained earnings and consequently total equity as at 31 March, 2016 by ₹1,202.02 Lakhs (1 April, 2015 – ₹1,092.30 Lakhs). The profit for the year ended 31 March, 2016 is decreased by ₹109.72 Lakhs.

36.3.5Financial Instrument – Derivative Contract

Under the previous GAAP, forward contract cost were accounted for as prescribed under AS 11 "The Effects of Changes in Foreign Exchange Rates" under which forward premium was amortised over the period of forward contracts and forward contracts were stated at the year end spot exchange rate and gains / losses on settlement on aforesaid contracts and mark to market loss relating to outstanding contracts as at the balance sheet date in respect of derivative contracts (other than forward exchange contract covered under Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates"), were recognized in the statement of profit and loss.

Under Ind AS 109, all derivative financial instrument are to be marked to market and any resultant gain or loss on settlement as well as on outstanding contracts as at the balance sheet date is to be charged or credited to the statement of profit and loss.

Accordingly, the marked to market gain/loss has been recognized on all derivative contracts and unamortized forward premium balance and exchange gain / loss on reinstatement of forward contracts under aforesaid AS 11 has been reversed. As a result of this adjustments, the retained earning and consequently total equity as at 31 March, 2016 is higher by ₹ 656.64 Lakhs (1 April, 2015 – ₹ 1,523.26 Lakhs). The profit for the year ended 31 March, 2016 is lower by ₹ 866.62 Lakhs.

36.3.6Deferred Tax

Company has recognised deferred tax on the adjustments made on transition to Ind AS. The corresponding adjustments have been made in retained earnings. Company has also recognised deferred tax assets as at the transition date on the

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

carrying amount of MAT credit entitlement as per previous GAAP. Deferred tax on Ind AS adjustments have been charged/credited subsequently to the statement of profit and loss for the year ended 31 March, 2016. This resulted into increase in deferred tax liabilities as at 31 March, 2016 by ₹9,829.30 Lakhs (1 April, 2015 - ₹10,127.68 Lakhs), derecognition of MAT Credit entitlement under previous GAAP ₹ 5,389.13 lakhs (1 April, 2015 - ₹5,389.13 Lakhs), decrease in retained earning by ₹15,218.41 Lakhs (1 April, 2015- ₹15,516.82 Lakhs).

Consequent to the above, total equity as at 31 March, 2016 has decreased by ₹15,218.41 Lakhs (1 April, 2015 - ₹15,516.82 Lakhs), profit for the year ended 31 March, 2016 has increased by ₹281.85 Lakhs and other comprehensive income for the year ended 31 March, 2016 has decreased by ₹ 0.78 Lakhs which includes deferred tax charge on gain on equity instruments through other comprehensive income amounting to ₹ 24.81 Lakhs

36.3.7 Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance on trade receivable. As a result, the allowance for expected credit loss was recognised amounting to ₹84.15 Lakhs as at 31 March, 2016 (1 April, 2015- ₹82.60 Lakhs) and consequently, total equity as at 31 March, 2016 and 1 April, 2015 decreased by an equivalent amount. The profit for the year ended 31 March, 2016 decreased by ₹1.55 Lakhs.

36.3.8 Borrowings and Other financial liabilities

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the statement of profit and loss over the tenure of the borrowing as part of the other borrowing cost by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to statement of profit and loss as and when incurred. Accordingly, non-current borrowings and other financial liabilities as at 31 March, 2016 have been reduced by ₹56.10 Lakhs (1 April, 2015- ₹117.68 Lakhs) and ₹52.76 Lakhs (1 April, 2015 - 83.02 Lakhs) respectively with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended 31 March 2016 decreased by ₹91.84 Lakhs as a result of the additional other borrowing cost. Further, unamortised transaction cost amounting to ₹41.79 Lakhs (31 March, 2016: ₹92.13 Lakhs) relating to current borrowings have been regrouped from prepaid expenses to current borrowings. There is no impact on total equity and profit.

36.3.9 Proposed Dividend & Tax on Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and tax on proposed dividend of ₹1,037.11 Lakhs as at 31 March, 2016 (1 April 2015 - ₹414.85 Lakhs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

36.3.10 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of statement of profit and loss as part of expenses. This change has resulted in

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

an increase in total revenue and total expenses for the year ended 31 March, 2016 by ₹22,137.79 Lakhs. There is no impact on the total equity and profit.

36.3.11 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As result of this change, employee benefit expense for the year ended 31 March, 2016 have been decreased by ₹73.94 Lakhs resulting into increase in profit by ₹32.57 Lakhs (net of current tax ₹ 15.78 Lakhs and deferred tax ₹ 25.59 Lakhs) with the corresponding decrease in the other comprehensive income by an equivalent amount. There is no impact on the total equity as at 31 March, 2016.

36.3.12 Exchange difference on translation of long-term foreign currency monetary items

Under Ind AS, company has elected to discontinue with the accounting policy of adjusting the carrying amount of depreciable property plant and equipment for exchange differences arising on reporting of long–term foreign currency monetary items relating to acquisition of capital assets (refer note 36.1.1.5). This has resulted into increase in the net gain on foreign currency transaction/translation and property plant and equipment by ₹995.63 Lakhs and increase in the related depreciation expense by ₹154.09 Lakhs for the year ended 31 March, 2016 in the statement of profit and loss.

Consequent to the above, total equity as at 31 March, 2016 and profit for the year ended on that date has increased by ₹841.54 Lakhs

36.3.13 Cash discount

Under Previous GAAP cash discount paid to customers were recorded as a part of expenses in the statement of profit and loss. However under Ind AS these expenses are netted off against revenue. This change has resulted in decrease in total revenue and total expenses for the year ended 31 March, 2016 by ₹62.18 Lakhs. There is no impact on total equity as at 31 March, 2016 and profit for the year ended 31 March, 2016.

36.3.14 Gain/(Loss) on disposal of property, plant and equipment

Under Ind AS, the company has elected to measure certain class of property, plant and equipments at its fair value as at the transition date and considered such value as deemed cost at that date. (Refer Note 36.1.1.1). This has resulted into decrease in gain on disposal of property, plant and equipments during the year ended 31 March, 2016 by ₹406.93 Lakhs.

Consequent to the above, total equity as at 31 March, 2016 and profit for the year ended on that date has decreased by ₹406.93 Lakhs

36.3.15 Retained earnings

Retained earnings as at 1 April, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

36.3.16 Other comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

37 SPECIFIED BANK NOTES (SBNS)

	SBNs#	Other Denomination Notes	Total
Cash on Hand as on 8 November, 2016	10.93	2.65	13.58
(+) Permitted Receipts	-	48.32	48.32
(+) Non - Permitted Receipts	-	-	-
(-) Permitted Payments	-	46.62	46.62
(-) Amount deposited in Banks	10.93	-	10.93
Closing Cash on Hand as on 30 December, 2016	**-**	**4.35**	**4.35**

For the purpose of this clause, the term " Specified Bank Notes (SBNs) shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of economic Affairs number S.O.3407(E) dated 8 November, 2016.

38 The Company has provided interest bearing (which is not lower than prevailing yield of related Government security close to the tenure of the respective loans) unsecured loans repayable on demand during the year aggregating to ₹Nil (Previous Year ₹ 4,640 Lakhs) to certain companies for temporary financial assistance. Year-end balance of aforesaid loan is ₹. Nil (31.03.2016 ₹ Nil).

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of Board of Directors

Pinaki Chowdhury
Partner
Membership Number 57572

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PHILLIPS CARBON BLACK LIMITED

REPORT ON THE CONSOLIDATED INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

1. This Report supersedes our Report dated May 25, 2017.

2. We have audited the accompanying consolidated Ind AS financial statements of Phillips Carbon Black Limited ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"); (refer Note 40 to the attached consolidated Ind AS financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, 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 a summary of significant accounting policies and other explanatory information prepared based on the relevant records in which is incorporated the Ind AS financial statements/ financial information of Goodluck Dealcom Private Limited ("Transferor Company") for the year ended on that date audited by another firm of Chartered Accountants (refer sub-paragraph 11 of the Other Matters Paragraph below) (hereinafter referred to as "the consolidated Ind AS Financial Statements")

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

3. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. 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 the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

4. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.

5. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards

and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 10 and 11 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph below, the aforesaid consolidated Ind AS financial statements give the information required by 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, 2017, and their consolidated total comprehensive income (comprising of consolidated loss and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

EMPHASIS OF MATTER

9. We draw attention to Note 38 to the consolidated Ind AS financial statements which describes the basis for revision of the consolidated Ind AS financial statements consequent to the 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"). We further report that, our 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).

Our opinion is not modified in respect of this matter.

OTHER MATTERS

10. We did not audit the Ind AS financial statements/ financial information of one subsidiary (including step down subsidiaries) whose Ind AS financial statements/ financial information reflect total assets of ₹ 3,537.65 lakhs and net assets of ₹ 2,721.75 lakhs as at March 31, 2017, total revenue of ₹ 12.19 lakhs, total comprehensive income (comprising of loss and other comprehensive income) of ₹ 276.39 lakhs and net cash flows amounting to ₹ (35.58) lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These Ind AS financial statements/ financial information have been audited by other auditors whose report has been furnished to us by the Management, and 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-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors.

11. The Consolidated Ind AS financial statements of the Group for the period April 1, 2016 to March 31, 2017 include the Ind AS financial statements/ financial information of the Transferor Company consequent to its amalgamation into the Holding Company, with the appointed date of April 1, 2016 (referred to in Note 38 to the consolidated Ind AS financial statements). We did not audit the Ind AS financial statements/ financial information of the Transferor Company for the period April 1, 2016 to March 31, 2017, included in the consolidated Ind AS financial statements of the Company, whose Ind AS financial statements/ financial information reflect total assets of ₹ 20,072.32 lakhs as at March 31, 2017, net assets of ₹ 13,843.44 lakhs as at March 31, 2017, total comprehensive income (comprising of loss and other comprehensive income) of ₹ 5,048.61 lakhs, total revenue of ₹ 806.27 lakhs and net cash flows amounting to ₹ 454.36 lakhs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements. The said Ind AS financial statements/ financial information of the Transferor Company, has been audited by other auditor whose report dated August 5, 2017 has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the Transferor Company and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the Transferor Company, is based solely on the report of the other auditor.

    Our opinion 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.

12. The comparative financial information of the Group for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 13, 2016 and May 6, 2015 respectively. The adjustments to those consolidated Ind AS financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us and other auditors (for the Ind AS financial statements/ financial information of one subsidiary and for the Transferor Company as considered in the consolidated Ind AS financial statements).

    Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. As required by Section143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law have been kept by the Holding Company, including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and from the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company as referred to in sub-paragraph 11 of the Other Matters Paragraph above.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company including relevant records relating to the preparation of the consolidated Ind AS financial statements and the Ind AS financial statements/ financial information of the Transferor Company audited by the other auditor referred to in sub-paragraph 11 of the Other Matters Paragraph above.

(d) In our opinion, and based on the report of the other auditor on the Ind AS financial statements/ financial information of the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors, taken on record by the Board of Directors and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company as referred to in sub-paragraph 11 of the Other Matters Paragraph above, none of the directors of the Holding Company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the other auditor on the Ind AS financial statements/ financial information of the Transferor Company referred to in sub-paragraph 11 of the Other Matters Paragraph above:

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group – Refer Note 24 to the consolidated Ind AS financial statements.

ii. The Group has long-term contracts and derivative contracts as at March 31, 2017 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2017.

iv. The Group has provided requisite disclosures in the consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation and based on the report of the other auditor on the Ind AS financial statements/ financial information for the Transferor Company referred to in sub- paragraph 11 of the Other Matters Paragraph above, we report that the disclosures are in accordance with books of account maintained by the Holding Company and as produced to us by the Management – Refer Note 37 to the consolidated Ind AS financial statements.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572

Kolkata
August 10, 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 (f) of the Independent Auditors' Report of even date to the members of Phillips Carbon Black Limited on the Consolidated Ind AS financial statements for the year ended March 31, 2017

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. This Report supersedes our Report dated May 25, 2017.

2. We have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited (hereinafter referred to as "the Holding Company") as of March 31, 2017, which includes the internal financial controls over financial reporting of Goodluck Dealcom Private Limited ("Transferor Company") for the year ended on that date audited by another firm of Chartered Accountants (Refer Other Matter paragraph below) in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

3. The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on "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 (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 Act.

AUDITOR'S RESPONSIBILITY

4. Our responsibility is to express an opinion on the Holding company's internal financial controls over financial reporting 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor for the Transferor Company in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. A company's internal financial control over financial reporting 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 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 consolidated Ind AS 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

8. Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

EMPHASIS OF MATTER

9. We draw attention to Note 38 to the consolidated Ind AS financial statements which describes the basis for revision of the consolidated Ind AS financial statement consequent to the amalgamation of the Transferor Company with the 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"). We further report that, our audit procedures on the subsequent events in so far as it relates to the revision to the consolidated financial statements (as amended) with respect to the adequacy and operating effectiveness of internal financial controls over financial reporting therein 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).

   Our opinion is not modified in respect of this matter.

OTHER MATTER

10 We did not audit the adequacy and operating effectiveness of internal financial controls over financial reporting of the Transferor Company for the period April 1, 2016 to March 31, 2017. The adequacy and operating effectiveness of internal financial controls over financial reporting of the Transferor Company for the aforesaid period, has been audited by other auditor whose report has been furnished to us, and our opinion in so far as it relates to the adequacy and operating effectiveness of internal financial controls over financial reporting included in respect of the Transferor Company, is based solely on the report of the other auditor.

Our opinion is not modified in respect of this matter.

OPINION

11. In our opinion and based on the report of the other auditor on the adequacy and operating effectiveness over financial reporting of the Transferor Company, referred to in Other Matter Paragraph above, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number: 57572

Kolkata
August 10, 2017

CONSOLIDATED BALANCE SHEET as at 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3(a)	138,305.64	141,571.49	143,747.01
Investment properties	3(b)	447.73	–	–
Capital work-in-progress	3(c)	7,958.78	7,968.94	7,964.12
Goodwill		4.00	4.00	4.00
Other intangible assets	3(d)	–	13.33	63.96
Financial assets				
(i) Investments	4(a)	19,579.38	13,005.21	14,946.28
(ii) Loans	4(e)	1,325.62	1,313.59	1,246.81
(iii) Other financial assets	4(f)	–	–	1,583.29
Deferred tax assets (Net)	12	–	57.74	84.53
Other non-current assets	5	3,223.19	3,478.33	4,081.23
TOTAL NON-CURRENT ASSETS		**170,844.34**	**167,412.63**	**173,721.23**
Current assets				
Inventories	6	24,352.32	24,422.24	29,683.99
Financial assets				
(i) Investments	4(a)	9,502.97	9,808.25	–
(ii) Trade receivables	4(b)	46,565.61	43,814.93	52,059.38
(iii) Cash and cash equivalents	4(c)	2,322.85	4,984.16	1,074.92
(iv) Other bank balances	4(d)	268.95	201.92	210.48
(v) Loans	4(e)	50.63	193.78	94.18
(vi) Other financial assets	4(f)	52.83	769.94	169.17
Current tax assets (Net)	7	0.23	–	151.37
Other current assets	5	3,488.78	7,471.83	8,241.96
TOTAL CURRENT ASSETS		**86,605.17**	**91,667.05**	**91,685.45**
TOTAL ASSETS		**257,449.51**	**259,079.68**	**265,406.68**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	8	3,446.73	3,446.73	3,446.73
Other equity	9	109,623.22	101,035.37	101,963.10
EQUITY ATTRIBUTABLE TO OWNERS OF THE EQUITY		**113,069.95**	**104,482.10**	**105,409.83**
Non -Controlling Interest		583.34	666.55	688.38
TOTAL EQUITY		**113,653.29**	**105,148.65**	**106,098.21**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	10(a)	19,016.25	20,436.81	32,626.00
(ii) Other financial liabilities	10(c)	–	58.50	59.40
Provisions	11	494.14	422.40	365.17
Deferred tax liabilities (Net)	12	20,467.26	14,795.88	12,992.15
TOTAL NON-CURRENT LIABILITIES		**39,977.65**	**35,713.59**	**46,042.72**
Current liabilities				
Financial liabilities				
(i) Borrowings	10(a)	54,814.40	70,534.88	77,494.08
(ii) Trade payables	10(b)			
a) Total outstanding dues of micro enterprises and small enterprises		5.51	4.42	4.90
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		41,519.96	27,120.58	14,507.29
(iii) Other financial liabilities	10(c)	5,059.11	18,770.98	17,815.53
Provisions	11	565.59	352.93	460.32
Current tax liabilities (Net)	14	208.40	51.59	–
Other current liabilities	13	1,645.60	1,382.06	2,983.63
TOTAL CURRENT LIABILITIES		**103,818.57**	**118,217.44**	**113,265.75**
TOTAL LIABILITIES		**143,796.22**	**153,931.03**	**159,308.47**
TOTAL EQUITY AND LIABILITIES		**257,449.51**	**259,079.68**	**265,406.68**

The accompanying notes form an integral part of these Consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of Board of Directors

