RP-Sanjiv Goenka Group
Growing Legacies

Phillips Carbon Black Limited

Innovating for better tomorrow

ANNUAL REPORT 2018-19

Touching Lives
in more ways than one

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About RP-Sanjiv Goenka Group

The RP-Sanjiv Goenka Group, one of India's illustrious business conglomerates, has diverse interests spanning Power & Natural Resources, Carbon Black, Retail & FMCG, Media & Entertainment, Infrastructure and IT, Education & Sports. The Group has assets worth over ₹ 43,500+ crore, an employee strength of 45,000+ and 3,00,000+ shareholders.

Group's Vision

Inclusive Growth fired by
free-spirited Entrepreneurship

Core Values

Customer Happiness
Bring a smile on the face of your customer

Credibility
Instill trust and confidence with your actions

Humaneness
Be caring and respectful to all

Execution Excellence
Put your heart and soul into your actions

Speed
Move ahead of time

Risk Taking
Dare to go beyond

In a dynamic business environment with changing regulations, emerging customer segments and ever-evolving technologies, innovation serves as the life-giving oxygen for us to reinvigorate products, processes and value chains.

Ever since we began our journey, innovative thinking has been at the heart of our value-creation process. We challenge the status quo, design and develop breakthrough ideas and enrich our product portfolio to cater to evolving customer aspirations.

We embed refreshing ideas into every facet of our business, taking insights from our customers, investors, community and other stakeholders, and this approach is closely interwoven with our sustainability priorities.

We see tomorrow through the expansive prism of differentiated thinking to touch and enrich life in more ways than one.

We are innovating every day for a better tomorrow.

INNOVATING FOR BETTER TOMORROW

Research and Innovation is embedded in our DNA

The Research & Development (R&D) team, at PCBL, is focussed on evolving various platforms for development of new products in domains of carbon black, nano-structured carbonaceous materials and carbon black feedstock (CBFS). It further facilitates business growth through efficient 'competitive intelligence study' to identify space for development and innovation, customer engagement, market-driven research and intellectual property protection.

Pushing the innovation envelope

Our R&D team facilitates the development of novel products and offers best-in-class technical solutions for market requirements. R&D also helps bolster the performance of existing product lines and explore new approaches to harness the knowledge of partners and build synergies.

We believe in intra and inter organisational collaborations for technology leveraged application research. Our R&D team partners with our sales and marketing team, manufacturing team, process technology team and technical services team to align our offerings to the upcoming trends and demands of customers and markets.

R&D infrastructure

PCBL established a state-of-the-art R&D Centre in Palej, Gujarat, in 2018. It includes several laboratories such as carbon and carbon nano-structure laboratory, carbon functionalisation laboratory, carbon feedstock research laboratory, interface and colloidal dispersions laboratory, and plastics application laboratory. The R&D centre at Palej, along with other R&D units, located in different plants, serves as a seeding ground for new products and process development, as well as for partnering with customers and vendors for customising products and processes.

Our research units host an experienced, skilled, capable and well-qualified talent pool. The Palej research unit is also home to the unique colour furnace black reactor and the powdered carbon black making facilities.

R&D FOCUS AREAS

Our R&D strategy focuses on the following areas:

Development of Novel Carbon Black Grades

We focus on rapid expansion of our carbon black portfolio, primarily in specialty business, including ink, coatings and plastics masterbatch segments, as well as customised/modified ASTM/rubber grade products through developing of 'novel carbon black' grades and improving performance of existing grades.

Modifications and Improvement in Process Design

We are consistently evaluating our existing processes and technologies to upgrade them and achieve process and product advantages aimed to generate more cleaner carbon black. This enables us to amplify the economics of carbon black manufacturing process, reactor efficiency, production volume, yield and energy efficiency.

Carbon Black Feedstock (CBFS) Research

Our team is analysing all incoming feedstock to ensure their suitability of carbon black manufacturing. It assesses the nature of the grade to be produced based on yield, impurity level, process efficiency, conformation with diverse environmental norms and regulations. It further cooperates with intra organisational departments such as the purchase/quality assurance/process technology team to explore new vendors/suppliers and identify most-effective CBFS suppliers capable of producing improved quality carbon black and ensuring steady production process.

Tracking Industry Trends

Our team stays abreast of industry trends and evolving market dynamics. This involves patents and competitive products analysis, using effective analytical tools and molecular engineering approach. We are also venturing into new age materials and tying up with global universities to jointly work on such platforms.

Impacts of innovation

IMPROVE THE MANUFACTURING PROCESS

We consistently aim to improve our yield, productivity, reactor efficiency, energy efficiency, product quality and cost effectiveness during carbon black production.

ENHANCE PRODUCT FEATURES

The R&D department at PCBL is diligently pursuing various means to germinate next-generation carbon black in specialty segments and American Society for Testing and Materials (ASTM) grade segments. R&D concentrates on the development of new carbon black grades; physical modifications of carbon black alone or in combination with chemical treatment; post treatment of carbon black for judicious surface functionality to deliver better product features.

These R&D functions help us successfully to shape diverse applications of new and modified carbon blacks. These include enrichment of tyre appearance, improvement of future tyre performance, processability and colour of plastics masterbatches, colour performance of ink, along with homogeneous and stable dispersion in aqueous and non-aqueous media, among others.

CO-DEVELOP PRODUCTS WITH CUSTOMERS

We are committed to deliver cutting-edge solutions, driven by market research, for our partners through collaborative innovations and technology leveraged application research. As knowledge-exchange is critical in this domain, we collaborate with industries and eminent academic institutes for co-development of next-genaration offerings, futuristic projects and data interpretation, among others. For our specialty business, we co-developed a carbon black grade for India's leading plastics manufacturer.

Besides, we are in talks with overseas customers for customised ink grades and plastics grades.

GROW OUR SPECIALTY BASKET

We manufacture customised carbon blacks for specialised applications and specialty blacks for various applications such as non-rubber, engineering plastics, fibre, plastics film, plastics pipe and inks applications. We are planning to develop versatile specialty carbon black grades for inks, coatings and plastics, which are equivalent to potential competitor's grade or even beyond to build up more powerful portfolio both for domestic and global markets.

With the introduction of these new specialty grades, we will be able to grow as a more trusted global player.

DEVELOP NEW OFFERINGS FOR RUBBER, TYRE AND NON-TYRE

We are developing carbon black technologies that improve hysteresis properties in tyres-- improves tyre performance with low rolling resistance, reduces abrasion loss and enhances cut-and-chip resistance. Our R&D team has already initiated the development of new carbon black grades to meet emerging market requirements, following the advent of Electric Vehicles (EV). The carbon blacks for non-tyre automotive applications virtually require incredibly stringent balance in colloidal properties with optimally low grit level, steady fines content, and well-balanced pellet harness of carbon black.

SELECT CARBON BLACK FEEDSTOCK (CBFS)

CBFS evaluation team characterised CBFS from different sources. The team researched the suitability of those oils for carbon black manufacturing in different plants under the light of yield, safety, process stability and others. Our team evaluated and recommended a range of CBFS from petroleum and tar origin for manufacturing ASTM and specialty grade carbon blacks. New methods were implemented, or existing methods were modified in CBFS research laboratory to estimate impurities in CBFS. To trim down asphaltene content in CBFS, special chemical treatment was performed with encouraging outcomes.

Achievements of FY 2018-19

New infrastructure development

- Commissioned a state-of-the-art Research and Development (R&D) Centre at Palej.
- Procured and installed state-of-the-art processing and analytical equipment for research and development, technical services, reverse engineering and other purposes.
- Installed 'Powder Packing' equipment in Palej and made it operational.
- Installed new inline CBFS blending system in Palej.

Trial run for new carbon black grade

- Developed customised ASTM carbon black grade for major tyre customer.
- Developed customised ink grades.
- Developed a series of unique carbon black 'NuTone' grade for ink application.

Manufacturing process

- Implemented high temperature oil pre-heater (OPH) aiming yield gain.
- Better atomisation to improve tread reactor efficiency and yield.
- Installed new pelletiser system to improve carbon black pellet quality.
- Designed and installed high temperature stable refractory materials to enhance yield and productivity.

Carbon black feedstock research

- Identified new vendors for balanced quality CBFS supply suitable for specialty grade carbon black manufacturing.
- Developed methods of diminishing impurities in CBFS.

Technology adoption

- Developed special filler technology, which brought revolutionary change in mechanical performance of elastomer, as well as colour performance.
- Post treatment of carbon black to balance rolling resistance, abrasion loss and grip.
- Functionalisation platform for water dispersable inks.

Received patents

- Obtained the 'Patent Grant Certificate' for two PCBL invention.

MANAGEMENT REVIEW

Differentiated thinking drives value creation

"Our research and innovation is more than just a business strategy for us, it sits at the core of our DNA. It defines who we are and what is our roadmap for sustainable value creation."

Dear Shareholders,

India remains one of the most attractive economies of the world, with stable governance, focus on wide-ranging reforms and robust macro-economic fundamentals. A number of factors such as steady government reforms, ease of doing business, infrastructure creation and digital outreach have helped accelerate the country's growth trajectory.

Operating in a largely supportive economy, we are positioned to grow significantly with a comprehensive portfolio that touches lives in different ways. We are expanding our capacities, strengthening our supply chain network, fortifying customer relationships and widening our portfolio across rubber and specialty applications.

Our research and innovation is more than just a business strategy for us, it sits at the core of our DNA. It defines who we are and what is our roadmap for sustainable value creation. Our four in-house R&D units are recognised by the Department of Scientific and Industrial Research (DSIR). We commissioned a new state-of-the-art Research and Development Centre at Palej, Gujarat in FY 2018-19.

Our research and innovation focus touches all aspects of our operational canvas, from enhancing manufacturing processes, adding new product features, to introducing new offerings and application areas. Moreover, we are planning to set up a research and development facility outside India, which will develop innovative products.

We are fortifying our specialty black offerings to strengthen our exports footprint. In all that we do, our teams remain at the heart of our value-creation process. We are constantly investing in the development of our teams to drive innovation. Besides, we are building a leadership pipeline to elevate the organisation to the next growth orbit.

Our Board has declared an interim dividend of 175% (₹ 3.50 per share) on the face value of ₹ 2 per share for the financial year ended 31st March 2019. We are committed to generate exceptional and enduring value for our customers, shareholders, employees and the communities where we operate.

As we look ahead, I am confident that our industry leadership and investments position us to deliver sustainable growth, in step with a growing India.

Thank you for your continued encouragement and support.

Yours sincerely,

Sanjiv Goenka

Expanding business scale and scope

Dear Shareholders,

We continue to deliver on our customer expectations by making the best use of our intrinsic strengths. Ours is an agile brand that focuses on customer-centricity, process orientation, capability building, capacity creation, innovation and brand-building.

It is my pleasure to once again share my thoughts with you on our Company's encouraging performance. During the year, our revenue grew by 35% to touch ₹ 3,529 crore in FY 2018-19 vis-à-vis ₹ 2,611 crore in FY 2017-18 owing to enhanced volumes and growing market presence. Our EBITDA increased by 51% to reach ₹ 640 crore in FY 2018-19 vis-à-vis ₹ 424 crore in FY 2017-18 and profit after tax grew 69% to stand at ₹ 389 crore in FY 2018-19 vis-à-vis ₹ 230 crore in FY 2017-18 on account of a shift in product mix to more high value-added premium grades, leveraging expanded product portfolio and continuous improvements across all functions.

We completed capacity expansion at Mundra plant by 56,000 MTPA and another 32,000 tonnes capacity will be added at Palej plant. Our carbon black capacity is expected to go up to 6,03,000 MTPA by FY 2019-20. Additionally, we have also proposed a greenfield project in South India with a plant capacity of 1,50,000 MTPA.

We are taking proactive initiatives to improve our operational efficiency and explore new geographies for feedstock sourcing. Besides, we are consistently increasing our focus on specialty blacks and value-added rubber blacks through investments in technical capabilities for developing new grades for high-performance rubber and specialty black applications. Currently, specialty and value-added black comprises 7-8% of our sales volume and its share to revenue is much higher.

Going forward, we expect it to nearly double in the next two years. We are expanding our presence in geographies wherever we find a competitive advantage. In line with our customer-centric approach, we highlight upon the concept of 'virtual plant', a cutting-edge solution for Just in Time (JIT) deliveries through local hubs. We also believe in partnering with our customers for joint development projects, and for meeting their requirements and future expectations.

During the year under review, we migrated the whole ERP of the enterprise to a cloud-based cutting-edge S4 HANA platform with Disaster Recovery (DR) setup at Singapore.

Our empowered teams remain the principal driving force behind our success; and we offer them a congenial workplace that nurtures their growth potential. We provide robust opportunities to our existing talent to upskill and enhance their leadership capabilities and develop a strong leadership pipeline.

FY 2018-19 saw new chapters being added to our innovation and growth story, and we are entering the next fiscal with more confidence in our capabilities. We are optimistic and determined to deliver value for all stakeholders as our business expands its scale and scope.

Warm regards,

Kaushik Roy

"FY 2018-19 saw new chapters being added to our innovation and growth story, and we are entering the next fiscal with more confidence in our capabilities."

CORPORATE IDENTITY

Strong lineage drives long-term value

We are Phillips Carbon Black Limited (PCBL), an integral part of the iconic RP-Sanjiv Goenka Group. We are India's largest producer and exporter of carbon black.

In 1960, our Company was set up in collaboration with the US oil company, Phillips Petroleum. We produce carbon black that serves a wide range of rubber and specialty black related applications. Carbon black is the pure elemental carbon that takes the form of a black granule and is primarily used as a reinforcing agent in rubber. Besides, it finds use in plastics, coatings, printing, inks, fibres and batteries, among others.

Currently, we have an annual carbon black production capacity of 5,71,000 MT in India, including a dedicated capacity for specialty blacks of 40,000 MT at Palej, and 76 MW of green power (from tail gas).

We are the world's first carbon black company to be awarded Carbon Credit under Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC). We are one of the greenest and cleanest carbon black companies driven by meticulous planning and committed execution.

Manufacturing scale

We are India's largest producer and exporter of carbon black. We have four strategically located state-of-the-art plants at Durgapur, Kochi, Palej and Mundra. Our laboratories are accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) for Research & Development and Quality Control.

The logistical advantages of our plants comprise:

- Seamless ability to switch between procuring alternative feedstocks and ensuring raw material flexibility
- Proximity to ports that enables easy access to raw materials and international customers, optimising logistics cost
- Well-planned multiple locations that minimise risks and ensure better supplychain management
- Easy-grid connectivity that facilitates the sales of surplus energy

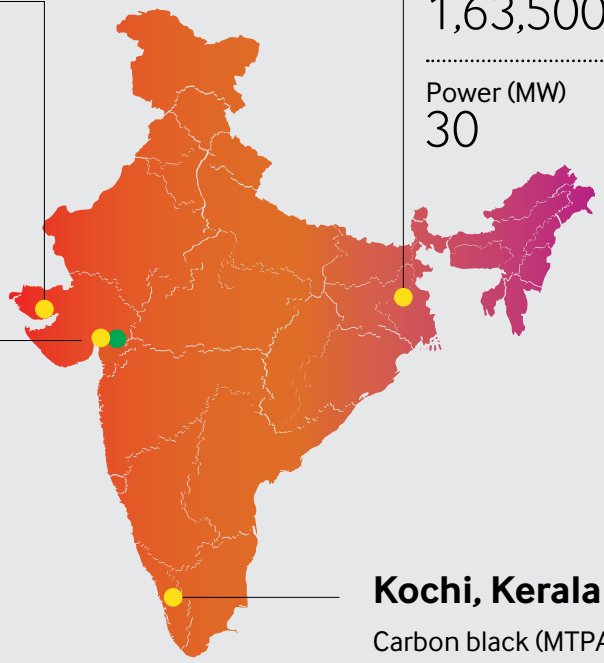
5,71,000 MTPA
Carbon black capacity

76 MW
Green power capacity

60+ GRADES
Of carbon black produced, ranging from rubber to specialty blacks

Our Vision

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



Durgapur, West Bengal

Carbon black (MTPA)
1,63,500

Power (MW)
30

Mundra, Gujarat

Carbon black (MTPA)
2,04,750

Power (MW)
32*

*Installation of 8 MW under progress

Palej, Gujarat

Carbon black (MTPA)
1,10,250

Power (MW)
12

Kochi, Kerala

Carbon black (MTPA)
92,500

Power (MW)
10

Manufacturing facilities

Specialty black production line

Global reach

With leadership position in India, we are strengthening our global scale and prominence.

7th
Largest carbon black company in the world

10%
Market share in Asia, excluding China

#1
Exporter of carbon black in India

30+
Country presence

Customer cross-section

We work with leading tyre companies within India and around the globe such as MRF, CEAT, JK, Apollo, TVS, Bridgestone, Goodyear, Michelin, Pirelli, Continental, Toyo, Yokohama, Nexen, Kumho and Loadstar. Similarly, our specialty black customers include prominent international brands. Our focus is on establishing long-term relationships with key customers through:

- Well diversified portfolio of tyre and non-tyre customers
- Product portfolio strategically aligned with business needs of customers
- Joint product development for customised requirements

Credible certifications

BUSINESS MODEL

Building value that endures for the long term

Growth pillars

EXPERIENCE
Our experience spans six decades in the carbon black industry. Our deep market insight and know-how is enabling us to stay ahead of the curve.

BRAND
We have emerged as one of the most trusted carbon black brands, on the strength of our global repute, product customisation, quality excellence and timely delivery. Over 90% of our business is generated from repeat clients in FY 2018-19.

RANGE
We offer an expanded portfolio of high-performance, high-margin grades for both rubber and specialty black applications in collaboration with our customers. Moreover, we are constantly moving up the value chain to gain market share across all product segments.

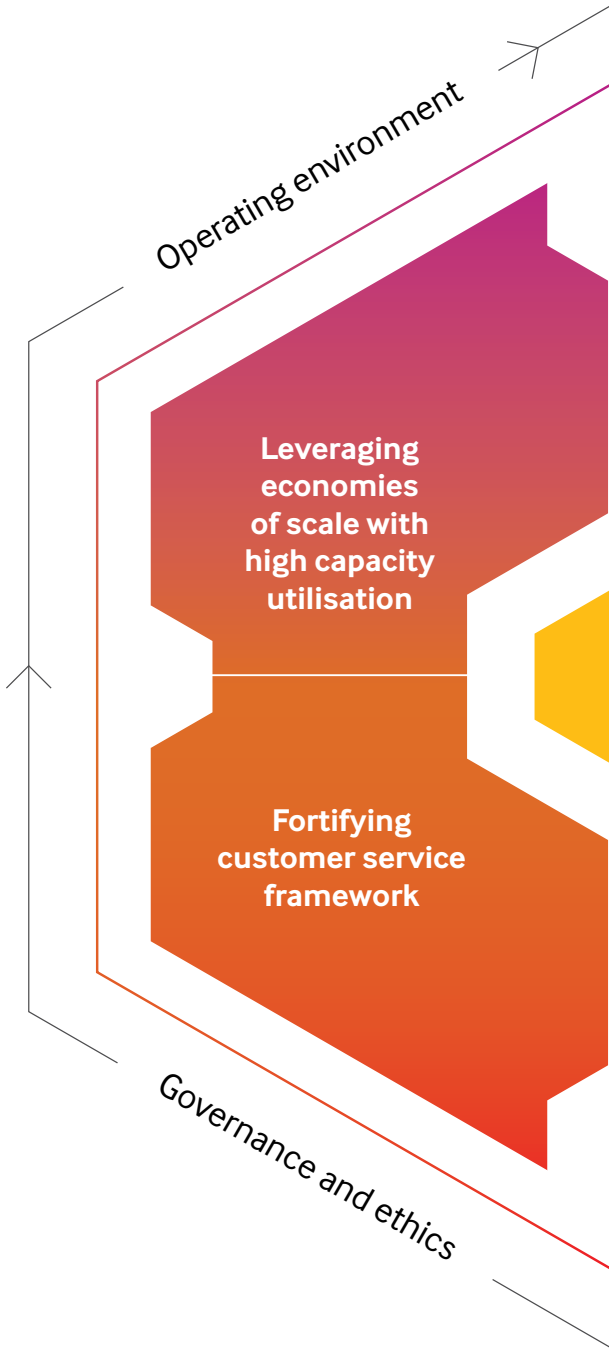
RAW MATERIALS
We have broad-based our raw material sources by fostering partnerships with multiple vendors, both in India and abroad. We have a prudent inventory management mechanism that ensures seamless operations across all our plants. Our incoming raw materials pass through stringent quality inspections.

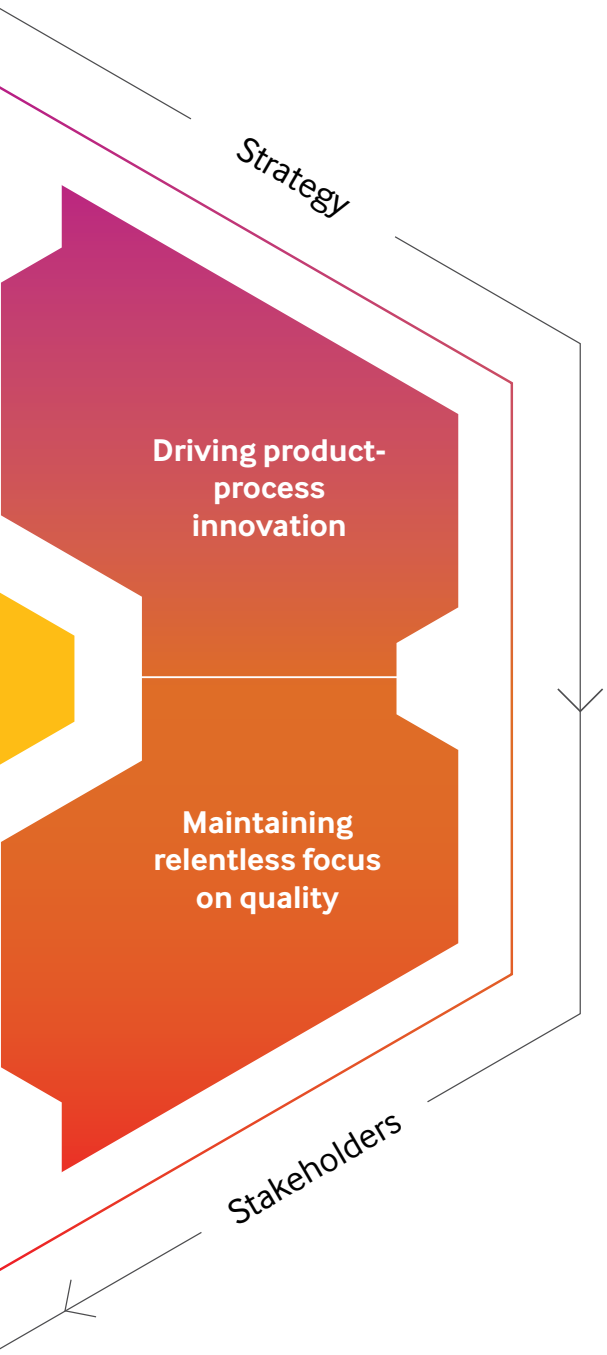
DISTRIBUTION
Our strong worldwide network of local distributors and channel partners enables us to leverage knowledge of local market trends. Our distributors also help us to understand the preferences of our global clients and instil trust and loyalty among them. Our employees are strategically present at global locations.

RESEARCH AND INNOVATION
We have four in-house R&D units that are recognised by the Department of Scientific and Industrial Research (DSIR). We have set up a state-of-the-art R&D Centre at Palej, Gujarat. Our pool of well-qualified and experienced scientists are driving product differentiation and technological breakthroughs.

TEAM
We have a experienced and skilled team who drive product innovation, operational efficiency, quality improvement and capacity expansion at PCBL.

Value-creation paradigm





Growing with our stakeholders

Shareholders

We are ensuring consistent return to our 95,000+ shareholders.

₹ 3.5 PER SHARE

Dividend paid in FY 2018-19 (face value of ₹ 2 per share)

Customers

Our customers are loyal and satisfied.

800+

Happy customers

Supply chain partners

Our supply chain partners are helping run seamless operation across plants.

200+

Supply chain partners

People

Our employees are motivated and committed.

964

Team members

Communities

We are focused on community upliftment.

₹ 3.74 CRORE

Total CSR expenditure in FY 2018-19

BRANDS AND APPLICATIONS

Touching lives in more ways than one

Rubber black

We offer a comprehensive portfolio spanning multiple grades as classified by the American Society for Testing and Materials (ASTM) standards, alongside customised, high-performance products

BRAND
Orient Black

Technical and Moulded Rubber Goods

Improving mechanical properties of rubber for technical and moulded rubber goods

APPLICATIONS

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

Tyre

Increasing durability, efficiency and reducing rolling resistance of tyres to enhance the overall fuel economy

APPLICATIONS

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

Specialty black

We are consistently moving up the value chain, and have expanded our value-added offerings for specialty black applications in plastics, inks, coatings, adhesives and sealants. Besides, we are one of the few companies in the world to meet the stringent United States Food and Drug Administration (USFDA) requirements for direct/indirect food contact plastics applications such as plastic trays and cutleries.

BRAND

Specialty blacks registered trademark: Royale Black

Brands under Royale Black, we have the following:

Bleumina : We launched Bleumina series of Medium/High Colour blacks (MCF/HCF) to get excellent aesthetics in the final product along with high durability for applications such as automobile interiors and exteriors, consumer electronics, home appliances, coatings and many other value-added products.

NuTone : We recently launched powder blacks for inks and coatings segment under the registered brand name – NuTone. NuTone series of grades are designed to suit variety of applications such as offset inks, liquid inks, inkjet inks, coatings, adhesives and sealants. NuTone blacks are carefully formulated to meet different application needs with respect to colour strength, gloss, viscosity, stability and dispersion.

Specialty black

Driving advanced technology driven customised grades for colour, conductivity and UV protection for specialty black

APPLICATIONS

- Fibre
- Wire and cables
- Mulch/silage film
- Geotextile/geomembrane
- Engineering plastics
- Adhesives and sealants
- High-pressure pipes
- Food contact plastics
- Drip irrigation pipe system
- Printing inks
- Paints/coatings
- Battery

OPERATING CONTEXT

Exciting opportunities on the horizon

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

Proven to improve abrasion resistance and tensile strength, lower tyre rolling resistance and enhanced overall fuel economy, it remains the pre-eminent filler for automobile tyres and industrial rubber products. The use of carbon black in plastics, printing inks and coatings ensures UV stabilisation, conductivity and colouring properties of goods.

The global carbon black industry is concentrated with top 10 players commanding over 60% market share by production capacity. PCBL continues to be among top seven players and leveraging global opportunities aggressively.

Operating landscape

- India continues to be one of the fastest growing end markets for carbon black.
- Carbon Black demand driven by both Original Equipment Manufacturer (OEM) and replacement tyre segment as well as applications in plastics, inks and coatings in automobile, construction, electronics and other industries.
- Globally, an estimated investment of US$ 22 billion is planned in the tyre production capacity addition in view of demand growth between 2016-21.
- Demand for specialty carbon black is expected to surge at a CAGR of 3.5% (2016-21).
- Majority of the specialty carbon black market consists of customised grades. Specialty grades have higher product quality and purity, commanding premium pricing and stronger margins.

Growth strategies

Optimum capacity to meet the demand with focus on efficiency

- Capacity expansions
  - Added 56,000 tonnes per annum at Mundra.
  - Planned capacity addition of 32,000 tonnes per annum at Palej.
  - Proposed greenfield plant in Southern India.
- Enhancing focus on improving energy efficiency, emissions reduction and water consumption.

Increasing share of value-added products

- Scaling up high-end, high margin specialty black grades share in overall product basket.
- Expanding portfolio of specialty black, particularly 'clean' versions of conventional ASTM rubber grades that have lower residual levels of sulphur, ash and other contaminants.
- Developing a stronger portfolio of high-end rubber products, which help in increasing durability, reducing rolling resistance of tyres and enhancing overall fuel economy.
- Creating customised grades based on customer requirements.

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

- Fostering long-term relationships with customers and being their preferred suppliers, while adhering to internationally recognised environmental and social standards.
- Continued focus on quality, execution and timely delivery of products and efficient after-sale services.
- Penetrating new geographies and increasing customer base.

Emphasis on research and development

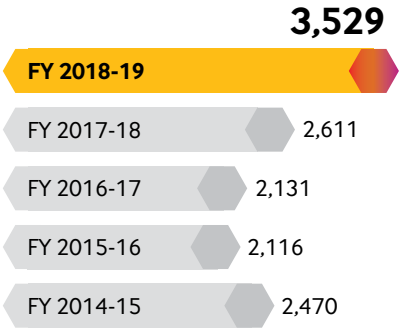
- Leveraging R&D infrastructure for product development, customised solutions and yield efficiency through the deployment of advanced technology and equipment as well as launching new centres for research excellence.
- Investing in a new research and development facility outside India, to align our functional capabilities with global standards.

KEY PERFORMANCE INDICATORS

Growing stronger

Revenue

(₹ in crore)

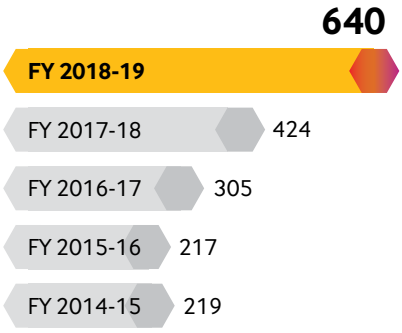


7.4%
5-year CAGR

35.2%
y-o-y growth

EBITDA

(₹ in crore)

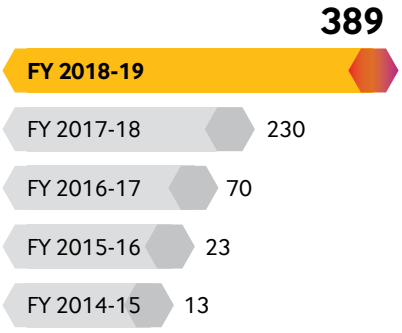


23.9%
5-year CAGR

50.9%
y-o-y growth

Profit after tax

(₹ in crore)

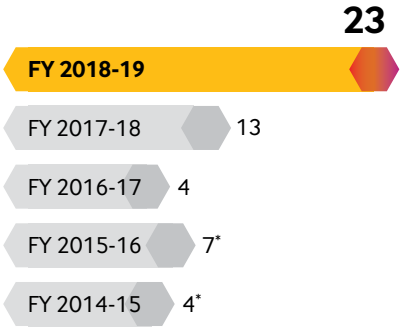


97.3%
5-year CAGR

69%
y-o-y growth

Earnings per share

(₹)

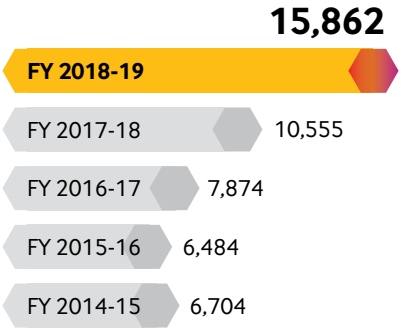


43.8%
5-year CAGR

69.1%
y-o-y growth

EBITDA per tonne

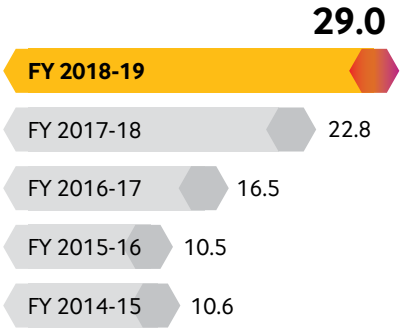
(₹)



50.3%
y-o-y growth

ROCE

(%)

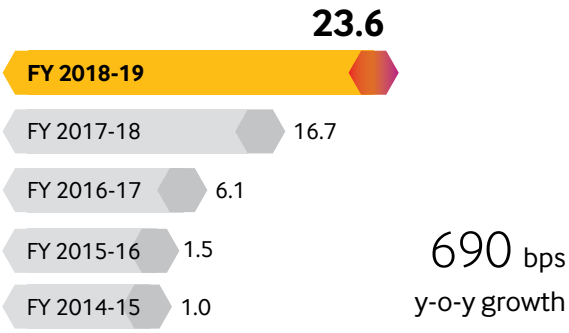


620 bps
y-o-y growth

y-o-y growth: Growth in FY 2018-19 over FY 2017-18
* Before Stock Split

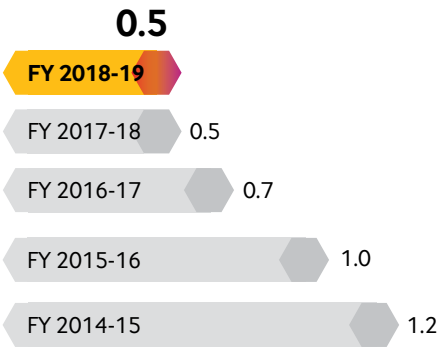
ROE

(%)



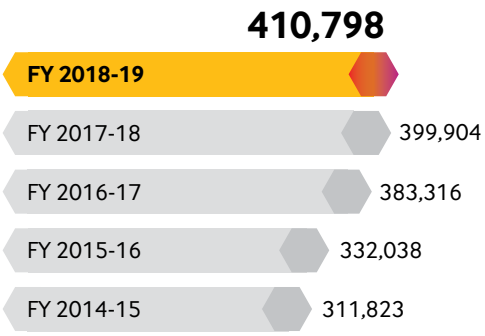
Debt equity

(x)



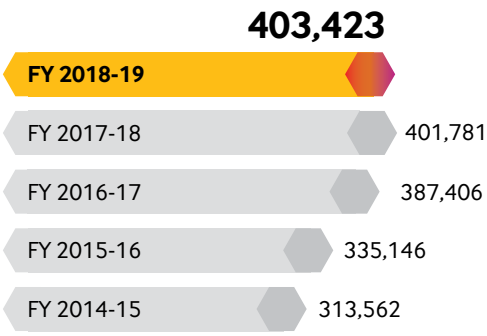
Production

(MT)



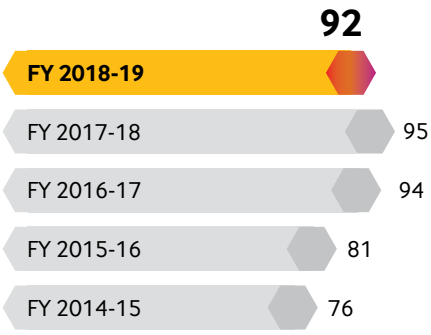
Sales volume

(MT)



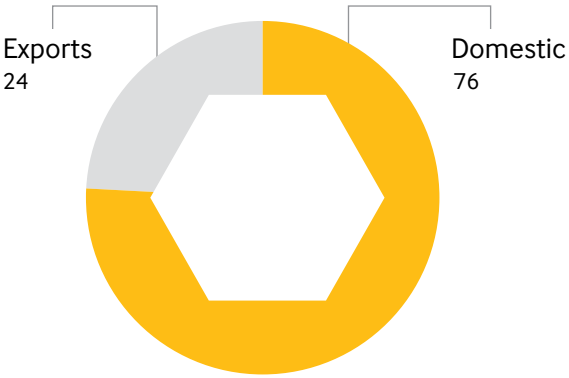
Capacity utilisation

(%)



Revenue mix

(%)



y-o-y growth: Growth in FY 2018-19 over FY 2017-18

HUMAN RESOURCE

Fostering a diverse, inclusive culture

Our research and innovation spectrum and business growth are powered by our people. We nurture an environment that can accommodate diverse perspectives towards problem-solving. Our people philosophy focuses on leadership, culture, capabilities, demography and reward.

Transparency at workplace

To drive the culture of transparency and imbibe an 'inclusive' workplace, our communication platform Sampark Live (a real-time a video-based platform) plays a critical role. The whole organisation witnesses the leadership's perspectives on a real-time basis. The management drives the culture of customer centricity and builds a global mindset through this platform. It also serves as a platform where employees can provide feedback, interact with leaders and seek clarification. Other communication initiatives include We@PCBL (the audio-visual magazine), Brown Bag (open panel discussion) and social media postings.

Culture of coaching

The coaching culture is driven through the process of big idea, business theme, methods, obstacle and measures (B2MOM). Every quarter, the managers conduct one-on-one discussions with their teams to drive people performance and development. The business leaders first come up with the big idea and business themes. The team leaders subsequently design their B2MOM strategy and cascade the responsibility down to team members. Based on the cascading, employees design their individual KPIs. Employees capture their big and small wins in a feedback diary, basis which the quarterly feedback discussion takes place between the member and the team leader.

Industry academia interface

PCBL has tied up with University of Petroleum and Energy Studies (UPES) for developing a ready talent pool. The University has introduced Chemical Process Elective course on Carbon Black for B.Tech students in their final year of study, handled by subject matter experts who are company managers. This provides a platform for managers to build coaching and teaching capabilities in line with our people philosophy.

PCBL, in association with graduating students of a premiere B-School, worked on a live project titled 'Employer Branding at PCBL'. The students worked on the project from their campus and came out with feasible and cost-effective intervention strategies, to leverage PCBL's employer branding quotient.

Building capability through rewards

Our rewards programmes are designed to encourage the spirit of excellence. The managers also undertake trainings to build capability on assessment and feedback. The manager's objective is directly linked to the team's objectives, and by empowering reward distribution to the managers, they are made accountable for their team members performance.

Embark PCBLite

A well-integrated, digitalised onboarding programme for our new members promote awareness of our Group's Legacy and Values, our Transformation Journey, our stakeholder impact and the senior leadership's thought and ideas. This module takes the new joinees through our Ethics and Code of Conduct policies in a story-based format.

Training Academy

We have our training academy in one of the manufacturing units, where since 2008 we are driving a structured one-year curriculum to build technical capabilities of our trainees. Graduate Engineer Trainees (GETs) and Management Trainees (MTs) are groomed on relevant functions and business processes to develop their holistic view about the business with the sole objective of developing and enriching the in-house talent pool.

PCBLite Leader

A workshop that focusses on capability building through the empowerment of senior functional leaders. It also helps enhance their coaching abilities.

People Connect- Be Your Own HR!

As part of the organisation's digital strategy, PCBL has migrated to SuccessFactors (SF) for launching its cloud based integrated HR platform- People Connect. It covers every process of an employee's lifecycle with the organisation from pre-hire to exit. People processes such us - Learning Management System (LMS), continuous feedback, performance management, leave management, time management and reimbursements are integrated on this platform. This will induce self-learning, help in building capability and drive a sense of involvement throughout the organisation. These practices are devised to be user friendly, where one can seek approval on-the-go using his smart phone or laptop.

AMBER

'Amber', an artificial intelligence enabled chatbot, helps create touchpoints with all employees. It is well aligned with the Company's Vision and adheres to the People Philosophy, thereby making efforts in creating a culture of transparency and inclusivity. It provides the leadership team with real-time dashboard and helps to point the needle in the right direction on our cultural transformation journey.

PCBL Challengers

We launched the first season of 'PCBL Challengers', a pan-India business case study competition across premiere B-schools. The theme for the season was 'Building a Technology Centre for the Organisation'. The competition observed participation from about 70 teams from across institutes who came up with valid marketing strategies, feasibility study, ROI mapping and location feasibility for setting up the centre. Team from Indian Institute of Management (IIM), Lucknow emerged as the National winner of this season. The national winner was handed over a cash prize of ₹ 1,00,000, by the Company's Managing Director.

'The Great Manager Award 2018'

We received 'The Great Manager Award 2018', by 'People Business' in collaboration with 'The Economic Times'. We were identified as one of the Companies with Great Managers amongst medium-sized companies.

ENVIRONMENT

Strengthening sustainable business practices

We are conscious of our environmental impact and implement several initiatives that reduce our carbon footprint. We also recycle water and solid wastes and undertake steps to efficiently utilise different resources.

We, at PCBL, aim to consistently improve our business operations and align the organisation with the National Action Plan on Climate Change (NAPCC) of the Government of India. Over the years, we have maintained green environment around our plants in line with the Environment Health Safety (EHS) Policy and have established management systems certified by ISO 14001 and OHSAS 18001.

Promoting sustainable practices

Sustainability is at the heart of our business processes. We adopt various environment-friendly business procedures and have put in place various equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts.

Some of our key implementations in this sphere are:

Co-generation power plants

Our co-generation power plants generate power from the tail gas of the carbon black process, thereby replacing equal amount of fossil fuel used by the plants. They also reduce emissions of greenhouse gases (GHG) by 3,91,780 MT of CO_2 annually.

The 12 MW co-generation power plant at Palej was the world's first unit to be registered as a Clean Development Mechanism (CDM) under the United Nations Framework Convention on Climate Change (UNFCCC).

Waste recycle

We utilise the waste produced, while manufacturing carbon black, for producing captive power in our plants. We further reuse treated wastewater in the production process. Additionally, most of our manufacturing units recycle water through the Effluent Treatment Plants (ETP), resulting in zero discharge of waste from our factories. Over 90% of the solid waste generated is recycled internally across our manufacturing facilities.

Eco-friendly practices

We clean ponds and rivers near our manufacturing units. We also conduct sapling plantation drives to develop green belts inside and outside our factory premises. Besides, we ensure the use of organic fertilisers by supplying them to villagers in our vicinity. Moreover, we have installed rainwater harvesting facilities

to reduce raw water consumption. The rainwater harvesting framework on the building roof ensures stable supply of fresh water.

Ensuring safe processes

We have institutionalised safety as a value-led concept by inculcating a sense of ownership at all levels. We conduct customised risk-based training programmes across our manufacturing units, bringing about an overall improvement in safety standards. We drive safety across all our facilities by undertaking safe workplace initiatives, which has resulted in zero fatal accidents at our plants.

Key intervention areas for FY 2018-19

INNOVATING TO OFFER MORE ENVIRONMENTAL COMPLIANCE

We are producing carbon black grades that are 'clean' versions of conventional ASTM rubber grades, which are engineered to have lower residual levels of sulphur, ash, and other contaminants. We have developed specialty products with very low Polycyclic Aromatic Hydrocarbons (PAH).

We enjoy European Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) registration for all our products and are among the leading manufacturers of US Food and Drug Administration (USFDA) compliant black, which falls under the high purity furnace black category.

TACKLING DUST AND FUGITIVE EMISSIONS

We are installing bag filters with contemporary design in all greenfield and brownfield projects to minimise carbon black emissions, thereby curbing waste. Besides, we have also introduced automatic leakproof packing machines and modernised the de-dusting system undertaken at the warehouse to diminish dust and fugitive emissions.

MANAGING AIR EMISSIONS

We are ensuring sustained availability of low sulphur feedstock.

CORPORATE SOCIAL RESPONSIBILITY

Giving back to the community

We are sensitive to the aspirations, expectations and requirements of communities we work with, and we provide need-based interventions in the realms of education, health and community development.

We strive to promote inclusive growth in the realms of education, art, healthcare, sports, environmental sustainability and conservation. Our CSR policy focusses on leveraging our range of resources to widen access to basic facilities for the underserved population.

Empowering through education

We provide financial assistance to government-run schools near our production units. We help schools in infrastructure development, computer literacy programmes, facilitation of tuitions, distribution of school-aid materials, donation towards food distribution, cultural activities at schools for underprivileged students and distribution of uniforms.

During FY 2018-19, we also donated towards:

- Accommodation of poor students
- Education of girl children
- Distribution of stationery kits and uniforms to students
- Computer training to underprivileged students
- Scholarship for underprivileged students

Enabling better healthcare

We helped build individual household toilets under the Swachh Bharat Abhiyaan; contributed towards infrastructure development of hospitals; provided medical aids (including diagnosis and consultation) to the local community and made provisions for pulse polio immunisation camps for the children of nearby villages. During the year under review, we also helped a Foundation, that works towards underprivileged children suffering from chronic kidney disease.

Driving community development

We offer financial assistance to various projects in backward areas. These projects help drive the socio-economic development of various communities.

During FY 2018-19, we worked towards community development with financial assistance in the domains of a new school building construction; social projects undertaken in the downtrodden areas for the purpose of socio-economic development. We also contributed towards developing a double-sided road connecting a highway to Swachhalaya and provided streetlights in the poorer sections of the village. We also created livelihood development by encouraging fishery and establishing an Institution of Excellence.

BOARD OF DIRECTORS

Sanjiv Goenka
Chairman

Kaushik Roy
Managing Director

Preeti Goenka
Non-Executive Director

Shashwat Goenka
Non-Executive Director

O P Malhotra
Independent Director

K S B Sanyal
Independent Director

Paras K Chowdhary
Independent Director

Pradip Roy
Independent Director

Kusum Dadoo
Independent Director

LEADERSHIP TEAM

Kaushik Roy
Managing Director

Raj Kumar Gupta
Chief Financial Officer

Kaushik Mukherjee
Company Secretary and Chief Legal Officer

Sabyasachi Bhattacharya
Chief – HR and IT

Utpal Saha
Chief – Project Commercial and Environment Compliance

Sunil Chauhan
Chief – Manufacturing

Arun Batra
Chief – Specialty Blacks

Jiten Keluskar
Chief Procurement Officer

Girish Singh
Chief – Projects, Specialty Process and Technology

Dr. Mosongo Moukwa
Chief – Global R&D

Gautam Kalia
Head – International Markets (Rubber Blacks)

Mainackya Ghosh
Head – National Markets (Rubber Blacks)

Soumyendra Mohan Lahiri
Head – Manufacturing Excellence

Sinjan Pal Majumdar
Head – Business Development and Technical Services

Sudipto Kumar Ghosh
Head – Central Reliability and Engineering

Saibal Neogy
Head – Planning and Customer Service

Naresh Parekh
Unit Head – Durgapur

Jignesh Parmar
Unit Head – Palej

Rajkumar Mukhopadhyay
Unit Head – Kochi

Kingshuk Bose
Unit Head – Mundra

CORPORATE INFORMATION

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

COMPANY SECRETARY & CHIEF LEGAL OFFICER
Kaushik Mukherjee

CHIEF FINANCIAL OFFICER
Raj Kumar Gupta

AUDITORS
S. R. Batliboi & Co., LLP
Chartered Accountants

SOLICITORS
Khaitan & Co.

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

REGISTERED OFFICE
Duncan House, 3rd Floor
31, Netaji Subhas Road
Kolkata 700 001
Phone: (033) 6625 1000/1500/1461-64
Fax: (033) 2248 0140, 2243 6681
Email: pcbl@rp-sg.in

MANUFACTURING UNITS
Durgapur
27, R.N Mukherjee Road
Dist. Burdwan,
Durgapur 713 201
Phone: : +91 7479037118
Email: pcbl.durgapur@phillipscarbon.com

Kochi
Karimugal
Brahmapuram PO
Kochi 682 303
Phone: +91 4842788158
Email: pcbl.kochi@phillipscarbon.com

Mundra
Survey No. 47, SH- 46
Vill Mokha (Near Vadala)
Mundra 370 421
Dist. Kutch, Gujarat
Phone: +91 2838619201
Email: pcbl.mundra@phillipscarbon.com

Palej
National Highway No. 8
Palej 392 220
Dist. Bharuch, Gujarat
Phone: +91 2642277902
Email: pcbl.palej@phillipscarbon.com

REGIONAL OFFICES
Chennai
Level 5, Prestige Palladium
Baan No. 129-140, Greams Road,
Chennai 600 006
Phone: (044) 4654 9316
Fax: (044) 2855 3257
Email: pcbl.chennai@phillipscarbon.com

Delhi
315, 3rd Floor,
MGF Metropolis,
M.G. Road, Gurgaon 122002, Haryana
Phone: (0124) 4031975 / 2352924,
Email: pcbl.delhi@phillipscarbon.com

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

MARKETS
National
mainackya.ghosh@rp-sg.in

International
Global
gautam.kalia@rp-sg.in

Europe
rolf.muller@rp-sg.in

Japan
adrian.koh@rp-sg.in

USA
sinjan.majumdar@rp-sg.in
pcbl.specialtyblack@phillipscarbon.com

China
pcbl.qianbin@qq.com

Specialty Blacks
pcbl.specialtyblack@phillipscarbon.com

RESEARCH AND DEVELOPMENT
Research and Development Centre
National Highway No. 8
Palej 392 220
Dist. Bharuch, Gujarat
Phone: +91 2642277902
Email: research.development@phillipscarbon.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: 033-2248-0140/2243-6681
E-mail: pcbl@rp-sg.in; Website: www.pcblltd.com

NOTICE TO THE MEMBERS

Notice is hereby given that the fifty-eighth Annual General Meeting (AGM) 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 Friday, the 19th day of July, 2019 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, 2019 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 @ 175%, (i.e. Rs. 3.50/- per equity share) already paid for the financial year ended 31st March, 2019.

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.

SPECIAL BUSINESS:

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

4. **(As an Ordinary Resolution):**
"Resolved that pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013, as amended by the Companies Amendment Act, 2017 (hereinafter referred to as 'the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Article 93(1) of the Articles of Association of the Company, Mrs. Preeti Goenka (holding DIN 05199069) who was appointed by the Board of Directors as an Additional Director of the Company w.e.f 27th July, 2018 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice has been received from a Member under Section 160 of the Act, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. **(As a Special Resolution):**
"Resolved that pursuant to the provisions of Sections 149, 150, 152 ,178 and any other applicable provisions of the Act read with Schedule IV to the Act and the Rules made thereunder, the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018 (hereinafter referred to as the SEBI Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of Members of the Company be and is hereby accorded to the re-appointment of Mrs. Kusum Dadoo (holding DIN 06967827), whose current period of office is expiring on 31st March, 2020, as an Independent Director of the Company, not liable to retire by rotation, for her second term of 5 consecutive years with effect from 1st April, 2020 on the terms and conditions referred to in the explanatory statement of material facts annexed to this Notice.

Resolved further that pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Kusum Dadoo be paid such fees and commission as the Nomination and Remuneration Committee/Board may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.

Resolved further that for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director(s) or any other Key Managerial Personnel or any other officer (s) of the Company."

6. **(As an Ordinary Resolution)**
"Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Shome & Banerjee, Cost Accountants, (Firm Registration No. - 000001), appointed as the Cost Auditors by the Board of Directors of the Company ('the Board") for the financial year ending 31st March, 2020 to conduct cost audits relating to cost records of the Company and that the Cost Auditors be paid a remuneration of Rs. 4,50,000/- (Rupees Four Lacs Fifty Thousand only) plus applicable taxes.

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

Registered Office: By Order of the Board

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

Kolkata
20th May, 2019

Kaushik Mukherjee
Company Secretary
(Membership Number : F5000)

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Act, 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.**

   Pursuant to Section 105 of the Act read with Rule 19 of the Companies (Management and Administration) Rules, 2014, 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. In case a Member holding more than 10% of the total share capital of the Company carrying voting rights proposes to appoint a proxy, then such member may appoint a single person as proxy, however, such proxy shall not act as a proxy for any other person or member.

   The instrument of proxy in order to be effective should, be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of AGM. A Proxy Form is annexed to this Notice. A Proxy Holder shall prove his/her identity at the time of attending the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by appropriate resolutions / authority, 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. 28.

   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 13th day of July, 2019 to the 19th day of July, 2019 (both days inclusive).

5. An interim dividend @ 175% (i.e. Rs. 3.50/- per equity share on the face value of Rs. 2/- per equity share) was declared at the Meeting of the Board of Directors of the Company held on 16th January, 2019 to those Members whose names appeared on the Company's Register of Members, or appeared as beneficial owners at the close of business on 29th January, 2019 ('Record Date') and the same was paid on and from 5th February, 2019.

6. 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 will not be made available at the venue of the AGM.

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

8. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules') the amount of dividend remaining unpaid or

unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs. 18,42,505/-being the unpaid and unclaimed dividend amount pertaining to the Final Dividend for the Financial Year 2010-2011 on 1st October, 2018.

9. The Company has been sending reminders to Members having unpaid / unclaimed dividend before transfer of such dividend(s) to IEPF. Details of the unpaid / unclaimed dividend are also uploaded as per the requirements, under "Investors Relations" section on the Company's website viz. www.pcblltd.com. Members, who have not yet encashed their dividend pertaining to the Final Dividend for Financial Year 2011-12 are advised to write to the Company immediately claiming dividends declared by the Company. The Final Dividend for the Financial Year 2011-2012 is due to be transferred to the IEPF Fund immediately after 1st September, 2019. In case valid claim is not received by that date, the Company will also proceed to transfer the respective shares to the Demat Account of the IEPF Authority ('IEPF Account') in terms of the IEPF Rules by following the prescribed procedure.

10. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated IEPF Account within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company transferred 1,59,495 Equity shares of the face value of Rs. 2/- each to the IEPF Account pertaining to the Financial Year 2010-11, on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 2nd November, 2018, after following the prescribed procedure. In this regard, the Company has individually informed the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The details of such shareholders and shares transferred for the Financial Year 2010-11 are uploaded in the "Investors Relations" Section of the website of the Company viz. www.pcblltd.com.

11. Dividend and corresponding shares, as stated in points 9 and 10 above, once transferred to IEPF by the Company, may be claimed only from the IEPF Authority by following the procedure prescribed under the IEPF Rules.

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

12. 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.

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

14. In terms of the SEBI Listing Regulations, securities of listed companies can only be transferred in dematerialised form with effect from 1st April, 2019. In view of the above, Members are advised to dematerialise shares held by them in physical form. With regard to the same, the Company's Registrar and Share Transfer Agent has already sent three reminder letters to the shareholders during the financial year 2018-19, for updating their KYC details and for dematerialising their physical holdings of securities.

15. 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.

16. 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.

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

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

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

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

19. The route map showing directions to reach the venue of the fifty eighth (58th) AGM is annexed hereto.

20. Electronic copy of the Notice of the 58th 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 addresses, physical copies of the Notice of the 58th 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.

21. Electronic copy of the Annual Report for Financial Year 2018-19 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 addresses, physical copies of the Annual Report for Financial Year 2018-2019 is being sent in the permitted mode.

22. Members may also note that the Notice of the 58th 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://evoting.nsdl.com for their download. The Annual Report for Financial Year 2018-2019 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 available 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.

23. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act will be available for inspection by the Members at the AGM.

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 holdings should be verified from time to time.

25. Corporate Members intending to send their authorised 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 authorising their representative to attend and vote on their behalf at the meeting atleast 3 days before the AGM.

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

27. At the 56th AGM held on 21st September, 2017, the Members approved the appointment of M/s. S R Batliboi and Co. LLP, as the Statutory Auditors of the Company having Registration No. 301003E/E300005, for an initial term of five consecutive years i.e. from the conclusion of the 56th AGM till the conclusion of the 61st AGM of the Company to be held in the year 2022, subject to the ratification of their appointment by the Members at every AGM of the Company. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the 58th AGM.

28. Instructions and other information relating to e-Voting:

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time (the "Rules"), Regulation 44 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by ICSI, the Company is pleased to offer its Members facility to exercise their right to vote in respect of the business to be transacted through e-Voting Services at the 58th AGM by electronic means. 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).

The detailed process, instructions and manner for availing e-voting facility is provided herein below:

a. The E-voting period shall begin on Tuesday, the 16th day of July, 2019 at 9.00 am (IST) and shall end on Thursday, the 18th day of July, 2019 at 5.00 pm (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. Friday, the 12th day of July, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

b. For those shareholders opting for e-voting, the process and manner of e-voting will be as follows:

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

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

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

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

Details on Step 1 are mentioned below:

How to Log-into NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 110737 then user ID is 110737001***

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then,click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to akroyco@yahoo.co.in with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com. to reset the password.

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

   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).

3. 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 Friday, the 12th day of July, 2019.

4. 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. Friday, the 12th day of July, 2019 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.

5. 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.

6. Pursuant to the provisions of Section 108 of the Act 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.

7. 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.

8. 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.

29. 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.

30. 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.

31. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available 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 and including the date of Annual General Meeting of the Company.

32. It is hereby informed that the Members of the Company shall be allowed to enter the venue of the AGM only on or after 10:00 A.M.

Registered Office: By Order of the Board

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

Kolkata
20th May, 2019

Kaushik Mukherjee
Company Secretary
(Membership Number: F5000)

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

ITEM NO. 4

Mrs. Preeti Goenka was appointed by the Board as an Additional Director of the Company with effect from 27th July, 2018 pursuant to Sections 149, 152, and 161(1) of the Act read with Article 93(1) of the Articles of Association of the Company. Mrs. Preeti Goenka holds office as a Director of the Company upto the date of this Annual General Meeting. The Company has received a notice in writing from a Member proposing candidature of Mrs. Preeti Goenka, for the office of the Director of the Company.

Mrs. Preeti Goenka (56 years) completed her schooling from Welhams Girls High School, Dehradun and later studied Interior Designing at South Delhi Polytechnic to secure a diploma.

Married to Mr. Sanjiv Goenka, Mrs. Preeti Goenka has vast experience in art and support creative talents in diverse fields. A past President of the Ladies Study Group of Indian Chamber of Commerce, Kolkata, currently she is an Executive Committee Member of the Birla Industrial & Technological Museum, Kolkata. Mrs. Preeti Goenka is presently on the Board of Saregama India Limited.

Additional information in respect of Mrs. Preeti Goenka, pursuant to the SEBI Listing Regulations and the Secretarial Standard on General Meetings, is appearing in the Annual Report 2018 - 19 under the Section 'Report on Corporate Governance'. Mrs. Preeti Goenka does not hold by herself or for any other person in any manner, any shares in the Company. Mrs. Preeti Goenka is not related to any other director except Mr. Sanjiv Goenka and Mr. Shashwat Goenka.

Accordingly, the Board recommends the Resolution in relation to appointment of Mrs. Preeti Goenka as a Director, for the approval of the shareholders of the Company by way of an Ordinary Resolution.

Except Mrs. Preeti Goenka, being the appointee and Mr. Sanjiv Goenka and Mr. Shashwat Goenka, being related to Mrs. Preeti Goenka, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution as set out at Item No. 4 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

ITEM NO. 5

Based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Sections 149, 150, 152, 178 and any other applicable provisions of the Act and the rules made thereunder [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the SEBI Listing Regulations, the Board has proposed the reappointment of Mrs. Kusum Dadoo, who was appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years with effect from 1st April, 2020 for a term up to 31st March, 2025.

Mrs. Kusum Dadoo (66 years) is a Non-Executive Independent Director of the Company. She joined the Board of Directors of the Company in April, 2015. She is a Member of the Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. She is also a Member of the Audit Committee of The Standard Batteries Limited, Harrisons Malayalam Limited and Stel Holdings Limited and a Member of the Stakeholders Relationship Committee of Harrisons Malayalam Limited and Stel Holdings Limited.

Mrs. Kusum Dadoo is a Science Graduate from Bethune College and a Law Graduate from Calcutta University. Mrs. Kusum Dadoo has done attorneyship from Calcutta High Court. She is associated

with Khaitan & Co. Advocates, one of the leading firms of India, for over 39 years having expertise in Real Estate, Banking and Finance.

Presently, Mrs. Kusum Dadoo is on the Board of Harrisons Malayalam Limited, Bhiwani Vanaspati Limited, GKW limited, The Standard Batteries Limited, STEL Holdings Limited and Dhariwal Infrastructure Limited.

Additional information in respect of Mrs. Kusum Dadoo, pursuant to the SEBI Listing Regulations and the Secretarial Standard on General Meetings, is appearing in the Annual Report 2018 - 19 under the Section 'Report on Corporate Governance'. Mrs. Kusum Dadoo does not hold by herself or for any other person on a beneficial basis, any shares in the Company. She is not related to any other Director of the Company. In the opinion of the Board, Mrs. Kusum Dadoo fulfills the conditions specified in the Act and rules made thereunder and Regulation16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations for her reappointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for reappointment of Mrs. Kusum Dadoo as an Independent Director of the Company setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Mrs. Kusum Dadoo has given a declaration to this effect that she meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Kusum Dadoo as an Independent Director. Accordingly, the Boardrecommendstheresolutioninrelationtothereappointmentof Mrs. Kusum Dadoo as an Independent Director, for the approval of the shareholders of the Company by way of Special Resolution.

Except Mrs. Kusum Dadoo, being the appointee and her 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.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

ITEM NO. 6

The Board of Directors, on the recommendation of the Audit Committee, has approved at their Meeting held on 20th May, 2019, 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, 2020 at a remuneration of Rs. 4,50,000/- (Rupees four lacs fifty thousand only) plus applicable taxes.

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

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out under Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

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 for approval by the members of the Company.

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

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

Mr. Shashwat Goenka (29 years) has joined the Board of Directors of Phillips Carbon Black Limited w.e.f 1st September, 2014. He is a Member of the Corporate Social Responsibility Committee of the Company.

He has graduated from The Wharton School, University of Pennsylvania with a Bachelor of Science in Economics, specialising 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's Retail Limited, CESC Ventures Limited, Spencer's International Hotels Limited and Retailers Association of India.

Mr. Shashwat Goenka is the Chairman of the Corporate Social Responsibility (CSR) Committee and Strategy Committee of Firstsource Solutions Limited, Chairman of CSR Committee of Spencer's Retail Limited and CESC Ventures Limited and Chairman of the Stakeholders' Relationship Committee of Spencer's Retail Limited. He is also a Member of the Audit Committee of Spencer's Retail Limited and a Member of the Stakeholders' Relationship Committee of CESC Ventures Limited.

Additional information in respect of Mr. Shashwat Goenka, pursuant to the SEBI Listing Regulations and the Secretarial Standard on General Meetings, is appearing in the Annual Report 2018 - 19 under the Section 'Report on Corporate Governance'. 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 and Mrs. Preeti 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 and Mrs. Preeti 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, in the Resolution as set out at Item No.3 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

(II) APPOINTMENT OF MRS. PREETI GOENKA AS DIRECTOR (ITEM NO. 4)

For the details of Mrs. Preeti Goenka, please refer to the above explanatory statement in respect of the Special Business set out at Item No. 4 of the Notice of Annual General Meeting pursuant to Section 102 of the Act.

(III) RE-APPOINTMENT OF MRS. KUSUM DADOO AS INDEPENDENT DIRECTOR (ITEM NO. 5)

For the details of Mrs. Kusum Dadoo, please refer to the above explanatory statement in respect of the Special Business set out at Item No. 5 of the Notice of Annual General Meeting pursuant to Section 102 of the Act.

Registered Office:

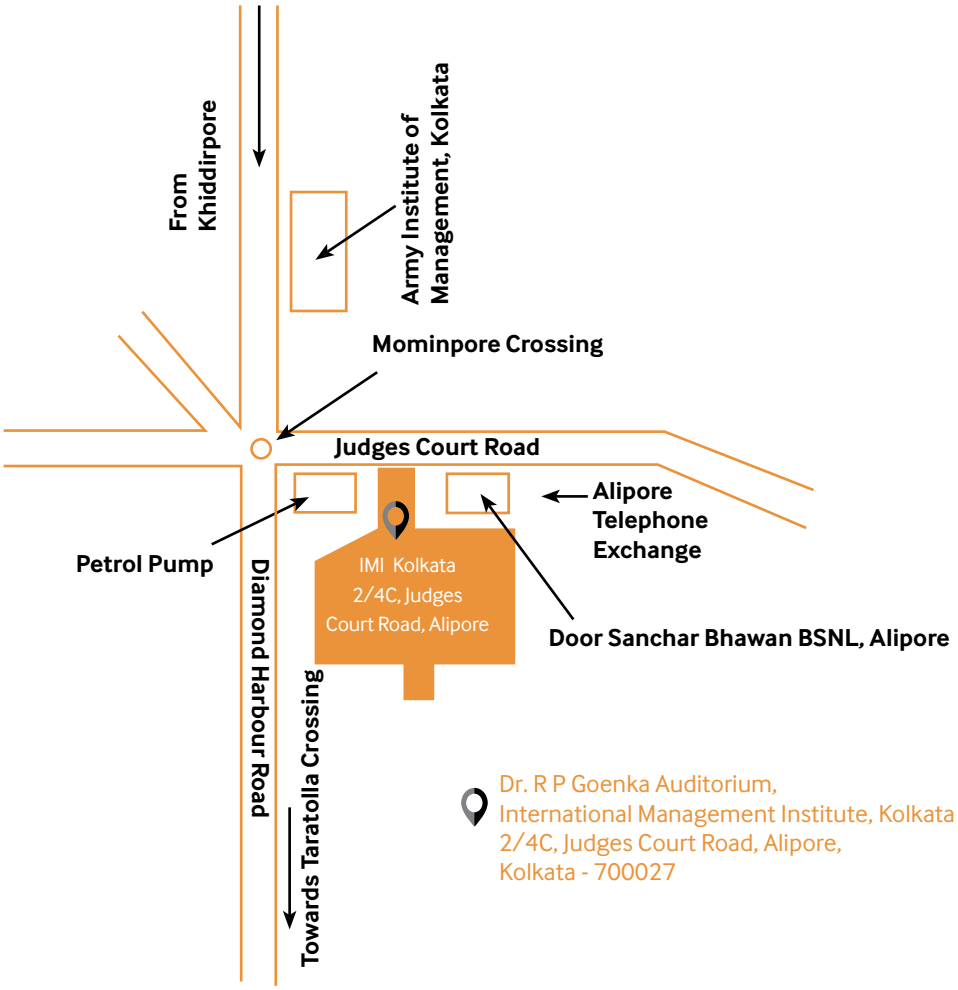
31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

By Order of the Board

Kolkata
20th May, 2019

Kaushik Mukherjee
Company Secretary
(Membership Number: F5000)

ROUTE MAP TO PCBL AGM VENUE



BOARD'S REPORT

Your Directors have pleasure in presenting the fifty-eighth Annual Report on the business and operations of Phillips Carbon Black Limited and the Audited Accounts for the financial year ended 31st March 2019.

FINANCIAL HIGHLIGHTS (STANDALONE)

(Amount in ₹ Crore)

Year ended	31.03.19	31.03.18
Revenue from operations	**3528.56**	**2611.27**
PBDIT	**639.91**	**424.08**
Less: Finance and hedging cost	34.73	59.73
PBDT	**605.18**	**364.35**
Less: Depreciation	66.38	60.52
PBT	**538.80**	**303.83**
Tax expense	150.27	74.04
PAT	**388.53**	**229.79**
Balance brought forward	885.37	684.78
Re measurement of post – employment benefit obligation, net of tax	(1.20)	(1.94)
Gain /(loss) on fair valuation of Preference Shares	(12.07)	(2.37)
Profit available for appropriation	1260.63	910.26
Dividend, including tax on dividend	(97.65)	(24.89)
Balance carried forward to the Balance Sheet	1162.98	885.37

The financial statements for the year ended 31st March 2019 have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 (hereinafter referred to as "the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

DIVIDEND

The Board of Directors, at its Meeting held on 16th January, 2019, declared an interim dividend of 175% i.e. ₹ 3.50 /- per equity share on the face value of ₹ 2/- per equity share. This interim dividend was paid during FY19.

PERFORMANCE OVERVIEW

Carbon Black

Your Company's FY19 EBITDA rose to ₹ 640 crore as against ₹ 424 crore in the previous year. PAT for the year was ₹ 389 crore, which is around 1.7 times that of previous year's PAT of ₹ 230 crore.

Power

Your Company's power segment revenue (excluding inter segment revenue) was at ₹ 97 crore, higher by ₹ 13 crore, as compared to ₹ 84 crore in FY18, on the back of higher sales volume as well as improved realisation.

A detailed review of the operations of the Company for the financial year ended 31st March 2019 is given in the Management Discussion and Analysis Report, which forms a part of this Report.

MANUFACTURING

Carbon Black production during FY19 rose to 4,10,798 MT as compared to 3,99,904 MT in the previous year.

During the year, the Company completed its brownfield expansion at its Mundra plant, thereby increasing capacity by 56,000 MT taking the total capacity to 5,71,000 MT. Project work on brownfield specialty lines of 32,000 MT is progressing satisfactorily and is expected to be commissioned by the end of FY20. With its strategically located four plants and seamless ability to switch between alternative feedstocks thereby ensuring raw material flexibility, your Company is well poised to service customers in India and overseas. The vicinity of seaports to a couple of the Company's plants facilitate logistic costs within India and abroad.

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 CARE dated 20th December, 2018 stated that the rating for long term bank facilities of ₹ 550 crore was CARE AA-; Positive (pronounced as Double A Minus; Outlook - Positive)- Reaffirmed with Outlook Revised from Stable and Credit Rating for the long term/short term bank facilities of ₹ 1850 crore was CARE AA-; Positive/A1+ (pronounced as Double A Minus; Outlook – Positive/A1Plus) -, Reaffirmed with Outlook Revised from Stable. Further, Credit Rating received from ICRA dated 27th March, 2019 stated that the Rating Committee, after due consideration, re-affirmed the long-term rating for the Term Loan of ₹ 400 crore at [ICRA] AA- (pronounced as ICRA Double A Minus) - ; Outlook Revised from Stable to Positive.

SUBSIDIARY COMPANIES

The Company has three subsidiaries as on date, namely, Phillips Carbon Black Cyprus Holdings 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 Act.

The Company has prepared a Consolidated Financial Statement of the Company and of all the subsidiaries, namely, Phillips Carbon Black Cyprus Holdings 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. S R

Batliboi & Co., LLP, the statutory auditors, in compliance with the applicable accounting standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter referred to as the 'SEBI Listing Regulations.')

The Consolidated Financial Statements for the year 2018-19 form a part of the Annual Report and Accounts and shall be laid before the Members of the Company at the AGM while laying its financial statements under sub-section (2) of the said section. Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

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

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

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

SHARE CAPITAL

Your Company's paid-up Equity Share Capital as on 31st March 2019 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 2019, none of the Directors of the Company hold shares or convertible instruments of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with Regulation 34 of the SEBI Listing Regulations, a separate section on the Management Discussion and Analysis, as approved by the Board of Directors, which includes details on the state of affairs of the Company is given in 'Annexure–A', which is annexed hereto and forms a part of the Board's Report.

EXTRACT OF ANNUAL RETURN

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

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

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

PUBLIC DEPOSITS

The Company does not have any Public Deposits under Chapter V of the Act and has repaid all Public Deposits that matured and were claimed by the depositors under the earlier Public Deposit Schemes. There is no outstanding balance as on 31st March 2019.

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

There are no material changes and commitments, affecting the financial position of the Company that have occurred between the close of the financial year ended 31st March 2019 and the date of this Board's Report.

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

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

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

COMMITTEES OF THE BOARD

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

CORPORATE SOCIAL RESPONSIBILITY

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

given in 'Annexure–D', which is annexed hereto and forms a part of the Board's Report.

The Company, along with other companies of the Group, has set up the RP-Sanjiv Goenka Group CSR Trust to carry out CSR activities. During the year 2018-19, the Company has undertaken the CSR initiatives in the fields of promoting education, promoting healthcare, environment sustainability and community development thereby helping in the upliftment of the underprivileged and disadvantaged sections of the society. All the CSR activities fall within the purview of Schedule VII of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

BOARD EVALUATION

Pursuant to the provisions of the Act, SEBI Listing Regulations and Circulars and Guidance Notes issued by SEBI in this regard, 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 which is annexed hereto. The Company also has a Board Diversity Policy in place which recognises the importance and benefits of having a diverse Board to enhance the quality of its performance.

At a separate meeting of Independent Directors, the performances of Non-Independent Directors, the Board as a whole and the Chairman were evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was also discussed in the Board Meeting. In keeping with the Company's belief that it is the collective effectiveness of the Board that impacts the Company's performance, the evaluation of the Board and functioning of the various Committees was carried out based on discussions amongst the Board and Committee Members. 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 the selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy and the details pertaining to the remuneration paid during the year are furnished in the Corporate Governance Section of the Annual Report.

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

RELATED PARTY TRANSACTIONS

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

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

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

RISK MANAGEMENT

Risk Management is the process of identification, assessment and prioritisation of risks followed by coordinated efforts to minimise, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities. Risk Management Policy enables the Company to proactively manage uncertainties and changes in the internal and external environment to limit negative impacts and capitalise on opportunities. The Company has laid down a comprehensive Risk Assessment and Minimisation Procedure in accordance with the requirements of the Act and the SEBI Listing Regulations, which is reviewed by the Audit Committee and approved by the Board from time to time. This procedure is reviewed to ensure that the executive management controls risk through means of a properly defined framework.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 197 of the Act and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees concerned forms a part of the Board's Report. Having regard to the provisions of Section 136 of the Act, the Annual Report and Accounts, excluding the aforesaid information

are being sent to the Members of the Company. 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 a.m. to 6 p.m.) on all working days, up to the date of the 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 Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is marked as 'Annexure – E' ,which is annexed hereto and forms a part of the Board's Report.

LISTING

The equity shares of the Company continue to be listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE). The Company has paid the requisite listing fees to all the Stock Exchanges for FY 2019-20.

CORPORATE GOVERNANCE

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

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the year 2018-2019, the Board of Directors met four times. The details of the number of meetings of the Board of Directors held during FY 18-19 have been detailed in the Corporate Governance Section of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i) In the preparation of the annual accounts for the financial year ended 31st March 2019, the applicable accounting standards have been followed and there are no material departures;

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

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

iv) The annual accounts have been prepared on a going concern basis;

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

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

DECLARATION BY INDEPENDENT DIRECTORS

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

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board of Directors of the Company, the Members of the Company at its fifty-sixth Annual General Meeting (AGM) held on 21st September, 2017 approved the appointment of M/S. S R Batliboi and Co. LLP, as the Statutory Auditors of the Company, having Registration No. – 301003E/E300005, for an initial term of five consecutive years, i.e. from the conclusion of the 56th AGM till the conclusion of the 61st AGM of the Company to be held in the year 2022, subject to the ratification of their appointment by the Members at every AGM of the Company. The requirement to place the matter relating to appointment of Auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) ACT 2017 w.e.f. 7th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM and a note in respect of same has been included in the Notice of the AGM.

The Report given by M/S. S R Batliboi & Co. LLP, Chartered Accountants on the financial statements of the Company for the year 2018-2019 is annexed hereto and forms a part of the Annual Report.

COST AUDIT AND AUDITORS

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Audit records maintained by the Company relating to manufacturing of Carbon Black and generation and transmission of electricity at its plants located at Durgapur in West Bengal, Kochi in Kerala, Mundra and Palej in Gujarat, is required to be audited. The Directors of the Company had, on the recommendation of the Audit Committee of the Board of Directors of the Company, appointed Messrs Shome & Banerjee,

to audit the cost accounts for the FY 19-20 at a remuneration of ₹ 4,50,000/- (Rupees Four Lacs Fifty Thousand only). As required under the Act, the remuneration payable to the Cost Auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking ratification of the Members for the remuneration payable to Messrs Shome & Banerjee, Cost Auditors is included at Item No. 6 of the Notice convening the AGM.

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

SECRETARIAL AUDIT AND AUDITORS

Pursuant to the provisions of Section 204 of the Act 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 2019 is marked as 'Annexure–F', which is annexed hereto and forms a part of the Board's Report.