Pinaki Chowdhury
Partner
Membership Number 57572

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

STATEMENT OF CONSOLIDATED PROFIT AND LOSS for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Note	Year ended 31 March, 2017	Year ended 31 March, 2016
Revenue from operations	15	213,126.86	211,547.48
Other income	16	1,863.69	1,648.61
TOTAL INCOME		**214,990.55**	**213,196.09**
EXPENSES			
Cost of materials consumed	17(a)	122,126.36	129,145.86
Purchases of Stock-in-trade (carbon black feed stock)		-	1,748.17
Changes in inventories of finished goods	17(b)	1,527.55	3,560.81
Excise duty		20,431.75	22,137.79
Employee benefits expense	18	8,197.02	7,278.83
Finance costs	19	5,144.89	7,210.44
Depreciation and amortisation expense	20	6,061.98	6,215.42
Other expenses	21	35,031.69	31,158.36
TOTAL EXPENSES		**198,521.24**	**208,455.68**
Profit before tax		**16,469.31**	**4,740.41**
Income-tax expense	22		
Current tax		3,611.78	1,317.54
Deferred tax		5,988.68	1,831.30
TOTAL TAX EXPENSE		**9,600.46**	**3,148.84**
Profit for the year		**6,868.85**	**1,591.57**
Other Comprehensive Income			
Items that will be reclassified to profit or loss, net of taxes			
Exchange difference on translation of foreign operations		(169.56)	105.36
Items that will not be reclassified to profit or loss, net of taxes			
Remeasurements of defined benefit plans		(350.79)	(73.94)
Changes in fair value of Equity Instruments through OCI		5,347.96	(2,174.26)
Income tax relating to items that will not be reclassified to profit or loss		334.35	16.56
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		**5,161.96**	**(2,126.28)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,030.81**	**(534.71)**
Profit for the year attributable to :-			
Owners of the equity		6,928.49	1,632.58
Non-controlling interest		(59.64)	(41.01)
Other comprehensive income for the year attributable to :-			
Owners of the equity		5,185.53	(2,145.46)
Non-controlling interest		(23.57)	19.18
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO :-			
Owners of the equity		12,114.02	(512.88)
Non-controlling interest		(83.21)	(21.83)
Earning per equity share :			
[Nominal Value per share - ₹ 10/- (Previous year - ₹ 10/-)]			
Basic (₹)		19.93	4.62
Diluted (₹)		19.93	4.62

The accompanying notes form an integral part of these Consolidated financial statements.
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of Board of Directors

Pinaki Chowdhury
Partner
Membership Number 57572

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31 March, 2017		Year Ended 31 March, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax		16,469.31		4,740.41
Adjustments for:				
Depreciation and amortisation expense	6,061.98		6,215.42	
Finance costs	5,144.89		7,210.44	
Allowance for doubtful debts / expected credit losses on trade receivable	766.72		1.55	
Allowance for doubtful advances	368.32		117.50	
Interest income classified as investing cash flow	(146.29)		(513.74)	
Income from dividend	(264.12)		(417.03)	
Net gain on sale of current investment carried at fair value through profit or loss	(510.18)		(161.95)	
Net gain on sale of non-current investment carried at fair value through profit or loss	(332.64)		(1.37)	
Net gain on current investment carried at fair value through profit or loss	(2.97)		(8.25)	
Net gain on non-current investment carried at fair value through profit or loss	(150.81)		(213.92)	
Liabilities no longer required written back	(25.49)		(98.24)	
Allowance for doubtful debts written back	(216.78)		-	
Allowance for doubtful advances written back	(117.50)		(43.68)	
(Profit)/Loss on disposal of property, plant and equipment / Capital work in progress written off	697.73		(18.84)	
Balance with Government Authorities written off	475.95		193.37	
Advances/ Inter-corporate deposit written off	135.17		-	
Foreign exchange differences (net)	(1,273.12)		(1,069.70)	
		10,610.86		11,191.56
Operating profit before changes in operating assets and liabilities		**27,080.17**		**15,931.97**
Changes in operating assets and liabilities				
Decrease in inventories	69.92		5,261.75	
Decrease in financial and non-financial assets	863.18		9,856.56	
Increase in financial and non-financial liabilities	10,011.53		12,267.57	
		10,944.63		27,385.88
Cash generated from operations		**38,024.80**		**43,317.85**
Income tax paid		(3,380.41)		(1,118.30)
NET CASH FROM OPERATING ACTIVITIES		**34,644.39**		**42,199.55**

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

		Year Ended 31 March, 2017		Year Ended 31 March, 2016	
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Payments for acquisition of property, plant and equipment	(4,070.55)		(3,894.28)	
	Proceeds on disposal of property, plant and equipment	5.83		465.69	
	Payments for purchase of current investments	(248,211.62)		(109,901.40)	
	Proceeds from sale/redemption of current investments	249,030.05		100,263.35	
	Payments for purchase of non-current investments	(3,599.30)		(19.35)	
	Proceeds from sale of non-current investments	2,856.55		1.45	
	Interest received	135.70		510.68	
	Dividend received from equity instruments designated at FVOCI and others	264.12		417.03	
	Inter Corporate deposits given	-		(4,640.00)	
	Inter Corporate deposits realised	-		4,651.00	
	NET CASH USED IN INVESTING ACTIVITIES		(3,589.22)		(12,145.83)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from non-current borrowings	16,564.90		-	
	Repayment of non-current borrowings	(27,247.85)		(11,644.20)	
	Increase/(decrease) in cash credit facilities from banks	(3,329.03)		(666.99)	
	Proceeds from current borrowings	89,870.38		196,190.23	
	Repayment of current borrowings	(101,030.50)		(202,472.95)	
	Dividends paid [including tax on dividend ₹ **596.43 lakhs** (Previous Year - ₹ 70.17 lakhs)]	(3,526.17)		(414.70)	
	Finance cost paid	(5,010.31)		(7,150.11)	
	NET CASH USED IN FINANCING ACTIVITIES		(33,708.58)		(26,158.72)
D.	**EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS**		(7.90)		14.24
	Net increase/(decrease) in cash and cash equivalents		**(2,661.31)**		**3,909.24**
	Opening cash and cash equivalents [Refer Note 4(c)]		4,984.16		1,074.92
	Closing cash and cash equivalents [Refer Note 4(c)]		**2,322.85**		**4,984.16**

Notes:

1. The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes form an integral part of these Consolidated financial statements.
This is the Consolidated Statement of Cash Flow referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of Board of Directors

Pinaki Chowdhury
Partner
Membership Number 57572

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Particulars	Notes	Amount
As at 1 April, 2015	8	3,446.73
Changes in equity share capital during the year ended 31 March, 2016		-
As at 31 March, 2016		3,446.73
Changes in Equity Share Capital during the year ended 31 March, 2017		-
As at 31 March, 2017		3,446.73

B. OTHER EQUITY

Particulars	Notes	Reserves and Surplus				Other reserves				
		Capital reserve	Securities premium reserve	General reserve	Retained earning (Surplus in Statement of Profit and Loss)	Fair value through other comprehensive income - Equity instrument	Statutory reserve (U/s 45IC of RBI Act, 1934)	Other Items of Other prehensive Income (FCTR)	Non Controlling Interest	Total other equity
Balance as at April 1, 2015	9	156.81	22,411.60	7,338.43	64,649.59	7,346.33	60.34	-	688.38	102,651.48
Profit for the year		-	-	-	1,632.58	-	-	-	(41.01)	1,591.57
Other Comprehensive Income		-	-	-	(32.57)	(2,199.07)	-	86.18	19.18	(2,126.28)
Transfer from Other Comprehensive Income		-	-	-	(0.67)	0.67	-	-	-	-
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**-**	**1,599.34**	**(2,198.40)**	**-**	**86.18**	**(21.83)**	**(534.71)**
Dividends paid (including ₹ 70.17 Lakhs tax on dividends)	26	-	-	-	(414.85)	-	-	-	-	(414.85)
Balance as at March 31, 2016		**156.81**	**22,411.60**	**7,338.43**	**65,834.08**	**5,147.93**	**60.34**	**86.18**	**666.55**	**101,701.92**
Balance as at 1 April, 2016	9	156.81	22,411.60	7,338.43	65,834.08	5,147.93	60.34	86.18	666.55	101,701.92
Profit for the year		-	-	-	6,928.49	-	-	-	(59.64)	6,868.85
Other Comprehensive Income		-	-	-	(154.52)	5,486.02	-	(145.97)	(23.57)	5,161.96
Transfer from Other Comprehensive Income		-	-	-	(209.61)	209.61	-	-	-	-
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**-**	**6,564.36**	**5,695.63**	**-**	**(145.97)**	**(83.21)**	**12,030.81**
Dividends paid (including ₹ 596.43 Lakhs tax on dividends)	26	-	-	-	(3,526.17)	-	-	-	-	(3,526.17)
Balance as at 31 March, 2017		**156.81**	**22,411.60**	**7,338.43**	**68,872.27**	**10,843.56**	**60.34**	**(59.79)**	**583.34**	**110,206.56**

The accompanying notes form an integral part of these Consolidated financial statements.
This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date: 10 August, 2017

For and on behalf of Board of Directors

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

BACKGROUND

Phillips Carbon Black Limited is a Company limited by shares, incorporated and domiciled in India. Phillips Carbon Black Limited (Parent Company) and its subsidiaries (hereinafter referred as " Group") is primarily engaged in the business of manufacturing and sale of carbon black and sale of power as detailed under segment information in Note 32. Equity shares of the Parent Company are listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited. The registered office of the Parent Company is located at Duncan House, 3rd Floor, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

The consolidated financials statements were approved and authorised for issue with the resolution of the Board of Directors on August 10, 2017.

1. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. These Financial Statements are for the group consists of Phillips Carbon Black Limited and its subsidiaries.

1.1 Basis of preparation

1.1.1 Compliance with Ind AS

The Consolidated Financial Statements comply in all material aspects with 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.

The Consolidated Financial Statements up to year ended 31 March, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Financial Statements are the first consolidated Financial Statements of the Group under Ind AS. Refer Note 36 for an explanation of how the transition from previous GAAP to Ind AS has impacted the Group's financial position, financial performance and cash flows.

1.1.2 Historical cost convention

The consolidated Financial Statements have been prepared on a historical cost basis, except the following:-

i) certain financial assets and liabilities (including derivative instruments) that is measured at fair value;

ii) defined benefit plans – plan assets measured at fair value.

iii) certain class of property, plant and equipment are measured at fair value on 1 April, 2015 (transition date) and considered such value as deemed cost at that date.

1.1.3 Principal 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 acquisition method of accounting is used to account for business combinations by the group.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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 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 interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 noncurrent.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

1.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discounts, rebates, value added taxes and amounts collected on behalf of third parties.

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 and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transaction and the specifics of each arrangement.

Sale of carbon black

Revenue from sale of carbon black is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer as per the terms of contract.

Sale of power

Revenue from the sale of power is recognised based on the units as transmitted to 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 and Focused Market 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.

1.3 Property, plant and equipment

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction less accumulated depreciation, impairment loss, if any, or at deemed cost (fair value as at transition date) less accumulated depreciation, impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset 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.

1.3.1 Transition to Ind AS

On transition to Ind AS, the Group has elected to measure certain class of property, plant and equipments at its fair value as at the transition date and considered such value as deemed cost at that date, while remaining class of Property, Plant and Equipment are carried at cost determined in accordance with retrospective application of Ind AS.

1.3.2 Depreciation methods, estimated useful lives and residual value

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 useful life prescribed under the Schedule II to the Companies Act 2013 are as follows:

Assets	Useful life
Plant & Equipments and Electrical Installations	18 to 20 Years

Depreciation on historical cost/deemed cost of other Property, Plant and Equipment (except land) is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

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 period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other gains/ (losses).

The cost of property plant and equipment not ready to use are disclosed under capital work in progress.

1.3.A Intangible assets

Intangible assets (Computer Software) has a finite useful life and are stated at cost less accumulated depreciation, 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.

1.3.A.1 Amortisation method and period

Computer softwares are 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.

1.3.A.2 Research and development

Research cost are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 'Intangible Assets' are recognised as expense as incurred.

1.3.A.3 Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with carrying value of all of intangible assets recognised as at 1 April, 2015 measure as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

1.3.B 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 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 other than land is depreciated using the straight-line method over their estimated useful lives.

1.4 Impairment of non-financial assets

Goodwill is not subject to amortisation and are tested annually for impairment or more frequently if events and circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount 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. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.5 Leases

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.

1.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost of Inventories comprises cost of purchases and all other costs incurred in bringing the inventories to the present location and condition. Cost of finished goods comprises direct materials, direct labour and appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis. 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.

1.7 Investment and other financial assets

1.7.1 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. 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 assets changes.

1.7.2 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(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 three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the statement of profit or loss when the asset is derecognised or impaired.

Fair value through other comprehensive income (FVOCI): Assets that are held for collections of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss and recognised in other income.

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. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in 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 instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ other expenses in the statement of profit and loss.

1.7.3 Impairment of financial assets

The Group assesses on a forward looking basis, the expected credit losses associated with its assets carrying at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the group determines whether there has been a significant increase in credit risk.

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.

1.7.4 Derecognition of financial assets

A financial asset is derecognised only when

- 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, 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.

1.7.5 Income recognition

(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.

(b) Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

1.7.6 Fair value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of method and assumptions that are based on market conditions and risk existing at each reporting date. The methods used to determine fair value includes discounted cash flow analysis and available quoted market prices. All method of assessing fair value result in general approximation of fair value and such value may never actually be realised.

1.8 Derivatives Instruments

The Group enters into certain derivative contracts to hedge risk which are not designated as hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period with changes included in other income / other expense.

1.9 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.

1.10 Trade receivables

Trade receivables are amount 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.

1.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

1.12 Trade Payables

These amount represent liabilities for goods and services provided to the Group prior to the end of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

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 method.

1.13 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. 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 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 drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1.14 Borrowing Cost

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.

1.15 Foreign currency transactions and translation

1.15.1 Functional and presentation currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which Group operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (₹), which is the Group's functional and presentation currency.

1.15.2 Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

liabilities carried at fair value are reported as part of the fair value gain or loss.

1.15.3 Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, 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 rate.

1.16 Employee benefits

1.16.1 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 in which the employees render the related service are recognized in respect of employees' service up to the end of the reporting period and 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.

1.16.2 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 Employee Benefit Expense in the statement of profit and loss.

(d) Remeasurement 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(e) Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and 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 of the Parent Company has rendered the service.

1.16.3 Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees of the Parent Company render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees of the Parent Company up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

1.17 Income tax

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 and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

1.18 Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a 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.

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.

1.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.20 Earnings per share

1.20.1 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.

1.20.2 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.

1.21 Segment reporting

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. Refer note 32 for segment information presented.

1.22 Business Combinations

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

control is not transitory, is accounted for using the pooling of interests method. Other business combinations, involving entities or businesses are accounted for using acquisition method. The Group has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date of 1 April, 2015.

1.23 Recent Accounting Pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7 'Statements of cash flows'. This amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statements of cash flows'. The amendments are applicable to the Group from 1 April, 2017.

Amendments to Ind AS 7

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from cash flows and non - cash charges, suggesting inclusion of a reconciliation between the opening and closing balance in the consolidated balance sheet for liabilities arising from financing activities, to meet the disclosure requirements. The Group is evaluating the requirements of the amendments and the effect on the consolidated financial statements is being evaluated.

1.24 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 uniformity with the Ind AS requires management to make judgments, estimates and assumptions, that impact 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 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 are recognised in the period in which the estimates is revised and future period impacted.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements:-

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation) - Note 1.16 and 11

Post-employment benefits represents obligation that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit 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 Parent Company to make assumptions regarding variables such as discount rate, rate of compensation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

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. For a discussion of the current funded status a sensitivity analysis with respect to gratuity plan assumptions.

Impairment of trade receivables - Note 1.10 and 4(b)

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of doubtful debtors, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the valuation allowance are reviewed periodically.

Estimation of expected useful lives and residual values of property, plants and equipment - Notes 1.3 and 3(a)

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taken into account at 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 - Note 1.18 and 24

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 - Note 1.7.6 and 4(a)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(A) PROPERTY, PLANT AND EQUIPMENT

(All amounts in ₹ Lakhs, unless otherwise stated)

	Freehold land	Leasehold land	Buildings (i)	Non-factory buildings and flats	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Electrical installations	Railway sidings	Total
Year ended 31 March, 2016											
Gross carrying amount											
Deemed cost as at 1 April, 2015	20,653.92	40,399.40	6,966.25	5,030.67	68,190.74	119.75	233.28	25.62	2,125.98	1.40	143,747.01
Additions during the year	-	-	68.82	400.09	3,797.96	28.43	117.81	6.98	16.03	-	4,436.12
Disposals during the year	-	-	-	(442.07)	-	(4.06)	(0.26)	(3.42)	-	-	(449.81)
CLOSING GROSS CARRYING AMOUNT	**20,653.92**	**40,399.40**	**7,035.07**	**4,988.69**	**71,988.70**	**144.12**	**350.83**	**29.18**	**2,142.01**	**1.40**	**147,733.32**
Accumulated depreciation											
Depreciation charge during the year	-	-	302.24	116.94	5,333.83	27.95	148.99	15.77	217.67	1.40	6,164.79
Adjustment of depreciation on disposals	-	-	-	(0.42)	-	(0.40)	(0.06)	(2.08)	-	-	(2.96)
CLOSING ACCUMULATED DEPRECIATION	**-**	**-**	**302.24**	**116.52**	**5,333.83**	**27.55**	**148.93**	**13.69**	**217.67**	**1.40**	**6,161.83**
NET CARRYING AMOUNT	**20,653.92**	**40,399.40**	**6,732.83**	**4,872.17**	**66,654.87**	**116.57**	**201.90**	**15.49**	**1,924.34**	**-**	**141,571.49**
Year ended 31 March, 2017											
Gross carrying amount											
Opening balance as at 1 April, 2016	20,653.92	40,399.40	7,035.07	4,988.69	71,988.70	144.12	350.83	29.18	2,142.01	1.40	147,733.32
Reclassified to investment property	(447.73)	-	-	-	-	-	-	-	-	-	(447.73)
Additions during the year	-	-	86.52	24.86	2,974.76	3.62	127.33	0.04	22.96	-	3,240.09
Disposals during the year	-	-	-	-	-	(4.16)	(1.03)	(3.80)	(1.51)	-	(10.50)
CLOSING GROSS CARRYING AMOUNT	**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**
Accumulated depreciation											
Opening balance as at 1 April, 2016	-	-	302.24	116.52	5,333.83	27.55	148.93	13.69	217.67	1.40	6,161.83
Depreciation charge during the year	-	-	305.85	109.37	5,289.47	23.99	112.33	4.75	202.89	-	6,048.65
Adjustment of depreciation on disposals	-	-	-	-	-	(0.64)	(0.19)	(0.10)	(0.01)	-	(0.94)
CLOSING ACCUMULATED DEPRECIATION	**-**	**-**	**608.09**	**225.89**	**10,623.30**	**50.90**	**261.07**	**18.34**	**420.55**	**1.40**	**12,209.54**
NET CARRYING AMOUNT	**20,206.19**	**40,399.40**	**6,513.50**	**4,787.66**	**64,340.16**	**92.68**	**216.06**	**7.08**	**1,742.91**	**-**	**138,305.64**

(i) Cost and accumulated depreciation include ₹ 4,614.66 Lakhs {(31 March, 2016 – ₹ 4,536.22 Lakhs, 1 April, 2015 – ₹ 3,368.78 Lakhs (Deemed Cost)} and ₹ 334.19 Lakhs (31 March, 2016 – ₹ 116.93 Lakhs, 1 April, 2015 – ₹ Nil) respectively in respect of Buildings on Leasehold Land.

(ii) Title deed of the above immovable properties are held in the name of Phillips Carbon Black Limited.

(iii) The Group has borrowed from banks which carry charge over certain of the above property, plant and equipment. (Refer note 10(a) for details).

(iv) Gross carrying amount on leasehold land represents amount paid under certain lease agreement where the Group has an option to renew the properties on expiry of the lease period.

(v) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 20).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(B) INVESTMENT PROPERTIES

Particulars	Land
Year ended 31 March, 2016	
Opening gross carrying amount as at 1 April, 2015	-
Additions during the year	-
CLOSING GROSS CARRYING AMOUNT	**-**
Year ended 31 March, 2017	
Opening gross carrying amount as at 1 April, 2016	-
Reclassification from freehold land [Refer Note 3(a)]	447.73
CLOSING GROSS CARRYING AMOUNT	**447.73**
Fair values	
As at 1 April, 2015	-
As at 31 March, 2016	-
As at 31 March, 2017	447.73

Estimation of fair value

The fair value of the investment property is approximate to it's carrying amount stated above and 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 valuation is based on valuation performed by an accredited independent valuer. Fair valuation is based on market approach method. The fair value measurement is categorised in Level 2 fair value hierarchy.

NOTE 3(C) CAPITAL WORK-IN-PROGRESS

Particulars	Capital work in progress
Year ended 31 March, 2016	
Opening gross carrying amount as at 1 April, 2015	7,964.12
Additions during the year	4,423.51
Additions for changes in foreign exchange rates	17.43
Capitalization during the year	(4,436.12)
CLOSING GROSS CARRYING AMOUNT	**7,968.94**
Year ended 31 March, 2017	
Opening gross carrying amount as at 1 April, 2016	7,968.94
Additions during the year	3,976.25
Additions for changes in foreign exchange rates	(52.32)
Written off during the year	(694.00)
Capitalization during the year	(3,240.09)
Closing gross carrying amount	**7,958.78**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(D) OTHER INTANGIBLE ASSETS

Particulars	Computer Software – Acquired
Year ended March 31, 2016	
Gross carrying amount	
Deemed cost as at 1 April, 2015	63.96
CLOSING GROSS CARRYING AMOUNT	**63.96**
Accumulated amortisation	
Amortisation charge during the year	50.63
CLOSING ACCUMULATED AMORTISATION	**50.63**
Net carrying amount	13.33
Year ended March 31, 2017	
Gross carrying amount	
Opening balance as at 1 April, 2016	63.96
CLOSING GROSS CARRYING AMOUNT	**63.96**
Accumulated amortisation	
Opening accumulated amortisation	50.63
Amortisation charge during the year	13.33
Closing accumulated amortisation	**63.96**
Net carrying amount	–

Amortisation has been included under depreciation and amortisation expenses in the statement of profit and loss (Refer note 20).

NOTE 4 (A) : INVESTMENTS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-Current			
Investments in Equity Instruments (fully paid-up) - Other body corporate			
Quoted			
Bank of Baroda	62.14	52.82	58.74
35,930 (31 March, 2016: 35,930, 1 April, 2015: 35,930) equity shares of ₹ 2/- each $			
Indian Overseas Bank	3.04	3.45	4.83
11,400 (31 March, 2016: 11,400, 1 April, 2015: 11,400) equity shares of ₹ 10/- each $			
Norplex Oak India Limited	–	–	–
380,000 (31 March, 2016: 380,000, 1 April, 2015: 600,000) equity shares of ₹ 10/- each #			
Maple Circuits Limited	–	–	–
765,000 (31 March, 2016: 765,000, 1 April, 2015: 1,910,000) equity shares of ₹ 10/- each #			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
CESC Limited	14,184.30	8,026.30	10,176.20
1,686,198 (31 March 2016: 1,686,198, 1 April 2015: 1,686,198) equity shares of ₹ 10/- each $			
Unquoted			
Apeejay Charter Private Limited	0.16	0.16	0.16
1,600 (31 March, 2016: 1,600, 1 April, 2015: 1,600) equity shares of ₹ 10/- each $			
Accurate Commodeal Private Limited	33.19	33.19	-
390,000 (31 March 2016: 390,000, 1 April 2015: Nil) equity shares of ₹ 10/- each $			
Woodlands Multispeciality Hospital Limited	243.63	243.63	242.95
145,480 (31 March 2016: 145,480, 1 April 2015: 145,480) equity shares of ₹ 10/- each $			
Open Media Network Private Limited	-	-	0.75
NIL (31 March 2016: Nil, 1 April 2015: 75,000) equity shares of ₹ 10/- each $			
Ritushree Vanijya Private Limited	0.19	0.19	-
1,900 (31 March 2016:1900, 1 April 2015: Nil) Fully paid Equity Shares of ₹ 10/- each $			
Solty Commercial Private Limited	0.19	0.19	-
1,900 (31 March 2016:1900, 1 April 2015: Nil) Fully paid Equity Shares of ₹ 10/- each $			
Subhrashi Vinimay Private Limited	1,523.82	-	-
13,000,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of ₹ 10/- each $			
Fairluck Commercial Company Limited	-	-	-
6,670,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of ₹ 10/- each $			
Spotboy Tracom Private Limited	862.99	862.99	894.29
330,875 (31 March 2016: 330,875, 1 April 2015: 330,875) equity shares of ₹ 10/- each $			
Investments in Preference Shares (fully paid-up) - Other body corporate #			
Unquoted			
Rainbow Investments Limited	2,665.73	3,782.29	3,568.36
3,175,000 (31 March 2016: 4,775,000, 1 April 2015: 4,775,000) 2% cumulative non convertible redeemable preference shares of ₹ 100 each			
Norplex Oak India Limited	-	-	-
50 (31 March, 2016: 50, 1 April, 2015: 50) preference shares of ₹ 100/- each			
Maple Circuits Limited	-	-	-
50 (31 March, 2016: 50, 1 April, 2015: 50) preference shares of ₹ 100/- each			
	19,579.38	**13,005.21**	**14,946.28**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Current			
Investments in Mutual Funds #			
Unquoted			
Principal Cash management Fund – Direct Plan Growth	5,001.66	5,003.78	–
315,752.87 (31 March, 2016: 339,298.20, 1 April, 2015: Nil) of face value ₹ 1,000/- each			
Taurus Liquid Fund – Direct Plan – Super Institutional Growth	–	1,001.11	–
Nil (31 March, 2016: 6,0952.90, 1 April, 2015: Nil) of face value ₹ 1,000/- each			
ICICI Prudential Liquid – Direct Plan Growth	2,500.75	3,803.36	–
1,038,874.26 (31 March, 2016: 1,695,731.35, 1 April, 2015: Nil) of face value ₹ 1,000/- each			
Kotak Floater Mutual Fund – Direct Plan Growth	2,000.56	–	–
74,944.79 (31 March, 2016: Nil, 1 April, 2015: Nil) of face value ₹ 1,000/- each			
	9,502.97	**9,808.25**	**–**
1 Additional Information			–
(a) Aggregate amount – market value of quoted investments	14,249.48	8,082.57	10,239.77
(b) Aggregate amount of unquoted investments	14,832.87	14,730.89	4,706.51

Investments carried at Fair value through profit or loss

$ Investments carried at Fair value through Other Comprehensive Income (OCI) – Refer note 2 below

2 These investments in equity instruments are not held or 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 securities are derecognized.

3 Refer note 33 for information about fair value measurements and note 34 for credit risk and market risk on investments.

4(B) TRADE RECEIVABLES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Unsecured			
Considered Good	46,565.61	43,814.93	52,059.38
Considered doubtful	1,443.64	893.70	892.15
Less : Allowance for doubtful debts / expected credit loss	(1,443.64)	(893.70)	(892.15)
	46,565.61	**43,814.93**	**52,059.38**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

4(C) CASH AND CASH EQUIVALENTS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Balances with banks	1,726.29	4,004.93	204.39
Remittances in transit	589.91	974.03	866.67
Cash on Hand	6.65	5.20	3.86
	2,322.85	**4,984.16**	**1,074.92**

There are no repatriation restriction with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

4(D) OTHER BANK BALANCES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Balances with Banks			
- In Margin Money Account against guarantee (Maturity of more than three months but less than twelve months)	139.20	139.20	139.47
- In Unpaid Dividend Accounts *	129.75	62.72	71.01
	268.95	**201.92**	**210.48**

* Earmarked for payment of Unclaimed Dividend

4(E) LOANS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(Unsecured considered good)			
Non-current			
Security deposits	1,219.73	1,221.44	1,120.82
Other loans			
Loan to employees @	105.89	92.15	125.99
	1,325.62	**1,313.59**	**1,246.81**
@ Includes amount due from an officer of the Parent Company	-	0.01	0.08

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Current			
Security deposits	14.63	-	-
Inter corporate loans	-	130.00	11.00
Other loans			
Loan to employees #	36.00	63.78	83.18
	50.63	**193.78**	**94.18**
# Includes amount due from an officer of the Parent Company	0.02	0.06	0.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

4(F) OTHER FINANCIAL ASSETS

(Unsecured considered good)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Derivative Instruments not designated as hedges $			
Currency and Interest rate swaps	–	–	1,583.29
	–	**–**	**1,583.29**
Current			
Interest receivable	52.83	42.23	39.17
Advances against equity	–	–	130.00
Derivative Instruments not designated as hedges $			
Currency and Interest rate swaps	–	727.71	–
	52.83	**769.94**	**169.17**

$ Financial assets carried at fair value through profit and loss

NOTE 5: OTHER ASSETS

(Unsecured considered good, unless otherwise stated)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Capital Advances			
- Considered Good :	338.38	333.56	682.86
- Considered Doubtful :	45.62	10.62	15.72
Less : Allowance for doubtful advances	(45.62)	(10.62)	(15.72)
Others			
Prepaid Expenses - Land rental	2,778.49	2,976.05	3,014.19
Prepaid Expenses	106.32	168.72	383.57
Advances to Employees	–	–	0.61
	3,223.19	**3,478.33**	**4,081.23**
Current			
Advances to Suppliers/ Service providers (other than capital)			
- Considered Good :	815.19	1,052.58	1,325.37
- Considered Doubtful :	129.44	16.18	54.76
Less : Allowance for doubtful advances	(129.44)	(16.18)	(54.76)
Balance with Government Authorities*			
- Considered Good :	1,549.38	4,800.46	4,528.86
- Considered Doubtful :	216.46	117.50	–
Less : Allowance for doubtful advances	(216.46)	(117.50)	–
Advances to Employees @	76.77	136.21	83.44
Prepaid Expenses	364.98	598.96	633.61
Prepaid Expenses - Land Rental	81.02	123.17	82.58
Export Benefit Receivables #	600.55	758.73	1,586.97
Others	0.89	1.72	1.13
	3,488.78	**7,471.83**	**8,241.96**

* Balances with Government Authorities primarily include amounts realisable from the excise, service tax, value added tax and customs authorities of India, the unutilised excise input credits on purchases and amounts paid under protest relating to indirect tax matters. These are generally realised within one year or regularly utilised to offset the excise duty liability on goods manufactured by the Group. Accordingly, these balances have been classified as current assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

#		Export Benefit Receivable primarily consist of amount receivable from various government authorities 'of India towards incentives on export sales made by the Group			
$	(i)	Due from an Officer of Parent Company	-	0.12	-
	(ii)	Held in trust by Managing Director of the Parent Company which has been subsequently refunded to the Parent Company	-	36.00	-

NOTE 6: INVENTORIES

(At lower of cost and net realisable value)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Raw Materials	16,497.90	15,540.64	17,458.26
(including in transit ₹ Nil (31 March, 2016: ₹ 7,725.60 Lakhs, 1 April, 2015:₹ Nil))			
Finished Goods *	3,613.43	5,140.98	8,701.79
(including in transit ₹ Nil Lakhs (31 March, 2016: ₹ Nil, 1 April, 2015:₹ 53.31 Lakhs))			
Stores and Spares Parts (including Packing Material)	4,240.99	3,740.62	3,523.94
	24,352.32	**24,422.24**	**29,683.99**

* Includes carried at fair value less cost to sell	96.48	197.44	3,808.37

NOTE 7: CURRENT TAX ASSETS (NET)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Advance payment of Taxes, etc.	0.23	-	151.37
[Net of Provision for Taxation ₹ 30.35 Lakhs (31 March, 2016: Nil, 1 April, 2015: ₹ 11,717.00 Lakhs)]			
	0.23	**-**	**151.37**

NOTE 8: EQUITY SHARE CAPITAL

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Authorized			
62,000,000 (31 March, 2016: 50,000,000, 1 April, 2015: 50,000,000) equity shares of ₹ 10/- each *	6,200.00	5,000.00	5,000.00
Issued, Subscribed and Paid-up			
34,467,572 ((31 March, 2016: 34,467,572, 1 April, 2015: 34,467,572) Equity Shares of ₹ 10 each fully paid up (Refer (i) below)	3,446.77	3,446.77	3,446.77
Less : Allotment Money receivable	(0.04)	(0.04)	(0.04)
	3,446.73	**3,446.73**	**3,446.73**

* As per the Scheme of Amalgamation referred to in Note 38, the authorized share capital of the Transferor Company (Goodluck Dealcom Private Limited) amounting to 12,000,000 shares of ₹ 10 each is transferred to and merged with the authorized share capital of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(i) There were no change in number of shares during the year ended 31 March, 2017 and 31 March 2016. No additional 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 Parent company during the last five year

(ii) Details of equity shares held by the Holding Company :-

	No of Shares (Holding %)	No of Shares (Holding %)	No of Shares (Holding %)
Rainbow Investment Limited	17,303,074	17,216,074	17,216,074
(The immediate and Ultimate Holding Company)	(50.20%)	(49.95%)	(49.95%)
(with effect from 6 March, 2017)			

(iii) Details of Equity Shares held by Shareholders holding more than 5% of the aggregate shares in the Parent Company :

	No of Shares (Holding %)	No of Shares (Holding %)	No of Shares (Holding %)
Rainbow Investments Limited	17,303,074	17,216,074	17,216,074
	(50.20%)	(49.95%)	(49.95%)

(iv) Terms/ Rights attached to Equity Shares

The Parent Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. 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 eligible to receive the remaining assets of the Parent Company after distribution of all preferential amounts, in proportion to their shareholding.

(v) Allotment of 1823 shares is pending against Rights Issue made during 1993-94.

(vi) 48 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, 2017	As at 31 March, 2016	As at 1 April, 2015
(i) Reserves and Surplus			
Capital reserve (Refer a below)	156.81	156.81	156.81
Securities premium reserve (Refer b below)	22,411.60	22,411.60	22,411.60
Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below)	60.34	60.34	60.34
General reserve (Refer d below)	7,338.43	7,338.43	7,338.43
Retained earnings (Refer e below)	68,872.27	65,834.08	64,649.59
(ii) Other Reserves			
Equity Instruments through Other comprehensive income (Refer f (i) below)	10,843.56	5,147.93	7,346.33
Foreign currency translation reserve (Refer f (ii) below)	(59.79)	86.18	-
	109,623.22	**101,035.37**	**101,963.10**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation

(b) Securities premium reserve 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

(c) Statutory Reserve has been created in the books of the Transferor Company in accordance with the requirements of Section 45-IC of Reserve Bank of India Act, 1934.

(d) General Reserve

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 mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn though the Group 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, 2017	As at 31 March, 2016
(e) Retained earnings		
Balance as at the beginning of the year	65,834.08	64,649.59
Profit for the year	6,928.49	1,632.58
Items of other comprehensive income recognised directly in retained earning		
- Remeasurement of post-employment defined benefit obligation, net of tax	(154.52)	(32.57)
- Transferred from FVOCI - Equity instrument on account of disposal of investment	(209.61)	(0.67)
Less: Dividend paid (including Dividend Distribution Tax) (Refer note 26)	(3,526.17)	(414.85)
Balance as at the end of the year	**68,872.27**	**65,834.08**

Retained Earnings are the profits that the Group has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

(f) Other Comprehensive Income

	As at 31 March, 2017	As at 31 March, 2016
(I) Fair value through other comprehensive income - Equity instrument		
Balance as at the beginning of the year	5,147.93	7,346.33
Changes in fair value of FVOCI Equity Instruments, net of tax	5,486.02	(2,199.07)
Transferred to retained earnings on account of disposal of investment	209.61	0.67
Balance as at the end of the year	**10,843.56**	**5,147.93**

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 securities are derecognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

		As at 31 March, 2017	As at 31 March, 2016
(ii)	**Foreign currency translation reserve**		
	Balance as at the beginning of the year	86.18	–
	Add/(Less): Other comprehensive income for the year	(145.97)	86.18
	Balance as at the end of the year	**(59.79)**	**86.18**

Exchange difference arising from translation of foreign operations are recognised in other comprehensive income as described in accounting policies [Refer Note 1.15.3] and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss on disposal of the net investment.