BUSINESS RESPONSIBILITY REPORT

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

SUSTAINABILITY REVIEW – SHARED VISION, SHARED VALUE

As a responsible corporate citizen, your Company continuously strives to improve performance in the areas of environment, social and economic commitments through the delivery of superior products, flawless operations and active engagement with all stakeholders

The Company's first Sustainability Review is posted on the Company's website at www.pcblltd.com and may be accessed at the link: https://www.pcblltd.com/sustainability-review/.

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 AGM and being eligible, offers himself for re-appointment.

Mrs. Preeti Goenka, was appointed by the Board of Directors at its Meeting held on 27th July, 2018 as an Additional Director of the Company upto the date of the ensuing Annual General Meeting. The Company has received a notice u/s 160 of the Act from a Member of the Company signifying his intention to propose the candidature of Mrs. Preeti Goenka for the office of the Director of the Company.

As per provisions of Sections 149, 150, 152, 178 and any other applicable provisions of the Act and the Rules made thereunder, your Directors are seeking re-appointment of Mrs. Kusum Dadoo, whose current period of office is expiring on 31st March, 2020, as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years with effect from 1st April, 2020.

Details of the proposal of appointment/re-appointment of the afore-mentioned Directors are mentioned in the Explanatory Statement u/s 102 of the Act in the Notice of the 58th AGM of the Company.

During the year under review, Mr. O P Malhotra, Mr. K S B Sanyal, Mr. Paras K Chowdhary and Mr. Pradip Roy were re- appointed as Independent Directors of the Company by the Members of the Company by passing of Special Resolution by way of Postal Ballot and E-voting on 9th March, 2019. Mr. Kaushik Roy was also re-appointed as Managing Director of the Company by the Members of the Company by passing of Special Resolution by way of Postal Ballot and E-voting on 9th March,2019.

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

CHANGE IN THE NATURE OF BUSINESS

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

HUMAN RESOURCES

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

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

DIVIDEND DISTRIBUTION POLICY

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

KEY FINANCIAL RATIOS

Key Financial Ratios for the financial year ended 31st March, 2019, are provided in the Management Discussion and Analysis Report given in 'Annexure-A', which is annexed hereto and forms a part of the Board's Report.

GREEN INITIATIVES

As in the previous years, this year too, we are publishing only the statutory disclosures in the print version of the Annual Report. The electronic copies of the Notice and Annual Report for FY 2018-19 have 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. For Members who have not registered their email addresses, physical copies of the Notice and the Annual Report are being sent in the permitted mode.

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN : 00074796)

Kolkata
20th May, 2019

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

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

OBJECTIVE

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

EFFECTIVE DATE

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

Definitions

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

Guidelines for Distribution of Dividend

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

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

AMENDMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS (ANNEXURE 'A' TO THE BOARD'S REPORT)

GLOBAL ECONOMIC OVERVIEW

The growth recovery in global manufacturing, investment and trade activities that continued till 2017 are showing signs of moderation. The global economy grew by 3.0% in 2018 and is expected to grow by 2.6% in 2019 as per World Bank report. Subdued international trade flow amid escalation of US–China trade tensions, lackluster investment in emerging economies, sluggish domestic demand in Europe and China, falling consumer spending and fading impact of fiscal stimulus in US, all have contributed to sluggish global economic growth. The risks surrounding Brexit impact remain heightened.

In China, regulatory tightening to check increasing debt, contributed to slower domestic investment, particularly in infrastructure. Spending on durable consumption goods also softened, with automobile sales declining in 2018 following the expiration of incentive programs for car purchases. These developments contributed to slower momentum over the year, with further pressure from diminishing export orders as US tariff actions began to take hold in the second half of the year. As a result, China's growth declined from estimated 6.8% in the first half of 2018 to 6.0% in the second half of the year.

Crude prices fluctuated markedly in the second half of 2018 with sharp falls towards the end of the year. Prices of most metals and, to a lesser extent, agricultural commodities also weakened, largely due to concerns about the effects of tariffs on global growth and trade.

The outlook for 2019 is more challenging. US economy is projected to grow by 2.5% while the forecast for Euro area is 1.2% as per World Bank. Weak macroeconomic scenario in China is expected to drive the economy growth to 6.2%.

> Asia accounts for almost 46% share in US$ 22 bn of planned investments in global capacity addition between 2016-21 while China's alone contribution is 19%.

The Indian economy is projected to grow around 7% as per various estimates. Despite the positive outlook, the economy remains vulnerable to geopolitical risks, especially economic and political changes that can affect crude prices and hurt current and fiscal account deficit. While inflation expectations are moderate, concerns are there for the two deficits. Fragile situation of NBFCs, weak discretionary spending, expectation of less than normal monsoon, little opportunity for liquidity infusion by Central Bank will further add to the downside risks.

GLOBAL REAL GDP GROWTH TREND#

(%)

	2017	2018	2019 (P)
World Output	3.1	3.0	2.6
Advanced Economies	2.3	2.1	1.7
United States	2.2	2.9	2.5
Euro Area	2.4	1.8	1.2
Emerging and developing economies	4.5	4.3	4.0
Russia	1.6	2.3	1.2
China	6.8	6.6	6.2
India	6.7	6.8	7.0
Brazil	1.1	1.1	1.5
South Africa	1.4	0.8	1.1

Source: World Bank, Notch Consulting, Internal estimates

Global tyre industry insight

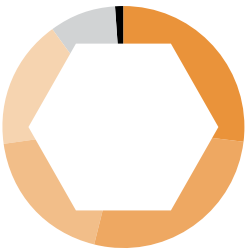
Today global tyre industry development dynamics is majorly driven by Asia. Asia leads all regional geographies in terms of number of tyre production plants with a share of 60%. Additionally, Asia accounts for almost 46% share in US$ 22 bn of planned investments in global capacity addition between 2016-21 while China's alone contribution is 19%.

The tyre industry has witnessed degrowth to muted growth across many geographies in 2018. In passenger car segment, global OEM demand degrew by estimated 2% while replacement demand grew by 1%. The OEM degrowth was prominent in Chinese market (6%) along with rest of Asia (4%) while North America and Europe each degrew by estimated 1-2%. Replacement demand witnessed good growth in North America & Europe (2-3%) while China along with rest of Asia excluding India witnessed negative growth of 2-3%.

On lines of passenger segment, global truck and bus tyre market too recorded poor growth in 2018 except North America. Global OEM grew by merely 1% and replacement demand decreased by 2%. North America OEM grew by an estimated 19% while Europe grew by 3%. Asia OEM demand degrew by estimated 6-7%. Global replacement demand grew by estimated 7% in North America while the same degrew in Asia by 5-6%. Europe witnessed stagnancy in replacement demand.

US$ 22 billion global investments in tyre industry between 2016-21

(%)



Asia excl. China	27
North America	27
China	19
Europe	17
Africa/Middle East	9
South America	1

Carbon Black demand spread by application#

(%)

Tyre	73
Non Tyre Rubber	20
Non Rubber	7

INDIAN AUTOMOBILE AND TYRE INDUSTRY REVIEW

India's automobile and tyre industry witnessed good growth during the first half of FY19. However, the second half witnessed degrowth almost across all the segments.

INDIAN AUTOMOBILE DEMAND GROWTH IN FY19

(%)

	H1 FY19	FY19 full year
Passenger Vehicle	6.88	2.7
Commercial Vehicle	37.82	17.55
Three Wheeler	36.50	10.27
Two Wheeler	10.07	4.86

Source: SIAM

The Indian tyre Industry demand got impacted in response to weak growth in OEM segment and the outlook for FY20 is equally challenging. Government focus on improving infrastructure facilities, low interest cost environment, better than the forecasted monsoon are expected to drive tyre industry growth in FY20.

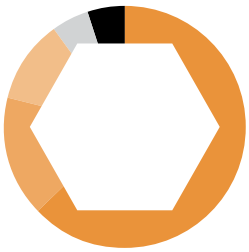
CARBON BLACK INDUSTRY OUTLOOK

Global carbon black industry is concentrated with 10 players accounting for almost 62% of the global production capacity while the Indian market is consolidated with four Carbon Black manufacturers. As far as carbon black application is concerned, consumption is predominantly driven by tyres and other rubber goods while specialty black application command relatively small share.

Carbon black used in high-end non-rubber applications is commonly known as 'Specialty Blacks'. Specialty carbon black imparts specific characteristics such as high-quality pigmentation, UV protection, dispersion, viscosity control and electrical conductivity. These blacks find applications in plastics, inks, paints and coatings, and batteries. They are used across industries such as automobile, electronics, textiles, construction, packaging and others.

Specialty blacks applications by volume#

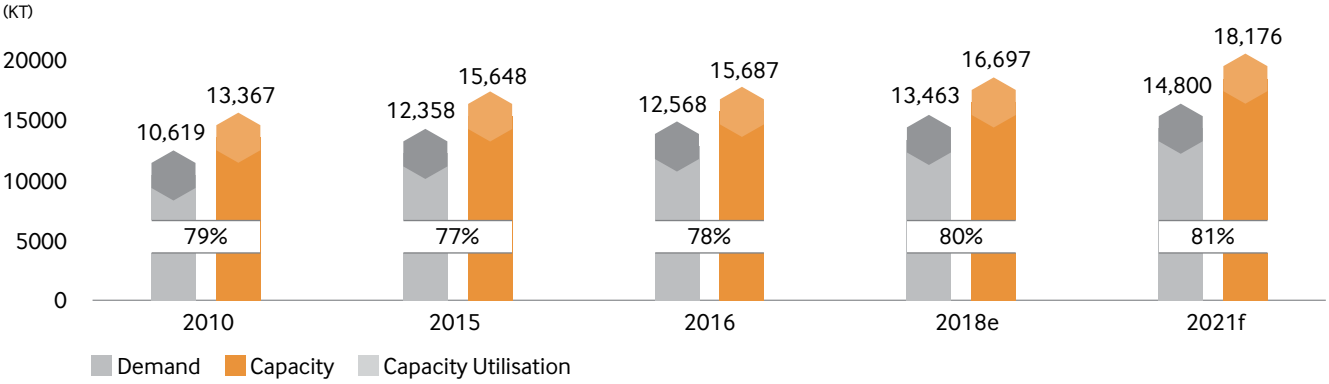
(%)



Plastic	63
Ink & Toners	11
Paints & Coatings	5
Batteries	5
Others	16

The global carbon black market demand is projected to grow at a rate of 3-3.5% CAGR. The demand in advanced economies such as the US and the European Union (EU) is growing at a relatively slower rate compared to that of the Asian markets.

World demand supply scenario Utilisation



#Source: World Bank, Notch Consulting, Internal estimates

Today, most of the world's carbon black demand is concentrated in Asia, with China alone accounting for ~36%# of the share. India, Japan, Thailand, South Korea and Indonesia are the other key markets for carbon black in Asia. Further, almost 46%# of the global investment in tyre capacities is planned in Asia in next 3 years.

Demand growth across geographies has witnessed major shift. Asia's share has increased over time, with demand in China commanding an increase in share on the back of robust automobile and tyre growth. There is also an increasing demand for carbon black in other Asian countries such as Thailand, Indonesia, Japan, India and others due to tyre and other industrial rubber goods investments.

Global carbon black demand regional spread#

(%)

China	36
Asia excl. China	27
North America	14
European Union	12
South America	5
Eastern Europe	3
Africa/Middle East	3

Most of the global carbon black capacity is concentrated in Asia, with China alone accounting for almost 43% of the global capacity. Availability of local raw material at low cost provided the Chinese carbon black manufacturers competitive edge over global producers allowing them to export their products at low prices in international markets such as the South East Asia and India.

Global carbon black capacity regional spread#

(%)

China	43
Asia excl. China	20
North America	14
European Union	7
Eastern Europe	7
South America	5
Africa/Middle East	4

In the EU, the demand is higher than local supply. Russia and other Eastern Europe based carbon black manufacturers export most of their finished goods to the EU.

ABOUT PHILLIPS CARBON BLACK LIMITED (PCBL)

PCBL is a part of the RP-Sanjiv Goenka Group, India's youngest business group, established in 1820. This Group is a large conglomerate having interests in Power and Natural Resources, Carbon Black, Retail and Fast-moving Consumer Goods (FMCG), Media and Entertainment, Infrastructure and Information Technology (IT) and Education and Sports, amongst others.

With a proud legacy of over 59 years, PCBL is the largest Carbon Black producer in India and the seventh largest in the world. It was set up in association with Phillips Petroleum, a US-based company, in 1960. PCBL started its commercial production in December 1962. PCBL had a technical collaboration with Columbian Chemical for about a decade. In year 1996, the Company acquired Carbon Black Division of Gujarat Carbon Limited. In 1996-97, Carbon and Chemicals India Limited was amalgamated with the Company, effective 1st April, 1997. The company inherits group's core values Customer Happiness, Credibility, Humaneness, Execution Excellence, Speed, Risk Taking, which serves as the guiding principles for our Vision and strategy. PCBL has redefined its business by establishing co-generation power plants at each factory using the off-gas generated from the carbon black manufacturing process, thus creating a sustainable green process. The company has its manufacturing units located across four locations at Durgapur in West Bengal, Mundra and Palej in Gujarat and Kochi in Kerala. The company has recently commissioned a new production line at Mundra plant. The total manufacturing capacity at all four plants combined together is 5,71,000 MT per annum. The brownfield expansion at Palej is likely to be completed by end of the FY20.

PBCL's wide-ranging portfolio of ASTM-certified, customised, high-performance products cater to the customers' specific requirements. Gradually moving up the value chain, the Company has been expanding its portfolio of high-performance value-added grades for both rubber and specialty black applications.

PBCL has a strong focus on Research and Development (R&D). We work closely with our customers to understand their requirements and accordingly develop different grades of carbon black. This helps us to focus on manufacturing high-performance specialty carbon black. Further, leveraging on the efficiency of our R&D wing, we have developed a seamless capability of using multiple feedstocks such as Carbon Black Feed Stock (CBFS), Carbon Black Oil (CBO), Anthracene Oil (ATO) and Ethylene Bottom Oil (EBO) for the manufacturing of carbon black. To further enhance our Research and Development capability, a new state of the art R&D Centre at our Palej Plant has been setup.

MANUFACTURING UNITS

PCBL has four manufacturing units located strategically in the vicinity of customer locations and ports in Durgapur (Eastern India), Kochi (Southern India) and Palej and Mundra (Western India).

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

The Company strives to stay ahead of its competition, with its growing global presence, diversified product portfolio and consistent robust performance, among others.

*Source: World Bank, Notch Consulting, Internal estimates

GLOBAL PRESENCE

With its efficient supply chain and distribution network, PCBL has a market presence in more than 30 countries. We ensure timely delivery of products through our decanting stations and our warehouses are in proximity to our customer locations. Our list of customers includes most of the best-known global tyre majors and we have made our mark as one of the key players in the Specialty Black segment.

DIVERSIFIED PRODUCT PORTFOLIO

PCBL provides a wide portfolio of carbon black grades to meet the specific end requirements across tyres and other niche applications globally. The rubber black portfolio caters to the demand of all renowned tyres and industrial rubber goods customers across the globe, helping their products in reinforcing physical properties. Our portfolio also caters to non-rubber high-margin applications, plastic being the largest application globally by market size. The specialty portfolio can serve more than 90% of the plastic market by product segment in various industries worldwide. We have a strong capability in the areas of engineering plastics, fibres, US Food and Drug Administration (FDA) approved food contact grades, conductors and cables, among others. We are also paving a path to build additional capability in ink, paint and coating applications.

RUBBER APPLICATIONS

Tyres

Present in complete tyre applications across all segments, including:

- Passenger vehicle tyres (OEM and Replacement)
- Truck and bus tyres (OEM and Replacement)
- Off-highway tyres
- Agricultural tyres
- Motorcycle and scooter tyres
- Three-wheeler tyres
- Cycle tyres

Technical and Moulded Rubber Goods

Present in industrial rubber applications, including:

- Conveyor belts
- Construction profiles
- Damping elements
- Hoses
- Transmission belts
- Moulded goods
- Seals
- Rubber-to-metal bonding
- Unvulcanised sheets
- Adhesives
- Tubing

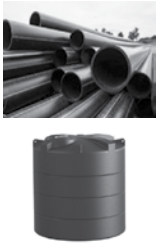
SPECIALTY BLACK APPLICATIONS

Engineering Plastics

Fibre

USFDA Approved Food Contact

Pressure Pipes, Film and Mouldings



Conductors and Cables

Inks and Coatings

PERFORMANCE

Carbon black

PCBL's FY19 EBITDA rose to ₹ 640 crore as against ₹424 crore in the previous year. The strong increase in EBITDA reflects higher contribution margins on account of a shift in the product mix to value-added premium grades, leveraging on our geographical reach and improvement in operational efficiencies. Profit Before Tax (PBT) for the year increased by ₹ 235 crore (77%) to ₹ 539 crore compared to ₹ 304 crore for FY18.

Profit After Tax (PAT) for the year increased to ₹ 389 crore, an increase of ₹ 159 crore (69%) over ₹ 230 crore in the previous year.

During the year, the Company also completed its brownfield expansion at its Mundra plant, thereby increasing capacity by 56,000 MT taking the total capacity to 5,71,000 MT as on 31st March, 2019. Project work on brownfield Specialty lines is progressing satisfactorily, and we expect commissioning by the end of FY20.

Power

The Company's power segment revenue (excluding inter segment revenue) was at ₹ 97 crore (15% higher) compared to ₹ 84 crore in FY18 on the back of higher sales volume as well as improved realisation.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Sl	Particulars	Standalone		Consolidated	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
(a)	**Debtors Turnover Ratio - Days** (Average Trade Receivables * 365 / Total Sales) (Total Sales = Sales of Finished Goods+Sale of Power) Note : Trade receivables includes amount of Goods & Service Tax. Sales of Finished Goods for the year ended 31 March 2018 has been netted off with amount of excise duty on sale of goods included therein, to make it comparable with current year's number.	61	71	61	71
(b)	**Inventory Turnover Ratio - Days** (Average Inventories * 365 / Total Sales) Note : Inventories = Raw Materials + Finished Goods + Stores and spares parts (including packing material). Refer above for Total Sales Sales of Finished Goods for the year ended 31 March 2018 has been netted off with amount of excise duty on sale of goods included therein, to make it comparable with current year's number	40	40	40	40
(c)	**Interest Coverage Ratio** [Earning before Interest and Tax (EBIT) / Finance Costs] Note: EBIT = Profit Before Tax (PBT) + Finance Cost Finance Costs = Interest expenses on debts and borrowings + Other borrowing costs + net loss/ (gain) on foreign currency transaction / translation Reason for Variance : On account of operational efficiencies & improved margin leading to higher earning & reduction in finance costs during the year	16.52	6.09	16.34	6.08
d)	**Current Ratio** (Total Current Assets / Current Liabilities) Note: (Total Current Assets = Inventories + Current Financial Assets + Other Current Assets) (Current Liabilities = Total Current Liabilities - Current borrowings)	1.85	1.73	1.89	1.80
e)	**(i) Long term Debt Equity Ratio** (Non-current borrowings / Total Equity) Note : Non-current borrowings includes Current maturities of Long Term Debt Total Equity = Equity share capital + other equity. For ratios for consolidated financial statements, total equity does not include non-controlling interest Reason for Variance: on account of incremental borrowing during the year for projects.	0.21	0.14	0.21	0.14
	(ii) Total Debt Equity Ratio (Total Debt/Total Equity) Note: Total Debt = Non-current borrowings + Current maturities of Long Term Debt + Current Borrowings Refer above for Total Equity For ratios for consolidated financial statements, total equity does not include non-controlling interest	0.48	0.52	0.48	0.52
(f)	**Operating Profit Margin (%)** (Operating Profit / Revenue from Operations) Operating Profit = Profit before tax + Depreciation and Amortisation expense + Finance Costs + Net loss/(gain) on foreign currency transactions/ translations + Loss on disposal of property, plant and equipment's - Other Income Note: Revenue from operations for the year ended 31 March 2018 has been netted off with amount of excise duty on sale of goods included therein, to make it comparable with current year's number.	18%	16%	17%	16%
(g)	**Net Profit Margin (%)** [Profit for the year/ Revenue from Operations] Note : Revenue from operations for the year ended 31 March 2018 has been adjusted with amount of excise duty on sale of goods included therein, to make it comparable with current years number.	11%	9%	11%	9%
(h)	**Return on Net worth (%)** [Profit for the year / Total Equity] Refer above for Total Equity Reason for Variance: On account of operational efficiencies, improved margin and reduction in finance cost For ratios for consolidated financial statements, total equity does not include non-controlling interest For ratios for consolidated financial statements, profit for the year is profit for the year attributable to Owners of the Equity	24%	17%	23%	17%

Note :

1. All the Calculation of ratios has been rounded off to the nearest numbers/ two decimal places where applicable.
2 Figures used for calculation of ratios for consolidated financial statements, include share of non-controlling interest wherever applicable.
3. Figures for the year ended 31 Mar 18, used for calculation of ratios for the year ended 31 Mar 19 and 31 Mar 18, are comparative figures of the audited financial statements for the year ended 31 Mar 19 and figures for the year ended 31 Mar 2017, used for calculation of ratios for the year ended 31 Mar 2018, are comparative figures of the audited financial statements for the year ended 31 Mar 18.

FOCUS ON RESEARCH AND DEVELOPMENT

Research and innovation are among the most crucial factors influencing sustainable growth in business and maintaining technical and qualitative superiority over competitors' products. Research and Development (R&D) practices of Phillips Carbon Black Limited (PCBL) stand out for strategic and novel innovations that help further PCBL's 'New Product Development Roadmaps' in the field of carbon black, nano-structured carbonaceous materials and Carbon Black Feedstock (CBFS). Such an approach allows us to design a robust and competitive product portfolio and achieve a greater degree of business growth. We delve into 'Competitive Intelligence Study' to be able to identify opportunities for development and innovation, customer engagement, market driven research and protection of intellectual property. Furthermore, the R&D wing at PCBL has been functioning tactfully to translate market/business needs for novel carbon black into projects for our portfolio, drive development of novel products, provide cutting-edge technology solutions, boost performance of existing grades, familiarise ourselves with CBFS features in order to create consistent products and continuously looking to harness our partner's knowledge and capabilities to establish a harmony with PCBL. PCBL believes in intra and inter organisational collaboration for technology leveraged application research wherein sky is the limit.

All the four R & D Units located at different plants are recognised by Department of Science and Industrial Research (DSIR), Government of India.

The NABL-accredited R&D units serve as the seeding ground for product development as well as cooperating with customers to customise product/process ability to enhance their product/process performance. The R&D units are well supported by a team of highly qualified and experienced process and product development scientists and engineers alongside global infrastructure which includes Gas Chromatography (GC), Elemental Analyser (EDX), Nitrogen Surface Area (NSA) Analyser, Particle Size Analyser (PSA), Dynamic Mechanical Analyser (DMA), optical microscope, rheometer, viscometer, rubber-and plastic-processing equipment and so on.

The R&D team works in synchrony to bring in new products and technologies that are in keeping with the various processing, application and environmental demands of our customers.

BUSINESS REVIEW AND OUTLOOK

Focused strategic initiatives taken across the organisation over last 5 years such as key account management, productivity improvement, new product development, plant reliability improvement, increasing vendor base for sourcing, better working capital management, finance cost reduction and specialty blacks growth have led to consistent improvement in business performance. These initiatives, along with the support from the market have resulted in steady improvement in the bottom line, healthy balance sheet. Newly commissioned production line at Mundra plant has already started producing Carbon Black at full capacity utilisation.

World economy growth is showing some signs of weakness across geographies including India and this is also reflected in the demand for Carbon Black. However, our company's well established brand and relationships with global tyre majors, growing value added products share , efficiency driven culture across the organisation, R&D driven focus on new product development enable us maintain an edge in this fiercely competitive industry.

OPPORTUNITIES AND THREATS

We are constantly on the lookout for opportunities that knock on our doors, while keeping tab on the likely threats to our business.

OPPORTUNITIES

Gradual recovery of economies across the geographies should increase the demand for automobile, tyres and in turn increase the demand for carbon black.

THREATS

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

MAJOR EXPANSION STRATEGY

New production line at our Mundra plant got commissioned recently and with this our total manufacturing capacity increased to 5,71,000 MT per annum. Expansion project at our Palej plant is likely to be commissioned by the end of FY20. Location finalisation and feasibility assessment for our Greenfield project in South India is under progress.

STEPS IN MANUFACTURING AND PROCUREMENT

The Company continues to focus on several initiatives to improve its 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 specialty black applications.

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

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

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

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

INFORMATION TECHNOLOGY

The Company with its internal IT team, supported by IT partners & OEMs, has driven several new IT initiatives, to support the business in line with the business strategy of the organisation. During the year there was no business, financial or reputational loss in the organisation due to IT. No cyber-crime related incident or related legal issue has impacted the organisation.

The Company has successfully migrated its old SAP ECC ERP system to the latest platform of SAP S/4 HANA. The migration has been smooth and painless, without any cost or time over-run.

The Company has migrated most of the critical on-premise servers (including the SAP HANA Server) to Amazon Cloud (AWS). This has enabled the organisation to have more agile and scalable IT Servers and Data-Centre setup without any heavy investment of CAPEX. The setup is highly scalable and adaptable to any new business growth or any new IT-enabled application.

This cloud adoption has immensely mitigated the business-continuity risk of the organisation with on-premise servers.

The most critical business data of the organisation (SAP S/4 HANA PRODUCTION DB) has been secured with a Disaster-Recovery setup at Amazon DC Singapore – a near real-time sync/copy of all SAP ERP PRODUCTION data takes place at the DR Server.

A secure mobile App platform of SAP Fiori has been launched, which enables the critical business users to approve/view critical transaction/report from anywhere, with their smartphone/tablet, with two-layer of security. The Fiori platform will be further enhanced with more Apps for quick decision-making and ready-availability of business information to senior officers.

SAP HANA integrated HR platform Success Factors is being implemented for all employees. The project is ongoing with phase-wise roll-out of various modules, which should complete by FY20.

The organisation has undertaken OPEX subscription based licences of Microsoft Office, Adobe & Autodesk software, which eliminates the risk of licence compliance issues with CAPEX perpetual licences.

Hardware, OS & Software refresh has been taken up for very old and obsolete laptops and desktops of users across the plants and offices.

A cloud-based latest anti-virus platform of Trend Micro has been deployed to secure the laptops and desktops for virus and malware. USB port blocking has been driven across the organisation to prevent data-leakage.

The Company has partnered with M/s IBM for critical IT Hardware, Software & SAP related support.

A digital strategy has been adopted by the leadership team of PCBL, to facilitate and leverage the business for coming years with the latest technologies. The Cloud architecture and S/4 HANA have laid the foundation for the same.

ENVIRONMENT, HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

PCBL recognises that its operations have environmental impact and therefore has implemented several initiatives to reduce its carbon footprint, recycling wastes and undertaking steps that encourage resource optimisation. The Company has in place various equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Besides, it also enjoys co-generated power from the tail gas of the carbon black process, thereby replacing equal amount of fossil fuel used by the manufacturing unit. The Company also emphasises on recycling waste, reusing wastewater and zero discharge in its resource-optimised operations. It also conducted sapling plantation drives to develop green belts inside and outside the factory premises. Additionally, PCBL has institutionalised safety and conducted customised risk-based training programmes to enhance its safety standards. During the year under review, we improved our environmental compliance with innovative implementations like installing bag filters with contemporary design in all greenfield and brownfield projects to minimise carbon black emissions, thereby curbing waste.

Being cognisant of the requirements, aspirations and expectations of the community, the Company extends its social responsibility towards providing inclusive growth in the realms of education, art, healthcare, sports, environmental sustainability and conservation. It provides financial assistance to government-run schools in the vicinity of its facilities and helps them in infrastructure development, computer literacy programmes, facilitation of tuitions, distribution of school-aid materials and uniforms. As part of its CSR programmes, the Company is helping build individual household toilets under the Swachh Bharat Abhiyaan and helping develop infrastructure of hospitals. It also organises pulse polio camps near its operational units. The Company also funds projects in backward areas that focus on infrastructure development and livelihood generation.

HUMAN RESOURCE DEVELOPMENT

An organisation's vision is lived by and fructified by its People. In our continuous endeavor to drive our Vision, PCBL, this year, has led focussed organisational level interventions in line with the People Philosophy pillars- Leadership, Culture, Capabilities, Demography and Rewards, to create a culture of transparency, inclusivity and a global mindset fostering innovation and leadership building.

PCBL has marked itself as the first of its kind in introducing AMBER to its employees. Amber, an artificial intelligence enabled chatbot, helps create touchpoints with all employees, thereby making efforts in creating a culture of transparency and inclusivity. It provides the leadership team with a real-time dashboard and helps to point the needle in the right direction on our cultural transformation journey.

As part of the organisation's digital strategy, PCBL has migrated to SuccessFactors (SF)- a cloud based Human Capital Management platform - People Connect. It covers every process of an employee's lifecycle with the organisation from pre-hire to exit and empowers employees to be their own HR. People processes like - Learning Management System (LMS), Continuous Feedback, and Performance Management are integrated on this platform. The LMS also hosts the Virtual Gurukul platform offering a bouquet

of technical and behavioural online modules across the clock, for employees to learn and build their competencies. This will induce self-learning, and help in building organisational capability.

Using technology as a HR enabler, the new online induction module has been designed to make the new joinees aware about the Growing Legacies of the RP- Sanjiv Goenka Group, the story of PCBL's Transformation Journey, impact of PCBL on the stakeholders, the Group Core Values, Senior Leadership Team's thoughts and ideas.

PCBL launched the first season of 'PCBL Challengers'- a pan-India business case study competition across premiere B-schools. The case study was designed around a live business concern. The competition observed participation from about 70 teams from across institutes who came up with valid marketing strategies, feasibility study, ROI mapping substantiating their solution to the cited concern. This leveraged the employer branding of the organisation and positioned it as a preferred employer across premier B-Schools of India.

Our Company's Industrial Relations (IR) continues to be harmonious. Not a single man-day was lost in this financial year.

On 31st March 2019, there were 964 permanent employees on the rolls of the Company.

RISK MANAGEMENT

We have devised a robust system to scan the risks landscape and formulate appropriate measures.

Risk management process

Identification: Anticipation of risks

Evaluation/Assessment: Estimation of the likely probability of occurrence, severity, category and rating of risk

Prevention and control: Articulating measures to avoid occurrence of risk, limit its severity and reduce its consequences. Selecting the risk management technique by category and individual risk.

Reviewing and reporting: Reporting on the Risk Management process at appropriate intervals (at least once in a year)

Measure and monitor: Inspecting effectiveness of controls responding to the results and improving the programme

Financial control: Determining the cost of risk. Ensuring that adequate financial resources are available, implementing the selected technique

Our Identified Risks

Identified risks	Mitigation measures
Financial risks	
Credit risks, or the risk of financial loss to the Company if customers or counterparties fail to meet their contractual obligations	Credit profiling Regular monitoring of important developments, namely, payment history, change in credit rating, regulatory changes and industry outlook
Commodity price risk, or the risk that results from changes in market prices for raw materials (mainly carbon black feedstock, which forms the largest portion of the Company's cost of sales)	Maintaining inventory at optimum level through a highly probable sales quarterly forecast, as well as worldwide purchasing activities, diversifying the sources of raw material
Foreign currency risk, or the risk arising from foreign currency transactions that the Company deals in due to operations in international markets	Hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps
Supply-chain risks	
Increased dependence on limited number of raw material suppliers	Scouting for alternative raw material sources Building long-term partnerships with diverse suppliers
Fluctuations in crude oil prices	Linking price of raw material with the price of product
Emergence of alternate types of Carbon Black Feed Stock (CBFS)	Searching for alternative feedstock, taking trial and validating the product
Dependency on mode of transport	Alternative sources of mode of transport
R&D risks	
Gap in identifying future needs of customers	Proactive visit of technical representatives and interaction with customers to capture new requirements Quality Function Deployment Encouraging joint project with customer to develop new product
Technology risk	Hiring and retaining people having the experience of working in benchmark industries in the field Attending conferences / exhibitions to scan the changes in the technology landscape and to adopt newer technologies

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

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

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

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

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

Environment risk	
Environment pollution	Using the process emission (off-gas) for power generation Preventive measures to arrest leakage Adherence to ISO14001:2015 (Environment Management System standard)

CAUTIONARY STATEMENT

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

ANNEXURE B TO THE BOARD'S REPORT

FORM NO. MGT- 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) **CIN :** L23109WB1960PLC024602

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

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

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

v) **Address of the Registered office and contact details:**
Duncan House, 3rd Floor, 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 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 – 22890540/22890539
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	1920	97.24%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Phillips Carbon Black Cyprus Holdings Limited, 15 Demetriou Karatasou Street, Anastasio Building, 6th Floor, Office / Flat 601, 2024, Stovolos, Nicosia, Cyprus	N.A	Wholly Owned Subsidiary Company	100%	2(87)
2	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 Provinces, Vietnam	N.A	Subsidiary Company of PCBL Netherlands Holdings B.V.	80%	2(87)

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

i) Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% 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.	18,461,557	0	18,461,557	53.562	92307785	0	92307785	53.562	0%
e) Bank / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	**18,461,557**	**0**	**18,461,557**	**53.562**	**92307785**	**0**	**92307785**	**53.562**	**0%**
2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Others- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub- total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)= A(1)+(A)(2)	**18,461,557**	**0**	**18,461,557**	**53.562**	**92,307,785**	**0**	**92,307,785**	**53.562**	**0%**
B. Public shareholding									
1. Institutions									
a) Mutual Funds	904085	1602	905687	2.6276	3575838	0	3575838	2.0749	-0.552
b) Banks /FI	135959	1331	137290	0.3983	363115	5760	368875	0.2140	-0.1843
c) Central Govt./State Govt(s)	467900	0	467900	1.3575	2339500	0	2339500	1.3575	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	3784437	0	3784437	10.9797	17759141	0	17759141	10.3048	-0.6749
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others (specify)									
Alternate Investment Funds	10800	0	10800	0.0313	13481	0	13481	0.0078	-0.0235
Sub-total (B)(1)	**5303181**	**2933**	**5306114**	**15.3945**	**24051075**	**5760**	**24056835**	**13.9591**	**-1.4354**
2. Non- Institutions									
a) Bodies Corp.									
i. Indian	2236383	8096	2244479	6.5119	8398140	10000	8408140	4.8781	-1.6338
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i. Individuals shareholders holdings nominal share capital up to ₹ 1 Lakhs	5603686	719408	6323094	18.3451	27812769	2105175	29917944	17.3601	-0.9850
ii. Individuals shareholders holdings nominal share capital in excess of ₹1 Lakhs	1104780	13333	1118113	3.2440	10145018	84330	10229348	5.9356	+2.6916
c) NBFCs registered with RBI	0	0	0	0	1165170	0	1165170	0.6761	+0.6761
d) Others (Specify) :-									
i. IEPF	0	0	0	0	1228190	0	1228190	0.7127	+0.7127
i. Clearing Member	368704	0	368704	1.0697	1241598	0	1241598	0.7204	-0.3493
ii. Non Resident Indians (Repat)	189545	62313	251858	0.7307	1254610	113840	1368450	0.7941	+0.0634
iii. Non Resident Indians (Non-Repat)	93689	0	93689	0.2718	607042	0	607042	0.3522	+0.0804
iv. Hindu Undivided Family (HUFs)	294489	0	294489	0.8544	1792483	0	1792483	1.0401	+0.1857
v. Trusts	5475	0	5475	0.0159	12375	0	12375	0.0072	-0.0087
vi. Foreign Nationals	0	0	0	0	2500	0	2500	0.0015	+0.0015
Sub-total (B)(2)	**9896751**	**803150**	**10699901**	**31.0434**	**53659895**	**2313345**	**55973240**	**32.4781**	**+1.4347**
Total Public Shareholdings (B) =(B)(1)+(B)(2)	**10699901**	**5306114**	**16006015**	**31.0434**	**77710970**	**2319105**	**80030075**	**46.438**	**+15.395**
C. Share held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**29161458**	**5306114**	**34467572**	**100**	**170018755**	**2319105**	**172337860**	**100**	**0**

*Pursuant to the Special Resolution passed by the shareholders of the Company by way of postal ballot and e voting on 3rd April, 2018, the Company had sub divided 1 equity share of the face value of ₹ 10/- per share, fully paid up, to 5 equity shares of the face value of ₹ 2/- per share , fully paid up, effective from 21st April, 2018.

(ii) Shareholding of Promoters*

Sr No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			%change in Shares holding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged/ encumber red to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encum bered to total shares	
1	Rainbow Investments Limited	17303074	50.201	0	86515370	50.201	0	0
2	Dotex Merchandise Private Limited	1068000	3.099	0	5340000	3.099	0	0
3	STEL Holdings Limited	90,383	0.262	0	451915	0.262	0	0
4	Saregama India Limited	100	0.000	0	500	0.000	0	0
	Total:	**18,461,557**	**53.562**	**0**	**92307785**	**53.562**	**0**	**0**

(iii) Change in Promoter's Shareholding*

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2019)	
		NO. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	RAINBOW INVESTMENTS LIMITED						
	At the beginning of the year	**17303074**	**50.2010**				
	Purchase/Sale			-	-		
	At the end of the year					**86515370**	**50.2010**
2	DOTEX MERCHANDISE PRIVATE LIMITED						
	At the beginning of the year	**1068000**	**3.0986**				
	Purchase /Sale			-	-		
	At the end of the year					**5340000**	**3.0986**
3	STEL HOLDINGS LIMITED						
	At the beginning of the year	**90383**	**0.2622**				
	Purchase /Sale			-	-		
	At the end of the year					**451915**	**0.2622**
4	SAREGAMA INDIA LIMITED						
	At the beginning of the year	**100**	**0.0003**				
	Purchase /Sale			-	-		
	At the end of the year					**500**	**0.0003**

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

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2019)	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	THE WELLINGTON TRUST COMPANY NATIONAL ASSOCIATION MULTIPLE COMMON TRUST FUNDS TRUST EMERGING MARKETS LOCAL EQUITY PORTFOLIO	**702601**	**2.0384**				
	Sale			10 Aug 2018	(406732)	3106273	1.8024
	Purchase			24 Aug 2018	101394	3207667	1.8613
	Purchase			22 Feb 2019	29830	3237497	1.8786
	Purchase			01 Mar 2019	751007	3988504	2.3144
	Purchase			08 Mar 2019	114223	4102727	2.3806
	AT THE END OF THE YEAR					**4102727**	**2.3806**
2	BNK CAPITAL MARKETS LTD.	**733800**	**2.129**				
	AT THE END OF THE YEAR					**3669000**	**2.129**

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2019)	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
3	KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION	**467900**	**1.3575**				
	AT THE END OF THE YEAR					**2339500**	**1.3575**
4	FIDELITY FUNDS - PACIFIC FUND	0	0				
	Purchase			12 Oct 2018	429305	429305	0.2491
	Purchase			19 Oct 2018	784985	1214290	0.7046
	Purchase			26 Oct 2018	438425	1652715	0.959
	Purchase			02 Nov 2018	195124	1847839	1.0722
	Purchase			04 Jan 2019	177206	2025045	1.175
	AT THE END OF THE YEAR					**2025045**	**1.175**
5	WELLINGTON MANAGEMENT FUNDS (IRELAND) PUBLIC LIMITED COMPANY - WELLINGTON EMERGING MARKETS LOCAL EQUITY FUND	**336084**	**0.9751**				
	Sale			04 May 2018	(55621)	1624799	0.9428
	Purchase			13 Jul 2018	62421	1687220	0.979
	Sale			10 Aug 2018	(188791)	1498429	0.8695
	Sale			16 Nov 2018	(43059)	1455370	0.8445
	Purchase			22 Feb 2019	13326	1468696	0.8522
	Purchase			01 Mar 2019	335601	1804297	1.047
	Purchase			08 Mar 2019	50913	1855210	1.0765
	AT THE END OF THE YEAR					**1855210**	**1.0765**
6	L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA VALUE FUND	**338224**	**0.9813**				
	Purchase			15 Jun 2018	170000	1861120	1.0799
	Sale			23 Nov 2018	(26500)	1834620	1.0645
	AT THE END OF THE YEAR					**1834620**	**1.0645**
7	FIL INVESTMENTS(MAURITIUS) LTD	**680436**	**1.9741**				
	Sale			25 Jan 2019	(1724427)	1677753	0.9735
	AT THE END OF THE YEAR					**1677753**	**0.9735**
8	CHANDRA SINGH LODHA	**178302**	**0.5173**				
	Purchase			06 Apr 2018	5050	183352	0.1064
	Purchase			13 Apr 2018	2900	186252	0.1081
	Sale			27 Apr 2018	(5000)	926260	0.5375
	Sale			04 May 2018	(8000)	918260	0.5328
	Purchase			11 May 2018	6400	924660	0.5365
	Purchase			08 Jun 2018	8000	932660	0.5412
	Purchase			15 Jun 2018	3000	935660	0.5429
	Purchase			22 Jun 2018	7700	943360	0.5474
	Purchase			30 Jun 2018	3000	946360	0.5491
	Purchase			06 Jul 2018	2323	948683	0.5505
	Purchase			20 Jul 2018	3000	951683	0.5522
	Sale			03 Aug 2018	(3000)	948683	0.5505
	Sale			10 Aug 2018	(4877)	943806	0.5476
	Purchase			24 Aug 2018	500	944306	0.5479
	Purchase			31 Aug 2018	5331	949637	0.551
	Sale			29 Sep 2018	(71721)	877916	0.5094
	Purchase			05 Oct 2018	3000	880916	0.5112
	Purchase			12 Oct 2018	1800	882716	0.5122
	Sale			19 Oct 2018	(11695)	871021	0.5054
	Purchase			26 Oct 2018	6000	877021	0.5089
	Purchase			02 Nov 2018	3000	880021	0.5106
	Purchase			09 Nov 2018	20480	900501	0.5225
	Purchase			16 Nov 2018	27107	927608	0.5382
	Purchase			23 Nov 2018	8463	936071	0.5432
	Purchase			30 Nov 2018	27789	963860	0.5593
	Purchase			07 Dec 2018	20700	984560	0.5713

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year (As on 01.04.2018)		Transactions during the year		Cumulative Shareholding at the end of the year (As on 31.03.2019)	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
	Purchase			14 Dec 2018	39120	1023680	0.594
	Purchase			21 Dec 2018	47800	1071480	0.6217
	Purchase			28 Dec 2018	23618	1095098	0.6354
	Purchase			11 Jan 2019	2000	1097098	0.6366
	Purchase			25 Jan 2019	43656	1140754	0.6619
	Purchase			01 Feb 2019	24690	1165444	0.6763
	Purchase			08 Feb 2019	30828	1196272	0.6941
	Purchase			15 Feb 2019	27000	1223272	0.7098
	Purchase			22 Feb 2019	500	1223772	0.7101
	Purchase			01 Mar 2019	2000	1225772	0.7113
	Purchase			22 Mar 2019	11850	1237622	0.7181
	AT THE END OF THE YEAR					**1237622**	**0.7181**
9	PRINCIPAL TRUSTEE CO. PVT. LTD A/C - PRINCIPAL MUTUAL FUND - PRINCIPAL HYBRID EQUITY FUND	**0**	**0**				
	Purchase			20 Apr 2018	1752900	1752900	1.0171
	Purchase			25 May 2018	170000	1922900	1.1158
	Purchase			22 Jun 2018	148609	2071509	1.202
	Purchase			06 Jul 2018	54	2071563	1.202
	Sale			20 Jul 2018	(39)	2071524	1.202
	Purchase			03 Aug 2018	29	2071553	1.202
	Sale			05 Oct 2018	(56000)	2015553	1.1695
	Purchase			12 Oct 2018	110997	2126550	1.2339
	Purchase			19 Oct 2018	120000	2246550	1.3036
	Purchase			30 Nov 2018	155000	2401550	1.3935
	Purchase			07 Dec 2018	45000	2446550	1.4196
	Sale			18 Jan 2019	(927653)	1518897	0.8813
	Sale			08 Mar 2019	(229596)	1289301	0.7481
	Sale			15 Mar 2019	(64336)	1224965	0.7108
	AT THE END OF THE YEAR					**1224965**	**0.7108**
10	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC	**290288**	**0.8422**				
	Sale			21 Sep 2018	(73833)	1377607	0.7994
	Sale			05 Oct 2018	(79882)	1297725	0.7530
	Sale			19 Oct 2018	(69348)	1228377	0.7128
	Sale			23 Nov 2018	(47563)	1180814	0.6852
	Sale			07 Dec 2018	(46353)	1134461	0.6583
	Sale			11 Jan 2019	(48167)	1086294	0.6303
	Sale			01 Feb 2019	(132909)	953385	0.5532
	Sale			15 Feb 2019	(209874)	743511	0.4314
	Sale			15 Mar 2019	(97534)	645977	0.3748
	Sale			29 Mar 2019	(60872)	585105	0.3395
	AT THE END OF THE YEAR					**585105**	**0.3395**

v) Shareholding of Directors and Key Managerial Personnel: NONE

V. INDEBTEDNESS

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

(Amount in Lakhs)

		Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	38762.01	32971.08	0.00	71733.09
ii)	Interest due but not paid	0.00	0.00	0.00	0.00
iii)	Interest accrued but not due	0.00	0.00	0.00	1277.79
Total (i+ii+iii)		**38762.01**	**32971.08**	**0.00**	**73010.88**
Change in indebtedness during the financial year					
•	Addition	10374.18	0.00	0.00	10374.18
•	Reduction	0.00	(2764.58)	0.00	(2764.58)
Interest accrued but not due		0.00	0.00	0.00	(996.73)
Interest due but not paid		0.00	0.00	0.00	0.00
Net Change		**10374.18**	**(2764.58)**	**0.00**	**6612.87**
Indebtedness at the end of the financial year					
i)	Principal Amount	49136.19	30206.5	0.00	79342.69
ii)	Interest due but not paid	0.00	0.00	0.00	0.00
iii)	Interest accrued but not due	0.00	0.00	0.00	281.06
Total (i+ii+iii)		**49136.19**	**30206.5**	**0.00**	**79623.75**

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	79778130	79778130
(b)	Value of perquisites u/s 17(2) Income tax Act, 1961	32400	32400
(c)	Profits in lieu of salary Under section 17(3) Income Tax Act, 1961	0	0
2	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission	0	0
	- as % of profit		
	- others, specify..		
5.	Others, please specify(Contribution to Provident Fund and Gratuity Fund)	5046090	5046090
	Total (A)	**84856620**	**84856620**
	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 ₹)
		K.S.B. Sanyal	O.P. Malhotra	Paras K Chowdhary	Pradip Roy	Kusum Dadoo	C.R. Paul[1]	Sanjiv Goenka	Preeti Goenka[2]	Shashwat Goenka	
1.	**Independent Directors**										
a)	Fees for attending Board and Committee meetings	3,40,000	4,50,000	3,65,000	4,35,000	3,45,000	0	0	0	0	19,35,000
b)	Commission*	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	0	0	0	30,00,000

SL No.	Particulars of Remuneration	Name of Directors									Total Amount (in ₹)
		K.S.B. Sanyal	O.P. Malhotra	Paras K Chowdhary	Pradip Roy	Kusum Dadoo	C.R. Paul[1]	Sanjiv Goenka	Preeti Goenka[2]	Shashwat Goenka	
c)	Others, please specify	0	0	0	0	0	0	0	0	0	0
	Total (1)	**8,40,000**	**9,50,000**	**8,65,000**	**9,35,000**	**8,45,000**	**5,00,000**	**0**	**0**	**0**	**49,35,000**
2.	**Other Non-Executive Directors**										
a)	Fees for attending Board and Committee Meetings	0	0	0	0	0	0	3,00,000	2,50,000	3,05,000	8,55,000
b)	Commission*	0	0	0	0	0	0	8,65,00,000	0	5,00,000	8,70,00,000
c)	Others, please specify	0	0	0	0	0	0	0	0	0	0
	Total (2)	**0**	**0**	**0**	**0**	**0**	**0**	**8,68,00,000**	**2,50,000**	**8,05,000**	**8,78,55,000**
	Total (B) = (1+2)	**8,40,000**	**9,50,000**	**8,65,000**	**9,35,000**	**8,45,000**	**5,00,000**	**8,68,00,000**	**2,50,000**	**8,05,000**	**9,27,90,000**
	Total Managerial Remuneration										**9,27,90,000**
	Ceiling as per the Act – The remuneration is well within the limits prescribed under the Companies Act, 2013.										

Notes

* All the Directors, as afore-mentioned, have been paid Commission for the Financial Year 2017-18.

1. Mr. C R Paul resigned from the Directorship of the Company w.e.f 20th April, 2018 due to his advancing age and declining health. However, he was entitled to commission for the Financial Year 2017-18.

2. Mrs. Preeti Goenka was appointed as an Additional Non-Executive Director of the Company at its Board Meeting held on 27th July, 2018 subject to the approval of the shareholders and such other approvals as may be necessary.

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)	CFO (Raj Kumar Gupta)	
1.	Gross salary	Not Applicable	8466374	9937948	18404322
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		14278	23400	37678
	(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 and Gratuity)		676391	577757	1254148
	Total:		**9157043**	**10539105**	**19696148**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NONE

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN : 00074796)

Kolkata
20th May, 2019

ANNEXURE C TO THE BOARD'S 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 Board's Report for the year ended 31st March, 2019

1. A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

- The process of manufacturing of Carbon Black results in generation of lean gases which have both sensible heat and calorific value. This heat energy is utilised 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

			Current year 31.03.2019	Previous Year 31.03.2018
A.	**Power and Fuel consumption**			
1.	Electricity			
	Purchased units(KWH)		8325164	9422086
	(a) Total amount(₹ in lakhs)		1,452	1,389
	Rate per unit(₹)		17.44	14.75
	(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)		189475698	177853819
	Units per ltr. of fuel oil (KWH)		741	401
	Cost per unit (₹)		0.06	0.10
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)	2,216,635	2,053,711
	Total Cost(₹ in lakhs)		109.98	220.90
	Average rate(₹)		4.96	10.76
5.	Consumption per unit of production			
CARBON BLACK:				
	i) Electricity (KWH/MT)		359	349
	ii) Furnace Oil (Ltr./MT)		-	-
	iii) Coal		-	-
	iv) Others-process steam (MT/MT)		5.35	5.14

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 carried out by the Company:
   - Development of more new grades of carbon blacks for international and domestic markets.
   - Expanding further the product portfolio of specialty business with new carbon black grades.
   - Improvement of carbon black characteristics to meet more stringent customer specifications.
   - New vendor development of CBFS to improve the yield, productivity and to satisfy enviornmental compliance
   - Novel method of processing carbon black

2. Technical Services (TS)
   - Capturing specific requirements of new customers and new requirements of existing customers and enabling plant manufacturing team to meet this requirement by modification of product characteristics and process parameters.
   - Technical support to customer at various levels of product development and in processing.
   - Addressal of customer complaint with intra-organisational collaboratory.
   - Aligning the manufacturing processes with International Safety, Health and Environmental (SHE) requirements.
   - Establish uniformity for material testing between PCBL and customers as well as across PCBL plants

3. Process Technology(PT)
   Modification of reactor design to improve yield and quality as per international benchmarks

   Use of Computerised Fluid Dynamics (CFD) for simulating operating conditions to optimise design and operating parameters and thereby improving overall financial performance of the company

Horizontal deployment of best practices to improve equipment health and quality

Imparting high level of technical knowledge throughout the organisation

4. Benefits derived as a result of the above R&D:
- Expansion of the specialty business.
- Improved sales in domestic and international market and entry into niche markets.
- Customised grade development aligned with strategic partner's, R&D projects for more business share.
- Quality consistency and improvement.
- Improved manufacturing efficiency and reduced costs.
- Gaining trust and confidence of customers on PCBL.
- Intellectual property protection.

5. Future Plan of Action:
- Development of more specialised rubber grades for specific applications in niche market.
- Improvement of product portfolio by developing new grades for non rubber applications.
- Further improvement of product portfolio of specialty grade carbon black.
- 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.
- Increased technical expertise to support customers and market development.
- Leveraging external R & D resources for basic research.
- Patent application for new product / process technologies.

6. Expenditure on R & D :

(₹ In lakhs)

	Current year 31.03.2019	Previous Year 31.03.2018
(a) Capital	1,045.43	494.36
(b) Recurring	488.41	783.48
(c) Total	1,533.84	1,277.84
(d) Total R&D Expenditure as a percentage of total expenditure	0.51%	0.55%

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 ₹ 81855.38 lakhs.

(b) Total foreign exchange used and earned:

(₹ In lakhs)

	Current year	Previous Year
Foreign Exchange used*	259,915.73	129,253.85
Foreign Exchange earned#	150,712.15	55,771.95

* Includes repayment of loan in foreign currency
# Includes receipt of loan in foreign currency

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN : 00074796)

Kolkata
20th May, 2019

ANNEXURE D TO THE BOARD'S REPORT

REPORT ON CORPORATE SOCIAL RESPOSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-2019

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

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

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

2. THE COMPOSITION OF THE CSR COMMITTEE:

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

Mr. 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:

The average net profit of the Company for the last three financial years is ₹ 179.21 crores.

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

The prescribed CSR expenditure @ 2% of the average net profit for the last three financial years, as mentioned above, is ₹ 3.58 crores.

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

(a) Total amount to be spent for the financial year 2018-2019: ₹ 3.58 crores

(b) Amount unspent, if any: Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Programs wise (Amt. In ₹)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (Amt in ₹)	Cumulative expenditure up to the reporting period (Amt in ₹)	Amount spent: Direct or through implementing agency
1.	Donation paid towards accommodation of poor students	Promoting Education	31, N.S. Road, Kolkata – 700001	1,10,000	1,00,000 (Direct)	1,00,000	Direct
2.	Computer Training imparted to the under privileged students	Promoting Education	27, R.N. Mukherjee Road, Durgapur – 713201	81,500	80,000 (Direct)	80,000	Direct
3.	Donation paid for promoting the education of girl child	Promoting Education	National Highway No. – 8, Palej – 392220, Dist. - Bharuch	82,500	80,522 (Direct)	80,522	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Programs wise (Amt. In ₹)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (Amt in ₹)	Cumulative expenditure up to the reporting period (Amt in ₹)	Amount spent: Direct or through implementing agency
4.	Scholarship paid for Kunnathunadu Panchayat students	Promoting Education	Karimugal, Brahmapuram P.O. Kochi – 682303	1,55,500	1,50,000 (Direct)	1,50,000	Direct
5.	Donations given to school for providing stationery kit and uniform to students	Promoting Education	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	1,10,500	1,06,895 (Direct)	1,06,895	Direct
6.	Amount paid as financial assistance towards constructing a new school for the purpose of socio-economic development	Promoting Education	27, R.N. Mukherjee Road, Durgapur – 713201	5,85,500	5,06,486 (Direct)	5,06,486	Direct
7.	Amount paid towards medical expenses relating to health check-up organised in the villages	Promoting Healthcare	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	1,05,500	1,04,700 (Direct)	1,04,700	Direct
8.	Donation paid to Kote Foundation, Bangalore towards children suffering from Chronic kidney disease	Promoting Healthcare	31, N.S. Road, Kolkata – 700001	5,52,500	5,00,000 (Direct)	5,00,000	Direct
9.	Amount paid towards cow fodder and grass supply	Environment Sustainability	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	19,50,000	18,77,097 (Direct)	18,77,097	Direct
10.	Amount paid towards pond deepening work at Mokha village	Environment Sustainability	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	2,15,000	2,14,500 (Direct)	2,14,500	Direct
11.	Amount paid towards control of pollution and development of economically backward areas and upliftment of the surrounding village areas	Community Development	27, R.N. Mukherjee Road, Durgapur – 713201	11,55,500	11,54,369 (Direct)	11,54,369	Direct
12.	Amount paid as financial assistance for social projects undertaken in the downtrodden areas for the purpose of socio-economic development	Community Development	National Highway No. – 8, Palej – 392220, Dist. - Bharuch	18,15,500	17,45,189 (Direct)	17,45,189	Direct
13.	Amount paid towards fishery development in nearby villages	Community Development	Survey No. – 47, SH – 46, Vill:- Mokha (Near Vadala), Mundra – 370421, Dist. – Kutch, Gujarat	5,25,500	5,00,000 (Direct)	5,00,000	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Programs wise (Amt. In ₹)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads (Amt in ₹)	Cumulative expenditure up to the reporting period (Amt in ₹)	Amount spent: Direct or through implementing agency
14.	Amount paid towards constructing double side road connecting Palej Highway to Swachhalaya thereby leading to the socio-economic development	Community Development	National Highway No. – 8, Palej – 392220, Dist. - Bharuch	13,11,500	13,10,460 (Direct)	13,10,460	Direct
15.	Setting up of an Institution of Excellence	Sector Permitted by Schedule VII to the Companies Act, 2013	Kolkata, West Bengal	2,85,00,000	2,85,00,000	2,85,00,000	RP-Sanjiv Goenka Group CSR Trust
16.	Amount paid towards cleaning of the pond and the surrounding village areas and carrying out beautification work thereby enabling the socio-economic development of the regions	Community Development	National Highway No. – 8, Palej – 392220, Dist. - Bharuch	5,05,000	5,00,070 (Direct)	5,00,070	Direct
Total						**3,74,30,288**	

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

Not Applicable.

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

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

Kaushik Roy
Managing Director
(DIN : 06513489)

K.S.B. Sanyal
Chairman of the CSR Committee
(DIN : 00009497)

Kolkata
20th May, 2019

ANNEXURE E TO THE BOARD'S 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, Mrs. Preeti Goenka*, Mr. Shashwat Goenka, Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary, Mr. Pradip Roy and Ms. Kusum Dadoo to the median remuneration of employees of the Company for the financial year 2018 - 2019 is 130.93 : 1, 131.22 : 1, 0.38 : 1, 1.22 : 1, 1.27 : 1, 1.44 : 1, 1.31: 1, 1.41 : 1 and 1.28 : 1 and the percentage increase/ decrease in their remuneration during the said financial year is 21.69%, 43,300% , N.A, 419.35%, 236%, 211.48%, 276.09%, 211.67% and 463.33% 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 39.41% and 36.13% respectively. During the said financial year, there was an increase of 11% in the median remuneration of employees on the rolls as at 31st March, 2019. There were 964 permanent employees on the rolls of Company as on 31st March, 2019.

* Mrs. Preeti Goenka was appointed as an Additional Director with effect from 27th July, 2018.

(2) During the financial year 2018- 2019, the average increase in the remuneration was 11%.

(3) The average% increase in the salaries of the employees on roll as at 31.03.2019 other than the managerial personnel was 11% in 2018 - 2019 whereas the increase in the managerial remuneration for the same financial year was 20%.

(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
20th May, 2019

ANNEXURE F TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

Form No. MR - 3
FOR THE FINANCIAL YEAR ENDED ON 31st March, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018]

To,
The Members,
M/s. Phillips Carbon Black Limited
31, Netaji 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, 2019. 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 authorised 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, 2019, 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, 2019, 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, 2019, 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. Further, the Management stated that under the 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 Board's Report. The Management further explained that having regard to the provisions of Section 136 of the Act, the Annual Report and Accounts, excluding the aforesaid particulars are being sent to the Members of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary of the Company. The Management informed that the said particulars are also available for inspection at the Registered Office during normal business hours (10 a.m. to 6 p.m.) on all working days, up to the date of the Annual General Meeting and shall also be available at the venue of the Annual General Meeting of the Company. Management has also informed that the Company shall file the necessary form disclosing the aforesaid particulars separately with the Ministry of Corporate Affairs.

7. We have checked the compliance with the provisions of the Standard Listing Agreement entered by the Company with the following Stock Exchanges in India and also with the provisions of the Securities 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 a change in the composition of the Board of Directors of the Company during the period under review. Mrs. Preeti Goenka was appointed as an Additional Non-Executive Director of the Company by the Board of Directors of the Company at the Meeting held on 27th July, 2018, subject to the approvals of the Members and other approvals as may be necessary.

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 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.

10. 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
20th May, 2019

'ANNEXURE A' TO THE SECRETARIAL AUDIT REPORT

(To the Secretarial Audit Report of M/s. Phillips Carbon Black Limited for the Financial Year ended 31/03/2019)

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 31/03/2019 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

Place : Kolkata
Date : 20th May, 2019

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

The Company is fully in compliance with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, including any statutory modifications or re-enactments thereof, (referred to as "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 women directors present on its Board. The Independent Directors form a majority in the Board.

B. TERMS OF REFERENCE

The composition of the Board satisfies the requirements of Regulation 17 of the SEBI Listing Regulations read with Schedule II Part A and Section 149 of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 ("the Act").

C. COMPOSITION OF THE BOARD OF DIRECTORS OF THE COMPANY AS ON 31ST MARCH, 2019

The Board comprises:-

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

"Corporate Governance is embedded in our Corporate Culture."

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

Name of the Director	Category of Director	Number of Directorships held in other Public Limited Companies incorporated in India	Number of Committee Memberships/ Chairmanships held in other Public Limited Companies incorporated in India		Directorship in other listed entity (Category of Directorship)[3]	No. of Shares and Convertible Instruments held in the Company
		Director[1]	Member[2]	Chairman[2]	Names of the listed entities where the person is a Director[3]	
Mr. Sanjiv Goenka (DIN: 00074796)	Promoter, Non-Executive (Chairman)	8	3	3	1. Saregama India Limited (Non-Executive, Non-Independent) 2. CESC Limited (Non-Executive, Non-Independent) 3. Firstsource Solutions Limited (Non-Executive, Non-Independent) 4. CESC Ventures Limited (Non-Executive, Non-Independent) 5. Spencer's Retail Limited (Non-Executive, Non-Independent)	NIL
Mrs. Preeti Goenka[4] (DIN: 05199069)	Promoter, Non-Executive	1	-	-	1. Saregama India Limited (Non-Executive, Non-Independent)	NIL
Mr. Kaushik Roy (DIN: 06513489)	Managing Director	3	-	-	1. Harrisons Malayalam Limited (Non-Executive, Non-Independent) 2. Stel Holdings Limited (Non-Executive, Non-Independent)	NIL
Mr. Shashwat Goenka (DIN: 03486121)	Promoter, Non-Executive	4	2	1	1. Firstsource Solutions Limited (Non-Executive, Non-Independent) 2. CESC Ventures Limited (Non-Executive, Non-Independent) 3. Spencer's Retail Limited (Non-Executive, Non-Independent)	NIL
Mr. K.S.B.Sanyal (DIN: 00009497)	Non -Executive & Independent	3	1	2	1. IFGL Refractories Limited (Non-Executive, Independent) 2. Cimmco Limited (Non-Executive, Independent)	NIL
Mr. O.P. Malhotra (DIN: 00009086)	Non -Executive & Independent	-	-	-	-	NIL
Mr. Paras K Chowdhary (DIN: 00076807)	Non -Executive & Independent	3	2	1	1. CEAT Limited (Non-Executive, Independent)	NIL
Mr. Pradip Roy (DIN: 00026457)	Non -Executive & Independent	3	1	-	1. Precision Wires India Limited (Non-Executive, Independent) 2. Firstsource Solutions Limited (Non-Executive, Independent)	NIL
Ms. Kusum Dadoo (DIN: 06967827)	Non -Executive & Independent	6	5	-	1. Harrisons Malayalam Limited (Non-Executive, Independent) 2. GKW Limited (Non-Executive, Independent) 3. The Standard Batteries Limited (Non-Executive, Independent) 4. Stel Holdings Limited (Non-Executive, Independent)	NIL

Notes:

1. Directorships held by Directors in the afore-mentioned Table do not include Private Limited Companies, Foreign Companies, Section 8 Companies, Alternate Directorships and One Person Companies. All the Public Limited Companies, whether listed or not, have been considered in the afore-mentioned Table.
2. Memberships / Chairmanships of only the Audit Committee and the Stakeholders' Relationship Committee of the public limited companies, whether listed or not, have been considered. All other companies including private limited companies, foreign companies and companies under Section 8 of the Act have been excluded.

3. The names of the Listed Entities where the person is a Director and the Category of Directorship have been depicted in the table as per the new requirement of Schedule V Part C of the SEBI Listing Regulations.

4. Mrs. Preeti Goenka has been appointed as an Additional Non-Executive Director of the Company at its Board Meeting held on 27th July, 2018, subject to the approvals of the Members and other approvals as may be necessary.

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

6. The Independent Directors have confirmed that they meet the criteria of independence u/s 149(6) of the Act and Regulations 16(1)(b) and 25(8) of the Listing Regulations.

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

8. During the year 2018-2019, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.

9. The Company has in place, plans for orderly succession for appointment to the Board of Directors and Senior Management.

10. The Company also, has in place, procedures to inform Members of the Board of Directors about the risk assessment and minimisation. A Risk Management Committee has been constituted by the Company at the Meeting of its Board of Directors held on 27th July, 2018. The Company has in place a Risk Management Policy which was taken up for discussion at the Risk Management Committee Meeting held on 16th January, 2019.

11. As per the requirement of the new Sub-regulation 17(1A) of the SEBI Listing Regulations, a Special Resolution has already been passed by the Company by way of Postal Ballot and E-voting, for continuing the Directorship of Mr. K S B Sanyal and Mr. O P Malhotra as Non-Executive Independent Directors who have already attained the age of 75 years of age and for re-appointment and continuing the Directorship of Mr. Pradip Roy as a Non-Executive Independent Director who shall be attaining the age of 75 years in his second term of 5 consecutive years.

12. The Chairperson of our Company is a Non-Executive Director and is not related to the Managing Director of the Company.

13. The maximum no. of Directorships held by all our Directors are well within the limit of 8 listed entities and none of the Directors of our Company serve as an Independent Director in more than 7 listed entities. Besides, the Managing Director of our Company does not serve as an Independent Director in any of the listed entities.

14. The maximum no. of Committee Memberships held by all our Directors are well within the limit of 10 Committees and in case of Chairmanship, our Directors do not act as Chairpersons in more than 5 listed entities.

D. BOARD MEETINGS:-

The Board generally meets at least 4 times a year, with 1 meeting being held in every quarter. The intervening period between two Board Meetings is well within the maximum time gap of one hundred and twenty days as prescribed under the SEBI Listing Regulations. This financial year 2018-2019 witnessed four Board Meetings. The Board Meeting dates are fixed well in advance and necessary intimations and disclosures take place. The notice of the Board meeting is given well in advance to all the Directors. The Agenda of the Board / Committee Meetings is set up by the Company Secretary and includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. The Agenda for the Board and Committee Meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable.

E. BOARD AGENDA AND CIRCULATION:-

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

F. DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2018-2019:-

The Board of Directors met 4 times during the financial year ended 31st March, 2019, details of which are depicted below:-

Sl No.	Date	Board Strength	No. of Directors present
1	4th May, 2018	8	8
2	27th July, 2018	9	8
3	30th October, 2018	9	8
4	16th January, 2019	9	9

Attendance at Board Meetings and at Annual General Meetings held during the Financial Year 2018-2019:-

The Attendance Record of the Directors at the Board Meetings held on 4th May, 2018, 27th July, 2018, 30th October, 2018 and 16th January, 2019 are captured herein below:-

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting
	Held during tenure	Attended	
Mr. Sanjiv Goenka	4	4	Yes
Mrs. Preeti Goenka	3	3	N.A. *
Mr. Shashwat Goenka	4	4	No
Mr. O.P.Malhotra	4	4	Yes

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting
	Held during tenure	Attended	
Mr. K.S.B.Sanyal	4	3	Yes
Mr. Paras K. Chowdhary	4	3	No
Mr. Pradip Roy	4	4	Yes
Ms. Kusum Dadoo	4	4	Yes
Mr. Kaushik Roy	4	4	Yes

Notes:-

1. *Mrs. Preeti Goenka was appointed as an Additional Non-Executive Director of the Company at the Meeting of the Board of Directors held on 27th July, 2018 post the completion of the Annual General Meeting of the Company (AGM).

2. Necessary Quorum, as per Regulation 17(2A) of the SEBI Listing Regulations, which is one-third of the total strength or three directors, whichever is higher, including at least one independent director, was present for all the Meetings.

G. COMPLIANCE WITH THE CODE OF CONDUCT

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

All the Directors including the Chairman, the Managing Director and the Senior Management Personnel of the Company have given a declaration of compliance with the Company's Code of Conduct in accordance with Regulation 26(3) of the SEBI Listing Regulations during the year ended 31st March, 2019.

III. COMMITTEES OF THE BOARD

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

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

A. AUDIT COMMITTEE

1. Terms of Reference

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

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

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

2. Recommending to the Board, appointment, remuneration and terms of appointment of the auditors.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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

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

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

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

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

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

   f) Disclosure of any related party transactions.

   g) Modified opinion(s) in the draft audit report, if any.

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

6. Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process.

7. Approval or any subsequent modification of transactions of the Company with related parties.

8. Valuation of undertakings or assets of the listed entity, wherever necessary.

9. Evaluation of internal financial controls and risk management systems.

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

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

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

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

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

15. Reviewing the Company's Risk Management Policies.

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

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

18. Reviewing the compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 at least once in a financial year and verifying that the systems for internal control are adequate and are operating effectively.

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

20. Reviewing the utilisation of loans and / advances from / investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Composition of the Audit Committee as on 31st March, 2019:-

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

3. Details of Audit Committee Meetings Held During The Financial Year 2018 - 2019 :-

The Audit Committee met 4 times during the financial year ended 31st March, 2019, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	4th May, 2018	4	4
2	27th July, 2018	4	3
3	30th October, 2018	4	3
4	16th January, 2019	4	4

Attendance at Audit Committee Meetings held during the Financial Year 2018 - 2019:-

The names of Members and Chairperson of the Audit Committee, Meetings held and attendance thereof during the Financial Year –2018 - 2019 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal (Non-Executive & Independent)	Chairman	4	3
Mr. O.P.Malhotra (Non-Executive & Independent)	Member	4	4
Mr. Paras K. Chowdhary (Non-Executive & Independent)	Member	4	3
Mr. Pradip Roy (Non-Executive & Independent)	Member	4	4

4. Meetings

- Audit Committee Meetings were held on 4th May, 2018, 27th July, 2018, 30th October, 2018 and 16th January, 2019 respectively. The intervening period between two Audit Committee Meetings is well within the maximum time gap of one hundred and twenty days as prescribed under the SEBI Listing Regulations. The necessary quorum was present for all the meetings. The Annual Accounts for the year ended 31st March, 2018 was reviewed by the Audit Committee at its meeting held on 4th May, 2018. The Audit Committee also reviewed the Unaudited Financial Results for the quarters ended 30th June, 2018, 30th September, 2018 and 31st December, 2018 before recommending their adoption to the Board.

- Mr. K S B Sanyal, the Chairman of the Audit Committee attended the Fifty-seventh Annual General Meeting of the Company held on 27th July, 2018 to answer the shareholder's queries.

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

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

- All Members of the Audit Committee are financially literate and have accounting and related financial management expertise.

B. NOMINATION AND REMUNERATION COMMITTEE

1. Terms of Reference

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

The role of the Committee inter alia includes the following:

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

- Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees

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

- Devise a policy on Board Diversity

- Recommend to the Board, all remuneration, in whatever form, payable to senior management

- Specify the manner for effective evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

In accordance with the recommendation of the Committee, the Company has since formulated a Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company. The Committee is responsible for recommending the fixation and periodic revision of remuneration of the Managing Director. The Committee also decides on payment of commission to Non-Executive Directors and other Senior Managerial Personnel. The performance evaluation criteria for Non-Executive Directors including Independent Directors laid down by Committee and taken on record by the Board includes -

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

a.) performance of the Directors; and

b.) fulfilment of the independence criteria as specified in the SEBI Listing Regulations and their independence from the management:

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

2. Composition of the Nomination and Remuneration Committee as on 31st March, 2019:-

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

3. Details of Nomination and Remuneration Committee Meetings Held During the Financial Year 2018 - 2019 :-

The Nomination and Remuneration Committee met 4 times during the financial year ended 31st March, 2019, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	4th May, 2018	3	3
2	27th July, 2018	3	3
3	30th October, 2018	3	2
4	16th January, 2019	3	3

Attendance at Nomination and Remuneration Committee Meetings held during the Financial Year 2018 - 2019:-

The names of Members and Chairperson of the Nomination and Remuneration Committee, Meetings held and attendance thereof during the Financial Year –2018 - 2019 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal (Non-Executive Independent Director)	Chairman	4	3
Mr. O.P.Malhotra (Non-Executive Independent Director)	Member	4	4
Mrs. Kusum Dadoo* (Non-Executive Independent Director)	Member	4	4

* Mrs. Kusum Dadoo was inducted as a Member of the Nomination and Remuneration Committee w.e.f 4th May, 2018 by the Board of Directors at its Meeting held on 31st January, 2018.

4. Meetings

- During the year ended 31st March, 2019, the Nomination and Remuneration Committee met 4 times on 4th May, 2018, 27th July, 2018, 30th October, 2018 and 16th January, 2019 respectively. This fulfils the minimum stipulated criteria of the Nomination and Remuneration Committee Meetings required to be held at least once in a year in accordance with Regulation 19(3A) of the SEBI Listing Regulations.

- Necessary Quorum as per Regulation 19(2A) of the SEBI Listing Regulations, which is 2 or 1/3 of the total members of the Committee, whichever is

higher, including at least one independent director in attendance, was present for all the Meetings.

- The Chairman of the Nomination and Remuneration Committee, Mr. K S B Sanyal was present at the Fifty-seventh Annual General Meeting of the Company held on 27th July, 2018 to answer the shareholders' queries.

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

5. Remuneration Policy

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

Non-Executive Directors

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

The remuneration paid to the Non-Executive Directors by way of sitting fees was ₹ 50,000/- per Meeting for the 2 consecutive Board Meetings held on 4th May, 2018 and 27th July, 2018 respectively which was then increased to ₹ 1,00,000 per Meeting for the Board Meetings held on 30th October, 2018 and 16th January, 2019 respectively. This increase in fees was recommended and then approved by the Board of Directors of the Company at its Nomination and Remuneration Committee Meeting and its Board Meeting held on 27th July, 2018. The sitting fees per Meeting for the Audit Committee Meetings were ₹ 20,000/- for the 3 consecutive Audit Committee Meetings held on 4th May, 2018, 27th July, 2018 and 30th October, 2018 respectively which was then increased to ₹ 50,000/- per Meeting for the Audit Committee Meeting held on 16th January, 2019. This increase in fees was recommended and then approved by the Board of Directors of the Company at its Nomination and Remuneration Committee Meeting and its Board Meeting held on 30th October, 2018.Besides, these afore-mentioned Meetings, the remuneration paid to the Non-Executive Independent Directors by way of sitting fees is ₹ 20,000/- per Meeting for the Independent Directors' Committee Meetings, and ₹ 5000/- per Meeting for the Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee Meetings. The Risk Management Committee was constituted by the Board of Directors of the Company at its Meeting held on 27th July, 2018 pursuant to Regulation 21 of the SEBI Listing Regulations, which shall be dealt with in details in the later part of this Report.