10(A) BORROWINGS

Non-current borrowings

Secured Loans

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Term Loans from Banks	21,061.02	31,697.13	44,275.64
Less: Current maturities of Long Term Debt [included in Note 10(c)]	(1,990.52)	(11,202.18)	(11,560.98)
Less: Interest accrued [included in Note 10(c)]	(54.25)	(58.14)	(88.66)
	19,016.25	**20,436.81**	**32,626.00**

Nature of Security

Term Loan from bank amounting to ₹ Nil (31 March, 2016: ₹ 2,757.11 Lakhs, 1 April, 2015: ₹ 7,786.03 Lakhs) is secured by way of pari-passu first charge created on all the immovable properties of the Parent Company situated in Durgapur in West Bengal, Palej and Mundra in Gujarat and Kochi in Kerala and also on the Parent Company's movable Plant and Machinery, Machinery Spares, Tools and Accessories and other movable properties both present and future. The above term loan from bank is also secured by pari-passu second charge on the Parent Company's existing and future stock of Raw Materials, Finished and Semi Finished Goods, Consumables Stores and Spares, including Stock in transit and in the possession of any third party, present and future Book debts, Monies Receivable, Claims etc. held by any third party to the order of the disposition of the Parent Company excluding those relating to 30MW co-generation power plant at Durgapur in West Bengal.

Terms of Repayment

Loan availed ₹ 24,358.72 lakhs is repayable in 12 equal semi-annual installments, first installment being due at the end of 30 months from the first drawdown date of the facility i.e. on 29 March, 2011 and at the end of every six months there after.

Nature of Security

Term Loan from bank amounting to ₹ Nil (31 March, 2016: 5,698.05 lakhs, 1 April 2015: ₹ 8,534.41 Lakhs) is secured by way of first pari-passu charge over all the immovable and movable properties of the Parent Company. The above term loan from bank is also secured by second charge by way of hypothecation of the Parent Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal), both present and future, in a form and manner satisfactory to the bank, ranking pari-passu with other participating banks.

Terms of Repayment

Loan availed of ₹ 10,000 lakhs is repayable in 14 equal quarterly installments. First installment due at the end of 21 month from

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

the first drawdown date of the facility i.e. on 26 November, 2014. However, the loan has been fully repaid during the year.

Nature of Security
Term Loan from bank amounting to ₹ Nil (31 March,2016 : 8,587.90 lakhs, 1 April 2015: ₹ 9,928.99 Lakhs) is secured by way of first pari passu charge over all the immovable and movable properties of the Parent Company. The above term loan from bank is also secured by second charge by way of hypothecation of the Parent Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal) both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks.

Terms of Repayment
Loan availed of ₹ 10,000 lakhs is repayable in 22 equal quarterly installments. First installment due at the end of 21 month from the first drawdown date of the facility i.e. on 30 July, 2015. However, the loan has been fully repaid during the year.

Nature of Security
Term Loan from bank amounting to ₹ Nil lakhs (31 March, 2016,: ₹ 6,043.03 Lakhs, 1 April 2015: ₹ 8,063.09 Lakhs) is secured by way of first charge on the Fixed Assets both present and future, of the Parent Company by way of mortgage on pari-passu basis.

Terms of Repayment
Loan availed of ₹ 10,000 lakhs is repayable in 20 equal quarterly installments. First installment due on 30 June, 2014. However, the loan has been fully repaid during the year.

Nature of Security
Term Loan from bank amounting to ₹ 5,026.79 lakhs (31.03.2016: 8,611.04 Lakhs, 1 April 2015: ₹ 9,963.12 Lakhs) is Secured by way of first charge on Fixed Assets both present and future, of the Parent Company by way of hypothecation and mortgage on pari-passu basis with other term lenders. Second Charge on all current assets (present & future) of Parent Company on pari passu basis excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal.

Terms of Repayment
Loan availed of ₹ 10,000 lakhs is repayable in 22 equal quarterly installments. First installment being due after a moratorium period of 18 months from the date of disbursement i.e. on 21August, 2015.

Nature of Security
Term Loan from bank amounting to ₹ 15,471.47 lakhs (31 March 2016: ₹ Nil, 1 April 2015: Nil) is secured by first charge on the entire fixed assets of the Parent Company both present and future: The above security to be shared on pari passu basis amongst lenders.

Terms of Repayment
Loan availed of ₹ 16,000 lakhs is repayable in 32 equal quarterly installments of the total amount drawn under the said facility starting from 31 March 2017

Nature of Security
Term Loan from bank amounting to ₹ 562.76 lakhs (31 March, 2016: ₹ Nil, 1 April 2015: Nil) is secured by Pari passu first charge on the entire fixed assets both present and future, moveable and immovable of the Parent Company. Second pari passu charge by way of hypothecation of the entire current assets of the Parent Company (both present and future)

Terms of Repayment
Loan availed for ₹ 564.90 Lakhs repayable in 28 quarterly installments as follows after 1 year of moratorium from the date of first disbursal (29 March, 2017).Repayment to start from 30 June 2018-

1) 2nd Year-10%
2) 3rd Year-12.50%
3) 4th Year-12.50%
4) 5th Year-15%
5) 6th Year-15%
6) 7th Year-17.50%
7) 8th Year-17.50%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Current Borrowings

Secured Loans from Banks

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Loans repayable on demand	5,463.15	4,195.96	6,827.40
Other Loans	11,688.35	45,299.80	38,775.18

a) **Nature of Security**

Secured by a first charge by way of hypothecation of all the Parent 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 Parent Company both present and future excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal, ranking pari passu without any preference or priority of one over the others and also by second charge on the Parent Company's immovable and movable fixed assets, both present and future excluding those immovable and movable fixed assets pertaining to 30MW co-generation power plant at Durgapur, West Bengal ranking pari passu without any preference or priority of one over the others.

Unsecured Loans

Loans repayable on demand

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
- From Banks	31,573.85	20,975.05	32,050.00
- From Others	6,127.10	177.25	-
	54,852.45	**70,648.06**	**77,652.58**
Less: Interest accrued [included in Note 10(c)]	(38.05)	(113.18)	(158.50)
	54,814.40	**70,534.88**	**77,494.08**

Balance outstanding as at 31 March, 2017 in respect of Commercial Paper was ₹ Nil (31 March, 2016: Nil, 1 April, 2015: Nil). Maximum amount outstanding at any time during the year was ₹ 29,000 Lakhs (2015-16: ₹ 25,000 Lakhs, 2014-15: ₹ 7,500 Lakhs)

Refer notes 3(a), 4(b), 4(c), 4(e) and 4(f) for details of assets pledged as security as set out in the above note. Refer note 34 for information about liquidity risk and market risk on borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 10: FINANCIAL LIABILITIES
10(b) TRADE PAYABLES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Current			
Total outstandings of dues to Micro Enterprises and Small Enterprises	5.51	4.42	4.90
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	41,519.96	27,120.58	14,507.29
	41,525.47	**27,125.00**	**14,512.19**

Information relating to Micro, Small and Medium Enterprises (MSME)s:

		As at 31 March 2017	As at 31 March, 2016	As at 1 April, 2015
(i)	The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006			
	Principal	0.76	0.21	1.09
	Interest	0.11	-	-
(ii)	The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount 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	114.45	27.96	-
	Interest	0.43	0.40	-
(iv)	The amount of interest accrued and remaining unpaid at the end of the year [including ₹ 4.21 Lakhs (31 March, 2016: ₹ 3.81 Lakhs, 1 April, 2015: ₹ 3.81 lakhs) being interest outstanding as at the beginning of the accounting year.	4.75	4.21	3.81
(iv)	The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act,2006	0.54	0.40	-

Refer note 34 for information about liquidity risk and market risk on trade payables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

10(C) OTHER FINANCIAL LIABILITIES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Security deposits	–	58.50	59.40
	–	**58.50**	**59.40**
Current			
Current maturities of long term debt	1,990.52	11,202.18	11,560.99
Interest accrued	98.13	196.15	247.16
Unpaid dividends [Refer Note (i) below]	129.75	62.72	70.86
Others:			
Security deposits received	81.50	120.05	1.16
Employee benefits payable	458.23	420.74	241.41
Capital creditors	752.50	806.98	632.15
Other borrowing cost accrued	145.91	–	–
Book Overdraft	–	4,128.04	4,341.34
Derivative instrument not designated as hedges – foreign-exchange forward contract	1,402.57	1,834.12	720.46
	5,059.11	**18,770.98**	**17,815.53**

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTE 11: PROVISIONS

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current			
Provision for Employee Benefits (Refer Note 11.1)			
Provision for compensated absences	428.06	358.57	311.07
Provision for post retirement medical liability / Others	66.08	63.83	54.10
	494.14	**422.40**	**365.17**
Current			
Provision for Employee Benefits (Refer Note 11.1)			
Provision for gratuity	425.58	244.99	360.16
Provision for compensated absences	130.78	103.46	92.94
Provision for post retirement medical liability/others	9.23	4.48	7.22
	565.59	**352.93**	**460.32**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

11.1 Employee Benefits:

(I) Leave Obligations

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.

Based on past experience and in keeping with Group's practice, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months and accordingly the total year end provision determined on actuarial valuation, as aforesaid is classified between current and non current.

(II) Post employment obligations

(A) Gratuity

The Gratuity scheme is a final salary defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. Benefits provided under this plan is over and above the requirement of the Payment of Gratuity Act, 1972. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested in solely with the Life Insurance Corporation of India.

(B) Post- retirement medical benefits

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 are 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 are 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 31 March, 2017:

		Gratuity Fund (Funded)			Post retirement medical benefit (Unfunded)
		Present value of Obligation	Fair value of plan assets	Net Amount	Present value of Obligation
(a)	1 April 2015	1,165.64	(805.48)	360.16	25.65
	Current service cost	64.46	-	64.46	-
	Interest expense/(Income)	89.64	(71.82)	17.82	1.98
	TOTAL AMOUNT RECOGNISED IN STATEMENT OF PROFIT AND LOSS	**154.10**	**(71.82)**	**82.28**	**1.98**
	Remeasurements (gains)/losses				
	(Gain)/loss from change in financial assumptions	5.95	-	5.95	
	(Gains)/ losses arising from experience adjustment	64.50	1.30	65.80	2.19
	TOTAL AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME	**70.45**	**1.30**	**71.75**	**2.19**
	Employer's contributions	-	(269.20)	(269.20)	-
	Benefit payments	(61.96)	61.96	-	(1.15)
	31 MARCH 2016	**1,328.23**	**(1,083.24)**	**244.99**	**28.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Gratuity Fund (Funded)			Post retirement medical benefit (Unfunded)
	Present value of Obligation	Fair value of plan assets	Net Amount	Present value of Obligation
(b) 1 April 2016	1,328.23	(1,083.24)	244.99	28.67
Past service cost – plan amendment	6.83	–	6.83	–
Current service cost	72.24	–	72.24	–
Interest expense/(Income)	98.55	(89.51)	9.04	2.24
TOTAL AMOUNT RECOGNISED IN STATEMENT OF PROFIT AND LOSS	**177.62**	**(89.51)**	**88.11**	**2.24**
Remeasurements (gains)/losses				
(Gain)/loss from change in financial assumptions	61.02	–	61.02	1.95
(Gains)/ losses arising from experience adjustment	289.70	–	289.70	(1.88)
TOTAL AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME	**350.72**	**-**	**350.72**	**0.07**
Employer's contributions	–	(258.24)	(258.24)	–
Benefit payments	(129.61)	129.61	–	(1.15)
31 MARCH 2017	**1,726.96**	**(1,301.38)**	**425.58**	**29.83**

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 plant assets, Group's policies for planned 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

	Year ended 31 March, 2017	Year ended 31 March, 2016
(c) Actual return on plan asset	89.51	71.82

(d) The net liability disclosed above relates to funded and unfunded plans are as follows

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Present value of funded obligations	1,726.96	1,328.23	1,165.64
Fair value of plan assets	(1,301.38)	(1,083.24)	(805.48)
Deficit of funded plan	425.58	244.99	360.16
Deficit of unfunded plans	29.83	28.67	25.65
	455.41	**273.66**	**385.81**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(e) Principal : actuarial assumptions

		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(i)	Discount rate	7.00%	7.80%	7.90%
(ii)	Salary escalation rate #	5.00%	5.00%	5.00%
(iii)	Medical inflation rate	5.00%	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.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
(v)	Mortality table (Post retirement)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)

\# The estimate of future salary increases 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 monitor how the duration and the expected yield of instruments are matching the expected cash outflow arising from the gratuity obligations. The Group has not changed the process used to manage its risk from previous period. 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.

(f) Sensitivity Analysis

		Increase/ (Decrease) in DBO			Increase/ (Decrease) in DBO	
		As at 31-Mar-17	As 31-Mar-16		As at 31-Mar-17	As at 31-Mar-16
Discount Rate - Gratuity	Decrease by 1%	86.32	64.15	Increase by 1%	(75.28)	(56.19)
Discount Rate - Medical	Decrease by 1%	2.80	2.49	Increase by 1%	(2.40)	(2.13)
Salary escalation rate	Decrease by 1%	(77.33)	(58.13)	Increase by 1%	87.23	65.35
Life expectancy	Decrease by 1%	0.83	N.A	Increase by 1%	(0.85)	N.A
Long term increase in health care cost (medical)	Decrease by 1%	(1.11)	(0.92)	Increase by 1%	1.30	1.09

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(g) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending 31 March, 2018 are ₹ 425.58 Lakhs.

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2016 - 7 years). 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
31 March, 2017							
Defined benefit obligation							
Gratuity	706.53	161.39	100.77	95.72	125.83	878.24	2,068.48
Provident fund	7.94	4.58	4.38	4.35	4.41	20.20	45.86
Post employment medical benefits	2.79	2.80	2.79	2.77	2.75	13.23	27.13
TOTAL	**717.26**	**168.77**	**107.94**	**102.84**	**132.99**	**911.67**	**2,141.47**
31 March, 2016							
Defined benefit obligation							
Gratuity	510.38	125.22	143.65	93.75	82.60	714.64	1,670.24
Provident fund	1.89	4.36	4.21	4.37	4.29	20.28	39.40
Post employment medical benefits	2.76	2.76	2.75	2.73	2.71	13.02	26.73
TOTAL	**515.03**	**132.34**	**150.61**	**100.85**	**89.60**	**747.94**	**1,736.37**
1 April, 2015							
Defined benefit obligation							
Gratuity	438.21	68.99	117.27	134.46	91.79	551.63	1,402.35
Provident fund	4.84	3.59	3.69	3.61	3.47	17.27	36.47
Post employment medical benefits	2.49	2.48	2.47	2.46	2.44	11.71	24.05
TOTAL	**445.54**	**75.06**	**123.43**	**140.53**	**97.70**	**580.61**	**1,462.87**

(h) Plan assets for gratuity is funded with Life Insurance Corporation of India.

(i) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(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. 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. Actuarial gains/ losses are recognized immediately in the Statement of profit and loss as income/ expense.

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 ₹ 5.84 Lakhs (31 March, 2016: ₹ 3.97 Lakhs) and outstanding as at the balance sheet date amounts to ₹ 45.48 Lakhs (31 March, 2016: ₹ 39.64 Lakhs, 1 April , 2015: ₹ 35.67 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal actuarial assumptions	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Discount rate	7.00%	7.80%	7.90%
Expected return on exempted fund	8.60%	8.60%	8.60%
Expected EPFO return	8.65% for first 1 year and 8.60% thereafter.	8.75% for first 1 year and 8.60% thereafter.	8.75% for first 1 year and 8.60% thereafter.