In addition to the afore-mentioned remuneration being paid by way of sitting fees, Commission was also paid to the Non-Executive Directors for the financial year 2017-18 during the financial year 2018-19.

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, 2019 are as follows:-

Mr. Sanjiv Goenka – Sitting Fees ₹ 3,00,000/- and Commission ₹ 8,65,00,000/-, Mrs. Preeti Goenka* – Sitting Fees ₹ 2,50,000/- and Commission - Nil, Mr. Shashwat Goenka – Sitting Fees ₹ 3,05,000/- and Commission ₹ 5,00,000/, Mr. C R Paul – Commission ₹ 5,00,000/-, Mr. K S B Sanyal – Sitting Fees ₹ 3,40,000/- and Commission ₹ 5,00,000/, Mr. O P Malhotra – Sitting Fees ₹ 4,50,000/- and Commission ₹ 5,00,000/-, Mr. Paras K Chowdhary – Sitting Fees ₹ 3,65,000/- and Commission ₹ 5,00,000/-, Mr. Pradip Roy – Sitting Fees ₹ 4,35,000/- and Commission ₹ 5,00,000/- and Mrs. Kusum Dadoo - Sitting Fees ₹ 3,45,000/- and Commission ₹ 5,00,000/-.

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

*Mrs. Preeti Goenka was inducted as an Additional Non-Executive Director in the Board of Directors of the Company at its Meeting held on 27th July, 2018.

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.

Name of the 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, 2019	
		Description	Amount (₹ in lakhs)
Mr. Kaushik Roy *	Managing Director	Salary and Allowances,	372.47
		Contribution to Provident, Gratuity and Superannuation Funds	84.88
		Perquisites	408.74
		Total	**866.09**

* Service Contract: For a period of three years w.e.f 5th February, 2019. The Board of Directors at its Meeting held on 30th October, 2018 approved the re-appointment of Mr. Kaushik Roy as the Managing Director of the Company for a further period of 3 years w.e.f 5th February, 2019 and the same was

also approved by the shareholders by way of Postal Ballot and E-voting on 9th March, 2019.
*Notice Period: Ninety days notice from either side
* Severance Fees: Ninety days salary in lieu of notice
* Stock Options: None

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

1. Terms of Reference

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

The role of the Committee inter alia includes the following:

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

2. Composition of the Stakeholders' Relationship Committee as on 31st March, 2019:-

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

3. Details of Stakeholders' Relationship Committee Meetings Held During the Financial Year – 2018 - 2019:-

The Stakeholders Relationship Committee met 2 times during the financial year ended 31st March, 2019, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	27th July, 2018	2	2
2	16th January, 2019	3	3

Attendance at Stakeholders' Relationship Committee Meetings held during the Financial Year 2018 -2019:-

The names of Members and Chairperson of the Stakeholders Relationship Committee, Meetings held and attendance thereof during the Financial Year 2018 – 2019 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal (Non-Executive & Independent)	Chairman	2	2
Mr. Kaushik Roy (Managing Director	Member	2	2
Mrs. Kusum Dadoo* (Non-Executive & Independent)	Member	1	1

* Mrs. Kusum Dadoo was inducted as a Member of the Stakeholders Relationship Committee w.e.f 16th January, 2019 by the Board of Directors at its Meeting held on 30th October, 2018.

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

Name and designation of the Nodal Officer for IEPF related matters: Mr. Kaushik Mukherjee, Company Secretary.

4. Meetings

- During the year ended 31st March, 2019, the Stakeholders' Relationship Committee met twice on 27th July, 2018 and 16th January, 2019. This fulfils the minimum stipulated criteria of the Stakeholders Relationship Committee Meetings required to be held at least once in a year in accordance with Regulation 20(3A) of the SEBI Listing Regulations.
- The Chairman of the Stakeholders Relationship Committee, Mr. K S B Sanyal was present at the

Fifty-seventh Annual General Meeting of the Company held on 27th July, 2018 to answer the queries of the security holders.

- The Company Secretary is in attendance at the Stakeholders' Relationship Committee Meetings.

- The Company has a User ID and Password in place for logging into the SEBI Complaints Redressal System – 'SCORES' and can view the complaints which have been lodged by the shareholders. The Company ensures that timely redressals are made against any complaints raised by the shareholders relating to registration of share transfers, issue of new share certificates, sub-division or consolidation of shareholdings etc.

5. Status of Shareholders' Complaints

Number of complaints received during the year ended 31st March, 2019 as per records of the Company	Number of complaints resolved during the year ended 31st March, 2019	Number of complaints pending as on 31st March, 2019
27	27	Nil

* The Company has received confirmations from National Stock Exchange of India Limited, Bombay Stock Exchange Limited, The Calcutta Stock Exchange Ltd. and from our Registrar Link Intime India Pvt. Ltd. that no investor complaints are pending against the company as on 31st March, 2019.

6. Share Transfer

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

D. RISK MANAGEMENT COMMITTEE

1. Terms of Reference

The Company has a Risk Management Committee and the terms of reference of the Risk Management Committee are in conformity with the provisions of Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee was constituted at the Meeting of the Board of Directors of the Company held on 27th July, 2018 with the advent of the requirement of Regulation 21 of the SEBI Listing Regulations which mandates the top 500 companies based on market capitalisation to constitute a Risk Management Committee. The Risk Management Committee looks into the monitoring and reviewing of the risk management plan and such other functions, as it may deem fit and such function specifically covers cyber security.

Pursuant to the provisions of the Act, a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company have also been dealt with in the Board's Report.

2. Composition of the Risk Management Committee as on 31st March, 2019:-

The Risk Management Committee comprises 3 Directors, out of which 1 Director is an Executive Director and the other 2 Directors are the Non-Executive Independent Directors. This composition is in line with the requirement of Regulation 21 of the SEBI Listing Regulations, which specifies that the majority of Members of the Risk Management Committee shall consist of Members of Board of Directors of the Company. The Members of the Risk Management Committee are Mr. Kaushik Roy, Mr. Paras K Chowdhary and Mr. Pradip Roy. Under the Chairmanship of the Executive Director, who is the Managing Director of our Company, Mr. Kaushik Roy, the Risk Management Committee of the Board of Directors meets at least once in a financial year to inform the Board Members about the risk assessment and minimisation procedures and adoption of requisite risk mitigation measures and their implementation thereof.

3. Details of Risk Management Committee Meeting Held During the Financial Year – 2018 - 2019:-

The Risk Management Committee met once during the financial year ended 31st March, 2019, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	16th January, 2019	3	3

Attendance at Risk Management Committee Meeting held during the Financial Year 2018 -2019:-

The names of Members and Chairperson of the Risk Management Committee, Meetings held and attendance thereof during the Financial Year 2018 – 2019 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. Kaushik Roy (Executive Director – Managing Director)	Chairman	1	1
Mr. Paras K Chowdhary (Non-Executive Independent Director)	Member	1	1
Mr. Pradip Roy (Non-Executive Independent Director)	Member	1	1

4. Meetings

- During the year ended 31st March, 2019, the Risk Management Committee met once on 16th January,2019.

- The Chairman of the Risk Management Committee is a Member of the Board of Directors of the Company.

- The Company Secretary is in attendance at the Risk Management Committee Meeting.

- The Risk Management process involves the identification, evaluation/assessment, prevention and control of the risks, determining the cost of risk likely to be and ensuring that adequate financial resources are available for implementing the selected technique, measuring and monitoring effectiveness of controls and reviewing and reporting the Risk Management process at appropriate intervals, at least annually.

E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has a Corporate Social Responsibility Committee and the terms of reference are in conformity with the provisions of Section 135 read with Schedule VII of the Act and the Rules framed thereunder. The CSR Committee monitors the implementation of CSR projects or programmes undertaken by the Company.

The role of the Committee inter alia includes the following:-

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

2. Composition of the Corporate Social Responsibility Committee as on 31st March, 2019:-

The Corporate Social Responsibility Committee comprises 3 Directors out of which 1 is a Non - Executive Independent Director, 1 is a 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. The Members of the Corporate Social Responsibility Committee are Mr. K S B Sanyal, Mr. Kaushik Roy and Mr. Shashwat Goenka.

3. Details of Corporate Social Responsibility Committee Meetings Held During the Financial Year 2018 - 2019:-

The Corporate Social Responsibility Committee met once during the financial year ended 31st March, 2019, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	4th May, 2018	3	3

Attendance at Corporate Social Responsibility Committee Meetings held during the Financial Year 2018 – 2019:-

The names of Members and Chairperson of the Corporate Social Responsibility Committee, Meetings held and attendance thereof during the Financial Year 2018 – 2019 is as given below:-

Name of the Director	Position held	No. of Committee 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

- During the year Corporate Social Responsibility Committee Meeting was held on 4th May, 2018.
- The Company Secretary is in attendance at the Corporate Social Responsibility Committee.
- The Corporate Social Responsibility Policy of the Company is posted on the website of the Company at the link: https://www.pcblltd.com/policies/.
- The details of CSR expenditure spent during the financial year 2018-19 have been elaborated in 'Annexure –D ' to the Board's Report.

F. INDEPENDENT DIRECTORS' COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has an Independent Directors' Committee and the terms of reference are in conformity with the provisions of Section 149 read with Schedule IV to the Act and the Rules framed thereunder and Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations. 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 familiarisation programmes imparted to the Independent Directors is posted on the website of the Company and may be accessed at the link: https://www.pcblltd.com/policies/.

The Board has identified the following skills/expertise/competencies fundamental for the effective

functioning of the Company which are currently available with the Board.

Global Business	Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management terms to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

All the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and they are all independent of Management. The Board of Directors of the Company have taken on record the declarations and confirmations submitted by the Independent Directors under Regulation 16(1)(b) read with 25(8) of the SEBI Listing Regulations after undertaking the due assessment of the veracity of the same.

2. Composition of the Independent Directors' Committee as on 31st March, 2019:-

The Independent Directors' Committee comprises 5 Independent Directors. The Members of the Independent Directors' Committee are Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary, Mr. Pradip Roy and Mrs. Kusum Dadoo. The Chairman of the Committee is Mr. K S B Sanyal, a Non-Executive Independent Director.

3. Details of Independent Directors' Committee Meetings Held During the Financial Year 2018-2019 :-

The Independent Directors' Committee met once during the financial year ended 31st March, 2019, details of which are depicted below:-

Sl No.	Date	Committee Strength	No. of Members present
1	16th January, 2019	5	5

Attendance at Independent Directors' Committee Meetings held during the Financial Year 2018- 2019:-

The names of Members and Chairperson of the Independent Directors' Committee, Meetings held and attendance thereof during the Financial Year 2018 – 2019 is as given below:-

Name of the Director	Position held	No. of Committee Meetings	
		Held during tenure	Attended
Mr. K.S.B.Sanyal (Non-Executive & Independent)	Chairman	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 unlisted subsidiaries as on date, namely, Phillips Carbon Black Cyprus Holdings Limited, PCBL Netherlands Holdings B.V. and Phillips Carbon Black Vietnam Joint Stock Company. The Minutes of Meetings of the Board of Directors of the unlisted foreign subsidiary companies are placed before the Meetings of the Board of Directors of the Company.

V. GENERAL BODY MEETINGS

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

AGM	Date	Venue	Time	Special Resolution Passed
57th	27th July, 2018	'Dr. R P Goenka Auditorium', IMI	10.00 AM	Yes
56th	21st September, 2017	'Dr. R P Goenka Auditorium', IMI	10.30 A.M	Yes
55th	22nd July, 2016	'Uttam Mancha'	10.30 A.M	Yes

2. Details of Special Resolutions passed last year through Postal Ballot :-

The Shareholders had passed the following Resolutions as Special Resolutions:-

i. Re-appointment of Mr. O P Malhotra as an Independent Director of the Company.

ii. Re-appointment of Mr. K S B Sanyal as an Independent Director of the Company.

iii. Re-appointment of Mr. Paras Kumar Chowdhary as an Independent Director of the Company.

iv. Re-appointment of Mr. Pradip Roy as an Independent Director of the Company.

v. Medical Expenses for the Chairman and his Spouse.

vi. Payment of Commission to the Non-Executive Directors of the Company.

vii. Re-appointment of Mr. Kaushik Roy as the Managing Director of the Company.

Notices of Postal Ballot and E-voting were sent through permitted modes to all the Members of the Company along with the Postal Ballot Forms and self – addressed postage prepaid business reply envelopes. The entire dispatch of Postal Ballot and E-voting Notices through the permitted modes, i.e. both the physical dispatch and e-mails sent to shareholders whose e-mails i.ds were registered with the Registrar and Share Transfer Agent, were completed on Tuesday, 5th February, 2019. The Postal Ballot Notice including the E-voting instructions were posted on the website of the Company namely – www.pcblltd.com. The voting period for Postal Ballot and E-voting was from Thursday, 7th February, 2019 at 9:00 A.M. (IST) to Friday, 8th March, 2019 at 5:00 P.M. (IST). Mr. Anjan Kumar Roy (FCS – 5684, CP – 4557), Practising Company Secretary, was appointed as the Scrutinizer to conduct the entire Postal Ballot and E-voting processes.

These proposed Resolutions were passed with requisite majority and the Voting Results were declared on Saturday, 9th March, 2019 and intimated to the Stock Exchanges pursuant to Regulation 44(3) of the SEBI Listing Regulations as well as displayed on the Company's website at the link - https://www.pcblltd.com/postal-ballots/.

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, 2019.The Board has approved the revised policy on materiality of related party transactions and on dealing with related parties including clear threshold limits duly approved by the Board of Directors of the Company and such policy is reviewed by the Board of Directors. The Revised Policy is posted on the Company's website at the following link: https://www.pcblltd.com/policies/.

2. Disclosure by Senior Management in accordance with Regulation 26(5) of the SEBI Listing Regulations:

For the financial year ended 31st March, 2019, the Senior Management Personnel of the Company have confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions entered into with the Company that may have a potential conflict with the interests of the Company at large.

3. Disclosures on Compliance of Law :

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

4. Vigil Mechanism / Whistle Blower Policy:

The Company has a Whistle Blower Policy / Vigil Mechanism which is posted on the website of the Company at the link: https://www.pcblltd.com/policies/ for its Directors and Employees to report their concerns about the Company's working or about any violation of its policies. The vigil mechanism provides for adequate safeguards against victimisation of Director (s) or Employee (s) or any other person who avail the mechanism and also provide direct access to the Chairperson of the Audit Committee. No personnel have been denied any access to the Audit Committee. Besides, as per the new requirement of Clause 6 of Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations as amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, our Company ensures to make employees aware of such Whistle-Blower Policy to report instances of leak of unpublished price sensitive information.

5. Code for Prevention of Insider Trading Practices

In compliance with the SEBI Regulation on Prohibition of Insider Trading, as amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has in place a comprehensive Code of Conduct to Regulate, Monitor and Report Trading by Insiders, for its Directors and Senior Management Officers. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company. The Code clearly specifies, among other matters, that Directors and Designated Persons of the Company, as defined in the Code, can trade in the shares of the Company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and other material events as per the Code. Furthermore, amendments to the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' which was effective from 1st April, 2019 has been approved by the Board of Directors of the Company and thereafter intimated to the Stock Exchanges. These afore-mentioned Codes are posted on the website of the Company at the link: https://www.pcblltd.com/policies/. Annual Declarations containing the annual disclosures of holding of securities were obtained from all the Directors and the Designated Persons of the Company for the financial year ended 31st March, 2019.

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 the Revised Policy for determining 'material' subsidiaries which states that a 'material' subsidiary means a subsidiary, whose income or net worth exceeds ten per cent of the consolidated income or net worth, respectively of the Company and its subsidiaries in the immediately preceding accounting year. The same is posted on the Company's website at the following link: https://www.pcblltd.com/policies/.

8. Commodity price risk or foreign exchange risk and hedging activities:

1. Risk Management Policy of the Company with respect to the Commodities and Forex:

   Commodities form a major part of the raw materials required for the Company's products portfolio and hence commodity price risk is one of the important market risks for the Company. Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of company's cost of sales. The Company endeavours to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Company's own requirements. Further, a significant portion of Company's volume is sold based on formula driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Company also endeavours to offset the effects of increases in raw material costs through price increases in its non – contract sales, productivity improvement and other cost reduction efforts. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

   The Company operates in International markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Company's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Company's foreign currency transactions are in USD while the rest are in Euro, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

   The Company's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts , vanilla option contract and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates. The details of foreign exchange exposures as on 31st March, 2019 are disclosed in Notes to the Standalone Financial Statements.

2. Exposure of the Listed Entity to commodity and commodity risks faced by the entity throughout the year:

   The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

9. Certificate from the Managing Director and the Chief Financial Officer

Certificate from Mr. Kaushik Roy, Managing Director and Mr. Raj Kumar Gupta, Chief Financial Officer, in terms of Regulation 17(8) and the quarterly certificate from Mr. Kaushik Roy, Managing Director and Mr. Raj Kumar Gupta, Chief Financial Officer, in terms of Regulation 33(2A) of the SEBI Listing Regulations for the financial year ended 31st March, 2019 was placed before the Board of Directors of the Company in its Meeting held on 20th May, 2019.

10. Code of Conduct

A Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013, has been adopted by the Board, 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 is posted on the Company's website at the following link: https://www.pcblltd.com/code-of-conduct/.

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

11. Declaration by Independent Directors under Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations

During the financial year ended 31st March, 2019, the Company received declarations in terms of the provisions of Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations from the following Independent Directors namely, Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary, Mr. Pradip Roy and Mrs. Kusum Dadoo.

12. Sexual Harassment Policy

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 (POSH Act) covering all women employees of the Company. The Internal Complaints Committee (ICC) is set up for the purpose of providing protection against the sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. The status of complaints is as given below:-

No. of complaints filed during the financial year	No. of complaints disposed of during the financial year	No. of complaints pending as on the end of the financial year
Nil	Nil	Nil

13. Dividend Distribution Policy

The Company has formulated a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI Listing Regulations. The policy has been detailed in the Board's Report and is posted on the Company's website at the following link: https://www.pcblltd.com/policies/.

14. Utilisation of funds raised through preferential allotment or qualified institutions placement

The Company had passed a Special Resolution for the approval of the shareholders by way of Postal Ballot and E-voting vide its Postal Ballot Notice dated 31st January, 2018 for raising funds by further issue of securities by way of Preferential Issue / Qualified Institutions Placement / Foreign Currency Convertible Bonds / Foreign Currency Exchangeable Bonds / American Depository Receipts / Global Depository Receipts / Public Issue / Rights Issue / Debt Issue for an aggregate amount not exceeding ₹ 500 crores. The afore-said Resolution was passed with requisite majority on 3rd April, 2018. However, no funds were raised by the Company through such preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

15. Certificate from a Company Secretary in practice

The Company has obtained a Certificate from a Company Secretary in practice dated 20th May, 2019 stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuining as Directors of Companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

16. Acceptance of recommendations of any Committee of the Board

All the recommendations made by any Committee of the Board during the financial year 2018-2019 have been duly accepted and taken on record by the Board of Directors of the Company.

17. Fees paid on a consolidated basis to the statutory auditor

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity in which the statutory auditor is a part for the financial year 2018-19 is ₹ 90,72,372/- .

18. Directors and Officers Insurance ('D and O Insurance')

The Company has in place D and O Insurance Policy for all its Independent Directors of such quantum and covering all such risks as determined by the Board of Directors of the Company.

VII. MEANS OF COMMUNICATION

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

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

3. Whenever the Company issues any press release, it is immediately sent to the Stock Exchanges as well as posted on the Company's website. The Company also puts forth the key information about the Company and its performance, including quarterly results, official news releases and presentations made to institutional investors or analysts and credit ratings, on its website – www.pcblltd.com regularly for the benefit of its shareholders and the public at large. The intimations are also given to the Stock Exchanges simultaneously.

4. This Annual Report has a detailed chapter on Management Discussion and Analysis.

VIII. GENERAL SHAREHOLDER INFORMATION

Provided in the 'General Shareholder Information' Section of the Annual Report and Accounts

IX. STATUS OF ADOPTION OF THE NON MANDATORY REQUIREMENTS

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

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

Other Items

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

X. CONFIRMATION OF COMPLIANCE

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

For and on behalf of the Board
Sanjiv Goenka
Chairman
(DIN : 00074796)

Kolkata
20th May, 2019

AUDITORS' CERTIFICATE

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of
Phillips Carbon Black Limited
31, Netaji Subhas Road
Kolkata-700 001

1. The Corporate Governance Report prepared by Phillips Carbon Black Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2019. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes (Revised) requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Directors Register as on March 31, 2019 and verified that atleast one women director was on the Board during the year;

   iv. Obtained and read the minutes of the following committee meetings held April 1, 2018 to March 31, 2019:

      (a) Board of Directors Meeting;

      (B) Audit Committee;

      (C) Annual General Meeting;

      (D) Nomination and Remuneration Committee;

      (E) Stakeholders Relationship Committee;

      (F) Risk Management Committee;

   v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and

vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

OPINION

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

OTHER MATTERS AND RESTRICTION ON USE

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number 301003E/E300005

per Kamal Agarwal
Partner
Membership Number 058652
UDIN: 19058652AAAAAK3289

Kolkata
20th May, 2019

GENERAL SHAREHOLDER INFORMATION

- **Annual General Meeting: Date, Time and Venue:** 19th July,2019 at 10.30 am to be held at Dr. R P Goenka Auditorium, International Management Institute, Kolkata, 2/4C, Judges Court Road, Alipore, Kolkata – 700027.

- **Financial Year:** 1st April 2018 to 31st March, 2019

- **Book Closure:** 13th July, 2019 to 19th July,2019

- **Interim Dividend Payment Date:** Interim Dividend has been declared by the Company at its Board Meeting held on 16th January, 2019 @ 175% , i.e. ₹ 3.50/- per Equity Share, on the face value of ₹ 2/- per Equity Share. The said Interim Dividend was paid on and from 5th February, 2019.

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

a) The Calcutta Stock Exchange Ltd. - 10026125
7, Lyons Range,
Kolkata – 700001

b) Bombay Stock Exchange Limited - 506590 (B2)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

c) National Stock Exchange of India Ltd. - PHILIPCARB
Exchange Plaza,
Bandra Kurla Complex
Bandra (E), Mumbai – 400051

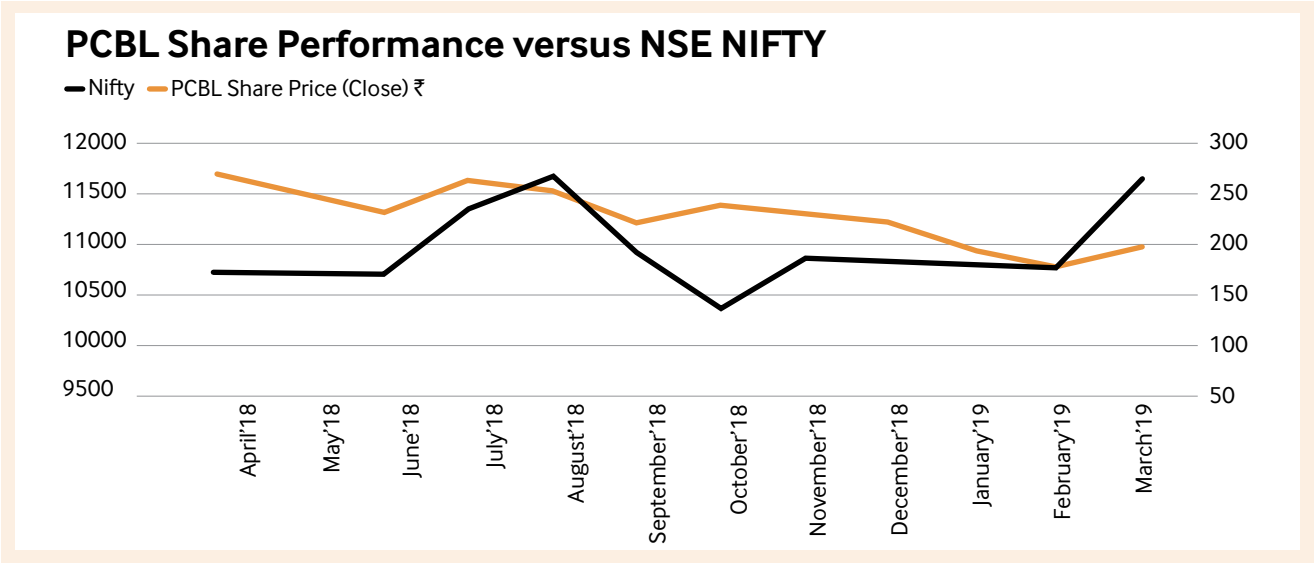
Listing Fees for all the above Stock Exchanges for FY 2019 - 2020 have been paid.

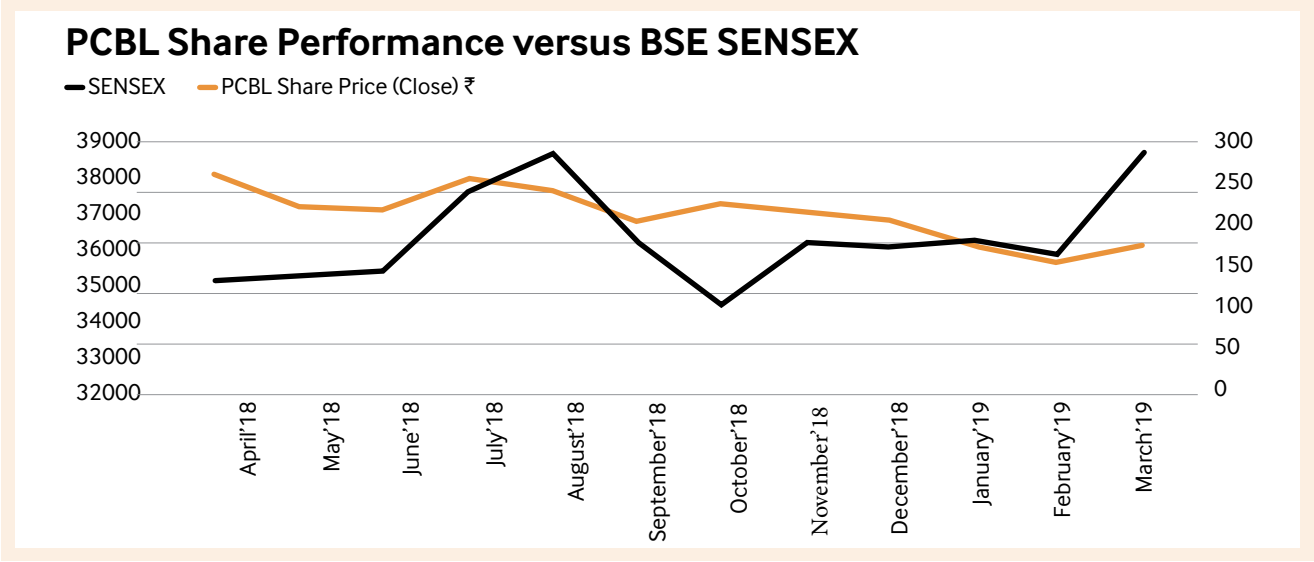
Market Price high, low, close during each month from April, 2018 to March, 2019 (in ₹) (as available from the website of National Stock Exchange of India Limited and Bombay Stock Exchange Limited)

Month	High		Low		Close	
	NSE	BSE	NSE	BSE	NSE	BSE
April'18	1237.00	1235	227.90	226.5	260.80	260.5
May'18	265.35	265	220.45	223.5	234.65	223.5
June'18	251.40	251.85	194.10	195	218.55	218.95
July'18	259.45	259.2	197.30	197.3	255.10	255.3
August'18	286.95	287	235.00	234.8	241.80	241.35
September'18	249.50	248.8	196.90	196.85	205.00	204.65
October'18	237.00	236.8	157.45	157.4	226.55	227.3
November'18	235.00	234.9	204.00	197	213.90	213.85
December'18	217.15	217.3	190.00	181	206.75	206.6
January'19	214.70	214.5	152.10	152.15	175.10	175.05
February'19	180.60	180.9	135.15	135.55	155.45	155.85
March'19	184.40	184.65	156.55	156.35	176.45	176.65

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, 2018 to March, 2019:-

Month	Nifty / Sensex (Close)		Share Price (Close) (₹)		No. of Shares Traded	
	NSE	BSE	NSE	BSE	NSE	BSE
April'18	10739.35	35160.36	260.80	260.5	13514418	2246063
May'18	10736.15	35322.38	234.65	223.5	20575853	3120169
June'18	10714.30	35423.48	218.55	218.95	22995441	2941957
July'18	11356.50	37606.58	255.10	255.3	26991883	3506641
August'18	11680.50	38645.07	241.80	241.35	33702684	5114149
September'18	10930.45	36227.14	205.00	204.65	12855639	1795198
October'18	10386.60	34442.05	226.55	227.3	30865022	4459551
November'18	10876.75	36194.30	213.90	213.85	12117791	1823594
December'18	10862.55	36068.33	206.75	206.6	10422555	1769339
January'19	10830.95	36256.69	175.10	175.05	33665541	5126073
February'19	10792.50	35867.44	155.45	155.85	16057963	2653142
March'19	11623.90	38672.91	176.45	176.65	17037512	3121964


PCBL Share Performance versus NSE NIFTY
Nifty
PCBL Share Price (Close) ₹
12000
11500
11000
10500
10000
9500
300
250
200
150
100
50
April'18
May'18
June'18
July'18
August'18
September'18
October'18
November'18
December'18
January'19
February'19
March'19


PCBL Share Performance versus BSE SENSEX
SENSEX
PCBL Share Price (Close) ₹
39000
38000
37000
36000
35000
34000
33000
32000
300
250
200
150
100
50
0
April'18
May'18
June'18
July'18
August'18
September'18
October'18
November'18
December'18
January'19
February'19
March'19

- **Registrar and Share Transfer Agent:**
  Link Intime India Pvt. Ltd.
  59-C Chowringhee Road
  3rd Floor
  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 dematerialised form.

  As per the requirement of Regulation 40(9) of the SEBI Listing Regulations, the Company has obtained the half yearly certificates from the Company Secretary in practice for due compliance of the share transfer formalities, which, is then submitted to the Stock Exchanges within a period of 30 days from the end of each half-year.

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

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

- **Compliance Certificate certifying Compliance under Regulation 7(2) of the SEBI Listing Regulations**
  Pursuant to Regulation 7(3) of the SEBI Listing Regulations, the Company obtains a Compliance Certificate duly signed by both the Compliance Officer of the Company and the Authorised representative of the share transfer agent, namely Link Intime India Pvt. Ltd confirming that all the activities in relation to the share transfer facility are maintained by the Company's Registrar and Share Transfer Agent, which is a SEBI approved category-1 Registrar having Registration Number: INR000004058.

  As per the requirement of Regulation 7(3) of the SEBI Listing Regulations, the Company has obtained the half yearly certificates signed by both the Compliance Officer and its Registrar and Share Transfer Agent for due compliance of the provisions of this Regulation, which, is then submitted to the Stock Exchanges within a period of 30 days from the end of each half-year.

- **Intimation of loss of share certificates pursuant to Regulation 39(3) of the SEBI Listing Regulations**
  Pursuant to Regulation 39(3) of the SEBI Listing Regulations, the Company intimates the loss of share certificates to the Stock Exchanges, as and when received, within a period of two days from the date of receipt of such intimation.

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

- **Policy on Preservation and Utilisation of Stationery**
  Pursuant to the requirement of SEBI Circular No. – SEBI/HO/MIRSD/DOP1/CIR/P2018/73 dated 20th April, 2018 relating to strengthening of guidelines and raising industry standards for RTA, Issuer Companies and Banker to an Issue, the Registrar and the Share Transfer Agent (RTA) of the Company has in place a written policy on the preservation and utilisation of stationery and both the Company and its RTA ensure strict control on the stationery including blank certificates and warrants and also ensure periodical check by physical verification.

- **List of all Credit Ratings obtained by the Company during the financial year 2018-19**
  Details of the credit ratings obtained by the Company during the financial year 2018-19 are given in the Board's Report.

Distribution of Shareholding as on 31st March, 2019:-

Shareholding Pattern – Size of Holdings	No. of Shares	Percentage (%) to share capital	No. of Shareholders	Percentage (%) to Total holders
1 – 500	10655113	6.1827	82716	85.2892
501 – 1000	5386374	3.1255	6866	7.0796
1001 – 2000	5547927	3.2192	3707	3.8223
2001 – 3000	3631988	2.1075	1434	1.4786
3001 – 4000	2061590	1.1962	578	0.5960
4001 – 5000	2297106	1.3329	484	0.4991
5001 – 10000	4657243	2.7024	638	0.6578
10001 & above	138100519	80.1336	560	0.5774
Total	**172337860**	**100.0000**	**96983**	**100.0000**

- **Shareholding Pattern as on 31st March, 2019:-**

Nature of holdings	No. of Shares	% of Holdings
Non Resident Indians	1975492	1.1463
Institutional Investors	21717335	12.6016
Promoters	92307785	53.5621
Bodies Corporate	14397473	8.3699
Resident Individuals	41939775	24.3201
Total	**172337860**	**100.0000**

- **Dematerialisation of shares:**

SHARES		%
NSDL --	150601066	87.39
CDSL --	19417689	11.27
TOTAL	**170018755**	**98.66**

- **ISIN NO.** INE602A01023

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

- Plant Locations

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

- **Address for correspondence:**

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

Link Intime India Pvt. Ltd.
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
Phillips Carbon Black Limited
31, Netaji Subhas Road
Kolkata – 700 001
Phones : (033) 6625 1000, 6625 1461-1464
Fax : (033) 2248 0140/2243 6681
E – Mail : kaushik.mukherjee@rp-sg.in

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN : 00074796)

Kolkata
20th May, 2019

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, 2019 in terms of the SEBI Listing Regulations.

Kaushik Roy
Managing Director
(DIN: 06513489)

Kolkata
20th May, 2019

BUSINESS RESPONSIBILITY REPORT
(ANNEXURE 'G' TO THE BOARD'S REPORT)

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2019, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (referred to as the "SEBI Listing Regulations") . The Company has also published its first Comprehensive Sustainability Review.

The Business Responsibility Report outlines the performance of the Company from the environmental, social and governance perspective. The details on these various aspects discussed in this Report are available in the Company's Sustainability Review. The Board of Directors have approved the Sustainability Policy of the Company and the Sustainability Review is available on the Company's website at https://www.pcblltd.com/sustainability-review/.

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number	L23109WB1960PLC024602
2.	Name of the Company	Phillips Carbon Black Limited
3.	Registered address	Duncan House, 3rd Floor, 31 N.S. Road, Kolkata – 700001
4.	Website	www.pcblltd.com
5.	Email	pcbl@rp-sg.in
6.	Financial year reported	2018 - 2019
7.	Sectors engaged in	NIC Code - 1920 - Manufacturing of Carbon Black
8.	Key products/services the Company manufactures	Manufacturing of Carbon Black and Power Generation
9.	Locations where business activities are undertaken by the Company	The Company's businesses and operations are spread across the country. The Company's plants are located at Durgapur in West Bengal, Kochi in Kerala, Palej and Mundra in Gujarat. The detailed addresses of the Company's plants have also been given separately in the Annual Report.
10.	Markets served by the Company	All over India and 30+ international markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (INR in crores)	34.47
2.	Total Income (INR in crores)	₹ 3547.97
3.	Total Profit after Tax (INR in crores)	₹ 388.53
4.	Total Spending on Corporate Social Responsibility (CSR) as % of profit after tax	₹ 3.74 crores. This is detailed in 'Annexure – D' to the Board's Report, which forms a part of this Annual Report
5.	List of activities in which CSR expenditures have been incurred	The list of CSR activities are detailed in 'Annexure – D' to the Board's Report, which forms a part of this Annual Report

SECTION C: OTHER DETAILS

1.	Details on subsidiary companies	The Company has 3 subsidiaries as on 31st March 2019, namely:- 1. Phillips Carbon Black Cyprus Holdings Limited, 2. PCBL Netherlands Holdings B.V and 3. Phillips Carbon Black Vietnam Joint Stock Company
2.	Participation of subsidiary companies in the Business Responsibility (BR) initiatives of the Parent Company	Foreign subsidiary companies
3.	Participation of other entities (suppliers, contractors, etc.) in the BR initiatives of the Company	Not applicable

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1.	Details of Director/Directors responsible for BR	The Business Responsibility (BR) functions are inter alia, monitored by the CSR Committee of the Board of Directors of the Company, formed in terms of Section 135 of the Companies Act, 2013, as amended
	(a) Details of Director/Directors responsible for the implementation of the BR policy/policies	The CSR Committee of the Board of Directors functions under the Chairmanship of Mr. K S B Sanyal, a Non-Executive Independent Director. The CSR Committee also comprises Mr. Shashwat Goenka, a Non-Executive Director and Mr. Kaushik Roy, Managing Director of the Company, as Members. The details of the Directors responsible for the implementation of the BR policies are as follows: DIN : 00009497 Name : K S B Sanyal Designation : Non-Executive Independent Director (Chairman) DIN : 03486121 Name : Shashwat Goenka Designation : Non-Executive Director (Member) DIN : 06513489 Name : Kaushik Roy Designation : Managing Director (Member)
	(b) Details of the BR Head	Mr. Kaushik Roy, Managing Director and a Member of the CSR Committee of the Board of Directors of the Company, has the overall responsibility for the BR activities and his details are as follows:- DIN : 06513489 Name : Kaushik Roy Designation : Managing Director Telephone No. : 033-66251461 Email ID : pcbl.investor@rp-sg.in

2. PRINCIPLE-WISE BR POLICIES–AS PER NATIONAL VOLUNTARY GUIDELINES

Although the Company's business strategy evolves with industry realities and a changing marketplace, sustainability remains integral to the Company's foundational values, defining not only what the Company does, but also how the Company does it. The seeds of being environmentally and socially responsible are sowed deep into the Company's foundation and culture and all the activities of the Company are performed with the aim to contribute to the business sustainability, with every passing day, while creating value for the stakeholders. The National Voluntary Guidelines provide the following principles as encapsulated herein below.