(III) Defined contribution plans

The Group has certain defined contribution plans viz. provident fund and superannuation fund. Contributions are made to provident fund in India 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 ₹ 194.88 Lakhs (31 March 2016-₹ 180.12 Lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 12: DEFERRED TAX LIABILITIES

	Balance as at 1 April, 2016	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Balance as at 31 March, 2017
Deferred Tax Liabilities:				
Property, plant and equipments, Intangible Assets and Investment Property	26,685.87	196.57		26,882.44
Borrowings	37.68	3.39		41.07
Financial Assets at Fair value through Profit or Loss – Mutual Funds	2.86	(1.83)		1.03
	26,726.41	**198.13**	**–**	**26,924.54**
Deferred Tax Assets:				
Unabsorbed Depreciation / Business Loss	6,134.75	(6,134.75)		–
Financial Assets at Fair value through Profit or Loss – Derivative Financial Instruments	(227.27)	235.71		8.44
Items allowable for tax purpose on payments/adjustment	353.73	(19.91)	121.48	455.30
Allowance for doubtful debts – trade receivable	280.19	273.71		553.90
Fair value changes on financial assets – equity instruments	57.74	(145.31)	138.08	50.51
Minimum Alternate Tax Credit	5,389.13	–		5,389.13
	11,988.27	**(5,790.55)**	**259.56**	**6,457.28**
Net Deferred Tax Liabilities:	**14,738.14**	**5,988.68**	**(259.56)**	**20,467.26**
Disclosed as				
Deferred tax assets (net)	(57.74)			–
Deferred tax liabilities (net)	14,795.88			20,467.26
	14,738.14			**20,467.26**

	Balance as at 1 April, 2015	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Balance as at 31 March, 2016
Property, plant and equipments, Intangible Assets and Investment Property	26,425.69	260.18	–	26,685.87
Borrowings	68.22	(30.54)	–	37.68
Financial Assets at Fair value through Profit or Loss – Derivative Financial Instruments	517.76	(290.49)	–	227.27
Financial Assets at Fair value through Profit or Loss – Mutual Funds	–	2.86	–	2.86
	27,011.67	**(57.99)**	**–**	**26,953.68**
Deferred Tax Assets:				
Unabsorbed Depreciation / Business Loss	7,834.60	(1,699.85)	–	6,134.75
Items allowable for tax purpose on payments/adjustment	517.94	(189.80)	25.59	353.73
Allowance for doubtful debts – trade receivable	275.17	5.02	–	280.19
Minimum Alternate Tax Credit	5,389.13	–	–	5,389.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Balance as at 1 April, 2015	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Balance as at 31 March, 2016
Fair value changes on financial assets - equity instruments	84.53	(1.98)	(24.81)	57.74
Others	2.68	(2.68)	-	-
	14,104.05	**(1,889.29)**	**0.78**	**12,215.54**
Net Deferred Tax Liabilities:	**12,907.62**	**1,831.30**	**(0.78)**	**14,738.14**
Disclosed as				
Deferred tax assets (net)	(84.53)			(57.74)
Deferred tax liabilities (net)	12,992.15			14,795.88
	12,907.62			**14,738.14**

NOTE 13: OTHER CURRENT LIABILITIES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Advance from Customers	807.35	116.96	272.27
Dues payable to Government Authorities *	780.79	992.65	1,274.39
Liability for Export Obligation	57.46	272.45	1,436.97
	1,645.60	**1,382.06**	**2,983.63**

* Dues Payable to Government Authorities includes sales tax, excise duty, withholding taxes, payroll taxes, service tax, value added tax, entry tax and other taxes payable

NOTE 14: CURRENT TAX LIABILITIES (NET)

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Provision for Income Tax [Net of Advance Tax ₹ 16,346.01 Lakhs (31 March, 2016: ₹ 12,968.25 Lakhs, 1 April, 2015: ₹ Nil)	208.40	51.59	-
	208.40	**51.59**	**-**

NOTE 15: REVENUE FROM OPERATIONS

	Year ended 31 March, 2017	Year ended 31 March, 2016
Sales of Products		
Finished Goods		
Carbon Black	204,327.31	202,009.36
Power	8,508.88	7,582.93
Traded Goods (Carbon Black Feed Stock)	-	1,748.17
Other Operating Revenues		
Scrap Sales	290.67	207.02
	213,126.86	**211,547.48**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 16: OTHER INCOME

	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest income from certain financial assets	196.16	571.00
Dividend Income from equity instruments designated at FVOCI	264.12	417.03
Others		
Gain on sale of investments carried at FVTPL	842.82	163.32
Fair value gains on financial assets (investments) at FVTPL	153.78	222.17
Profit on sale of property, plant and equipment	–	18.84
Liability no longer required written back	25.49	98.24
Allowance for doubtful debts / expected credit loss written back	216.78	–
Allowance for doubtful advances written back	117.50	43.68
Miscellaneous Income	47.04	114.33
	1,863.69	**1,648.61**

NOTE 17(a) : COST OF MATERIAL CONSUMED

	Year ended 31 March, 2017	Year ended 31 March, 2016
Opening Stock	15,540.64	17,458.26
Add : Purchases	123,083.62	127,228.24
Less : Closing Stock	(16,497.90)	(15,540.64)
	122,126.36	**129,145.86**

Raw material purchase is net of ₹ 1,841.85 Lakhs [31 March, 2016: ₹ 1,882.13 Lakhs] being benefits under duty exemption/ benefit scheme pertaining to exports.

NOTE 17(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

	Year ended 31 March, 2017	Year ended 31 March, 2016
Closing Stock (Carbon black)	3,613.43	5,140.98
Less: Opening Stock (Carbon Black)	(5,140.98)	(8,701.79)
	1,527.55	**3,560.81**

Write down of inventories to net realisable value amounted to ₹ 16.21 Lakhs (Previous year ₹ 90.99 Lakhs). These were recognised as an expense during the year ended 31 March 2017 and 31 March 2016 respectively and included in changes in inventories of Finished Goods in the statement of profit and Loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 18 : EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries and Wages	6,897.97	5,949.70
Contribution to provident and other funds (Refer note 11.1)	488.96	444.98
Staff Welfare Expense	810.09	884.15
	8,197.02	**7,278.83**

NOTE 19 : FINANCE COSTS

	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest expense on financial liabilities carried at Amortised Cost	4,598.68	6,592.12
Other Borrowings Costs - Loan processing Charges	468.94	246.37
Applicable net loss on foreign currency transactions and translations (to the extent regarded as adjustment to interest cost)	77.27	371.95
	5,144.89	**7,210.44**

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 March, 2017	Year ended 31 March, 2016
Depreciation of property, Plant and Equipments	6,048.65	6,164.79
Amortization of Intangible assets	13.33	50.63
	6,061.98	**6,215.42**

NOTE 21 : OTHER EXPENSES

	Year ended 31 March, 2017	Year ended 31 March, 2016
Consumption of stores and spares parts	3,570.13	2,856.64
Consumption of packing materials	4,725.53	4,317.57
Power and fuel	1,845.94	2,016.27
Water charges	318.70	186.21
Rent	666.07	592.35
Rates and taxes	370.02	208.84
Repairs :		
- Buildings	267.23	276.38
- Plant and Machinery	1,257.48	884.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 21 : OTHER EXPENSES (CONTD.)

	Year ended 31 March, 2017	Year ended 31 March, 2016
– Others	222.69	245.27
Insurance	136.98	132.89
Travelling and transport expenses	1,075.11	1,057.45
Subscriptions and donations	44.35	19.65
Freight outward	4,163.34	4,330.87
Commission to selling agents	2,939.79	2,535.47
Directors' fees	31.74	16.55
Research and development expenses	480.26	393.64
Hedging cost	4,611.76	5,593.12
Net (gain)/loss on foreign currency transaction/translation	(1,901.16)	(2,139.35)
Loss on disposal of property, plant and equipments / Capital work in progress written off	697.73	–
Balance with Government authorities written off	475.95	193.37
Allowance for Doubtful Advances	368.32	117.50
Advances/Inter corporate deposits written off	135.17	–
Allowance for doubtful debts / expected credit loss – trade receivable	766.72	1.55
Payment to statutory auditors of the Parent Company [refer note (b) below]	66.71	68.96
Miscellaneous Expenses	7,695.13	7,252.93
	35,031.69	**31,158.36**

(a) No expense has been incurred during the year for CSR activity.

(b) Details of payment to statutory auditors of the Parent Company

	Year ended 31 March, 2017	Year ended 31 March, 2016
Auditors' remuneration and expenses:		
Audit Fees for standalone financial statements	30.00	37.00
Audit Fees for consolidated financial statements	5.00	5.00
Tax audit fees	5.75	5.75
Others (Certification etc.)	24.25	19.75
Reimbursement of expenses [including ₹ 0.25 Lakhs (Previous Year ₹ Nil) being service tax]	1.71	1.46
	66.71	**68.96**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 22 : TAX EXPENSE

		Year ended 31 March, 2017	Year ended 31 March, 2016
a.	**Income-tax expense recognised in the Statement of Profit and Loss**		
	Current tax		
	Current tax on profits for the year	3,825.58	1,317.54
	Adjustments for current tax for earlier years	(213.80)	-
	Total current tax expense	**3,611.78**	**1,317.54**
	Deferred tax		
	Origination and reversal of temporary differences	5,988.68	1,831.30
	Total deferred tax expense (benefit)	**5,988.68**	**1,831.30**
	Income-tax expense reported in the Statement of Profit and Loss	**9,600.46**	**3,148.84**
b,	**Income-tax expense on other comprehensive income**		
	Current tax		
	Current tax - Remeasurement of post employment defined benefit obligation	74.79	15.78
	Total current tax expense	74.79	15.78
	Deferred tax - Remeasurement of post employment defined benefit obligation	121.48	25.59
	Deferred tax - Fair value through other comprehensive income - equity instruments	**138.08**	**(24.81)**
	Total deferred tax (expense) / benefit recognised in Other Comprehensive Income	259.56	0.78
	Income-tax expense recognised in other comprehensive income	**334.35**	**16.56**
c.	**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**		
	Profit before income tax	16,469.31	4,740.41
	Enacted income tax rate in India applicable to the Company	34.61%	34.61%
	Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	5,700.03	1,640.66
	Adjustments:		
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Items not deductible / Income exempt from tax	1,191.87	611.29
	Incentives / additional benefits allowable under Income tax	(990.48)	(136.24)
	Income tax written back in respect of earlier years	(213.80)	-
	Impact of change in statutory tax rate	-	93.00
	Tax on book profit under section 115JAA	3,675.00	1,304.78
	Other items	237.84	(364.65)
	TOTAL INCOME TAX EXPENSE	**9,600.46**	**3,148.84**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 23: RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 March, 2017					Year ended 31 March 2016				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Raw Materials Consumed	174.26	38.29	–	90.69	45.28	111.65	59.85	27.54	24.26	–
Salaries Wages and Bonus	257.06	59.44	28.51	116.82	52.29	246.73	88.25	48.90	78.59	30.99
Contribution to Provident and Other Funds	32.18	7.18	3.52	14.89	6.59	19.08	6.87	3.75	5.95	2.51
Staff Welfare Expense	9.71	0.64	2.25	5.58	1.24	7.53	1.75	2.80	2.65	0.33
Miscellaneous Expenses	7.05	1.68	1.15	2.94	1.28	8.65	2.25	1.53	3.91	0.96
TOTAL	**480.26**	**107.23**	**35.43**	**230.92**	**106.68**	**393.64**	**158.97**	**84.52**	**115.36**	**34.79**

NOTE 24: CONTINGENT LIABILITIES

	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Contingent Liabilities for :			
(a) (i) Claims against the Group not acknowledged as debts :			
Income-tax matters under dispute	253.08	42.27	42.27
Excise duty matters under dispute	478.81	350.85	310.27
Custom duty matters under dispute	–	–	57.12
Sales tax matter under dispute	12.78	12.78	–
Service tax matters under dispute	312.76	0.98	–
Value added tax matters under dispute	1,251.17	–	–
(ii) Other money for which the Group is contingently liable			
Excise duty matters under dispute	156.57	156.52	156.52
Entry tax matter under dispute	2,313.35	2,027.50	1,605.77
(b) Outstanding bank guarantees etc.	454.06	1,050.95	911.70
(c) Guarantees or counter guarantees or counter indemnity given by the Group			
On behalf of bodies corporate and others			
– Limit	9.00	9.00	9.00
– Outstanding	9.00	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. The Group does not expect any reimbursement in respect of the above contingent liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 25: COMMITMENTS

		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
(a)	**Capital Commitments**			
	Estimated amount of contracts remaining to be executed on capital account and not provided for			
	Property, plant and equipment (Gross)	607.36	396.93	832.61
(b)	**Non-cancellable operating leases**			
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
	Within one year	274.76	305.22	191.67
	Later than one year but not later than five years	210.85	355.18	212.34
	Later than five years	20.76	30.21	-
		506.37	**690.61**	**404.01**
(c)	**Other Commitments:**			
	Export commitments in lieu of imported capital goods under the Export Promotion Capital Goods (EPCG) scheme	1,046.34	2,358.28	98.70

NOTE 26: DIVIDEND ON EQUITY SHARE

	As at 31 March, 2017	As at 31 March, 2016
Equity Shares		
Final Dividend for the year ended 31 March 2016 of ₹ 5 per share (31 March 2015 ₹ 1 per share)	861.69	344.68
Dividend Distribution tax on above	175.42	70.17
Interim Dividend for the year ended 31 March 2017 of ₹ 6 per share (31 March 2016 ₹ NIL)	2,068.05	-
Dividend Distribution tax on above	421.01	-
	3,526.17	414.85

27 As set out in note 1.3.1 and 36.1.1.1, the Group has elected to measure certain items of property, plant and equipment at its fair value as at the transition date and considered such value as deemed cost at that date. Fair value of such assets as on April 1, 2015 were carried out by an external valuer using the following approach:

- Market approach for Freehold and Leasehold Land
- Direct method of the Cost Approach to arrive at the fair value of the various factory and non-factory buildings.
- Indirect/ indexing method of the Cost Approach to arrive at the fair value in case of Plant & Machinery, Office Equipment, Electrical Installations and Railway sidings

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Assets not revalued are being carried at historical cost determined in accordance with retrospective application of Ind AS. The aggregate of such fair values and the aggregate adjustment to such carrying amounts are as follows:

	Freehold Land	Leasehold Land	Buildings	Non-Factory Buildings and Flats	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Electrical Installations	Railway Sidings	Total
As on April 1, 2015											
Aggregate fair value as on1 April 2015	20,653.92	40,399.40	6,966.25	5,030.67	68,187.64	-	25.14	-	2,115.10	1.40	143,379.52
Adjustment to the carrying amounts reported under previous GAAP	17,943.95	39,580.78	1,869.64	1,675.84	734.34	-	11.92	-	(52.49)	0.79	61,764.77
Aggregate carrying amount as per Previous GAAP for assets which have been fair valued	2,709.97	818.62	5,096.61	3,354.83	67,453.30	-	13.22	-	2,167.59	0.61	81,614.75
Aggregate book value of assets carried at historical cost computed as per retrospective application of Ind AS	-	-	-	-	3.10	119.75	208.14	25.62	10.88	-	367.49
TOTAL CARRYING AMOUNT AS PER PREVIOUS GAAP	**2,709.97**	**818.62**	**5,096.61**	**3,354.83**	**67,456.40**	**119.75**	**221.36**	**25.62**	**2,178.47**	**0.61**	**81,982.24**

28 EARNING PER EQUITY SHARES

		Year ended 31 March, 2017	Year ended 31 March, 2016
Basic and Diluted			
(i)	Number of Equity Shares at the beginning of the year	34,467,572	34,467,572
(ii)	Number of Equity Shares at the end of the year	34,467,572	34,467,572
(iii)	Weighted average number of Equity Shares outstanding during the year	34,467,572	34,467,572
(iv)	Face value of each Equity Shares (₹)	10.00	10.00
(v)	Profit after tax available for Equity Shareholders (₹ in lakhs)	6,868.85	1,591.57
(vi)	Basic and Diluted earnings per Share (₹) [(v)/(iii)]	19.93	4.62

29 Pending completion of the relevant formalities of transfer of certain assets acquired pursuant to the Scheme of Amalgamation of Transmission Holdings Limited with the Group in 2001-02, such assets remained included in the books of the Group under the name of the transferor company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

30 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

Name of the Entity in the Group	Net Assets (total assets minus liabilities)		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % Consolidated Net Assets	Amount	As a % Consolidated Profit or Loss	Amount	As a % Consolidated Other Comprehensive Income	Amount	As a % Consolidated Total Comprehensive Income	Amount
Parent								
Phillips Carbon Black Limited								
31 March 2017	96.54%	109,728.76	104.04%	7,145.22	100.46%	5,185.53	102.51%	12,330.75
31 March 2016	95.77%	100,694.94	110.71%	1,761.99	100.90%	(2,145.46)	71.72%	(383.47)
Subsidiaries								
Foreign								
Phillips Carbon Black Cyprus Limited								
31 March 2017	0.00%	(2.13)	0.01%	0.73	0.00%	-	0.01%	0.73
31 March 2016	0.00%	(3.09)	-0.02%	(0.31)	0.00%	-	0.06%	(0.31)
PCBL Netherlands Holdings B.V.								
31 March 2017	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2016	0.00%	-	0.00%	(0.05)	0.00%	-	0.01%	(0.05)
Phillips Carbon Black Vietnam Joint Stock Company								
31 March 2017	2.94%	3,343.32	-3.17%	(217.46)	0.00%	-	-1.82%	(217.46)
31 March 2016	3.60%	3,790.25	-8.11%	(129.05)	0.00%	-	24.13%	(129.05)
Non-Controlling Interest								
31 March 2017	0.52%	583.34	-0.88%	(59.64)	-0.46%	(23.57)	-0.70%	(83.21)
31 March 2016	0.63%	666.55	-2.58%	(41.01)	-0.90%	19.18	4.08%	(21.83)
TOTAL								
31 March 2017	100.00%	113,653.29	100.00%	6,868.85	100.00%	5,161.96	100.00%	12,030.81
31 March 2016	100.00%	105,148.65	100.00%	1,591.57	100.00%	(2,126.28)	100.00%	(534.71)

NOTE 31: RELATED PARTY TRANSACTIONS

(a) Ultimate Holding Entity

The Group is controlled by the following entity with effect from 6 March, 2017

Name	Type	Place of Incorporation	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Rainbow Investments Limited	Ultimate Holding Company	India	50.20%	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Key management personnel of the Parent Company and its Ultimate Holding Company with whom transactions have taken place

Name		Relationship
i)	Sanjiv Goenka	Chairman and Non Executive Director of Parent Company
ii)	Shashwat Goenka	Non Executive Director
iii)	Kaushik Roy	Managing Director of Parent Company
iv)	C R Paul	Non Executive Independent Director of Parent Company
v)	O P Malhotra	Non Executive Independent Director of Parent Company
vi)	K S B Sanyal	Non Executive Independent Director of Parent Company
vii)	Paras K Chowdhary	Non Executive Independent Director of Parent Company
viii)	Pradip Roy	Non Executive Independent Director of Parent Company
ix)	Kusum Dadoo	Non Executive Independent Director of Parent Company
x)	Sunil Bhandari (w.e.f. 6 March, 2017)	Director of Ultimate Holding Company
xi)	Subhrangshu Chakraborty (w.e.f. 6 March, 2017)	Director of Ultimate Holding Company
xii)	Dr. Ram S Tarneja (upto 7 August, 2015)	Non Executive Independent Director of Parent Company

(c) Others with whom transactions have taken place during the financial year 2016-17 / balance due to/from as on 31 March, 2017