01 Principle
Corporate Governance for Ethics, Transparency and Accountability

02 Principle
Sustainability of Products & Services across Life-cycle

03 Principle
Employee Well-being

04 Principle
Stakeholder Engagement

05 Principle
Human Rights

06 Principle
Protection and Restoration of the Environment

07 Principle
Regulatory Policy

08 Principle
Supporting Inclusive Growth and Equitable Development

09 Principle
Providing Value to Customers and Consumers

(a) Details of compliance [Reply in Y/N]

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for.....?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy/policies been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy/policies conform to any national/international standards? If yes, specify?	The policies of the Company generally conform to the Principles of the National Voluntary Guidelines (NVGs) on Social, Environment and Economic Responsibilities of Business, issued by the Ministry of Corporate Affairs (MCA), Government of India in July, 2011.								
4.	Has the policy/policies been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy/policies to be viewed online.	The policies are uploaded on the website of the Company at www.pcblltd.com under the segment 'Investor Relations'. The web link on which the policies can be viewed are https://www.pcblltd.com/policies/								
7.	Has the policy/policies been formally communicated to all the relevant internal and external stakeholders?	Yes, the policies have been communicated to all the key internal and external stakeholders. Communication is an ongoing process and it is intended to cover both the internal and external stakeholders. Besides, the web link of all our policies are also depicted in the Board's Report and the Corporate Governance Report, which forms a part of the Annual Report, and the same stands communicated to the stakeholders accordingly.								

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8.	Does the Company have an in-house structure to implement the policy/policies?	Yes.								
9.	Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy/policies?	Yes, the Company has a Stakeholders' Relationship Committee of the Board of Directors to look into the various aspects of interests of the shareholders and other security holders of the Company. Further, the Company also has a Whistle Blower Policy / Vigil Mechanism to enable the Directors and Employees of the Company to address their genuine concerns about any instance of irregularity, unethical practice and/ or misconduct, etc., if any, to the Chairperson of the Audit Committee. Our Company also ensures to make the employees aware of such Whistle Blower Policy so as to enable them to report instances of leak of unpublished price sensitive information.								
10.	Has the Company carried out an independent audit/evaluation of the working of the policy/policies by an internal or external agency?	The evaluation of the CSR activities, undertaken by the Company in accordance with the CSR policy formulated in this regard, is done by the respective CSR Committee of the Board of Directors of the Company set up in terms of the Companies Act, 2013.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

3. GOVERNANCE RELATED TO BR

SL No.	Particulars	Remarks
1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The BR performance of the Company which is aimed at looking into the performance of the respective policies covering the principles given in the Business Responsibility Report is reviewed annually by the CSR Committee of the Board of Directors of the Company headed by the Managing Director. Besides, the CSR Committee also reviews the implementation of the projects/initiatives/activities to be undertaken by the Company in the field of CSR.
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently it is published?	Yes, the Company publishes its BR annually. Besides, in line with the requirements of the Companies Act, 2013, the Company has also published the CSR Report which forms a part of this Annual Report. The CSR Report and the Business Responsibility Report, which forms a part of the Annual Report, is available on the website of the Company and the hyperlink for viewing the same is https://www.pcblltd.com/annual-reports/. The Company has also published its first Comprehensive Sustainability Review and the hyperlink for viewing this Report is https://www.pcblltd.com/pcbl-sustainability-review-2018/ .

BUSINESS RESPONSIBILITY POLICIES AND GUIDELINES

A part of the RP-Sanjiv Goenka Group, one of India's leading business conglomerates, which has diverse interests, spanning across Power & Natural Resources, Carbon Black, Retail & FMCG, Media & Entertainment, Infrastructure & IT, Education and Sports, Phillips Carbon, over the decades, has emerged as one of the most acclaimed carbon black brands, on the strength of global repute, product customisation, quality excellence and timely delivery. Our Company's business practices reflect our ethical conduct, transparency and customer commitment that have earned us the trust and confidence of the stakeholders. Our Company has aligned its policies and guidelines with the principles depicted under the Business Responsibility framework. The context of the BR principles is also captured in the Sustainability Policy, the Sustainability Review and the Code of Conduct adopted by the Company, implementation of which is ensured through the well established systems and processes existing all across the organisation.

BUSINESS RESPONSIBILITY REPORT INDEX ON SOCIAL, ENVIRONMENTAL AND ECONOMIC ISSUES

Sl. No.	Business Responsibility Report Principle	Section in BRR Report	Details in PCBL's Sustainability Report
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	√
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life-cycle	Sustainability of Products & Services across Life-cycle	√
3	Businesses should promote the well-being of all employees	Employee Well-being	√
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	√
5	Businesses should respect and promote human rights	Human Rights	√
6	Businesses should respect, protect, and make efforts to restore the environment	Protection and Restoration of the Environment	√
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Regulatory Policy	√
8	Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	√
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers and Consumers	√

01 Principle

Corporate Governance for Ethics, Transparency and Accountability

The Company has a 'Code of Conduct for Board Members and Senior Management Personnel' in place to serve as a source of guiding principle for all Directors and Senior Management Officers of our Company.

A Board-approved policy on 'Ethics and Code of Conduct' serves as a source of guiding principle for Phillips Carbon Black Limited's (PCBL's) corporate governance philosophy, which is anchored in the RP-Sanjiv Goenka Group Core Values of 'Customer Happiness – Bring a smile on the face of your Customer', 'Credibility – Instill trust and confidence with your actions', 'Humaneness – Be caring and respectful to all ', 'Execution Excellence – Put your heart and soul into your actions', 'Speed – Move ahead of time' and 'Risk Taking – Dare to go beyond'. PCBL employees are bound by the 'Ethics and Code of Conduct' policy for conducting their day-to-day work affairs, participating in activities outside their jobs in a lawful manner and without any conflict with their responsibilities as employees. The policy is also intended for ensuring fair dealings with customers, suppliers, contractors and other stakeholders to our business.

Strategic Supervision of the Business Responsibility Practices and Disposal of Stakeholders Grievances:

The Stakeholders Relationship Committee of the Board of Directors of the Company looks into the various aspects of interests of the shareholders and other security holders of the Company. The Company received complaints, from time to time, from its shareholders and all of those were satisfactorily resolved by the Company. The details relating to the number of shareholders' complaints received and resolved during the year have been separately shown in the 'Corporate Governance Report', which forms a part of the Annual Report 2018 - 2019. The CSR Committee of the Board of Directors of the Company monitors the implementation of the CSR projects or programmes undertaken by the Company. The role of this Committee is to formulate and recommend to the Board, a CSR Policy, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Company from time to time. Besides, the CSR Committee is also bestowed with the responsibility of reviewing, monitoring and providing a strategic direction to the Company's sustainability practices and integrating its social, environmental and economic responsibilities. During the year, the CSR Committee of the Board of Directors of the Company met once to review the implementation of the CSR activities and the sustainability performance of the Company.

In addition to the above, the Company also has in place a Whistle Blower Policy / Vigil Mechanism to enable the Directors and Employees of the Company to report their concerns about the Company's working or about any violation of its policies. The Company also enables employees to report instances of leak of unpublished price sensitive information by virtue of its Whistle Blower Policy. Furthermore, the Company also has an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, covering all the women employees of the Company. All these policies have been detailed in the 'Corporate Governance Report', which forms a part of the Annual Report 2018 – 2019. No stakeholder complaints have been received in the past financial year under the purview of the Whistle Blower Mechanism and the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

02 Principle

Sustainability of Products & Services across Life-cycle

The Company is inspired by the transforming business landscape and has also emerged as one of the forerunners in leading this change. The Company produces Carbon Black that serves a wide range of rubber and non-rubber related applications. The Company

understands that customers increasingly prefer responsible businesses and with a view to cater to the same, the Company has integrated responsibility and sustainability into both its purpose and products. The Company operates state-of-the-art integrated manufacturing plants across India as well as NABL accredited laboratories for Research and Development and Quality Control. Innovation for a changing world has multiple facets in the context of our Company's business. Accordingly, the Company's overall innovation approach encompasses manufacturing processes, product features and customers with the aim of imparting sustainable value creation for its products and services across its life-cycle.

Sustainability is the heart of our Company's long-term approach to value creation, safeguarding our license to operate. It outlines the factors that help us set benchmarks with responsible production practices. It articulates our efforts to develop new products and innovate new processes. Eventually, our Company enables us to create a safe and exciting work environment for our employees.

Some of these elements are discussed briefly:

Maximising Resource Efficiency

All of the Company's manufacturing facilities are characterised by several strategic advantages with a view to maximise resource efficiency such as:-

a.) Seamless ability to switch between alternative feedstocks, thereby enabling raw material flexibility;

b.) Proximity to ports that enables easy access to raw materials and international customers, thereby optimising logistics costs;

c.) Well planned multiple locations that minimises risk and ensures better supply chain management; and

d.) Easy grid connectivity that helps the sales of surplus energy.

Sustainable Products

Top three of the Company's products or services whose designs have incorporated social or environmental concerns, risks and/or opportunities and for each such product, the following details in respect of resource use (energy, water, raw material, etc.) per unit of product are listed herein below:-

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain

(b) Reduction during usage by consumers (energy, water, etc.) achieved since the previous year

(i) FDA-compliant black for coatings– Our Company is the third global producer of such type of carbon black grade. This high purity furnace black powder is used in coating applications such as cookware in developed and developing countries. Utensils made out of this grade are capable of working in wide range of temperatures from 0 to 200°C, without affecting any property. Quality consistency and conformance to the US Food and Drug Administration (FDA) 21 Code of Federal Regulations (CFR) 178.3297 is very critical for this product.

(ii) UV Curing Ink application – Our Company developed product in the last year mainly for UV Curing ink application to commensurate with latest market trend. The recent trend of ink industries emphasised on using low Volatile Organic Content (VOC) as per the guidelines/policies issued by Environmental Protection Authority of most of the countries. Therefore, ink manufacturers are focused on developing faster drying formulations. Our product has been already under evaluation by the top two ink manufacturers in the world, in the US and UK. Thus, by developing this product, we have moved towards environment-friendly chemicals such as UV Curing ink formulations, being a responsible corporate citizen.

(iii) Drip Irrigation Pipe System– Our Company developed this product for the drip irrigation pipe system. In today's world of restricted water usage, the irrigation industry is focusing on drip irrigation pipe systems, which include drip tube and drip laterals. These are sprinklers that use high-pressure water through a fine orifice. For this type of product, carbon black dispersion and surface smoothness are critical. Our product is equivalent to the global benchmark in terms of dispersions. Therefore, this grade was developed in line with the current focus of the agricultural industry to use water efficiently.

Responsible and Sustainable Sourcing

The Company's upstream and downstream partners in the supply chain are critical to ensure the quality, continuity, efficiency and risk mitigation. Producing 60+ grades of carbon black including 34 specialty grades, feedstock sourcing is very critical to sustaining our business. The Company's manufacturing facilities are located near the ports and this facilitates switching over to alternative feedstock according to production requirements without interruptions. This strategy also reduces the freight cost and minimises uncertainty. Besides, this also leads to lower diesel consumption, which in turn, reduces air pollution and helps conserve natural resources.

Besides, another key to the Company's value chain are the petroleum refineries and blenders. The Company's primary raw material is heavy residue from the fluid catalytic cracking (FCC) units of refineries or residue from the naphtha cracker units of petroleum plants. Blenders play a major role in collecting these residues from the refineries and blending it to match the Company's specific quality requirements, thereby rationalising logistical expenses. The Company primarily uses good quality Carbon Black Feedstock (CBFS) such as FCC bottom oil, Ethylene bottom oil and Anthracene oil for developing various grades rubber blacks and specialty blacks and also possesses a prudent inventory management mechanism to ensure seamless operations across all its plants. The incoming raw materials pass through stringent quality checks. The Company is an Occupational Health and Safety Assessment Series (OHSAS) certified organisation and is committed towards identifying, preventing and managing risks pertaining to Health and Safety (H&S), social responsibility and environment in its supply chain. The Company has also

broad-based its raw material sources by fostering partnerships with multiple vendors, both in India and abroad.

The Company has helped its logistics partners across road and waterways to adopt best practices and reduce in-transit losses. Better quality packaging, for instance, lowers chances of product damage, while enhancing customer satisfaction. At the same time, packaging efficiency is enhanced by loading products into bigger bags. In a freight-sensitive industry, the Company enjoys an advantage on its inbound and outbound materials, owing to the strategic location of its facilities.

The Company conducts annual meetings with major raw material suppliers (comprising 80-90% of its purchased value) and vessel owners located outside India. The Company also meets its domestic suppliers frequently. Its interactions focus on market intelligence, quality, pricing and areas of improvement. Besides, the Company also exchanges its thoughts at various levels through corporate events such as industrial fairs, conferences and seminars.

It encourages its suppliers to implement environmental and safety management practices. All of the Company's locations are ISO 9001, IATF 16949, ISO 14001 and OHSAS 18001 certified. These standards enforce performance evaluation against environmental, safety, quality and manufacturing performance across the length of the value chain.

Concomitant to this, the Company also understands that the support of local businesses is quite vital in ensuring the growth of a company. Hence, keeping this in view, the Company has created various support mechanisms and policies to assist the growth of local businesses and a strategic local manufacturing development roadmap was established by the company in the field of Purchase along with the development of local manufacturers for different types of Air Preheater (APH) bellows, alloy casting tubes, gear box, palletiser, paper bag packing M/c, etc. through reverse engineering.

In order to increase the confidence of local and small vendors, the Company is:

- Providing technical guidance as an when required
- Paying periodic visits to the local manufacturer's factory
- Following supportive terms and conditions at the initial stage to encourage the local and small vendors.

Mechanism to recycle products and waste

The Company is committed to reduce its carbon footprint by co-generating power from the tail gas recovered from carbon black production thereby replacing the same amount from fossil fuel fired power plants and reducing Greenhouse Gas (GHG) emissions. This power is primarily used for captive consumption and any surplus is wheeled externally. The Company also contributes to water and solid waste recycling. The 12 MW Captive Power Plant at Palej was the first unit globally to be registered as Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change (UNFCCC).

The Company has installed a facility for rain water harvesting to reduce raw water consumption. The Company is also spearheading the recycling of waste water in all its factories to achieve ZLD status. In addition, the Company also funds the cleaning of rivers and ponds around its units and supply organic fertilisers, cow fodder and grass to the drought-prone villages located close to its plants. Planting saplings both inside and outside the factory premises thereby developing green belts is also one of the focus areas of the Company towards its business responsibility initiative.

03 Principle

Employee Well-being

An organisation's vision is lived by and fructified by its People. In our continuous endeavour to drive our Vision, PCBL this year has led focussed organisational level interventions in line with the People Philosophy pillars- Leadership, Culture, Capabilities, Demography and Rewards, to create a culture of transparency, inclusivity and a global mind set fostering innovation and leadership building.

The Company has marked itself as the first of its kind in introducing AMBER to its employees. 'Amber', an artificial intelligence enabled chatbot, helps create touchpoints with all employees, thereby making efforts in creating a culture of transparency and inclusivity. It provides the leadership team with a real-time dashboard and helps to point the needle in the right direction on our cultural transformation journey.

The Company is focusing on the Leadership pillar by strengthening the Performance Management system (PMS), which is based on the B2MOM (Big Idea, Business Theme, Methods, Obstacle and Measures) concept. The B2MOM-driven PMS process empowers managers to drive team performance and team development and drive coaching as an inherent trait of a leader, and builds leaders' ownership on reward decisions.

As part of the organisation's digital strategy, the Company has migrated to Success Factors (SF) - a cloud based Human Capital Management platform- People Connect. It covers every process of an employee's lifecycle with the organisation from pre-hire to exit and empowers employees to be their own HR. People processes like - Learning Management System (LMS), Continuous Feedback, and Performance Management are integrated on this platform. The LMS also hosts the Virtual Gurukul platform offering a bouquet of technical and behavioural online modules across the clock, for employees to learn and build their competencies. This will induce self-learning, and help in building organisational capability.

Using technology as a HR enabler, the new online induction module has been designed to make the new joinees aware about the growing legacies of the RP- Sanjiv Goenka Group, the story of PCBL's transformation journey, impact of PCBL on the stakeholders, the group Core Values, senior leadership team's thought and ideas. The main objective of rolling out the module is to create a standard induction experience for all new joinees joining across PCBL locations.

The Company has launched the first season of 'PCBL Challengers'- a Pan-India business case study competition across premiere B-schools. The case study was designed around a live business concern. The competition observed participation from about 70

teams from across institutes who came up with valid marketing strategies, feasibility study, ROI mapping substantiating their solution to the cited concern. This leveraged the employer branding of the organisation and positioned it as a preferred employer across premier B-Schools of India.

The Company in association with one of the premier B-schools of India worked on a live project titled "Employer Branding at PCBL". The students worked on the project from their campus and came out with feasible and cost effective strategies to strengthen the employer branding quotient of PCBL.

"PCBLite Leader – Managing Teams" Workshop focuses on capability building through the empowerment of leaders and enhancing their coaching abilities. The objective of the workshop is to make the leaders understand the essence of the People processes and lead them in alignment with PCBL's People Philosophy. The programme covers leaders managing a team across the organisation including the senior leadership team.

In the month of March 2019, the workshop was conducted for the Senior Leadership Team of the Company. The main objective of the Leadership workshop was to clearly understand the 'WHY' and define the 'WHAT' and plan the 'HOW' part of building an exciting workplace at PCBL, in line with our People Philosophy. During the two days' workshop, the leaders focused on how PCBL, as an employer, is being perceived by the internal and external stakeholders. Insights were drawn from various internal and external sources. Through the Cause and Effect Diagram with Addition of Cards (CEDAC) method, broad strategies and action plans were defined to make PCBL an exciting workplace to work for.

The Company's industrial Relations (IR) continues to be harmonious and not a single man- day was lost in the financial year.

1. **Total number of employees:**
   Total number of permanent employees (management staff) - 715

   Total number of permanent employees (non-management staff) - 249

2. **Total number of employees hired on a temporary/ contractual/casual basis:**

Total number of employees hired on	Temporary basis	Nil
	Casual basis	Nil
	Contractual basis	682

3. **Total number of permanent women employees:**
   Total number of permanent women employees –45

4. **Total number of permanent employees with disabilities:**
   Total number of permanent employees with disabilities - 2

5. **Employee association which is recognised by the management:**
   The Workmen of Phillips Carbon Black Limited are members of recognised trade union.

6. **Number of complaints relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on the end of the financial year
1.	Child labour /forced labour /involuntary labour	Not applicable	Not applicable
2.	Sexual harassment	NIL	Not applicable
3.	Discriminatory employment	NIL	Not applicable

7. **Percentage of the under-mentioned employees who were given safety and skill upgradation training in the last year?**

% of safety training in the last year for under mentioned employees	No. of persons	% of total strength in the respective category
Permanent Employees	964	81
Permanent Women Employees	45	80
Casual / Temporary / Contractual Employees	682	84.5
Employees with Disabilities	2	-

04 Principle

Stakeholder Engagement

Our Company's Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders which include customers, shareholders, employees, supply chain partners, regulators and communities, society in and around where it does business, and government.

The Company believes that as owners of financial capital, investors are critical to sustaining the long-term momentum of our business. Additionally, robust investor confidence is a key differentiator in a competitive industry scenario and that is what shapes up a culture of transparency and ownership in the organisation.

The Company's vision of becoming a trusted **Global** player that will provide cutting-edge solutions to its **Partners** and an exciting workplace to its **People** revolves around its mapped strategy, customer-centricity, process orientation, robust financials and brand building. The Company believes that an effective stakeholder engagement process is a strong foundation to progress sustainably towards its vision. The Company actively engages with the stakeholders in its own operations and beyond to bring transformational change.

The Company engages in multiple ways with specific important stakeholders:-

Customers:

Over the years, the Company has established itself as one of the reputed carbon black brands owing to its product customisation, quality excellence and on-time delivery. Our Company works with

leading tyre companies within India and around the globe. Similarly, the specialty black customers include prominent names across the globe.

Shareholders:

The Company adopts a holistic and responsible approach to business, a commitment by being transparent in its disclosures. The Company believes in complete transparency and ethical business practices. Every quarter, the Company announces the audited results that are approved by the Board of Directors (or Committees) and submitted to the stock exchanges, regularly organises investor meets and analyst congregations in India and abroad, intimates press releases to the Stock Exchanges and also discloses its plans to achieve carbon neutrality and efforts to reduce carbon emissions, by responding to the CDP questionnaire. The Company also provides crucial data and insights to global investors thereby helping them make informed decisions.

Supply Chain Partners:

The Company's supply chain partners (both upstream and downstream) are critical to ensure quality, continuity, efficiency and mitigation of risks. The Company's strong worldwide network of channel partners enables us to leverage the knowledge of the local market trends.

Regulators:

The Company proactively evaluates its impact and improves its performance, conforming to prevailing environmental, social and corporate governance regulations – be it local, national or global. Our processes and systems are guided by internationally recognised quality, environmental and social standards. These standards not only ensure adherence to the applicable regulatory norms but stay ahead of them as well. Since these standards and their applications are monitored through both internal and external audits, the veracity of relevant information and authenticity of practices and procedures are never compromised.

Besides manufacturing carbon blacks that ensure the best possible hygiene and safety standards, our Company also adheres to different global food contact regulations such as Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), Code of Federal Regulations (CFR) of the USFDA, Commission Regulation of European Union and Indian Standard (Fourth Revision) requirements.

Employees:

The Company is committed to foster a diverse, inclusive and safe environment where all people can not just achieve their best, but are encouraged to share their ideas. By honing each individual's skills, abilities and experiences, the Company aims at achieving superior business and personal outcomes.

Communities:

The Company aims at strengthening a sustainable ecosystem around its manufacturing units through strategic interventions in areas such as education, health and sanitation, community development and environment sustainability. The needs of the community are assessed through periodic interactions with various stakeholder groups.

The Company addresses all the issues raised by the various stakeholders from time to time.

05 Principle

Human Rights

The Company seeks to uphold and promote human rights in its operations. The various aspects of human rights are embedded in the organisation' values/policies/guidelines and are taken care of judiciously by the management. The Company has in place 'Ethics and Code of Conduct' Policy and various other Policies relating to Fair and Ethical Workplace for all its employees and the Company works relentlessly towards strengthening and introducing systems to ensure a sound implementation of these Policies.

The Company also looks into the various aspects of interests of its shareholders and other security holders and ensures timely redressal of their grievances. The details relating to the number of shareholder's complaints received and resolved during the year have been separately shown and detailed in the 'Corporate Governance Report', which forms a part of the Annual Report 2018 - 2019.

06 Principle

Protection and Restoration of the Environment

The Company is well aware of the importance of environmental sustainability. Sustainability is dependent on the issues that matter most to the business both for the short term and the long term. Therefore, the Company's strategy aims at addressing those issues with diligence and speed. The Company focuses on efficiency in the operative life of the end-product and proper disposal of the end-product.

With the aim of turning greener in varied ways, the Company recognises the necessity of preserving the environment and reducing emissions and wastes. The Company has taken all requisite measures to mitigate the environmental risks and is also being proactive in managing the related environmental aspects. The Company manages its various environmental risks through the various modes as depicted herein below:-

Fugitive Emissions:

The Company addresses these risks by installing better quality filter media with modified internal design for dryers, modernising the de-dusting system undertaken at the warehouse and replacing the packing machines.

Liquid Discharge:

The Company addresses the afore-mentioned risk by installing advanced waste water recycling system.

Sox and H2S emissions in Captive Power Plant and Dryer Stacks:

The Company reduces this risk by sourcing feedstock that is low in sulphur content.

The Company also focuses at product innovation such as producing grades that are 'clean' versions of conventional ASTM rubber grades, possessing European REACH registration

for all its products and developing specialty products with very low Polycyclic Aromatic Hydrocarbons (PAH), thereby driving the 'Transformation Journey' from its grassroots and leading to environmental compliance.

In lines with the commitments of the EHS Policy, the Company has established management systems, which are certified by competent accreditation bodies in line with international standards such as ISO 14001 and OHSAS 18001. Necessary contingency plans are also developed and implemented to prevent, mitigate and control environmental disasters.

Further, the Company has institutionalised safety as a value-led concept by inculcating a sense of ownership at all levels. Customised risk-based training programmes are conducted across the manufacturing units, which has resulted in improved safety performance.

07 Principle

Regulatory Policy

The Company works with apex industry institutions that are engaged in policy advocacy like Indian Chamber of Commerce (ICC), Bengal Chamber of Commerce and Industry (BCC&I), Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industries (CII), The Associated Chambers of Commerce & Industry of India (Assocham), All India Management Association (AIMA), Federation of Indian Export Organisations (FIEO) and Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL). The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interest of diverse stakeholders.

The Company is in engagement with the aforementioned bodies for contributing to the advancement or improvement of the society at large and for public good, in various ways.

08 Principle

Supporting Inclusive Growth and Equitable Development

The Company is relentlessly strengthening a sustainable ecosystem around its manufacturing units through strategic need-based interventions in the areas of education, health and sanitation, environment sustainability and holistic community development. The needs of the community are assessed through periodic interactions with the various stakeholder groups. With the mantra of the Company being 'TOUCHING LIVES IN MORE WAYS THAN ONE', PCBL aims at co-creating value by seeking a clear understanding of how the operations and products are interconnected with the evolving aspirations of the stakeholder fraternity.

In line with the Corporate Social Responsibility (CSR) Policy, the Company has been undertaking community-oriented programmes to promote sustainable and inclusive development of the deprived sections of the population. The CSR Policy formed by the Board of Directors applies to all CSR initiatives and activities taken up by the Company for the benefit of different sections of the society. The Company has been undertaking various activities with regard to education, health, community development and environment sustainability to support and facilitate the development of the underprivileged and disadvantaged sections of the society. The CSR projects are undertaken in consultation with the stakeholders to ensure that they are relevant and respond to the needs of the community for which they are implemented. The CSR projects are mostly undertaken by the in-house team of the Company. The Company has involved its own employees as volunteers engaged with various projects. Furthermore, every project has a Committee that participates in and contributes to the project. The Company also believes in participatory approach while planning and implementing the community development initiatives. The Company's CSR projects at several locations are developed in consultation and participation with various stakeholders, including the local communities. Moreover, regular stakeholder consultations are held at regular intervals for all the projects to ensure sustainability.

The Company conducts periodic assessment of its projects under the CSR programme. The CSR Committee of the Board of Directors formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, recommends the amount of expenditure to be incurred on account of CSR activities, monitors the CSR Policy and reviews the implementation of the projects and programmes undertaken by the Company during the year. Reports are sought from the implementing agencies, wherever they are involved, in order to understand the impact of the initiatives. In-house projects are also being reviewed and monitored on a regular basis.

Some of the important initiatives undertaken by the Company are mentioned hereinbelow:-

Education:

The Company regularly provides financial assistance to government-run schools near our production units. The Company helps schools in infrastructure development, computer literacy programmes, facilitation of tuitions, distribution of school-aid materials, donation towards food distribution, cultural activities at schools for underprivileged students and distribution of uniforms. Besides, the Company also drives food distribution initiatives, cultural activities in schools for underprivileged students and delivery of uniforms to the community children.

Health and Sanitation:

The Company helps to construct household toilets under the Swachh Bharat Abhiyaan; contributed towards infrastructure development of hospitals; provided medical aids (including diagnosis and consultation) to the local community and made provisions for pulse polio immunisation camps for the children of nearby villages. The Company also helped a Foundation, that works towards underprivileged children suffering from chronic kidney disease.

Community Development:

The Company provides financial assistance to various external projects in backward areas. It also helps construct temples and distribute food to the economically disadvantaged people. It runs

its own socio-economic development initiatives in and around its manufacturing units. The Company contributes towards fishery development in the nearby villages and also lends support to the Chief Minister's Relief Fund for various social initiatives. During this year, the Company has also contributed towards cleaning of pond in the surrounding village areas and carried out beautification work in the villages and has also contributed towards constructing double side road connecting plants. The Company also created livelihood development by establishing an Institution of Excellence.

Environment Sustainability:

The Company's Environment, Health and Safety (EHS) Policy provides the necessary direction for the Environment Sustainability. The Company has long back, embarked on the journey of manufacturing carbon black in an environmentally responsible manner, even before the regulatory landscape on environmental regulations started changing and the Company now aims to continue in this journey with specific targets, which will help the Company to achieve significant milestones and set benchmarks for itself.

The Company plans to align itself with the National Action Plan on Climate Change (NAPCC) of the Government of India to mitigate the threats of global warming / climate change through continual improvement in every sphere of operations. The Company has installed a facility for rainwater harvesting to reduce raw water consumption. The Company is spearheading the recycling of waste water in all its factories, to achieve ZLD status. Besides, the Company also funds the cleaning of rivers and ponds around its units and also supplies organic fertilisers, cow fodder and grass to the drought-prone villages located close to the plants. Sapling plantation is also one of the many activities that the Company undertakes both inside and outside the factory premises, thereby developing green belts.

Details of the amount spent for the respective projects have been detailed and furnished separately in 'Annexure – D' to the Board's Report.

09 Principle

Providing Value to Customers and Consumers

As an organisation which upholds and makes significant efforts to ensure good governance and believes that 'Corporate Governance is embedded in its Corporate Culture', the Company complies with all the laws of the land. Over the years, the Company has established itself as one of the reputed carbon black brands globally on the strength of product customisation, quality excellence and timely delivery. The Company works with the leading tyre companies in India and across the globe and its specialty black customers also include prominent international brands.

'Product Responsibility' for the Company begins from the product development stage itself. Knowing the exact customer requirement, be it in India or the international customers, is the basis for the Company to develop the required grade of carbon black. The Company has established the process of 'being fit' for its customers' product, application and regulation requirements. The Company continually strives to establish an excellent relationship with its customers and proactively cater to their needs. It is committed to manufacturing carbon blacks that comply with different food contact regulations across the globe, including the European Union, USA, India and China. There are a few parameters which makes the Company a preferred supplier such as:- Collaborative effort towards product development, Best-in-class supply chain management, Constant engagement and servicing and Customised grades of carbon black to meet specific requirements.

Listening to customers

The Company engages with customers on three broad levels:

Directly

The Company connects with customers to understand their requirements on technical, commercial and supply chain, while also developing new products by touching base with the concerned departments.

Supply chain partner

The Company relies on supply chain partners to understand the specific requirements of niche markets or geographies. The supply chain partner is the Company's gateway to reach micro-level customers to meet their requirement with its advanced technological developments.

Global conferences

The Company participates in conferences and exhibitions across the world to foster alliances with existing customers and at the same time, reaching out to prospective ones and communicating the evolving nature of its business.

The process of capturing the voice of the customer is established through different levels of interaction, visits and customer's periodic rating. The rating is reviewed on a regular basis. With every passing year, the Company is becoming more aware and systematic in its approach towards gathering customer feedback and addressing customer complaints and issues. The Company has put in place a robust system for handling customer grievances. To address key customer concerns, the Company conducts a Root Cause Analysis (RCA) methodically and resolves customer complaints with utmost speed.

The Company also ensures compliance with quality standards like International Organisation for Standardisation (ISO) and the applicable regional regulations. The Company provides product information details in the packaging labels, facilitating transparency in communication.

As the Company continues to grow and move forward, it shall continue its efforts of sustainable business practices. The Company's indomitable focus on environmental and social responsibility as well as its commitment towards creating a happy and safe workplace for its employees is the common thread across all its growth strategies and it shall continue to tread the path laid by its Vision.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PHILLIPS CARBON BLACK LIMITED REPORT ON THE AUDIT OF THE STANDALONE Ind AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone Ind AS financial statements of Phillips Carbon Black Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

1. **Revenue recognition** (as described in note 14 of the standalone Ind AS financial statements)

Key audit matter

The Company makes sales to various customers, both domestic and international, whereby the prices of the products are subject to negotiations based on various factors including crude oil prices, movement in other variable costs, volatility in foreign currencies, level of offtake by customers and demand supply situation in carbon black market. Such prices are agreed through a formal contract.

The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed and the rates are agreed, or based on management's estimate.

Sales are also affected based on varying delivery terms, as agreed with the customers, which determines the timing of recognition of such sales.

The amounts involved being material to these financial statements, and dependent on various factors stated above, revenue recognition was determined to be a key audit matter in our audit.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We have evaluated the Company's process and controls around revenue recognition, estimation of discounts and timing of recognizing sales as per contractual terms, including testing effectiveness of such controls.
- We have considered the contractual terms of the sales contracts and tested credit memos issued during the year and subsequent to the year-end.
- We have inquired of key sales personnel regarding retroactive pricing adjustments, and discussed with management regarding their awareness of pricing negotiations that could affect current year revenue.
- We obtained direct balance confirmations from customers on a sample basis as at the year-end or performed

alternate audit procedures where such confirmations could not be obtained.

- We have performed procedures on the Company's key components, analyzing the revenues, cost of sales and discounts / incentives in comparison with historical data.
- We have analyzed pricing adjustments and credit notes issued after the reporting date.
- We also discussed with the management on the likely timing of issuance of credit notes to customers where discounts have been recorded, and are pending to be passed on to the concerned customers.
- We also obtained necessary representation from the management in this regard.
- We tested sample of sales transactions at the year-end to determine the appropriateness of timing of recognition of such sales.

2. **Provisions for claims & litigations and disclosure of contingent liabilities** (as described in note 10 and note 23 of the standalone Ind AS financial statements)

Key audit matter

The Company is involved in litigations, both for and against the Company, comprising of tax matters, compliances and other disputes.

The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its advisors and lawyers. This involves a high level of management judgement and assumptions which impact the risk assessment and consequential provisioning or disclosure of contingencies in the financial statements.

This area is significant to our audit, since the completeness and appropriateness of accounting and disclosures for contingencies is dependent on such management judgement and assumptions.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We evaluated and tested the Company's processes and controls for monitoring of such claims, litigations, disputes, compliances and assessment thereof for determining the likely outcome.
- We read the summary of the litigations prepared by the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise.
- We obtained legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of such litigations and validate the management judgement and assumptions.
- We discussed with the management, including the Company's internal tax experts and head of legal matters to understand the basis of management's judgements and estimates.
- We obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters.
- We read the minutes of the board meetings, and tested the Company's legal expenses to determine the completeness of claims, disputes and litigations.
- We tested the adequacy of disclosures in the standalone Ind AS financial statements.

3. **Fair Valuation of investments in unquoted equity and preference shares** (as described in note 4(a) of the standalone Ind AS financial statements)

Key audit matter

The Company has fair valued its non-current investments in unquoted equity and preference shares of few companies as at the year end.

Determining the fair value of such unquoted investments requires valuation techniques which has been performed by independent valuation experts, applying applicable valuation methodologies.

These investments, being material to these financial statements, was determined to be a key audit matter in our audit.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We obtained the last audited financial statements for the year ended March 31, 2018, and the unaudited management certified financial statements / trial balance for the year ended March 31, 2019, where relevant, of the investee companies and traced the composition of the net asset value of such investee companies used in fair valuation exercise, to the same.
- We read such financial information to determine any matters which should have been considered for the valuation exercise, and discussed with the management for the year ended March 31, 2019 if there are any other significant developments since the last audited financial statements.

- We compared the fair valuation of such investments as on March 31, 2019 with the fair valuation as on March 31, 2018 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation.
- We also obtained suitable management representation in this regard.
- Further, we obtained Independence confirmation from the concerned valuers and assessed their competence.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 10 and note 23 to the standalone Ind AS financial statements;
ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership No.: 058652

Kolkata
May 20, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE SECTION ON "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR EVEN REPORT ON THE EVEN DATE

To the Members of **Phillips Carbon Black Limited**

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment (fixed assets).

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the company except leasehold land at Chennai aggregating ₹ 2,521.08 Lakhs as at March 31, 2019 for which title deed is yet to be executed in favour of the Company.

ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture and sale of carbon black and sale of power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of Dues	Amount (₹ In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	6,644.95	1999-00 to 2016-17	Customs Excise and Service Tax Appellate Tribunal
		307.49	1997-98 to 1998-99, 2003-04 to 2016-17	Commissioner (Appeals)
		3.08	2009-10	Ministry of Finance
	Service Tax	602.06	2012-13	Customs Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	8.70	2009-10 and 2012-13	Customs Excise and Service Tax Appellate Tribunal
		38.30	2006-07 to 2010-11	Deputy Commissioner of Custom
		11.80	2008-09 to 2009-10	Supreme Court
Finance Act, 1994	Service Tax	114.07	2011-12 to 2014-15	Commissioner (Appeals)
		100.50	2008-09 to 2011-12	Customs Excise and Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	138.61	2007-08	Senior Joint Commissioner Commercial Taxes
		57.98	2014-15	Appellate Commissioner
		96.35	2012-13 to 2015-16	Deputy Commissioner of Commercial Taxes
		458.13	1994-95 to 1995-96, 1999-00, 2000-01	Calcutta High Court
		522.23	2003-04 to 2004-05, 2011-12, 2014-15 to 2015-16	West Bengal Commercial Taxes Appellate & Revisional Board
		593.54	2004-05	Supreme Court
Gujarat Value Added Tax Act, 2006	Value Added Tax	593.44	2013-14	Appellate Commissioner
		22.57	2006-07	Gujarat Value Added Tax Tribunal
Kerala Value Added Tax, 2003	Value Added Tax	49.00	2007-08, 2011-12 to 2014-15	Appellate Tribunal
		36.26	2008-09 to 2009-10, 2011-12, 2015-16	Deputy Commissioner of Commercial Taxes
West Bengal Sales Tax Act, 1994	Sales Tax	67.46	2003-04	West Bengal Commercial Taxes Appellate & Revisional Board
		92.72	1994-95 to 1995-96, 1999-00, 2000-01, 2004-05	West Bengal Taxation Tribunal
Kerala General Sales Tax Act, 1963	Sales Tax	54.58	2004-05	Supreme Court
West Bengal Value Added Tax Act, 2003	Value Added Tax	78.31	2007-08	Senior Joint Commissioner Commercial Taxes
		289.78	2005-06, 2015-16	West Bengal Taxation Tribunal

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank during the year. The Company did not have any outstanding loans or borrowing from Government or dues to debenture holders during the year.

ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership No.: 058652

Kolkata
May 20, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE Ind AS FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE Ind AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE Ind AS FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019 , based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership No.: 058652

Kolkata
May 20, 2019

STANDALONE Ind AS BALANCE SHEET

as at 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at 31 March, 2019	As at 31 March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	149,439.95	139,426.75
Capital work-in-progress	3(b)	17,504.16	6,684.43
Investment property	3(c)	447.73	447.73
Intangible assets	3(d)	143.11	44.64
Financial assets			
(i) Investments	4(a)	27,867.98	33,740.43
(ii) Loans	4(e)	1,935.27	1,831.80
(iii) Other financial assets	4(f)	139.20	139.20
Other non-current assets	5	2,497.14	4,720.55
Total Non-current assets		**199,974.54**	**187,035.53**
Current assets			
Inventories	6	46,029.23	30,990.16
Financial assets			
(i) Investments	4(a)	10,510.94	-
(ii) Trade receivables	4(b)	65,265.78	52,197.46
(iii) Cash and cash equivalents	4(c)	7,393.56	13,285.17
(iv) Other bank balances	4(d)	188.52	97.13
(v) Loans	4(e)	179.74	45.59
(vi) Other financial assets	4(f)	194.32	458.14
Other current assets	5	7,726.71	1,833.04
Total Current assets		**137,488.80**	**98,906.69**
TOTAL ASSETS		**337,463.34**	**285,942.22**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	7	3,446.77	3,446.77
Other equity	8	161,360.34	133,788.10
TOTAL EQUITY		**164,807.11**	**137,234.87**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	9(a)(i)	27,066.03	16,425.49
Provisions	10	131.28	70.05
Deferred tax liabilities (Net)	11	25,671.86	22,727.27
Total Non-current liabilities		**52,869.17**	**39,222.81**
Current liabilities			
Financial Liabilities			
(i) Borrowings	9(a)(ii)	45,499.13	52,263.30
(ii) Trade payables	9(b)		
a) Total outstanding dues of micro enterprises and small enterprises		358.87	102.17
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		50,437.34	40,073.92
(iii) Other financial liabilities	9(c)	13,945.89	7,644.34
Provisions	10	8,321.11	7,780.12
Current tax liabilities (Net)	13	88.38	1,204.56
Other current liabilities	12	1,136.34	416.13
Total Current liabilities		**119,787.06**	**109,484.54**
TOTAL LIABILITIES		**172,656.23**	**148,707.35**
TOTAL EQUITY AND LIABILITIES		**337,463.34**	**285,942.22**

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

STANDALONE Ind AS STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Year ended 31 March, 2019	Year ended 31 March, 2018
Revenue from operations	14	352,855.68	261,127.12
Other income	15	1,941.06	1,973.03
Total Income		**354,796.74**	**263,100.15**
EXPENSES			
Cost of materials consumed	16(a)	235,195.95	166,185.40
Changes in inventories of finished goods	16(b)	(5,539.79)	841.71
Excise duty on sale of goods		-	5,333.31
Employee benefits expense	17	11,092.09	9,717.57
Finance costs	18	3,677.40	4,143.53
Depreciation and amortisation expense	19	6,638.36	6,052.39
Other expenses	20	49,852.59	40,443.53
Total Expenses		**300,916.60**	**232,717.44**
Profit before tax		**53,880.14**	**30,382.71**
Income-tax expense	21		
Current tax		15,086.90	9,179.60
Deferred tax		(60.11)	(1,775.51)
Total tax expense		**15,026.79**	**7,404.09**
Profit for the year		**38,853.35**	**22,978.62**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss, net of taxes			
Re-measurement loss on post-employment defined benefit plans (net of tax)		(120.38)	(193.88)
Net (loss)/gain on FVTOCI equity instruments (net of tax)		(188.86)	4,582.65
Other Comprehensive Income for the year, net of tax		**(309.24)**	**4,388.77**
Total Comprehensive Income for the year, net of tax		**38,544.11**	**27,367.39**
Earning per equity share :	26		
[Nominal Value per share - ₹ 2/- (Previous year - ₹ 2/-)] [Refer note 7(ii)]			
Basic (₹)		22.54	13.33
Diluted (₹)		22.54	13.33

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

STANDALONE Ind AS STATEMENT OF CASH FLOWS

for the year ended 31 March, 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

		Notes	Year Ended 31 March, 2019		Year Ended 31 March, 2018	
A.	CASH FLOW FROM OPERATING ACTIVITIES					
	Profit before Tax			**53,880.14**		**30,382.71**
	Adjustments to reconcile profit before tax to net cash flows:					
	Depreciation and amortisation expenses	19	6,638.36		6,052.39	
	Finance costs	18	3,677.40		4,143.53	
	Allowance for doubtful debts / expected credit losses - trade receivable	20	500.69		50.00	
	Allowance for doubtful debts / expected credit loss written back	15	-		(249.06)	
	Interest income from certain financial assets	15	(30.68)		(84.34)	
	Interest income from loan to subsidiary	15	(51.18)		(46.53)	
	Dividend income from equity instruments designated at FVOCI	15	(390.58)		(266.27)	
	Gain on sale of investments carried at FVTPL	15	(797.69)		(927.33)	
	Fair Value gains on investments at FVTPL	15	(354.58)		(220.84)	
	Liabilities no longer required written back	15	(270.99)		(40.14)	
	(Profit)/Loss on disposal of property, plant and equipment	15/20	16.15		(3.93)	
	Reversal of Impairment of investment in subsidiary	20	-		(345.13)	
	Provisions for claims and litigations		2,025.40		5,790.37	
	Foreign exchange differences (net)		(433.02)		2,204.08	
				10,529.28		16,056.80
	Operating profit before changes in operating assets and liabilities			**64,409.42**		**46,439.51**
	Working capital adjustments					
	(Increase) in inventories		(15,039.07)		(6,637.84)	
	(Increase) in financial and non-financial assets		(20,109.17)		(4,090.70)	
	Increase/(Decrease) in financial and non-financial liabilities		12,553.13		(2,827.06)	
				(22,595.11)		(13,555.60)
	Cash generated from operations			**41,814.31**		**32,883.91**
	Income tax paid			(12,811.51)		(6,833.27)
	NET CASH FLOWS FROM OPERATING ACTIVITIES			**29,002.80**		**26,050.64**
B.	CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of property, plant and equipment		(23,273.90)		(10,022.41)	
	Proceeds from disposal of property, plant and equipment		121.08		5.32	
	Purchase of current investments		(257,700.00)		(288,700.00)	
	Proceeds from sale/redemption of current investments		252,491.40		299,130.30	
	Purchase of non-current investments		-		(8,227.22)	
	Proceeds from sale of non-current investments		-		3,485.00	
	Interest received		115.07		52.79	
	Dividend received from equity instruments designated at FVOCI		390.58		266.27	
	NET CASH FLOWS USED IN INVESTING ACTIVITIES			**(27,855.77)**		**(4,009.95)**

STANDALONE Ind AS STATEMENT OF CASH FLOWS

for the year ended 31 March, 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Year Ended 31 March, 2019	Year Ended 31 March, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES			
Arrear Allotment money received		-	0.23
Proceeds from non-current borrowings		18,300.00	5,000.00
Repayment of non-current borrowings		(4,018.54)	(6,520.16)
Increase/(decrease) in cash credit facilities from banks		(17,165.25)	453.53
Proceeds from current borrowings		111,706.50	136,631.81
Repayment of current borrowings		(101,513.79)	(140,922.82)
Dividends paid (including ₹ 1,664.95 Lakhs (Previous year ₹ 421.01 Lakhs) tax on dividends)		(9,673.44)	(2,521.68)
Finance cost paid		(4,674.12)	(3,109.78)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(7,038.64)**	**(10,988.87)**
Net increase/(decrease) in Cash and Cash Equivalents		**(5,891.61)**	**11,051.82**
Opening Cash and Cash Equivalents [Refer Note 4(c)]		13,285.17	2,233.35
Closing Cash and Cash Equivalents [Refer Note 4(c)]		**7,393.56**	**13,285.17**

Changes in liabilities arising from financing activities

Particulars	1 April 2018	Cash Flows	Other	31 March 2019
Current borrowings	52,263.30	(6,972.54)	208.37	45,499.13
Non-current borrowings (including Current Maturities)	19,469.79	14,281.46	92.32	33,843.57
Total liabilities from financing activities	**71,733.09**	**7,308.92**	**300.69**	**79,342.70**

Particulars	1 April 2017	Cash Flows	Other	31 March 2018
Current borrowings	54,814.30	(3,837.49)	1,286.48	52,263.30
Non-current borrowings (including Current Maturities)	21,006.77	(1,520.16)	(16.82)	19,469.79
Total liabilities from financing activities	**75,821.07**	**(5,357.65)**	**1,269.67**	**71,733.09**

Accounting Policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes form an integral part of these Standalone Ind AS Statement of Cash Flows
This is the Standalone Ind AS Statement of Cash Flows referred to in our report of even date.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata

Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

STANDALONE Ind AS STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March, 2019

A. EQUITY SHARE CAPITAL

Particulars	Notes	31 March, 2019		31 March, 2018	
		No of shares	Amount	No of shares	Amount
Equity shares of ₹ 2/- (31 March, 2018 ₹ 10/-) each issued, subscribed and paid up: (Refer Note 7 (ii))					
Opening balance	7	172,337,860	3,446.77	34,467,572	3,446.73
Receipt of pending allotment money		-	-	-	0.04
Closing balance		**172,337,860**	**3,446.77**	**34,467,572**	**3,446.77**

B. OTHER EQUITY

Particulars	Notes	Reserves and Surplus					Other reserves	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	
As at 1 April, 2018	8	152.81	22,411.79	7,338.43	60.34	88,536.59	15,288.14	133,788.10
Profit for the year		-	-	-	-	38,853.35	-	38,853.35
Other comprehensive income for the year (net of tax)		-	-	-	-	(120.38)	(188.86)	(309.24)
Total Comprehensive Income for the year, net of tax		**-**	**-**	**-**	**-**	**38,732.97**	**(188.86)**	**38,544.12**
Dividends paid (including ₹ 1,664.95 Lakhs tax on dividends)	25	-	-	-	-	(9,764.83)	-	(9,764.83)
Loss on fair valuation of preference shares of companies under control/significant influence of the holding company		-	-	-	-	(1,207.04)	-	(1,207.04)
As at 31 March, 2019		**152.81**	**22,411.79**	**7,338.43**	**60.34**	**116,297.69**	**15,099.28**	**161,360.34**
As at 1 April, 2017	8	152.81	22,411.60	7,338.43	60.34	68,477.81	10,705.49	109,146.48
Amount received during the year		-	0.19	-	-	-	-	0.19
Profit for the year		-	-	-	-	22,978.62	-	22,978.62
Other comprehensive income for the year (net of tax)		-	-	-	-	(193.88)	4,582.65	4,388.77
Total Comprehensive Income for the year, net of tax		**-**	**-**	**-**	**-**	**22,784.74**	**4,582.65**	**27,367.39**
Dividends paid (including ₹ 421.01 Lakhs tax on dividends)	25	-	-	-	-	(2,489.06)	-	(2,489.06)
Loss on fair valuation of preference shares of the holding company purchased during the year		-	-	-	-	(236.90)	-	(236.90)
As at 31 March, 2018		**152.81**	**22,411.79**	**7,338.43**	**60.34**	**88,536.59**	**15,288.14**	**133,788.10**

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

CORPORATE INFORMATION

Phillips Carbon Black Limited is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 28. Equity shares of the Company are listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited. The registered office of the Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700001,West Bengal, India.

These standalone financial statements were approved and authorised for issue in accordance with resolution of the Board of Directors on May 20, 2019.

1. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

1.1.1.Compliance with Ind AS

These standalone financial statements comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These standards and policies have been consistently applied to all the years presented, unless otherwise stated. The standalone financial statements are presented in Indian Rupee (₹), which is the Company's functional and presentation currency.

1.1.2. Historical cost convention

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

i) certain financial assets and liabilities (including derivative instruments);
ii) Plan assets of defined benefit employee benefit plans

1.1.3. Current versus Non-current Classification

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

An asset is classified as current when it is:

a. expected to be realised or intended to be sold or consumed in the normal operating cycle,
b. held primarily for the purpose of trading,
c. expected to be realised within twelve months after the reporting period, or
d. cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a. it is expected to be settled in the normal operating cycle,
b. it is held primarily for the purpose of trading,
c. it is due to be settled within twelve months after the reporting period, or
d. there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

1.2. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.3. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the 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

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.4. Other financial assets (other than Investments)

1.4.1.Classification

The 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.

1.4.2. 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.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

1.4.3. Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Company determines whether there has been a significant increase in credit risk.

1.4.4.Derecognition of financial assets

A financial asset is derecognised only when

- The rights to receive cash flows from the asset have expired
- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.4.5. Fair value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair values includes discounted cash flow analysis and available quoted market prices. All methods of assessing fair values result in general approximation of fair values and such value may never actually be realised.

1.5. Derivatives Instruments

The Company enters into certain derivative contracts to hedge risks, which are not designated as hedges. Derivatives are recognised at fair values on the date a derivative contract is entered into and subsequent fair value changes are recognised in the statement of profit and loss at the end of each reporting period.

1.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

1.7. Foreign currency transactions and translation

1.7.1. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. At the year end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchanges rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1.8. Recent Accounting Pronouncements

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 amending the following standard:

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. These amendments shall have no material impact on the financial statements of the Company.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 April 2019. These amendments have no impact on the financial statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

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The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

Annual improvement to Ind AS (2018);
These improvements include:
Amendments to Ind AS 12: Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

Amendments to Ind AS 23: Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

Ind AS 116 Leases
Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Ind AS 116 requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Company is in the process of evaluating the requirements of the standard and its impact on its financial statements.

1.9. Rounding of amounts
All amounts disclosed in the 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.

Changes in accounting policies and disclosures
New and amended standards
The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 115 Revenue from Contracts with Customers
Ind AS 115 is effective from April 1, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. Under such method, there were no significant adjustments required to be made to the retained earnings as at 1st April 2018. Also, the application of Ind AS 115 did not have any significant impact on the profit for the year.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations
The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

advance consideration. This Interpretation does not have any impact on the Company's standalone financial statements.

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENT

The preparation of standalone financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of contingent assets and liabilities at the date of these standalone financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates is recognised in the period in which the estimates are revised and future periods impacted.

The areas involving critical estimates of judgments are:
Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represents obligation that will be settled in future and require assumptions to project benefit obligations. Post-employment benefits accounting is intended to reflect the recognition of future benefits cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the company to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and benefit costs incurred.

Estimation of expected useful lives and residual values of property, plants and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the Company's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities and Provisions for claims and litigations

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business. The Company consults with legal counsel and certain other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques which involve various judgements and assumptions. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumption about these factors could affect the reported fair value of financial instruments. Refer note 29 for further disclosures

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

NOTE 3(A) PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction or at deemed cost as on the date of transition to Ind AS less accumulated depreciation, impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation

In case of certain property, plant and equipment, depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets which are different than the rates prescribed under the Schedule II to the Companies Act 2013.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Equipment and Electrical Installations over estimated useful life of 18 to 20 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on historical cost/deemed cost of other property, plant and equipment (except land) is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013.

The useful lives, residual values and method of depreciation of property, plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting year.

An item of property, plant and equipment or its components recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The cost of property, plant and equipment not ready to use are disclosed under capital work in progress.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

Tangible Assets

	Freehold Land	Leasehold Land	Buildings (i)	Non-Factory Buildings and Flats	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Electrical Installations	Railway Sidings	Total
Year ended 31 March 2019											
Gross carrying amount											
Opening balance as at 1 April 2018	20,206.19	42,920.48	7,286.36	5,810.21	78,229.86	160.70	567.56	17.94	2,191.88	1.40	157,392.58
Additions during the year	-	-	276.68	2,278.91	14,065.16*	4.57	107.11	-	40.81	-	16,773.24
Disposals during the year	-	-	-	-	(184.19)	(4.45)	(3.98)	-	(0.43)	-	(193.05)
Closing Gross carrying amount	**20,206.19**	**42,920.48**	**7,563.04**	**8,089.12**	**92,110.83**	**160.82**	**670.69**	**17.94**	**2,232.26**	**1.40**	**173,972.77**
Accumulated Depreciation											
Opening balance as at 1 April 2018	-	-	917.91	344.53	15,634.33	69.11	371.04	12.95	614.56	1.40	17,965.83
Depreciation charge for the year	-	-	332.71	138.52	5,856.05	19.75	106.77	1.81	167.21	-	6,622.82
Adjustment of depreciation on disposals	-	-	-	-	(49.11)	(3.33)	(3.22)	-	(0.17)	-	(55.83)
Closing Accumulated Depreciation	**-**	**-**	**1,250.62**	**483.05**	**21,441.27**	**85.53**	**474.59**	**14.76**	**781.60**	**1.40**	**24,532.82**
Net Carrying Amount	**20,206.19**	**42,920.48**	**6,312.42**	**7,606.07**	**70,669.56**	**75.29**	**196.10**	**3.18**	**1,450.66**	**-**	**149,439.95**
Year ended 31 March 2018											
Gross carrying amount											
Opening balance as at 1 April 2017	20,206.19	40,399.40	7,121.59	5,013.55	74,963.46	143.58	477.13	25.42	2,163.46	1.40	150,515.18
Additions during the year	-	2,521.08	164.77	796.66	3,562.14	21.03	90.92	-	28.42	-	7,185.02
Disposals during the year	-	-	-	-	(295.74)	(3.91)	(0.49)	(7.48)	-	-	(307.62)
Closing Gross carrying amount	**20,206.19**	**42,920.48**	**7,286.36**	**5,810.21**	**78,229.86**	**160.70**	**567.56**	**17.94**	**2,191.88**	**1.40**	**157,392.58**
Accumulated Depreciation											
Opening balance as at 1 April 2017	-	-	608.09	225.89	10,623.30	50.90	261.07	18.34	420.55	1.40	12,209.54
Depreciation charge for the year	-	-	309.82	118.64	5,294.13	20.89	110.30	2.09	194.01	-	6,049.88
Adjustment of depreciation on disposals	-	-	-	-	(283.10)	(2.68)	(0.33)	(7.48)	-	-	(293.59)
Closing Accumulated Depreciation	**-**	**-**	**917.91**	**344.53**	**15,634.33**	**69.11**	**371.04**	**12.95**	**614.56**	**1.40**	**17,965.83**
Net Carrying Amount	**20,206.19**	**42,920.48**	**6,368.45**	**5,465.68**	**62,595.53**	**91.59**	**196.52**	**4.99**	**1,577.32**	**-**	**139,426.75**

* Includes ₹ 339.20 Lakhs on account of duty saved on assets imported under the EPCG scheme.

(i) Cost and accumulated depreciation include ₹ 4,775.22 Lakhs (31 March, 2018 - ₹ 4,775.22 Lakhs) and ₹ 698.33 Lakhs (31 March, 2018 - ₹ 506.30 Lakhs), respectively in respect of Buildings on Leasehold Land.

(ii) Title deed of the above immovable properties are held in the name of the Company except leasehold land amounting to ₹ 2,521.08 Lakhs (31 March, 2018 - ₹ 2,521.08 Lakhs) for which execution of leasehold deed is pending.

(iii) The Company has borrowings from banks, which carry security charge over certain of the above property, plant and equipment. (Refer note 9(a) for details).

(iv) Gross carrying amount on leasehold land represents amount paid under certain lease agreements where the Company has an option to renew the properties on expiry of the lease period. The Company based on terms and conditions of lease agreements has assessed these lease arrangements to be perpetual in nature, accordingly leasehold land is not amortised.

(v) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 19).

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(B) CAPITAL WORK-IN-PROGRESS

Capital Work in Progress

Particulars	Total
Year ended 31 March, 2019	
Opening balance as at 1 April 2018	6,684.43
Additions during the year	27,698.78*
Capitalization during the year	(16,879.05)
Closing Gross carrying amount	**17,504.16**
Year ended 31 March, 2018	
Opening balance as at 1 April 2017	7,375.79
Additions during the year	5,852.52
Capitalization during the year	(6,543.88)
Closing Gross carrying amount	**6,684.43**

1. During the year the Company has capitalised the following expenses to cost of property, plant and equipment/capital work-in-progress:

	31 March, 2019	31 March, 2018
Finance Cost	248.08	55.78
Salaries and wages	458.85	263.65
Other Overheads	785.51	-
	1,492.44	319.43
Add: Balance brought forward from previous year	319.43	-
Less: Capitalised during the year to property, plant and equipment	1,642.67	-
Balance lying in capital work-in-progress	**169.20**	**319.43**

Refer Note 9 (a)(i) for rate used to determine the amount of borrowings cost eligible for capitalisation.

* Includes ₹ 586.65 Lakhs on account of duty saved on assets imported under the EPCG scheme.

NOTE 3(C) INVESTMENT PROPERTY

Accounting Policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Particulars	Land
Year ended 31 March, 2019	
Opening gross carrying amount at 1 April, 2018	447.73
Closing gross carrying amount	**447.73**
Year ended 31 March, 2018	
Opening gross carrying amount at 1 April, 2017	447.73
Closing gross carrying amount	**447.73**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

Estimation of fair value

The Company's investment property consists of freehold land in Andul, West Bengal, India.

The fair value of the investment property is based on current prices for similar property. The main inputs used are quantum, area, location, demand, and trend of fair market value in the area.

The fair value is determined by an accredited independent valuer. Fair valuation is based on market approach method and categorised as Level 2 fair value hierarchy. As at 31 March 2019 and 31 March 2018, the fair values of the properties are ₹ 514.06 Lakhs and ₹ 447.73 Lakhs respectively.

The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 29 (iv).

NOTE 3(D) INTANGIBLE ASSETS

Accounting Policy

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation, impairment loss, if any.

Computer Software for internal use, which is primarily acquired from third party vendors, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation method and period

Computer software is amortized on a straight line basis over estimated useful life of three years from the date of capitalisation.

Amortisation method and useful lives are reviewed periodically at each financial year end.

Particulars	Computer Software - Acquired
Year ended 31 March, 2019	
Gross carrying amount	
Opening balance as at 1 April 2018	111.11
Additions during the year	114.01
Closing Gross carrying amount	**225.12**
Accumulated amortisation	
Opening balance as at 1 April 2018	66.47
Amortisation charge during the year	15.54
Closing accumulated amortisation	**82.01**
Net Carrying Amount	**143.11**
Year ended 31 March, 2018	
Gross carrying amount	
Opening balance as at 1 April 2017	63.96
Additions during the year	47.15
Closing Gross carrying amount	**111.11**
Accumulated amortisation	
Opening balance as at 1 April 2017	63.96
Amortisation charge during the year	2.51
Closing accumulated amortisation	**66.47**
Net Carrying Amount	**44.64**

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer note19).

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

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NOTE 4 (A) : INVESTMENTS

Accounting Policy

1. Investment in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment losses, if any. Investments are tested for impairment whenever an event or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount. If, in a subsequent period, recoverable amount equals or exceeds the carrying amount, the impairment loss recognised is reversed accordingly.

1.1 Investment (other than investment in subsidiaries)

1.1.1. Classification

The Company classifies its investments as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss).

The classification depends on the Company's business model for managing the investments and the contractual terms of cash flows.

For investments measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies the debt investments when and only when the business model for managing those investment changes.

1.1.2. Measurement

At initial recognition, the Company measures a investment at its fair value plus, in the case of investment not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit or loss are expensed in the statement of profit and loss.

(a) Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the investment and the cash flow characteristics of the investment. The Company classifies its debt instruments as:

Fair value through profit or loss: Investments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of profit and loss and presented on net basis in the statement of profit and loss within other income/ other expense in the period in which it arises.

(b) Equity Instrument

The Company subsequently measures all equity investments at fair value through Other Comprehensive Income and there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. At the time of derecognition of such investments, the gain or loss is transferred to retained earnings.

	31 March, 2019	31 March, 2018
Non-Current		
Investments in Equity Instruments (fully paid-up) - Subsidiary company		
Unquoted		
Phillips Carbon Black Cyprus Holdings Limited	2,164.91	2,164.91
18,118 (31 March, 2018: 18,118) equity shares of Euro 1/- each		
Total (A)	**2,164.91**	**2,164.91**
Investments in Equity Instruments (fully paid-up) - Other body corporate		
Quoted		
Bank of Baroda	46.26	51.13
35,930 (31 March, 2018: 35,930) equity shares of ₹ 2/- each **		
Indian Overseas Bank	1.65	1.99
11,400 (31 March, 2018: 11,400) equity shares of ₹ 10/- each **		

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

	31 March, 2019	31 March, 2018
Norplex Oak India Limited	-	-
380,000 (31 March, 2018: 380,000) equity shares of ₹ 10/- each ^		
Maple Circuits Limited	-	-
765,000 (31 March, 2018: 765,000) equity shares of ₹ 10/- each ^		
CESC Limited	12,320.21	16,292.05
1,686,198 (31 March, 2018: 1,686,198) equity shares of ₹ 10/- each **		
CESC Ventures Limited ##	2,097.46	-
337,239 (31 March, 2018: Nil) equity shares of ₹ 10/- each **		
Spencers Retail Limited ##	1,618.75	-
1,011,718 (31 March, 2018: Nil) equity shares of ₹ 5/- each **		
Total (B)	**16,084.33**	**16,345.17**
## Received during the year on restructuring of CESC Limited		
Unquoted		
Apeejay Charter Private Limited	0.16	0.16
1,600 (31 March, 2018: 1,600) equity shares of ₹ 10/- each **		
Accurate Commodeal Private Limited	481.85	248.39
390,000 (31 March, 2018: 390,000) equity shares of ₹ 10/- each **		
Woodlands Multispeciality Hospital Limited	421.89	247.34
145,480 (31 March, 2018: 145,480) equity shares of ₹ 10/- each **		
Ritushree Vanijya Private Limited	1,445.14	1,530.92
1,900 (31 March, 2018: 1,900) Equity Shares of ₹ 10/- each **		
Solty Commercial Private Limited	1,445.10	1,530.89
1,900 (31 March, 2018: 1,900) Equity Shares of ₹ 10/- each **		
Subhrashi Vinimay Private Limited	1,606.52	1,752.39
13,000,000 (31 March, 2018: 13,000,000) equity shares of ₹ 10/- each **		
Fairluck Commercial Company Limited	745.12	1,020.54
6,670,000 (31 March, 2018: 6,670,000) equity shares of ₹ 10/- each **		
Spotboy Tracom Private Limited	1,300.48	1,342.94
330,875 (31 March, 2018: 330,875) equity shares of ₹ 10/- each **		
Elphinstone Properties (P) Ltd.	628.93	690.34
4,500,000 (31 March, 2018: 4,500,000) equity shares of ₹ 10/- each **		
RPG Industries (P) Ltd.	283.75	245.22
402,000 (31 March, 2018: 402,000) equity shares of ₹ 10/- each **		
Total (C)	**8,358.94**	**8,609.13**
Investments in Preference Shares (fully paid-up) - Other body corporate		
Rainbow Investments Limited	-	4,249.67
(31 March, 2018: 4,775,000) 2% cumulative non convertible redeemable preference shares of ₹ 100 each #		
Devise Properties Private Ltd.	656.73	1,249.50
1,050,000 (31 March, 2018: 1,050,000) 0% Convertible Preference Shares of ₹ 100/- each at par #		
Lebnitze Real Estate (P) Ltd.	603.07	1,122.05
950,000 (31 March, 2018: 950,000) 0% Convertible Preference Shares of ₹ 100/- each at par #		
Norplex Oak India Limited	-	-
50 (31 March, 2018: 50) preference shares of ₹ 100/- each ^		
Maple Circuits Limited	-	-
50 (31 March, 2018: 50) preference shares of ₹ 100/- each ^		
Total (D)	**1,259.80**	**6,621.22**
(E)=(A)+(B)+(C)+(D)	**27,867.98**	**33,740.43**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

	31 March, 2019	31 March, 2018
Current		
Investments in Preference Shares (fully paid-up) - Other body corporate		
Unquoted		
Rainbow Investments Limited	4,504.66	-
4,775,000, 2% cumulative non convertible redeemable		
preference shares of ₹ 100 each #		
Investments in Mutual Funds #		
Unquoted		
ICICI Prudential Liquid - Direct Plan Growth	6,006.28	-
2,172,909.254 (31 March, 2018: NIL) of face value ₹ 100/- each		
	10,510.94	**-**
1. Additional Information		
(a) Aggregate amount - market value of quoted investments	16,084.33	16,345.17
(b) Aggregate amount of unquoted investments	22,294.59	17,395.26

Investments carried at Fair value through profit or loss

** Investments carried at Fair value through Other Comprehensive Income (FVOCI) - Refer note 2 below

^ The cost of quoted and unquoted investments in equity instruments (fully paid up) and preference shares (fully paid up) respectively have been written off in the past, though quantity thereof appears in the books

2 These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVOCI as the management believes that this provides a more meaningful presentation for long term investments, than reflecting changes in fair values immediately in statement of profit and loss. Based on the aforesaid election, fair value changes are accumulated within Equity under "Fair Value Changes through Other Comprehensive Income - Equity Instruments". The Company transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.

3 Refer note 29 for information about fair value measurements and note 30 for credit risk and market risk on investments.

4(B) TRADE RECEIVABLES

Accounting Policy

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables only, the 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.

	31 March, 2019	31 March, 2018
Secured		
Considered Good	100.00	70.00
Unsecured		
Considered Good	65,165.78	52,127.46
Receivables which have significant increase in credit risk	159.45	122.57
Receivables - credit impaired	1,188.39	724.58
Less : Allowance for significant increase in credit risk	(159.45)	(122.57)
Less: Allowance for credit impaired receivables	(1,188.39)	(724.58)
	65,265.78	**52,197.46**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

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(All amounts in ₹ Lakhs, unless otherwise stated)

4(C) CASH AND CASH EQUIVALENTS

	31 March, 2019	31 March, 2018
Balances with banks	6,561.39	907.02
Deposits with original maturity of less than three months	-	10,000.00
Remittances in transit	826.03	2,375.67
Cash on Hand	6.14	2.48
	7,393.56	**13,285.17**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

4(D) OTHER BANK BALANCES

	31 March, 2019	31 March, 2018
Balances with Banks		
- In Unpaid Dividend Accounts *	188.52	97.13
	188.52	**97.13**

* Earmarked for payment of Unclaimed Dividends

4(E) LOANS

(Unsecured considered good)

	31 March, 2019	31 March, 2018
Non-current		
Security deposits	1,231.94	1,232.39
Loan to Related Party		
Phillips Carbon Black Cyprus Holding Limited (Subsidiary) (Refer Note 27)	563.11	511.91
Other Loans		
Loan to Employees @	140.22	87.50
	1,935.27	**1,831.80**
@ Includes amount due from an officer of the Company	11.50	17.50
Current		
Security deposits	9.10	11.80
Other Loans		
Loan to Employees @	170.64	33.79
	179.74	**45.59**
@ Includes amount due from an officer of the Company	6.00	6.00

4(F) OTHER FINANCIAL ASSETS

(Unsecured considered good)

	31 March, 2019	31 March, 2018
Non-Current		
Margin Money Deposit against guarantees	139.20	139.20
	139.20	**139.20**
Current		
Interest Receivable	-	84.38
Derivative Instruments not designated as hedges	-	131.16
- Foreign Exchange Forward Contracts		
Unbilled Revenue from sale of power	194.32	242.60
	194.32	**458.14**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 5: OTHER ASSETS

(Unsecured considered good, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
Non-current		
Capital advances		
- Considered Good :	1,918.52	4,041.58
- Considered Doubtful :	45.62	45.62
Less : Allowance for doubtful advances	(45.62)	(45.62)
Deposits under dispute	452.39	586.74
Others		
Prepaid Expenses	126.23	92.23
	2,497.14	**4,720.55**
Current		
Advances to Suppliers/ Service providers (other than capital)		
- Considered Good :	1,293.07	309.79
- Considered Doubtful :	16.18	16.18
Less : Allowance for doubtful advances	(16.18)	(16.18)
Balances with Government Authorities *		
- Considered Good :	5,007.80	326.43
- Considered Doubtful :	216.46	216.46
Less : Allowance for doubtful advances	(216.46)	(216.46)
Advances to Employees	-	77.21
Prepaid Expenses	386.89	510.12
Export Benefit Receivables #	1,038.95	609.49
	7,726.71	**1,833.04**

* Balances with Government Authorities primarily include amounts realisable from the GST Authorities and customs authorities of India and the unutilised GST input credits on purchases to be utilised against future GST liabilities. These are generally realised within one year and hence these balances have been classified as current assets.

Export Benefit Receivables primarily consist of amounts receivable from government authorities of India towards incentives on export sales made by the Company

NOTE 6: INVENTORIES

(At lower of cost and net realisable value)

Accounting Policy

Inventories are stated at lower of cost and net realisable value.

- Raw materials, Stores and Spares and Packing Material: cost is determined on moving weighted average method and includes cost of purchase and other incidental costs. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	As at 31 March, 2019	As at 31 March, 2018
Raw materials	30,900.18	23,158.49
Finished goods	8,311.51	2,771.72
Stores and spares parts *	6,817.54	5,059.95
* [including packing material ₹ 572.57 Lakhs (Previous Year ₹ 579.34 Lakhs)]		
	46,029.23	**30,990.16**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 7: EQUITY SHARE CAPITAL

	As at 31 March, 2019	As at 31 March, 2018
Authorized share capital		
310,000,000 (31 March, 2018: 62,000,000 equity shares of ₹ 10/- each) equity shares of ₹ 2/- each (Refer (ii) below)	6,200.00	6,200.00
Issued, subscribed and paid-up		
172,337,860 (31 March, 2018: 34,467,572 equity shares of ₹ 10/- each fully paid up) equity shares of ₹ 2/- each fully paid up (Refer (i) and (ii) below)	3,446.77	3,446.77
	3,446.77	**3,446.77**

(i) There was no change in number of equity shares issued during the year ended 31 March, 2019 and 31 March, 2018. No equity shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.

(ii) Pursuant to the Special Resolution passed by the Shareholders by way of Postal Ballot on 3 April, 2018, the Company had sub-divided 1 Equity Share of face value of ₹ 10/- per share, fully paid-up into 5 Equity Shares of face value of ₹ 2/- per share, fully paid up, effective from 21 April, 2018.

(iii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company :-

	Number of Shares (Holding %)	Number of Shares (Holding %)
Rainbow Investments Limited - Holding Company (Refer Note (ii))	86,515,370	17,303,074
	(50.20%)	(50.20%)

(iv) Terms/ Rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 2/- per share and each shareholder is entitled for one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(v) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94.

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

NOTE 8: OTHER EQUITY

		As at 31 March, 2019	As at 31 March, 2018
(i)	**Reserves and Surplus**		
	Capital Reserve (Refer a below)	152.81	152.81
	Securities Premium (Refer b below)	22,411.79	22,411.79
	Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below)	60.34	60.34
	General reserve (Refer d below)	7,338.43	7,338.43
	Retained Earnings (Refer e below)	116,297.69	88,536.59
(ii)	**Other Reserves**		
	Equity Instruments through Other comprehensive income (Refer f below)	15,099.28	15,288.14
		161,360.34	**133,788.10**

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(All amounts in ₹ Lakhs, unless otherwise stated)

(a)	Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation - Balance brought forward	152.81	152.81
(b)	Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013		
	Balance as at the beginning of the year	22,411.79	22,411.60
	Add: Amount received during the year	-	0.19
	Balance as at the end of the year	**22,411.79**	**22,411.79**
(c)	Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward	60.34	60.34
(d)	General Reserve - Balance brought forward	7,338.43	7,338.43
	Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.		
(e)	Retained Earnings		
	Balance as at the beginning of the year	88,536.59	68,477.81
	Profit for the year	38,853.35	22,978.62
	Items of other comprehensive income recognised directly in Retained Earnings		
	- Remeasurement of post-employment defined benefit obligation, net of tax	(120.38)	(193.88)
	Dividends paid (including ₹ 1,664.95 Lakhs (Previous year ₹ 421.01 Lakhs) tax on dividends) (Refer note 25)	(9,764.83)	(2,489.06)
	Loss on fair valuation of preference shares of companies under common control/holding company	(1,207.04)	(236.90)
	Balance as at the end of the year	**116,297.69**	**88,536.59**
	Retained Earnings are the profits and gains that the Company has earned till date and adjustments done on transition to Ind AS, less any transfer to general reserve, dividends or other distributions paid to shareholders.		
(f)	Other Comprehensive Income		
	Balance as at the beginning of the year	15,288.14	10,705.49
	Changes in fair value of FVOCI Equity Instruments, net of tax	(188.86)	4,582.65
	Balance as at the end of the year	**15,099.28**	**15,288.14**

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised.