Name	Relationship
Rainbow Investments Limited	Investment party in respect of which the Parent Company is an associate (till 5 March, 2017)
Saregama India Limited	Fellow Subsidiary of Parent Company (with effect from 6 March, 2017 upto 28 March, 2017)
RPG Power Trading Company Limited	Fellow Subsidiary of Parent Company (with effect from 6 March, 2017 upto 28 March, 2017)
Trade Apartment Private Limited	Fellow Subsidiary of Parent Company (with effect from 6 March, 2017)
Dynamic Success Projects Private Limited	Fellow Subsidiary of Parent Company (with effect from 6 March, 2017)
CESC Limited	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Duncan Brothers & Co. Ltd	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Harrisons Malayalam Limited	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Woodlands Multispeciality Hospital Limited	Associate of Rainbow Investments Limited (with effect from 6 March, 2017)
Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund)	Post Employment Benefit Plan of the Parent Company
Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund)	Post Employment Benefit Plan of the Parent Company
Phillips Carbon Black Limited Staff Provident Institution (Provident Fund)	Post Employment Benefit Plan of the Parent Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(d) Transactions with related parties

			Year ended 31 March, 2017	Year ended 31 March, 2016
A)	**Ultimate Holding Company**			
	Recovery of reimbursement of expenses		0.04	-
	Dividend received on preference shares		94.75	-
B)	**Investment party in respect of which the Parent Company is an associate (Till 5 March, 2017)**			
	Recovery of reimbursement of expenses		0.57	0.37
	Rent Paid		-	8.28
	Dividend Paid		1,468.59	172.16
	Recovery Of Security Deposit		-	604.00
	Dividend received on preference shares		0.75	95.50
C)	**Associates of Ultimate Holding Company**			
	a)	Accommodation charges paid		
		Duncan Brothers & Co. Ltd	0.02	
		CESC Limited	0.12	
	b)	Reimbursement of expenses		
		CESC Limited	48.35	
	c)	Miscellaneous expenses paid		
		Harrisons Malayalam Limited	0.06	
	d)	Expenses incurred and recovered		
		CESC Limited	26.36	
	e)	Electricity charges paid		
		CESC Limited	0.23	
D)	**Fellow Subsidiaries of Parent Company**			
	a)	Recovery of reimbursement of expenses		
		Saregama India Limited	0.01	
	b)	Rent paid		
		Dynamic Success Projects Private Limited	0.25	
		Trade Apartment Private Limited	0.25	
	c)	Power selling expenses recovered/recoverable		
		RPG Power Trading Company Limited	15.87	
	d)	Power selling expenses paid/payable		
		RPG Power Trading Company Limited	1.20	
	e)	Power sales		
		RPG Power Trading Company Limited	539.89	
E)	**Post Employment Benefit Plans of Parent Company**			
	a)	Advance given to Gratuity Fund	86.15	63.19
	b)	Advance - recovered from Gratuity Fund	83.08	56.58
	c)	Contribution towards Gratuity fund	262.81	269.20
	d)	Contribution towards Provident fund	154.51	120.92
	e)	Contribution towards Superannuation fund	63.95	52.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

		Year ended 31 March, 2017	Year ended 31 March, 2016
F)	**Key management personnel of the Parent Company and the Ultimate Holding Company**		
(i)	Remuneration to Key Management Personnel of Parent Company		
	Mr. Kaushik Roy	506.10	330.87
(ii)	Sitting fees paid to Key Management Personnel of Parent Company		
	Mr. Sanjiv Goenka	3.00	1.40
	Mr. Shashwat Goenka	3.55	1.45
	Mr. C R Paul	4.90	2.65
	Mr. O P Malhotra	4.80	2.55
	Mr. K S B Sanyal	3.00	2.70
	Mr. Paras K Chowdhary	4.00	2.20
	Mr. Pradip Roy	4.50	1.60
	Dr. Ram S Tarneja	–	0.40
	Ms. Kusum Dadoo	3.70	1.60
(iii)	Advance given to Managing Director of Parent Company		
	Advance given *	40.00	36.00
	Advance recovered [including ₹ 36 Lakhs (31 March, 2016 – ₹ Nil) adjusted with remuneration]	76.00	–
(iv)	Remuneration to Key Managerial Personnel of Ultimate Holding Company		
	Mr. Sunil Bhandari	11.50	–
	Mr. Subhranghshu Chakrabarti	7.35	–

* Towards personal exigencies and in keeping with the Parent Company's policy (as part of the condition of service extended by the company to others)

G) Remuneration to Key Managaement Personnel

	Year ended 31 March, 2017	Year ended 31 March, 2016
Short-term employee benefits	522.24	335.33
Post-employment benefits	9.27	4.82
Other long-term benefits	6.04	7.28

(e) Balance Outstanding at the year end

		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
I)	**Ultimate Holding Company**			
	Receivable from Rainbow Investments Limited	59.82	–	–
	Investment in preference shares	2,665.73	–	–
II)	**Investment Party in respect of which Parent Company is an Associate**			
	Receivable from Rainbow Investments Limited	–	59.86	671.26
	Investment in preference shares	–	3,782.29	3,568.36

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
III)	**Fellow Subsidiaries of Parent Company**			
	Receivable from Saregama India Limited	0.10	-	-
	Receivable from Dynamic Success Projects Private Limited	199.07	-	-
	Receivable from Trade Apartment Private Limited	203.10	-	-
	Payable to RPG Power Trading Company Limited	134.70	-	-
IV)	**Associates of Ultimate Holding Company**			
	Payable to Duncan Brothers & Co. Ltd.	0.32	-	-
	Receivable from Harrisons Malayalam Limited	8.93	-	-
	Payable to Woodlands Multispeciality Hospital Limited	0.02	-	-
	Payable to CESC Limited	34.19	-	-
V)	**Post Employment Benefit Plan of Parent Company**			
	Receivable from Gratuity Fund	9.94	6.87	0.26
VI)	**Advance to Key Management Personnel of the Parent Company**			
	Receivable from Mr Kaushik Roy (since refunded/adjusted to/ by the Parent Company)	-	36.00	-

VII) There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

VIII) 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 32: SEGMENT

(a) Description of segments and principal activities

The Parent Company's Managing Director examines the Group's performance and has identified two reportable segments of its business.

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 and investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture 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 financial assets) are primarily located in India except for certain capital work in progress and prepaid land rentals.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Segment Revenue, Segment Earnings and other information as at / for the year ended:-

Segment Revenue :-

Particulars	Year ended 31 March, 2017			Year ended 31 March, 2016		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	204,327.31	8,508.88	212,836.19	203,757.53	7,582.93	211,340.46
Other Operating revenue	290.67		290.67	207.02		207.02
TOTAL REVENUE FROM OPERATIONS	**204,617.98**	**8,508.88**	**213,126.86**	**203,964.55**	**7,582.93**	**211,547.48**
Inter-segment revenue	-	5,652.58	5,652.58	-	5,336.33	5,336.33
TOTAL SEGMENT REVENUE	**204,617.98**	**14,161.46**	**218,779.44**	**203,964.55**	**12,919.26**	**216,883.81**

Revenue of ₹ 76,158.99 Lakhs (31 March 2016- ₹ 78,891.59 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 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, 2017	Year ended 31 March, 2016
India	169,970.43	164,851.87
Other countries	43,156.43	46,695.61
TOTAL	**213,126.86**	**211,547.48**

Segment Result:-

Particulars	Year ended 31 March, 2017			Year ended 31 March, 2016		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	19,681.68	9,627.56	29,309.24	9,561.47	8,944.01	18,505.48
Reconciliation to Profit before tax						
Finance Cost	-	-	(5,144.89)	-	-	(7,210.44)
Interest Income			196.16			571.00
Unallocated expenses (net)	-	-	(7,891.20)	-	-	(7,125.63)
Profit before tax	**19,681.68**	**9,627.56**	**16,469.31**	**9,561.47**	**8,944.01**	**4,740.41**

Particulars	31 March, 2017				31 March, 2016			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/ Amortisation	3,450.93	2,244.24	366.81	6,061.98	3,840.23	2,196.74	178.45	6,215.42
Non cash expense	2,304.99	-	135.17	2,440.16	312.42	-	-	312.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Segment Assets :-

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	Carbon Black	Power	Total	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	190,925.45	31,475.89	222,401.34	194,895.76	32,834.16	227,729.92	210,655.66	33,903.57	244,559.23
Reconciliation to total assets									
Investments	–	–	29,082.34			22,813.46			14,946.28
Current Tax Assets (Net)			0.23			-			151.37
Deferred Tax Assets (Net)	–	–	–			57.74			84.53
Other unallocable assets	–	–	5,965.60	–	–	8,478.56			5,665.27
TOTAL ASSETS AS PER THE BALANCE SHEET	**190,925.45**	**31,475.89**	**257,449.51**	**194,895.76**	**32,834.16**	**259,079.68**	**210,655.66**	**33,903.57**	**265,406.68**

Particulars	31 March, 2017				31 March, 2016			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial assets	2,859.76	373.51	53.80	3,287.07	3,082.09	718.99	273.13	4,074.21

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	31 March, 2017	31 March, 2016	1 April, 2015
India	211,113.82	215,873.35	228,784.39
other countries	11,287.52	11,856.57	15,774.84
	222,401.34	227,729.92	244,559.23

Segment Liabilities :-

Particulars	31 March, 2017			31 March, 2016			1 April, 2015		
	Carbon Black	Power	Total	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	44,703.62	611.17	45,314.79	31,245.31	38.67	31,283.98	18,723.00	166.89	18,889.89
Reconciliation to total liabilities									
Borrowings	–	–	75,821.17	–	–	102,173.87	–	–	121,681.07
Current Tax Liabilities (Net)			308.40			51.59			-
Deferred Tax Liabilities	–	–	20,457.26	–	–	14,795.88	–	–	12,992.15
Other Unallocated liabilities	–	–	1,984.60	–	–	5,625.71			5,745.36
TOTAL LIABILITIES AS PER THE BALANCE SHEET	**44,703.62**	**611.17**	**143,896.22**	**31,245.31**	**38.67**	**153,931.03**	**18,723.00**	**166.89**	**159,308.47**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 33: FAIR VALUE MEASUREMENT

(i) Financial instruments by category

	As at 31 March, 2017				As at 31 March, 2016				As at 1 April, 2015			
	FVPL	FVOCI	Amortised Cost	Total	FVPL	FVOCI	Amortised Cost	Total	FVPL	FVOCI	Amortised Cost	Total
Financial assets												
Investments												
- Equity instruments	-	16,913.65	-	16,913.65	-	9,222.92	-	9,222.92	-	11,377.92	-	11,377.92
- Preference Shares	2,665.73	-	-	2,665.73	3,782.29	-	-	3,782.29	3,568.36	-	-	3,568.36
- Mutual Funds	9,502.97	-	-	9,502.97	9,808.25	-	-	9,808.25	-	-	-	-
Trade receivables	-	-	46,565.61	46,565.61	-	-	43,814.93	43,814.93	-	-	52,059.38	52,059.38
Loans	-	-	1,376.25	1,376.25	-	-	1,507.37	1,507.37	-	-	1,340.99	1,340.99
Cash and cash equivalents	-	-	2,322.85	2,322.85	-	-	4,984.16	4,984.16	-	-	1,074.92	1,074.92
Other bank balances	-	-	268.95	268.95	-	-	201.92	201.92	-	-	210.48	210.48
Derivative financial assets	-	-	-	-	727.71	-	-	727.71	1,583.29	-	-	1,583.29
Security deposits	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	52.83	52.83	-	-	42.23	42.23	-	-	169.17	169.17
TOTAL FINANCIAL ASSETS	**12,168.70**	**16,913.65**	**50,586.49**	**79,668.84**	**14,318.25**	**9,222.92**	**50,550.61**	**74,091.79**	**5,151.65**	**11,377.92**	**54,854.94**	**71,384.51**
Financial liabilities												
Borrowings	-	-	73,830.65	73,830.65	-	-	90,971.69	90,971.69	-	-	110,120.08	110,120.08
Current maturities of long term debt	-	-	1,990.52	1,990.52			11,202.18	11,202.18			11,560.99	11,560.99
Derivative financial liabilities	1,402.57	-	-	1,402.57	1,834.12	-	-	1,834.12	720.46	-	-	720.46
Trade payables	-	-	41,525.47	41,525.47	-	-	27,125.00	27,125.00	-	-	14,512.19	14,512.19
Other financial liabilities	-	-	1,666.02	1,666.02	-	-	5,793.18	5,793.18	-	-	5,593.48	5,593.48
TOTAL FINANCIAL LIABILITIES	**1,402.57**	**-**	**119,012.66**	**120,415.23**	**1,834.12**	**-**	**135,092.05**	**136,926.17**	**720.46**	**-**	**141,786.74**	**142,507.20**

(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 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 forward exchange rates at the Balance Sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(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, non-current financial liabilities and long-term borrowings at floating interest rates which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31 March, 2017				As at 31 March, 2016				As at 1 April, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Financial assets at FVPL												
Investments in mutual funds	9,502.97	-	-	9,502.97	9,808.25	-	-	9,808.25	-	-	-	-
Investments in preference shares	-	-	2,665.73	2,665.73	-	-	3,782.29	3,782.29	-	-	3,568.36	3,568.36
Financial assets at FVOCI												
Investments in equity instruments	14,249.48	-	2,664.17	16,913.65	8,082.57	-	1,140.35	9,222.92	10,239.77	-	1,138.15	11,377.92
Derivative financial assets not designated as hedges												
Currency and Interest rate swaps	-	-	-	-	-	727.71	-	727.71	-	1,583.29	-	1,583.29
TOTAL FINANCIAL ASSETS	**23,752.45**	**-**	**5,329.90**	**29,082.35**	**17,890.82**	**727.71**	**4,922.64**	**23,541.17**	**10,239.77**	**1,583.29**	**4,706.51**	**16,529.57**
Derivative financial liabilities not												
designated as hedges												
Foreign-exchange forward contract	-	1,402.57	-	1,402.57	-	1,834.12	-	1,834.12	-	720.46	-	720.46
TOTAL FINANCIAL LIABILITIES	**-**	**1,402.57**	**-**	**1,402.57**	**-**	**1,834.12**	**-**	**1,834.12**	**-**	**720.46**	**-**	**720.46**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

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 31 March, 2017 and 31 March, 2016.

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			Significant unobservable input	Sensitivity		
	31 March, 2017	31 March, 2016	1 April, 2015		31 March, 2017	31 March, 2016	1 April, 2015
Unquoted equity shares	2,664.17	1,140.35	1,138.15	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 30.53 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 25.41 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase / decrease fair value by ₹ 26.24 Lakhs
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 27.55 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 22.93 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would increase / decrease fair value by ₹ 21.87 Lakhs
Unquoted Preference shares	2,665.73	3,782.29	3,568.36	Discounting rate to determing PV	Decrease in discount rate by 1% will increase the fair value by ₹ 173.33 lakhs	Decrease in discount rate by 1% will increase the fair value by ₹ 146.11 lakhs	Decrease in discount rate by 1% will increase the fair value by ₹ 114.60 lakhs
					Increase in discount rate by 1% will decrease fair value by ₹ 163.74 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹ 139.43 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹ 111.26 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 34: FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise 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 limit based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Group also has a policy to provide for all receivables which are overdue for a period over 365 days. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

Particulars	Year ended	
	31-Mar-17	31-Mar-16
Loss allowance at the beginning of the year	893.70	892.15
Change in allowance during the year	549.94	1.55
Loss allowance at the end of the year	1,443.64	893.70

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(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 liability	Upto 1 year	1 Year to 3 year	3 year to 5 year	More than 5 years	Total
31 March, 2017					
Borrowings (including current maturities) #	56,804.92	9,094.85	4,144.70	5,776.70	75,821.17
Trade payable	41,525.47	–	–	–	41,525.47
Other financial liabilities @	5,075.44	3,509.18	1,477.39	755.97	10,817.98
	103,405.83	**12,604.03**	**5,622.09**	**6,532.67**	**128,164.62**
31 March, 2016					
Borrowings (including current maturities) #	81,737.06	14,083.84	6,352.97	–	102,173.87
Trade payable	27,125.00	–	–	–	27,125.00
Other financial liabilities @	11,034.65	2,931.74	691.16	58.50	14,716.05
	119,896.71	**17,015.58**	**7,044.13**	**58.50**	**144,014.92**
1 April, 2015					
Borrowings (including current maturities) #	89,055.08	20,653.12	9,247.68	2,725.19	121,681.07
Trade payable	14,512.19	–	–	–	14,512.19
Other financial liabilities @	12,363.32	5,072.63	1,721.10	214.02	19,371.07
	115,930.59	**25,725.75**	**10,968.78**	**2,939.21**	**155,564.33**

Includes transaction cost adjustment on borrowings amounting to ₹ 58.13 Lakhs (31 March, 2016: ₹ 150.65 Lakhs, 1 April, 2015: ₹ 292.83 Lakhs)

@ Includes contractual interest payment based on interest rate prevailing at the end of the reporting period amounting to ₹ 7,749.39 Lakhs, ₹ 7,088.76 Lakhs and ₹ 13,057.12 Lakhs as at 31 March, 2017, 31 March, 2016 and 1 April, 2015 respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Group's income and expenses and / or value of its investments. The Group's exposure to and management of these risks are explained below

(i) Foreign currency risk

The Group operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions in a currency other than its functional currency. The exposure relates primarily to the Group's operating activities (when the revenue or expense is denominated in foreign currency) and borrowings in foreign exchange. 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 INR, are as follows:

	31 March, 2017 INR equivalent of				31 March, 2016 INR equivalent of				1 April, 2015 INR equivalent of			
	USD	EUR	JPY	GBP	USD	EUR	JPY	GBP	USD	EUR	JPY	GBP
Financial assets												
Trade receivables	7,654.29	595.18	311.17	114.27	6,885.28	875.69	249.90	15.43	10,865.38	843.70	25.81	19.39
Derivative assets												
Foreign exchange forward contracts												
Sell foreign currency	–	–	–	–	–	–	–	–	–	–	–	–
NET EXPOSURE TO FOREIGN CURRENCY RISK (ASSETS)	**7,654.29**	**595.18**	**311.17**	**114.27**	**6,885.28**	**875.69**	**249.90**	**15.43**	**10,865.38**	**843.70**	**25.81**	**19.39**
Financial liabilities												
Foreign currency loan	27,225.45	–	–	–	66,449.24	–	–	–	62,207.80	–	–	–
Trade payables	31,658.82	10.69	–	16.06	21,057.50	10.67	–	0.22	4,573.49	104.71	–	8.31
Other financial liabilities	277.14	–	–	–	463.83	–	–	–	260.02	–	–	–
Derivative liabilities												
Foreign exchange forward contracts												
Buy foreign currency	(53,713.38)	–	–	–	(79,427.89)	–	–	–	(47,099.72)	–	–	–
Principal swap												
Currency and interest swap	–	–	–	–	(2,760.83)	–	–	–	(7,813.13)	–	–	–
NET EXPOSURE TO FOREIGN CURRENCY RISK (LIABILITIES)	**5,448.03**	**10.69**	**-**	**16.06**	**5,781.85**	**10.67**	**-**	**0.22**	**12,128.47**	**104.71**	**-**	**8.31**
NET EXPOSURE TO FOREIGN CURRENCY RISK (ASSETS- LIABILITIES)	**2,206.27**	**584.50**	**311.17**	**98.21**	**1,103.43**	**865.02**	**249.90**	**15.21**	**(1,263.09)**	**738.99**	**25.81**	**11.08**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Sensitivity

A fluctuation in the exchange rates of 7% with other conditions remaining unchanged would have the following effect on Group's profit or loss before taxes as at 31 March 2017 and 31 March 2016:

	Impact on profit before tax	
	FY 2016-17	**FY 2015-16**
USD sensitivity		
INR/USD- Increase by 7%*	154.44	77.24
INR/USD- Decrease by 7%*	(154.44)	(77.24)
EUR sensitivity		
INR/EUR- Increase by 7%	40.91	60.55
INR/EUR- Decrease by 7%	(40.91)	(60.55)
JPY sensitivity		
INR/JPY- Increase by 7%	21.78	17.49
INR/JPY- Decrease by 7%	(21.78)	(17.49)
GBP sensitivity		
INR/GBP- Increase by 7%	6.87	1.06
INR/GBP- Decrease by 7%	(6.87)	(1.06)

* Holding all other variable constant

(ii) Interest rate risk

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, 2017	31 March, 2016	1 April, 2015
Total borrowings (including current maturities)	75,821.17	102,173.87	121,681.07

(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 2016-17	**FY 2015-16**
Interest Rates - Increase by 50 basis points (50 bps) *	(379.11)	(510.87)
Interest Rates - Decrease by 50 basis points (50 bps) *	379.11	510.87

* Holding all other variable constant

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

(iii) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The 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) and certain quoted equity instruments.

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 33.

(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 2016-17	FY 2015-16
NAV of mutual funds/Market price of quoted equity instruments - Increase by 1%*	237.52	178.91
NAV of mutual funds/Market price of quoted equity instruments - Decrease by 1%*	(237.52)	(178.91)

* 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. Significant movement in raw material costs could have an adverse effect on results of Group's operations.

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.

NOTE 35 : 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

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	31-Mar-17	31-Mar-16	01-Apr-15
Long Term Borrowing (including current maturities of long term debt)	21,006.77	31,638.99	44,186.99
Short Term Borrowing	54,814.40	70,534.88	77,494.08
Less: Cash and cash equivalents	2,322.85	4,984.16	1,074.92
TOTAL BORROWING (NET)	**73,498.32**	**97,189.71**	**120,606.15**
Total equity	113,653.29	105,148.65	106,098.21
TOTAL CAPITAL (EQUITY+ NET DEBT)	**187,151.61**	**202,338.36**	**226,704.36**

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March, 2017 and 31 March, 2016.

NOTE 36: FIRST TIME ADOPTION OF IND-AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March, 2017, the comparative information presented in these financial statements for the year ended 31 March, 2016 and in the preparation of an opening Ind AS balance sheet at 1 April, 2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard Rules), 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has impacted the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

36.1 Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

36.1.1 Ind AS Optional Exemptions

36.1.1.1 Deemed Cost

Ind AS 101 permits a first time adopter to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date. The exemption can also be used for intangible assets covered by Ind AS 38 'Intangible Assets'.

Accordingly, the Group has elected to measure certain class of property, plant and equipments at its fair value as at the transition date and considered such value as deemed cost at that date. While remaining class of assets are carried at historical

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

cost determined in accordance with retrospective application of Ind AS.

36.1.1.2 Designation of previously recognised equity instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Group has elected to apply this exemption for its investment in certain equity instruments (other than its subsidiaries).

36.1.1.3 Exchange differences on long-term foreign currency monetary items

Under previous GAAP, exchange differences arising on reporting of long–term foreign currency monetary items (i) relating to acquisition of depreciable capital assets were allowed to be adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases were allowed to be accumulated in a 'Foreign Currency Monetary item Translation Difference Account' (to be adjusted over the balance period of the related long term monetary asset/ liability). Ind AS 101 includes an optional exemption that allows a first time adopter to continue with the above accounting policy in respect of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of first Ind AS financial reporting period i.e. 1 April, 2016 or to discontinue with such policy.

The Group has not availed aforementioned optional exemption and has decided to discontinue with the above policy.

36.1.1.4 Cumulative translation differences

Ind AS 21 requires exchange differences arising on translation of foreign operations to be recognised in other comprehensive income and then recognised as income or expense on disposal of the foreign entity to which they relate. These are known as 'cumulative translation differences'. Ind AS 101 contains an exemption which relieves entities from retrospective application of Ind AS 21 to determine the cumulative translation difference. A first-time adopter may elect not to calculate the translation difference related to foreign operations retrospectively. Instead, an entity may reset translation differences at the date of transition, determined in accordance with previous GAAP, to zero. The requirements of Ind AS 21 are then applied prospectively from the date of transition. The gain or loss on subsequent disposal of a foreign operation will only include foreign exchange differences that arose after the date of transition.

The Group has availed aforementioned optional exemption and has made the cumulative translation differences NIL on the date of transition i.e., 1 April 2015.

36.1.2 Ind AS mandatory exceptions

36.1.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:-

- Investments in equity instruments/preference shares/mutual funds carried at FVPL and FVOCI

- Impairment of financial assets based on expected credit loss model

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

36.1.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of group's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

36.1.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Group has assessed the same accordingly.

36.2 Reconcilliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

36.2.1 Reconcilliation of equity as at date of transition 1 April, 2015 and as at 31 March, 2016

	Notes to first time adoption	As at 31 March, 2016			As at 1 April, 2015		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, Plant and Equipment	36.3.1,36.3.11, 36.3.13	79,936.37	61,635.12	141,571.49	81,982.24	61,764.77	143,747.01
Capital work-in-progress		7,968.94	-	7,968.94	7,964.12	-	7,964.12
Goodwill		4.00	-	4.00	4.00	-	4.00
Other Intangible assets	36.3.3	3,112.55	(3,099.22)	13.33	3,160.74	(3,096.78)	63.96
Financial Assets							
(i) Investments	36.3.2	8,576.06	4,429.15	13,005.21	8,557.47	6,388.81	14,946.28
(ii) Loans		1,313.59	-	1,313.59	1,246.81	-	1,246.81
(iii) Others financial assets	36.3.4	-	-	-	-	1,583.29	1,583.29
Deferred tax assets (net)	36.3.5	-	57.74	57.74	-	84.53	84.53
Other non-current assets	36.3.5	5,891.88	(2,413.55)	3,478.33	6,456.17	(2,374.94)	4,081.23
TOTAL NON-CURRENT ASSETS		**106,803.39**	**60,609.24**	**167,412.63**	**109,371.55**	**64,349.68**	**173,721.23**
Current assets							
Inventories		24,422.24	-	24,422.24	29,683.99	-	29,683.99
Financial Assets							
(i) Investments	36.3.2	9,800.00	8.25	9,808.25	-	-	-
(ii) Trade receivables	36.3.6	43,899.08	(84.15)	43,814.93	52,141.98	(82.60)	52,059.38
(iii) Cash and cash equivalents		4,984.16	-	4,984.16	1,074.92	-	1,074.92
(iv) Other bank balances		201.92	-	201.92	210.48	-	210.48

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes to first time adoption	As at 31 March, 2016			As at 1 April, 2015		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
(v) Loans		193.78	-	193.78	94.18	-	94.18
(vi) Others financial assets	36.3.4	42.23	727.71	769.94	169.17	-	169.17
Current Tax Assets (Net)		-	-	-	151.37	-	151.37
Other current assets	36.3.7	7,389.98	81.85	7,471.83	8,251.52	(9.56)	8,241.96
TOTAL CURRENT ASSETS		**90,933.39**	**733.66**	**91,667.05**	**91,777.61**	**(92.16)**	**91,685.45**
TOTAL ASSETS		**197,736.78**	**61,342.90**	**259,079.68**	**201,149.16**	**64,257.52**	**265,406.68**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share capital		3,446.73	-	3,446.73	3,446.73	-	3,446.73
Other Equity	36.2.3, 36.3.15	48,462.80	52,572.57	101,035.37	47,270.12	54,692.98	101,963.10
TOTAL EQUITY		**51,909.53**	**52,572.57**	**104,482.10**	**50,716.85**	**54,692.98**	**105,409.83**
NON -CONTROLING INTEREST		666.55	-	666.55	688.38	-	688.38
TOTAL EQUITY		**52,576.08**	**52,572.57**	**105,148.65**	**51,405.23**	**54,692.98**	**106,098.21**
Non-current liabilities							
Financial Liabilities							
(i) Borrowings	36.3.7	20,492.91	(56.10)	20,436.81	32,743.68	(117.68)	32,626.00
(ii) Other financial liabilities		58.50	-	58.50	59.40	-	59.40
Provisions		422.40	-	422.40	365.17	-	365.17
Deferred tax liabilities (Net)	36.3.5	4,908.84	9,887.04	14,795.88	2,779.94	10,212.21	12,992.15
TOTAL NON-CURRENT LIABILITIES		**25,882.65**	**9,830.94**	**35,713.59**	**35,948.19**	**10,094.53**	**46,042.72**
Current liabilities							
Financial Liabilities							
(i) Borrowings	36.3.7	70,576.67	(41.79)	70,534.88	77,586.21	(92.13)	77,494.08
(ii) Trade payables	36.3.4						
a) Total outstanding dues of micro enterprises and small enterprises		4.42	-	4.42	4.90	-	4.90
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		28,142.02	(1,021.44)	27,120.58	14,718.89	(211.60)	14,507.29
(iii) Other financial liabilities	36.3.4, 36.3.7	17,731.25	1,039.73	18,770.98	17,626.94	188.59	17,815.53
Current Tax Liabilities (Net)		51.59	-	51.59	-	-	-
Provisions	36.3.8	1,390.04	(1,037.11)	352.93	875.17	(414.85)	460.32
Other current liabilities		1,382.06	-	1,382.06	2,983.63	-	2,983.63
TOTAL CURRENT LIABILITIES		**119,278.05**	**(1,060.61)**	**118,217.44**	**113,795.74**	**(529.99)**	**113,265.75**
TOTAL LIABILITIES		**145,160.70**	**8,770.33**	**153,931.03**	**149,743.93**	**9,564.54**	**159,308.47**
TOTAL EQUITY AND LIABILITIES		**197,736.78**	**61,342.90**	**259,079.68**	**201,149.16**	**64,257.52**	**265,406.68**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note and includes those of the Transferor Company as per the Scheme of Amalgamation referred to in Note 38.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

36.2.2 Reconciliation of total comprehensive Income for the year ended 31 March, 2016

	Notes to first time adoption	As at 31 March, 2016		
		Previous GAAP*	Adjustments	Ind AS
Revenue from operations	36.3.9, 36.3.12	189,471.87	22,075.61	211,547.48
Other income	36.3.2, 36.3.13	1,833.37	(184.76)	1,648.61
TOTAL INCOME		**191,305.24**	**21,890.85**	**213,196.09**
Expenses				
Cost of materials consumed		129,145.86	-	129,145.86
Purchases of Stock-in-trade (carbon black feed stock)		1,748.17	-	1,748.17
Changes in inventories of finished goods		3,560.81	-	3,560.81
Excise duty on sale of goods	36.3.9	-	22,137.79	22,137.79
Employee benefits expense	36.3.10	7,352.77	(73.94)	7,278.83
Finance costs	36.3.7	7,118.60	91.84	7,210.44
Depreciation and amortisation expense	36.3.1, 36.3.11	5,581.49	633.93	6,215.42
Other expenses	36.3.4, 36.3.6, 36.3.11, 36.3.12	31,264.28	(105.92)	31,158.36
TOTAL EXPENSES		**185,771.98**	**22,683.70**	**208,455.68**
Profit before Tax		5,533.26	(792.85)	4,740.41
Income Tax Expense				
Current Tax	36.3.10	1,301.76	15.78	1,317.54
Deferred Tax	36.3.5	2,128.90	(297.60)	1,831.30
TOTAL TAX EXPENSE		**3,430.66**	**(281.82)**	**3,148.84**
Profit for the Year		**2,102.60**	**(511.03)**	**1,591.57**
Other Comprehensive Income				
Items that will be reclassified to profit or loss, net of taxes				
Exchange difference on translation of foreign operations		-	105.36	105.36
Items that will not be reclassified to profit or loss, net of taxes				
Remeasurements of post employment benefit plans	36.3.10	-	(73.94)	(73.94)
Changes in fair value of Equity Instruments through OCI	36.3.2	-	(2,174.26)	(2,174.26)
Income tax relating to items that will not be reclassified to profit or loss	36.3.5, 36.3.10	-	16.56	16.56
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		**-**	**(2,126.28)**	**(2,126.28)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,102.60**	**(2,637.31)**	**(534.71)**
Profit for the year attributable to :-				
Owners of the equity		2,143.61	(511.03)	1,632.58
Non-controlling interest		(41.01)	-	(41.01)
Other comprehensive income for the year attributable to :-				
Owners of the equity		-	(2,145.46)	(2,145.46)
Non-controlling interest		-	19.18	19.18
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO :-				
Owners of the equity		2,143.61	(2,656.49)	(512.88)
Non-controlling interest		(41.01)	19.18	(21.83)

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note and includes those of the Transferor Company as per the Scheme of Amalgamation referred to in Note 38.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

36.2.3 Reconciliation of total equity as at 31 March 2016 and 1 April, 2015

	Notes to first time adoption	As at 31 March, 2016	As at 1 April, 2015
TOTAL EQUITY (SHAREHOLDER'S FUNDS) AS PER PREVIOUS GAAP #		51,909.53	50,716.85
Adjustments:			
Fair valuation of investments in equity instruments through OCI	36.3.2	5,421.87	7,595.46
Fair valuation of investments in preference shares routed through profit or loss	36.3.2	(992.72)	(1,206.64)
Fair valuation of investments in mutual funds through profit and loss	36.3.2	8.25	-
Fair valuation of derivatives through profit and loss	36.3.4	656.64	1,523.26
Allowance for expected credit losses on trade receivables	36.3.6	(84.15)	(82.60)
Proposed dividend (including tax on proposed dividend)	36.3.8	1,037.11	414.85
Borrowing-transaction cost adjustment	36.3.7	108.86	200.70
Discontinuation of capitalisation of foreign exchange gain on long term non monetary assets	36.3.11	995.63	-
Depreciation impact on discontinuation of capitalisation	36.3.11	(154.09)	-
Revaluation of property, plant and equipment	36.3.1	61,764.77	61,764.77
Additional depreciation on above revaluation of property, plant and equipment	36.3.1	(564.26)	-
Remeasurement of profit on sale of property, plant and equipment consequent to above revaluation	36.3.13	(406.93)	-
Tax effect of adjustments	36.3.5	(15,218.41)	(15,516.82)
TOTAL ADJUSTMENTS		**52,572.57**	**54,692.98**
TOTAL EQUITY AS PER IND AS		**104,482.10**	**105,409.83**

Total equity as per the previous GAAP includes those relating to the Transferor Company as per the Scheme of Amalgamation referred to in Note 38 amounting to ₹ 4,344.89 Lakhs (1 April, 2015, ₹ 4,358.10 Lakhs)

36.2.4 Reconciliation of total comprehensive income for the year ended 31 March, 2016

	Notes to first time adoption	For the year ended 31 March, 2016
Profit after tax as per previous GAAP*		2,102.60
Adjustments:		
Fair valuation of investments in Mutual funds through Profit and Loss	36.3.2	8.25
Loss on sale of equity instruments routed through OCI	36.3.2	0.67
Fair valuation of investments in preference shares through profit or loss	36.3.2	213.92
Fair valuation of derivatives	36.3.4	(866.62)
Allowance for expected credit losses on trade receivables	36.3.6	(1.55)
Borrowing-transaction cost adjustment	36.3.7	(91.84)
Discontinuation of capitalisation of foreign exchange gain on long term non monetary assets	36.3.11	995.63
Depreciation impact on above discontinuation of capitalisation	36.3.11	(154.09)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes to first time adoption	For the year ended 31 March, 2016
Additional depreciation on revaluation of fixed assets	36.3.1	(564.26)
Remeasurement of profit on sale of fixed assets consequent to revaluation	36.3.13	(406.93)
Remeasurement of post-employment benefit Obligations	36.3.10	73.94
Tax effect of adjustments	36.3.5	281.85
TOTAL ADJUSTMENTS		**(511.03)**
Profit after tax as per Ind AS		1,591.57
Other Comprehensive Income	36.3.2, 36.3.5, 36.3.10, 36.3.14	(2,126.28)
TOTAL COMPREHENSIVE INCOME AS PER IND AS		**(534.71)**

* Profit as per previous GAAP after adjusting loss of ₹ 13.20 Lakhs relating to the Transferor Company as per the Scheme of Amalgamation referred to in Note 38.

36.2.5 Impact of Ind AS adoption on the cash flows for the year ended 31 March, 2016

There were no material differences between the Cash Flow statement presented under Ind AS and the previous GAAP.

36.3 Notes to first-time Adoption

36.3.1 Property, plant and equipment

Under the previous GAAP, property, plant and equipments were stated at revalued amount (for items revalued)/cost of acquisition/construction (for items not revalued) less accumulated depreciation/amortization, impairment loss, if any and inclusive of borrowing cost, where applicable, and adjustments for exchange difference arising on reporting of long–term foreign currency monetary items relating to acquisition of depreciable capital assets.

Under Ind AS, the Group has elected to measure certain class of property, plant and equipment at its fair value as at the transition date and considered such value as deemed cost at that date. While remaining class of property, plant and equipment are carried at historical cost determined in accordance with retrospective application of Ind AS. (Refer Note 36.1.1.1)

The resulting fair value changes consequent to the measurement of property, plant and equipment at their fair value have been recognised in retained earning as at the date of transition. This increased retained earnings by ₹ 61,764.77 Lakhs as at 31 March, 2016 (1 April, 2015 - ₹ 61,764.77 Lakhs)

Basis fair value changes in measurement of certain class of property, plant and equipment , depreciation on such increase have been charged to the statement of profit and loss for the year ended 31 March, 2016.

Consequent to the above, the total equity as at 31 March 2016 has increased by ₹ 61,200.51 Lakhs (1 April 2015- ₹ 61,764.77 Lakhs) and profit for the year ended 31 March, 2016 decreased by ₹ 564.26 Lakhs.

36.3.2 Fair valuation of investment

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments, as determined by

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

the Board of directors of the Parent Company based on periodical review.

Under Ind AS, these investments are required to be measured at fair value.

Fair value changes with respect to investments in equity instruments designated at FVOCI have been recognised in FVOCI - Equity Investments Reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2016. This has resulted into increase in other reserves by ₹ 5,421.87 Lakhs as at 31 March, 2016 (1 April 2015- ₹ 7,595.46 Lakhs) and decrease in other comprehensive income for the year ended 31 March, 2016 by ₹ 21,73.59 Lakhs.

Loss on sale of equity instrument classified as FVTOCI amounting to ₹ 0.67 Lakhs earlier recognised in Statement of Profit and Loss has been reclassified to Other Comprehensive Income. This increased profit for the year ended 31 March, 2016 by ₹ 0.67 Lakhs with decrease in other comprehensive income by an equivalent amount.

Under Ind AS investments in preference shares have been classified as fair value through profit and loss and accordingly gain / loss on such fair valuation has been recognised in retained earnings as on the transition date and subsequently in statement of profit and loss under fair value gain on financial assets at FVTPL. This decreased retained earning by ₹ 992.72 Lakhs as at 31 March, 2016 (1 April 2015: ₹ 1,206.64 Lakhs) and increase in profit for the year ended 31 March, 2016 by ₹ 213.92 Lakhs.

Under the previous GAAP, current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value.

The resulting fair value changes of these investments have been recognised in the retained earnings as at the date of transition and subsequently in the statement of profit and loss under fair value gain on financial assets at FVPL for the year ended 31 March, 2016. This increased retained earnings by ₹ 8.25 Lakhs (1 April, 2015 - ₹ Nil) and profit for the year ended 31 March, 2016 by ₹ 8.25 Lakhs

Consequent to the above, the total equity as at 31 March 2016 increased by ₹ 4,437.40 Lakhs (1 April 2015- ₹ 6,388.82 Lakhs), profit for the year ended 31 March, 2016 increased by ₹ 222.84 Lakhs and other comprehensive income for the year ended 31 March 2016 decreased by ₹ 2,174.26 Lakhs.

36.3.3 Operating Lease

Under previous GAAP Land Use Right (lease right) were accounted for as intangible assets.

Under Ind AS land leases rights are to be assessed and accounted for as either operating or finance leases.

The Group has assessed the land lease right and concluded that such lease right meets the definition of operating leases and accordingly reclassified the premium paid on such lease arrangements as prepaid expenses.

This has resulted in decrease in value of intangible assets on 31 March 2016 and 1 April 2015 by ₹ 3,099.22 Lakhs and 3,096.78 Lakhs respectively. There is no impact on total equity as at 31 March, 2016 and 1 April, 2015 and also on the profit for the year ended 31 March, 2016.

36.3.4 Financial Instrument - Derivative Contract

Under the previous GAAP, forward contract cost were accounted for as prescribed under AS 11 " The Effects of Changes in Foreign Exchange Rates" under

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

which forward premium was amortised over the period of forward contracts and forward contracts were stated at the year end spot exchange rate and gains / losses on settlement on aforesaid contracts and mark to market loss relating to outstanding contracts as at the balance sheet date in respect of derivative contracts (other than forward exchange contract covered under Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates"), were recognized in the statement of profit and loss.

Under Ind AS 109, all derivative financial instrument are to be marked to market and any resultant gain or loss on settlement as well as on outstanding contracts as at the balance sheet date is to be charged or credited to the statement of profit and loss.

Accordingly, the marked to market gain/loss has been recognized on all derivative contracts and unamortized forward premium balance and exchange gain / loss on reinstatement of forward contracts under aforesaid AS 11 has been reversed. As a result of this adjustments, the retained earning and consequently total equity as at 31 March, 2016 is higher by ₹ 656.64 Lakhs (1 April, 2015 – ₹ 1,523.26 Lakhs). The profit for the year ended 31 March, 2016 is lower by ₹ 866.62 Lakhs.

36.3.5 Deferred Taxes

Group has recognised deferred tax on the adjustments made on transition to Ind AS. The corresponding adjustments have been made in retained earnings. Group has also recognised deferred tax assets as at the transition date on the carrying amount of MAT credit entitlement as per previous GAAP. Deferred tax on Ind AS adjustments have been charged/ credited subsequently to the statement of profit and loss for the year ended 31 March, 2016. This resulted into increase in deferred tax liabilities as at 31 March, 2016 by ₹ 9,829.30 Lakhs (1 April, 2015 – ₹ 10,127.68 Lakhs), derecognition of MAT Credit entitlement under previous GAAP ₹ 5,389.13 lakhs (1 April, 2015 – ₹ 5,389.13 Lakhs), decrease in retained earning by ₹ 15,218.41 Lakhs (1 April, 2015– ₹ 15,516.82 Lakhs).

Consequent to the above, total equity as at 31 March, 2016 has decreased by ₹ 15,218.41 Lakhs (1 April, 2015 – ₹ 15,516.82 Lakhs), profit for the year ended 31 March, 2016 has increased by ₹ 281.85 Lakhs and other comprehensive income for the year ended 31 March, 2016 has decreased by ₹ 0.78 Lakhs which includes deferred tax charge on gain on equity instruments through other comprehensive income amounting to ₹ 24.81 Lakhs

36.3.6 Trade receivables

As per Ind AS 109, the Group is required to apply expected credit loss model for recognising the allowance on trade receivable. As a result, the allowance for expected credit loss was recognised amounting to ₹ 84.15 Lakhs as at 31 March, 2016 (1 April, 2015– ₹ 82.60 Lakhs) and consequently, total equity as at 31 March, 2016 and 1 April, 2015 decreased by an equivalent amount. The profit for the year ended 31 March, 2016 decreased by ₹ 1.55 Lakhs.

36.3.7 Borrowings and Other financial liabilities

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the statement of profit and loss over the tenure of the borrowing as part of the other borrowing cost by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to statement of profit and loss as and when incurred. Accordingly, non-current borrowings and other financial liabilities as at 31 March, 2016 have been reduced by ₹ 56.10 Lakhs (1 April, 2015– ₹ 117.68 Lakhs) and ₹ 52.76 Lakhs (1 April, 2015 – 83.02 Lakhs) respectively with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

ended 31 March 2016 decreased by ₹ 91.84 Lakhs as a result of the additional other borrowing cost. Further, unamortised transaction cost amounting to ₹ 41.79 Lakhs (1 April, 2015- ₹ 92.13 Lakhs) relating to current borrowings have been regrouped from prepaid expenses to current borrowings. There is no impact on total equity and profit.

36.3.8 Proposed Dividend & Tax on Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and tax on proposed dividend of ₹ 1,037.11 Lakhs as at 31 March, 2016 (1 April 2015 – ₹ 414.85 Lakhs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

36.3.9 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March, 2016 by ₹ 22,137.79 Lakhs. There is no impact on the total equity and profit.

36.3.10 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As result of this change, employee benefit expense for the year ended 31 March, 2016 have been decreased by ₹ 73.94 Lakhs resulting into increase in profit by ₹ 32.57 Lakhs (net of current tax ₹ 15.78 Lakhs and deferred tax ₹ 25.59 Lakhs) with the corresponding decrease in the other comprehensive income by an equivalent amount. There is no impact on the total equity as at 31 March, 2016.

36.3.11 Exchange difference on translation of long-term foreign currency monetary items

Under Ind AS, Group has elected to discontinue with the accounting policy of adjusting the carrying amount of depreciable property, plant and equipment for exchange differences arising on reporting of long–term foreign currency monetary items relating to acquisition of such capital assets (Refer Note 36.1.4). This has resulted into increase in the net gain on foreign currency transaction/translation by ₹ 995.63 Lakhs in profit and Loss and increase in the related depreciation expense by ₹ 154.09 Lakhs for the year ended 31 March, 2016 in the statement of profit and loss.

Consequent to the above, total equity as at 31 March, 2016 and profit for the year ended 31 March, 2016 has increased by ₹ 841.54 Lakhs

36.3.12 Cash discount

Under Previous GAAP cash discount paid to customers were recorded as a part of expenses in the statement of profit and loss. However under Ind AS these expenses are netted off against revenue. This change has resulted in decrease in total revenue and total expenses for the year ended 31 March, 2016 by ₹ 62.18 Lakhs. There is no impact on total equity as at 31 March, 2016 and profit for the year ended 31 March, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

36.3.13 Gain/(Loss) on disposal of property, plant and equipment

Under Ind AS, the Group has elected to measure certain class of property, plant and equipments at its fair value as at the transition date and considered such value as deemed cost at that date. (Refer Note 36.1.1.1). This has resulted into decrease in gain on disposal of property, plant and equipments during the year ended 31 March, 2016 by ₹ 406.93 Lakhs.

Consequent to the above, total equity as at 31 March, 2016 and profit for the year ended on that date has decreased by ₹ 406.93 Lakhs

36.3.14 Foreign Currency Translation Reserve

The Group elected to reset the balance appearing in the foreign currency translation reserve to zero as at 1 April, 2015. Accordingly, foreign currency translation reserve balance of ₹ 558.84 Lakhs as at 1 April, 2015 has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment. Further under Ind AS, exchange differences on translation of foreign operations are accounted through other comprehensive income (Refer Note 36.3.16 below) which has resulted in decrease in other comprehensive income for the period by ₹ 105.36 Lakhs and decrease in other reserves and non-controlling interest by ₹ 86.18 Lakhs and ₹ 19.18 Lakhs respectively.

36.3.15 Retained earnings

Retained earnings as at 1 April, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

36.3.16 Other comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, fair value gains or (losses) on FVOCI equity instruments and exchange differences on translation of foreign operations. The concept of other comprehensive income did not exist under previous GAAP.

37 SPECIFIED BANK NOTES (SBNS)

	SBNs#	Other Denomination Notes	Total
Cash on Hand as on 8th November, 2016	10.93	2.65	13.58
(+) Permitted Receipts	–	48.32	48.32
(+) Non – Permitted Receipts	–	–	–
(–) Permitted Payments	–	46.62	46.62
(–) Amount deposited in Banks	10.93	–	10.93
Closing Cash on Hand as on 30th December, 2016	**-**	**4.35**	**4.35**

For the purpose of this clause, the term " Specified Bank Notes (SBNs) shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of economic Affairs number S.O.3407(E) dated 8th November, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

38 A Scheme of Amalgamation of Goodluck Dealcom Private Limited, a wholly owned subsidiary of the Parent Company, (the "Transferor Company") with the Parent Company was filled in 2016-17 before the applicable regulatory authorities in keeping with the provisions of applicable statutes ("the Scheme").

The Financial Statements of the Group for the year ended 31 March, 2017 were first approved by the Board of Directors at its meeting held on 25th May, 2017 without giving effect of the amalgamation of the Transferor Company with the Parent Company pending receipt of the Order from the National Company Law Tribunal ("NCLT"). On receipt of the Order dated 19th July, 2017 from NCLT sanctioning the Scheme and filing the same with the Registrar of Companies on 21 July, 2017, the financial statements approved on 25th May, 2017 as aforesaid have been revised by the Group only to give effect to the aforesaid amalgamation with effect from the Appointed Date of 1 April, 2016 in keeping with the Scheme and with the applicable Accounting Standards.

This common control business combination has been accounted for as per the Scheme and in accordance with applicable Accounting Standards notified under the Companies Act, 2013 and has been accounted by using the Pooling of Interest method. Accordingly, the Company has recorded all the assets, liabilities and reserves of the Transferor Company at their respective book values as appearing in the books of account of the Transferor Company immediately preceding the appointed date, the details of which are as follows: (also refer footnote on Note 36.2.1)

Particulars	Amount as on 1 April, 2016
ASSETS	
Non-current assets :	
(a) Financial assets :	
(i) Investments	12,948.78
(b) Deferred tax assets (net)	57.74
TOTAL NON - CURRENT ASSETS	**13,006.52**
Current assets :	
(a) Financial assets	-
(i) Cash and cash equivalents	0.34
(ii) Loans	130.00
(iii) Other financial assets	46.07
(b) Current tax assets	-
TOTAL CURRENT ASSETS	**176.41**
TOTAL ASSETS	**13,182.93**
EQUITY AND LIABILITIES	
EQUITY	
Other Equity	4,603.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Amount as on 1 April, 2016
LIABILITIES	
Current liabilities	
(a) Financial liabilities	
(i) Borrowings	177.25
(ii) Trade and other payables	0.35
(iii) Other financial liabilities	4,152.87
(b) Other current liabilities	45.79
(c) Current tax liabilities	11.89
TOTAL CURRENT LIABILITIES	**4,388.15**
TOTAL EQUITY AND LIABILITIES	**8,991.93**

39 The Parent Company has provided interest bearing (which is not lower than prevailing yield of related Government security close to the tenure of the respective loans) unsecured loans repayable on demand during the year aggregating to ₹ Nil Lakhs (Previous Year ₹ 4,640 Lakhs) to certain companies for temporary financial assistance. Year-end balance of aforesaid loan is ₹ Nil (31 March 2016 ₹ Nil).

40 The Parent Company has following subsidiaries and step down subsidiary companies (after amalgation of Goodluck DealCom Private Limited reffered to in note 38)

Name of the Company	Type	Place of Incorporation	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Phillips Carbon Black Cyprus Holdings Limited	Wholly Owned Subsidiary	Cyprus	100%	100%	100%
PCBL Netherlands Holdings B.V.	Wholly Owned Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited	Netharlands	100%	100%	100%
Phillips Carbon Black Vietnam Joint Stock Company	Subsidiary Company of PCBL Netherlands Holdings B.V.	Vietnam	80%	80%	80%

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of Board of Directors

Pinaki Chowdhury
Partner
Membership Number 57572

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

Form AOC-I

(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

PART "A" : SUBSIDIARIES
(INFORMATION IN RESPECT OF EACH SUBSIDIARY TO BE PRESENTED WITH AMOUNTS IN RS. IN LAKHS)

Sl. No.	Name of the subsidiary	1	2	3
		Phillips Carbon Black Cyprus Holdings Ltd	PCBL Netherlands Holdings B.V.	Phillips Carbon Black Vietnam Joint Stock Company
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No	No	No
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro	Euro	VND
		69.30	69.30	0.0029
3	Share capital	12.56	12.47	3433.33
4	Reserves & surplus	1807.68	2067.74	(1742.42)
5	Total assets	2437.49	322.21	3537.64
6	Total Liabilities	618.70	344.04	1846.73
7	Investments	2094.90	2102.05	-
8	Turnover	-	-	-
9	Profit before taxation	(55.13)	(70.63)	(285.51)
10	Provision for taxation	0.67	-	-
11	Profit after taxation	(55.80)	(70.63)	(285.51)
12	Proposed Dividend	-	-	-
13	% of shareholding	100%	100%	80%

Notes : The following information shall be furnished at the end of the Statement:

1 Names of subsidiaries which are yet to commence operations NA

2 Names of subsidiaries which have been liquidated or sold during the year NA

PART "B" : ASSOCIATES AND JOINT VENTURES
(INFORMATION IN RESPECT OF EACH SUBSIDIARY TO BE PRESENTED WITH AMOUNTS IN RS. IN LAKHS)

	Name of Associates / Joint Ventures	**NA**
1	Latest audited Balance Sheet Date	-
2	Shares of Associates / Joint Ventures held by the company at the	-
3	Amount of Investment in Association / Joint Venture Extend of Holding %	-
4	Description of how there is significant influence	-
5	Reason why the associate/Joint venture is not consolidated	-
6	Networth attribuite to Shareholding as per latest audited Balance Sheet	-
7	Profit / Loss for the year	-
	i. Considered in Consolidation	-
	ii. Not Considered in Consolidation	-

For and on behalf of Board of Directors

Kaushik Roy
Managing Director
(DIN: 06513489)

K. S. B. Sanyal
Director
(DIN: 00009497)

C. R. Paul
Director
(DIN: 00009056)

Kolkata
Date: 10 August, 2017

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

NOTES:

NOTES:

Going Green at Kochi Plant, Kerala

Phillips Carbon Black Limited

Registered Office: Duncan House, 3rd Floor
31, Netaji Subhas Road, Kolkata 700 001
Phone: (033) 6625 1000, 6625 1500, 6625 1461-64
Fax: (033) 2248 0140, Email: pcbl@rp-sg.in