9(A) BORROWINGS

Accounting Policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be utilised. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired

Borrowings are classified as current and non-current liabilities based on repayment schedule agreed with banks.

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as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

(i) Non-current borrowings

Secured Loans

	As at 31 March, 2019	As at 31 March, 2018
Term loans from Banks	33,843.57	19,469.79
Less: Current maturities of Long Term Debt [included in Note 9(c)]	(6,777.54)	(3,044.30)
	27,066.03	**16,425.49**
Out of the Term Loans in (i) above, loans amounting to :		
a) ₹ 22,300.00 Lakhs (31 March, 2018 - ₹ 4,983.18 Lakhs) are secured with a first charge by way of a hypothecation over all moveable properties of the Company both present and future, ranking pari passu with charge created in favour of other term lenders.		
b) ₹ 11,543.57 Lakhs (31 March, 2018 - ₹ 13,500 Lakhs) is secured with a first charge by way of a hypothecation on the entire fixed assets (Property, plant and equipment) of the company both present and future ranking pari passu with charge created in favour of other term lenders.		
c) ₹ Nil (31 March, 2018 - ₹ 453.64 Lakhs) is secured by way of first charge on fixed assets (Property, plant and equipment) both present and future, of the Company by way of hypothecation and mortgage on pari-passu basis with other term lenders. Second charge on all current assets (present & future) of the company on pari passu basis.		
d) ₹ Nil (31 March, 2018 - ₹ 564.90 Lakhs) is secured by pari passu first charge on the entire fixed assets (Property, plant and equipment) both present and future, moveable and immovable. Second pari passu charge by way of hypothecation of the entire current assets of the Company (both present and future).		
Maturity Profile of Long Term Borrowings outstanding as on 31 March,2019 :		
Loan with residual maturity of upto 1 and 3 years	-	453.64
Loan with residual maturity of upto 3 and 5 years	22,300.00	4,983.18
Loan with residual maturity of upto 5 and 10 years	11,543.57	14,032.97
	33,843.57	**19,469.79**
Interest rate on Rupee loans from Banks are based on spread over respective Lenders benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR. All of the above are repayable in periodic instalments over the maturity period of the respective loans.		
(ii) Current Borrowings		
SECURED LOANS FROM BANKS		
Loans repayable on demand	12,495.39	13,176.83
Other loans	2,797.24	6,115.39
a) Nature of Security Secured by first charge by way of hypothecation of all the Company's current assets, namely all the stock of raw material, stock in process, semi finished goods and finished goods, consumable stores and spares not relating to plant and machinery (consumable and spares) both present and future, bills receivable, bills whether documentary or clean, outstanding monies, receivable, book debts and all other current assets of the Company both present and future , ranking pari passu without any preference or priority of one over the others and also by second charge on the company's immovable and movable fixed assets, both present and future ranking pari passu without any preference or priority of one over the others.		
UNSECURED LOANS		
Loans repayable on demand		
- From Banks	30,206.50	32,971.08
	45,499.13	**52,263.30**
Balance outstanding as at 31 March, 2019 in respect of Commercial Paper was ₹ Nil (31 March, 2018: ₹ Nil,). Maximum amount outstanding at any time during the year was ₹ 25,000 Lakhs (2017-18: ₹ 10,000 Lakhs,)		
Refer notes 3(a) and 4(b) for details of assets pledged as security as set out in the above note. Refer note 30 for information about liquidity risk and market risk on borrowings.		

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

9(B) TRADE PAYABLES

Accounting Policy

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

		As at 31 March, 2019	As at 31 March, 2018
	Current		
	Total outstanding of Dues to Micro Enterprises and Small Enterprises	358.87	102.17
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	50,437.34	40,073.92
		50,796.21	**40,176.09**
	Information relating to Micro, Small and Medium Enterprises (MSME)s:		
(i)	The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
	Principal	316.56	87.04
	Interest	24.31	7.31
(ii)	The amount of interest paid by the buyer under Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of payment made to suppliers beyond the appointed day during the year		
	Principal	-	-
	Interest	-	-
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		
	Principal	1,997.22	340.25
	Interest	2.87	3.07
(iv)	The amount of interest accrued and remaining unpaid at the end of the year	42.31	15.13
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23	27.18	10.38

9(C) OTHER FINANCIAL LIABILITIES

Accounting Policy

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

	As at 31 March, 2019	As at 31 March, 2018
Current		
Current maturities of long term Debt	6,777.54	3,044.30
Interest accrued but not due	281.06	337.64
Unpaid Dividends [Refer Note (i) below]	188.52	97.13
Others:		
Security Deposits received	108.90	100.99
Employee benefits payable	1,544.91	1,262.68
Capital creditors	2,684.84	961.45
Directors' fees & commission payable	1,614.09	900.00
Derivative instrument not designated as hedges - foreign-exchange forward contracts	746.03	-
Other financial liability	-	940.15
	13,945.89	**7,644.34**

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 10: PROVISIONS

Accounting Policy

(I) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

	As at 31 March, 2019	As at 31 March, 2018
Non-current		
Provision for Employee Benefits (Refer Note17.1)		
Provision for gratuity	31.05	-
Provision for post retirement medical liability and Others	100.23	70.05
	131.28	**70.05**
Current		
Provision for Employee Benefits (Refer Note 17.1)		
Provision for gratuity	913.99	626.45
Provision for compensated absences	848.87	756.84
Provision for post retirement medical liability/others	14.74	10.12
Provisions for claims and litigations (Refer Note 10.1)	6,543.51	6,386.71
	8,321.11	**7,780.12**

10.1 Provisions for claims and litigations

The Company has estimated the provisions for pending claims and litigations based on the assessment of probability for these demands being crystallising against the Company in due course. The table below gives information about movement in claims and litigations, and provisions

	As at 31 March, 2019	As at 31 March, 2018
At the beginning of the year	6,386.71	466.66
Add: Arisen During the year	2,025.40	5,920.05
Less : Paid / adjusted during the year	1,868.60	-
At the end of the year	6,543.51	6,386.71

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 11: DEFERRED TAX LIABILITIES

	Balance as at 1 April, 2018	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	**Balance as at 31 March, 2019**
	Total	Total	Total	Total	**Total**
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	26,885.55	552.53	-	-	27,438.08
Borrowings	41.44	(41.44)	-	-	-
Financial Assets at Fair value through Other Comprehensive Income	2,687.32	-	(322.19)	-	2,365.13
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	45.33	(45.33)	-		-
Others	-	33.32	-		33.32
	29,659.64	**499.08**	**(322.19)**	**-**	**29,836.53**
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	111.08	-	-	119.52
Items allowable for tax purpose on payments/ adjustment	2,589.81	252.84	-	-	2,842.65
Allowance for doubtful debts - trade receivable	293.19	195.27	-	-	488.46
Minimum Alternate Tax Credit*	4,040.93	-	-	(3,326.89)	714.04
	6,932.37	**559.19**	**-**	**(3,326.89)**	**4,164.67**
Net Deferred Tax Liabilities:	**22,727.27**	**(60.11)**	**(322.19)**	**3,326.89**	**25,671.86**

* Utilised during the year against normal tax liability

	Balance as at 1 April, 2017	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31 March, 2018
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and Equipments, Intangible Assets and Investment Property	26,882.44	3.11	-	-	26,885.55
Borrowings	41.07	0.37	-	-	41.44
Financial Assets at Fair value through Profit or Loss - Mutual Funds	1.03	(1.03)	-	-	(0.00)
Financial Assets at Fair value through Other Comprehensive Income	-	-	2,687.32	-	2,687.32
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	-	45.33	-	-	45.33
	26,924.54	**47.78**	**2,687.32**	**-**	**29,659.64**
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	-	-	-	8.44
Items allowable for tax purpose on payments/ adjustment	455.30	2,134.51	-	-	2,589.81
Allowance for doubtful debts - trade receivable	553.90	(260.71)	-	-	293.19
Fair value changes on financial assets - equity instruments	50.51	(50.51)	-	-	-
Minimum Alternate Tax Credit*	5,389.13	-	-	(1,348.20)	4,040.93
	6,457.28	**1,823.29**	**-**	**(1,348.20)**	**6,932.37**
Net Deferred Tax Liabilities:	**20,467.26**	**(1,775.51)**	**2,687.32**	**1,348.20**	**22,727.27**

* Utilised during the year against normal tax liability

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 12: OTHER CURRENT LIABILITIES

Accounting Policy

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. If the grant received is to compensate the import cost of assets, and is subject to an export obligation as prescribed in the EPCG scheme, than the recognition of the grant would be linked to fulfilment of the associated export obligations. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other current liabilities. Revenue grant is recognised as an income in the period in which related obligation is met.

	As at 31 March, 2019	As at 31 March, 2018
Advances from Customers	164.23	159.76
Dues payable to Government Authorities	385.46	256.37
Liability for Export Obligation	586.65	-
	1,136.34	**416.13**

NOTE 13: CURRENT TAX LIABILITIES (NET)

	As at 31 March, 2019	As at 31 March, 2018
Provision for Income Tax	88.38	1,204.56
[Net of Advance Tax ₹ 36,008.45 Lakhs (31 March, 2018: ₹ 23,196.94 Lakhs)]		
	88.38	**1,204.56**

NOTE 14: REVENUE FROM OPERATIONS

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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

However, sales tax/ value added tax (VAT)/ Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company regardless of when the payment is being made and specific criteria have been met for each of the Company's activities as described below.

Sale of carbon black

Revenue from sale of carbon black is recognised when the control of the goods has passed to the buyer as per the terms of contract. In case of domestic sales, the performance obligation is satisfied upon delivery of the finished goods at customer's location. In case of export sales, the performance obligation is satisfied once the goods are shipped and the bill of lading has been obtained.

Sale of power

Revenue from the sale of power is recognised upon transmission of units to the buyer net of Unscheduled Interchange gains/losses as per the terms of contract with the customer.

Other Operating revenues

Exports entitlements (arising out of duty draw back, Merchandise exports from India Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Company and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Year ended 31 March, 2019	Year ended 31 March, 2018
Sales of Finished Goods **		
Carbon black	340,603.47	251,141.84
Sale of Power	9,745.69	8,454.65
Other Operating Revenues		
Scrap sales	507.93	434.65
Export Incentive	1,998.59	1,095.98
Total revenue from operations	**352,855.68**	**261,127.12**
India	268,493.78	204,721.36
Outside India	81,855.38	54,875.13
Total revenue from operations (excluding scrap sales and exports incentive)	**350,349.16**	**259,596.49**

** Post the applicability of Goods and Service Tax (GST) with effect from July 1,2017, Revenue from Operations are required to be disclosed net of GST. Accordingly the sale of finished goods - Carbon Black for the year ended 31 March 2018 include excise duty collected on sales for the period from 1 April 2017 to 30 Jun 2017. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended 31 March 2019 is not comparable to that for the year ended 31 March 2018.

NOTE 15: OTHER INCOME

Accounting Policy

a. Interest Income

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

b. Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established and the amount of the dividend can be measured reliably which is generally when shareholders approve the dividend.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest income from certain financial assets	30.68	84.34
Unwinding of interest on loan to subsidiary	51.18	46.53
Dividend income from equity instruments designated at FVOCI	390.58	266.27
Others		
Gain on sale of investments carried at FVTPL	797.69	927.33
Fair Value gains on financial assets (investments) at FVTPL	354.58	220.84
Profit on sale of Property, plant and equipment	-	3.93
Provision/Liability no longer required written back (includes ₹ Nil (Previous Year: ₹249.06 Lakhs) for allowance for doubtful debts/expected credit loss written back)	270.99	289.20
Miscellaneous income	45.36	134.59
	1,941.06	**1,973.03**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 16(A) : COST OF MATERIAL CONSUMED

	Year ended 31 March, 2019	Year ended 31 March, 2018
Opening Stock	23,158.49	16,497.90
Add : Purchases	242,937.64	172,845.99
Less : Closing Stock	(30,900.18)	(23,158.49)
Cost of material consumed	**235,195.95**	**166,185.40**

a) Raw material consumption for the year ended March 31, 2018 includes amount accrued on account of a disputed arbitration awarded against the Company during the year, relating to purchase of raw material in earlier years and Entry taxes payable on imports of raw materials into the state of West Bengal consequent to a ruling of the Hon'ble Supreme Court in the matter of Entry taxes.

NOTE 16(B) : CHANGES IN INVENTORIES OF FINISHED GOODS

	Year ended 31 March, 2019	Year ended 31 March, 2018
Closing Stock (Carbon black)	8,311.51	2,771.72
Less: Opening Stock (Carbon black)	(2,771.72)	(3,613.43)
	(5,539.79)	**841.71**

NOTE 17 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

a. The liability or asset recognised in the balance sheet in respect of Defined benefit plans is the present value of the Defined benefits obligation at the end of the reporting period less the fair value of plan assets. The Defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.

b. The present value of the Defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.

c. The net interest cost is calculated by applying the discount rate to the net balance of the Defined benefit obligation and the fair value of plan assets. This cost is included in Employees Benefits Expense in the statement of profit and loss.

d. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity.

e. Changes in the present value of the Defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

(II) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(III) Other short-term employee benefit obligations

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Salaries, wages and bonus	9,052.84	8,103.90
Contribution to provident and other funds (Refer note 17.1)	1,047.99	732.69
Staff welfare expense (Refer note17.1)	991.26	880.98
	11,092.09	**9,717.57**

17.1 Employee Benefits:

(I) Post employment obligations

(A) Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of last drawn salary and the period of service and paid as lump sum at exit. Gratuity payable is not restricted to the maximum limit prescribed under the Payment of Gratuity Act, 1972. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested solely with the Life Insurance Corporation of India.

(B) Post- retirement medical benefits (PRMB)

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit], a defined benefit retirement plan is extended to certain employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. The scheme is unfunded.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

The following table sets forth the particulars in respect of the defined benefit plans of the Company for the year ended 31 March, 2019:

	Particulars	Gratuity Fund (Funded)			PRMB (Unfunded)
		Present Value of Obligation	Fair value of plan assets	Net Amount	Present Value of Obligation
(i)	**1 April 2018**	2,097.37	(1,470.92)	626.45	32.35
	Current Service Cost	164.39	-	164.39	-
	Past Service Cost	281.53	-	281.53	-
	Interest expense/(Income)	147.76	(101.41)	46.35	2.32
	Total amount recognised in profit or loss	**593.68**	**(101.41)**	**492.27**	**2.32**
	Remeasurements (gain)/loss				
	(Gain)/loss from change in financial assumptions	161.67	(14.12)	147.55	0.67
	(Gain)/Loss arising from experience adjustments	24.77	-	24.77	12.14
	Total amount recognised in other comprehensive income	**186.44**	**(14.12)**	**172.32**	**12.81**
	Employer's contributions	-	(346.00)	(346.00)	-
	Benefit payments	(201.16)	201.16	-	(1.92)
	31 March 2019	**2,676.33 ##**	**(1,731.29)**	**945.04**	**45.56**
(ii)	**1 April 2017**	1,726.96	(1,301.38)	425.58	29.83
	Current Service Cost	97.61	-	97.61	-
	Interest expense/(Income)	115.66	(93.29)	22.37	2.09
	Total amount recognised in profit or loss	**213.27**	**(93.29)**	**119.98**	**2.09**
	Remeasurements (gain)/loss				
	(Gain)/loss from change in financial assumptions	158.88	(13.48)	145.40	(1.04)
	(Gain)/Loss arising from experience adjustments	147.58	-	147.58	3.34
	Total amount recognised in other comprehensive income	**306.46**	**(13.48)**	**292.98**	**2.30**
	Employer's contributions	-	(212.09)	(212.09)	-
	Benefit payments	(149.32)	149.32	-	(1.87)
	31 March 2018	**2,097.37**	**(1,470.92)**	**626.45**	**32.35**

Include ₹ 314.16 Lakhs related to present value obligation of gratuity payable for contractual worker. This is an unfunded plan.

The expected return on plan assets is determined after taking into consideration composition of plan assets held, assessed risks of asset management, historical results of return on plan assets, Company's policies for plan asset management and other relevant factors.

The expenses for the above mentioned benefits have been included and disclosed under the following line items:-
Gratuity - under 'Contribution to Provident and other Funds' in Note 17

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 17

		2018-19	2017-18
(iii)	Actual Return on Plan Asset	101.41	93.29
(iv)	The net liability disclosed above relating to funded and unfunded plans are as follows		

	As at 31 March, 2019	As at 31 March, 2018
Present value of funded obligations	2,676.33	2,097.37
Fair value of plan assets	(1,731.29)	(1,470.92)
Deficit of funded plan	945.04	626.45
Unfunded plans	45.56	32.35
	990.60	**658.80**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

(v) Principal : Actuarial assumptions

		As at 31 March, 2019	As at 31 March, 2018
(i)	Discount rate	7.20%	7.40%
(ii)	Salary escalation rate #	7.00%	7.00%
(iii)	Medical inflation rate	5.00%	5.00%
(iv)	Mortality Table (In service)	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
(v)	Mortality Table (Post Retirement)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)

The estimate of future salary increase considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Company ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Company's ALM objective is to match asset with gratuity obligation. The Company actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Company has not changed the process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

(vi) Sensitivity Analysis

	Increase/ (Decrease) in DBO			Increase/ (Decrease) in DBO		
		As at 31 March, 2019	As at 31 March, 2018		As at 31 March, 2019	As at 31 March, 2018
Discount Rate - Gratuity	Decrease by 1%	172.93	117.05	Increase by 1%	(148.18)	(101.21)
Discount Rate - PRMB	Decrease by 1%	3.63	2.73	Increase by 1%	(3.17)	(2.36)
Salary escalation rate	Decrease by 1%	(149.99)	(102.50)	Increase by 1%	171.71	116.41
Life expectancy	Decrease by 1%	1.49	0.88	Increase by 1%	(1.49)	(0.88)
Long term increase in health care cost (medical)	Decrease by 1%	(1.83)	(1.01)	Increase by 1%	2.07	1.18

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar opposite directions, while the plan's sensitivity to such changes can vary over time.

(vii) 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.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

(C) Provident Fund

Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or cessation of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust set up by the Company. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss.

The Actuary has carried out actuarial valuation of the plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and deterministic approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, the future anticipated shortfall with regard to interest rate obligation of the Company amounts to ₹ 15.68 Lakhs (31 March, 2018: ₹ 8.25 Lakhs) and outstanding as at the balance sheet date amounts to ₹ 69.41 Lakhs (31 March, 2018: ₹ 53.73 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal Actuarial Assumptions	**As at 31 March, 2019**	As at 31 March, 2018
Discount Rate	7.20%	7.40%
Expected Return on Exempted Fund	8.65%	8.65%
Expected EPFO return	8.65% for first 1 year and 8.60% thereafter.	8.65% for first 1 year and 8.55% thereafter.

(II) Defined Contribution Plans

The Company has certain Defined Contribution Plans viz. Provident Fund and Superannuation Fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The Company has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of Basic and Dearness Allowance of the member with Superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 424.60 Lakhs (31 March 2018-₹ 374.62 Lakhs)

(iii) Defined Benefit Liability and Employer Contributions

Expected contributions to Post-employment benefit plans for the year ending 31 March, 2020 is ₹ 630.81 Lakhs (31 March, 2019: ₹ 626.45 Lakhs)

The weighted average duration of the defined benefit obligation is 5 years (31 March, 2018 - 6 years) for employees and 11 years for contractual employees. The expected maturity analysis of gratuity and post employment medical benefits is as follows:

Particulars	Less than a year	Between 1 -2 years	Between 2 -3 years	Between 3 -4 years	Between 4 -5 years	Over 5 years	Total
31 March 2019							
Defined benefit obligation							
Gratuity	955.68	111.78	179.36	191.75	285.25	1,442.66	3,166.48
Provident fund	10.28	6.30	6.04	6.06	6.05	24.93	59.66
Post employment medical benefits	4.46	4.46	4.44	4.42	4.37	20.70	42.85
Total	**970.42**	**122.54**	**189.84**	**202.23**	**295.67**	**1,488.29**	**3,268.99**
31 March 2018							
Defined benefit obligation							
Gratuity	876.66	105.52	89.99	148.13	164.06	1,183.51	2,567.87
Provident fund	7.37	4.36	4.33	4.44	4.44	19.41	44.35
Post employment medical benefits	3.12	3.11	3.09	3.07	3.04	14.48	29.91
Total	**887.15**	**112.99**	**97.41**	**155.64**	**171.54**	**1,217.40**	**2,642.13**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 18 : FINANCE COSTS

Accounting Policy

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest expense on debts and borrowings	3,566.32	3,872.38
Other Borrowings Costs	111.08	271.15
	3,677.40	**4,143.53**

NOTE 19 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 March, 2019	Year ended 31 March, 2018
Depreciation of property, plant and equipments (Refer Note 3(a))	6,622.82	6,049.88
Amortization of intangible assets (Refer Note 3(d))	15.54	2.51
	6,638.36	**6,052.39**

NOTE 20 : OTHER EXPENSES

	Year ended 31 March, 2019		Year ended 31 March, 2018
Consumption of stores and spares	5,267.51		4,136.74
Consumption of packing materials	5,918.40		5,206.88
Power and fuel	2,285.04		2,233.60
Water charges	559.32		419.48
Rent	2,101.52		2,096.35
Rates and taxes	1,457.08		974.89
Repairs and maintenance:			
- Buildings	223.74		319.69
- Plant and Machinery	4,000.95		3,015.64
- Others	277.14		253.74
Insurance	220.08		161.27
Travelling and conveyance	1,235.98		1,296.80
Subscriptions and donations *	2,498.22		136.49
Freight outward (net of recovery)	8,249.52		6,807.36
Commission to selling agents	3,238.45		2,677.65
Directors' sitting fees & Commission	1,641.49		918.65
Research and development expenses (refer note 22)	488.41		783.48
Net loss/(gain) on foreign currency transaction/translation	(204.75)		1,829.43
Loss on disposal of property, plant and equipments	16.15		-
Bad Debt Written off during the year :		397.43	
Less : Adjusted with provision	-	(397.43)	-
Reversal of impairment - investment in subsidiary**	-		(345.13)
Allowance for doubtful debts / expected credit loss - trade receivable	500.69		50.00
Corporate Social Responsibility Expenditure [refer note (a) below]	374.30		160.96
Payment to auditors [refer note (b) below]	90.73		65.93
Miscellaneous expenses	9,412.62		7,243.63
	49,852.59		**40,443.53**

* Includes ₹ 2,000 Lakhs (Previous Year ₹ Nil) toward contribution to political parties by way of electoral bonds through "The Electoral Bond Scheme, 2018".

** In the previous year, the Company had reversed past impairment losses amounting to ₹ 345.13 Lakhs consequent to gain on disposal of land at the step-down subsidiary company, thereby confirming recoverability of the Company's investment in such step-down subsidiary; actual recovery would happen upon completion of necessary compliance procedures in relation to the step-down subsidiary company.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

		Year ended 31 March, 2019	Year ended 31 March, 2018
(a)	**Details of CSR expenditure:**		
	(i) Gross amount required to be spent by the Company during the year	358.41	159.06
	(ii) Amount spent during the year for purposes other than construction/acquisition of any asset In cash	**374.30***	**160.96***
	* Includes ₹ 285.00 Lakhs (FY 31 March, 2018 ₹ 116.00 Lakhs) paid to registered trust for carrying out CSR activities.		
(b)	**Details of payment to auditors**		
	As auditor:		
	Audit Fees	33.00	40.50
	Limited reviews	12.00	11.50 *
	Tax audit fees	6.00	6.00
	Others services (includes fees for proposed QIP of equity shares of the Company during the year)	37.89	7.03 ^
	Reimbursement of expenses	1.84	0.90
		90.73	**65.93**

* ₹ 3.50 Lakhs paid to previous auditors
^ ₹ 6.00 Lakhs paid to previous auditors

NOTE 21 : TAX EXPENSE

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect of situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit/ loss nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax assets. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

		Year ended 31 March, 2019	Year ended 31 March, 2018
a.	**Income-tax expense recognised in the statement of Profit and Loss**		
	Current tax		
	Current tax on profits for the year	15,086.90	9,179.60
	Deferred Tax		
	Origination and reversal of temporary differences	(60.11)	(1,775.51)
	Income-tax expense reported in the Statement of Profit and Loss	**15,026.79**	**7,404.09**
b.	**Income-tax expense on other comprehensive income**		
	Current Tax - Remeasurement of post employment defined benefit obligation	64.68	101.40
	Deferred tax - Fair value through other comprehensive income - equity instruments	322.19	(2,687.32)
	Income-tax expense recognised in other comprehensive income	**386.87**	**(2,585.92)**
c.	**Reconciliation of statutory rate of tax and the effective rate of tax**		
	Profit before income tax	53,880.14	30,382.71
	Enacted Income tax rate in India applicable to the Company	34.95%	34.61%
	Tax on Profit before tax at the enacted Income tax rate in India	18,831.11	10,515.45
	Adjustments:		
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Items not deductible / Income exempt from tax	229.36	471.04
	Incentives / additional benefits allowable under Income-tax	(4,023.58)	(3,632.77)
	Other items	(10.10)	50.37
	Total Income tax expense	**15,026.79**	**7,404.09**
	Effective tax rate	27.89%	24.37%

NOTE 22: RESEARCH AND DEVELOPMENT EXPENSES

Accounting Policy

The Company's business research and development concentrates on the development of improved finished goods and better operational efficiency. Research costs are expensed as incurred. Expenditure on development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

	Year ended 31 March, 2019					Year ended 31 March, 2018				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Revenue Expenditure										
Raw Materials Consumed	-	-	-	-	-	228.97	25.06	107.96	32.19	63.76
Salaries Wages and Bonus	393.24	67.58	56.17	212.23	57.26	464.84	69.99	138.07	160.00	96.78
Contribution to Provident and Other Funds	33.26	6.21	3.91	18.54	4.60	10.63	1.86	1.55	5.69	1.53
Staff Welfare Expense	18.51	1.35	1.12	14.89	1.15	12.16	1.77	1.38	7.64	1.37
Miscellaneous Expenses	43.40	3.45	-	39.95	-	66.88	26.51	16.67	13.86	9.84
Total	**488.41**	**78.59**	**61.20**	**285.61**	**63.01**	**783.48**	**125.19**	**265.63**	**219.38**	**173.28**
Capital Expenditure										
Building	1,045.43					494.36**				

** Included under Capital work in progress

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 23: CONTINGENT LIABILITIES

Accounting Policy

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

Contingent Liabilities for :

		Year ended 31 March, 2019	Year ended 31 March, 2018
(a)	(i) Claims against the Company not acknowledged as debts :		
	Income-tax matters under dispute	253.08	361.84
	Excise duty matters under dispute	560.11	524.95
	Sales tax matters under dispute	27.14	12.78
	Service tax matters under dispute	625.52	705.95
	Value added tax matters under dispute	159.76	164.95
	(ii) Other money for which the Company is contingently liable		
	Excise duty matters under dispute	156.53	156.53
(b)	Outstanding bank guarantees etc.	1,241.91	1,606.16
(c)	Guarantees or counter guarantees or counter indemnity given by the Company		
	On behalf of bodies corporate and others		
	- Limit	9.00	9.00
	- Outstanding	9.00	9.00

It is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings.

(d) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28 February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

NOTE 24: COMMITMENTS

		Year ended 31 March, 2019	Year ended 31 March, 2018
(a)	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Property, plant and equipment (net of capital advances)	659.77	2,545.53
(b)	**Non-cancellable operating leases**		
	The Company has entered into operating leases on certain motor vehicles and storage tanks, with lease terms for 3 years. The Company has paid ₹ 535.20 Lakhs (31 March 2018: ₹ 417.07 Lakhs) during the year towards minimum lease payment.		
	Commitments for minimum lease payments in relation to non-cancellable operating		
	leases are payable as follows:		
	Within one year	385.67	494.77
	Later than one year but not later than five years	488.17	579.35
	Later than five years	1.36	11.06
		875.20	**1,085.18**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 25: DIVIDEND ON EQUITY SHARE

	Year ended 31 March, 2019	Year ended 31 March, 2018
Final Dividend for the year ended 31 March 2018 of ₹ 1.2/- per share on face value of ₹ 2/- per share	2,068.05	-
Dividend Distribution tax on above	425.09	-
Interim Dividend for the year ended 31 March 2019 of ₹ 3.5/- per share on face value of ₹ 2/- per share	6,031.83	2,068.05
(31 March 2018 ₹ 6/- per share on face value of ₹ 10/- per share)		
Dividend Distribution tax on above	1,239.86	421.01
	9,764.83	**2,489.06**

26 EARNING PER EQUITY SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

		Year ended 31 March, 2019	Year ended 31 March, 2018
	Basic and Diluted		
(i)	Number of Equity Shares outstanding [Refer note 7(ii)]	172,337,860	172,337,860
(ii)	Face value of each Equity Share (₹)	2.00	2.00
(iii)	Profit after Tax available for Equity Shareholders (₹ in Lakhs)	38,853.35	22,978.62
(iv)	Basic and Diluted earnings per Share (₹) [(iii)/(i)]	22.54	13.33

The Company does not have any dilutive potential equity shares.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 27: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 31 March, 2019	As at 31 March, 2018
Rainbow Investments Limited	Holding Company	India	50.20%	50.20%

(b) Subsidiaries

The Company has following subsidiaries and step down subsidiary companies:-

Name	Type	Place of Incorporation	As at 31 March, 2019	As at 31 March, 2018
Phillips Carbon Black Cyprus Holdings Limited	Wholly Owned Subsidiary	Cyprus	100%	100%
PCBL Netherlands Holdings B.V.	Wholly Owned Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited	Netherlands	100%	100%
Phillips Carbon Black Vietnam Joint Stock Company	Subsidiary Company of PCBL Netherlands Holdings B.V.	Vietnam	80%	80%

(c) Key management personnel of the Company and Holding Company with whom transactions have taken place

	Name	Relationship
i)	Sanjiv Goenka	Chairman and Non Executive Director
ii)	Shashwat Goenka	Non Executive Director
iii)	Preeti Goenka	Non Executive Director (w.e.f. 27 July, 2018)
iv)	Kaushik Roy	Managing Director
v)	C R Paul	Non Executive Independent Director (till 20 April, 2018)
vi)	O P Malhotra	Non Executive Independent Director
vii)	K S B Sanyal	Non Executive Independent Director
viii)	Paras K Chowdhary	Non Executive Independent Director
ix)	Pradip Roy	Non Executive Independent Director
x)	Kusum Dadoo	Non Executive Independent Director
xi)	Sunil Bhandari	Employee holding Directorship in Holding Company
xii)	Subhrangshu Chakraborty	Employee holding Directorship in Holding Company (till 31 January, 2019)
xiii)	Raj Kumar Gupta	Chief Financial Officer
xiv)	Kaushik Mukherjee	Company Secretary

(d) Others with whom transactions have taken place during the year

Name	Relationship
Rainbow Investments Limited	Holding Company
RPG Power Trading Company Limited	Fellow Subsidiary
Trade Apartment Private Limited	Fellow Subsidiary
Dynamic Success Projects Private Limited	Fellow Subsidiary
CESC Limited	Company under control of Holding Company as per Ind-AS 110
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrisons Malayalam Limited	Associate of Holding Company
Woodlands Multispeciality Hospital Limited	Associate of Holding Company
Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Staff Provident Institution (Provident Fund)	Post Employment Benefit Plan of the Company (Other related parties)

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

e) Details of transaction between the Company and related parties and outstanding balances

Sl. No.	Nature of Transactions	Company under control of Holding Company as per Ind AS-110, Subsidiary and Holding Company		Associates of Holding Company		Fellow Subsidiaries		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2019	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018
A.	**Transactions**												
1	Reversal of Impairment in value of investment	-	(345.13)	-	-	-	-	-	-	-	-	-	(345.13)
2	Recovery of reimbursement of expenses	1.06	2.82	-	-	-	-	-	-	-	-	1.06	2.82
3	Dividend paid on Equity Shares	4,066.22	1,038.18	-	-	-	-	-	-	-	-	4,066.22	1,038.18
4	Dividend received on Equity Shares	295.08	202.34	-	-	-	-	-	-	-	-	295.08	202.34
5	Dividend received on Preference Shares	95.50	63.50	-	-	-	-	-	-	-	-	95.50	63.50
6	Purchase of investments - Acquired by erstwhile subsidiary Company subsequently merged with the Company	-	2,615.72	-	-	-	-	-	-	-	-	-	2,615.72
7	Accommodation Charges paid	-	-	0.92	0.76	-	-	-	-	-	-	0.92	0.76
8	Reimbursement of expenses paid	-	-	3.61	0.23	3.21	7.92	-	-	-	-	6.82	8.15
9	Expenses incurred and recovered	28.50	26.66	-	-	-	-	-	-	-	-	28.50	26.66
10	Reimbursement of expenses received	265.99	41.04	-	-	-	-	-	-	-	-	265.99	41.04
11	Electricity charges paid	2.46	2.24	-	-	-	-	-	-	-	-	2.46	2.24
12	Rent Paid	-	-	-	-	12.38	5.92	-	-	-	-	12.38	5.92
13	Power Selling expenses recovered	-	-	-	-	319.66	137.47	-	-	-	-	319.66	137.47
14	Sale of Power	-	-	-	-	8,577.81	4,739.77	-	-	-	-	8,577.81	4,739.77
15	Advances given	-	-	-	-	-	-	-	-	179.05	122.58	179.05	122.58
16	Advances recovered	-	-	-	-	-	-	-	-	172.58	132.67	172.58	132.67
17	Contributions paid	-	-	-	-	-	-	-	-	665.08	488.20	665.08	488.20
18	Remuneration to Key Management Personnel	-	-	-	-	-	-	1,342.61	1,092.28	-	-	1,342.61	1,092.28

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

Sl. No.	Nature of Transactions	Company under control of Holding Company as per Ind AS-110, Subsidiary and Holding Company		Associates of Holding Company		Fellow Subsidiaries		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2019	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018
19	Post-employment benefits to Key Management Personnel	-	-	-	-	-	-	29.60	33.49	-	-	29.60	33.49
20	Other long-term benefit to Key Management Personnel	-	-	-	-	-	-	18.47	24.31	-	-	18.47	24.31
21	Director's Sitting Fees	-	-	-	-	-	-	27.90	18.68	-	-	27.90	18.68
22	Director's Commission	-	-	-	-	-	-	900.00	-	-	-	900.00	-
23	Loan given to Key Management Personnel	-	-	-	-	-	-	-	24.00	-	-	-	24.00
24	Loan repaid by Key Management Personnel	-	-	-	-	-	-	6.00	0.50	-	-	6.00	0.50
B.	**Closing Balances**												
1	Receivables	563.11	528.01	8.96	8.96	742.88	416.81	17.50	23.50	6.31	-	1,338.76	977.28
2	Payables	(9.90)	-	(0.01)	(0.01)	-	-	-	-	-	(0.15)	(9.91)	(0.16)
3	Investment	6,669.57	6,414.58	-	-	-	-	-	-	-	-	6,669.57	6,414.58

(f) Terms and Conditions

All other transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are repayable in cash.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 28: SEGMENT

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Company.

(a) Description of segments and principal activities

Carbon Black : The Company is primarily engaged in production of Carbon Black through its four manufacturing units located at Durgapur, Kochi, Vadodara and Mundra.

Power: The Company is also engaged in generation of electricity for the purpose of captive consumptions as well as distribution of surplus to outsiders.

The segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statement. Also the Company's borrowings (including finance costs and interest income), income taxes, investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external sources. Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the standalone financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

All non-current assets of the Company (excluding certain financial assets) are located in India.

(b) Segment Revenue, Segment Earnings and other information as at / for the year ended:-

Segment Revenue :

Particulars	For the year ended 31 March, 2019			For the year ended 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	340,603.47	9,745.69	350,349.16	251,141.84	8,454.65	259,596.49
Other operating Revenues	2,506.52	-	2,506.52	1,530.63	-	1,530.63
Total revenue from operations	343,109.99	9,745.69	352,855.68	252,672.47	8,454.65	261,127.12
Inter-segment revenue	-	6,553.59	6,553.59	-	6,180.93	6,180.93
Total segment revenue	**343,109.99**	**16,299.28**	**359,409.27**	**252,672.47**	**14,635.58**	**267,308.05**

Revenue of ₹ 124,715.47 Lakhs (31 March 2018 - ₹ 84,252.43 Lakhs) are derived from two external customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The 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, 2019	Year ended 31 March, 2018
India	268,493.78	204,721.36
Other countries	81,855.38	54,875.13
Total	**350,349.16**	**259,596.49**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

Segment Results :

Particulars	For the year ended 31 March, 2019			For the year ended 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	61,901.75	10,891.06	72,792.81	32,449.43	9,827.33	42,276.76
Reconciliation to Profit before tax						
Finance Cost	-	-	(3,677.40)	-	-	(4,143.53)
Interest Income	-	-	81.86	-	-	191.52
Unallocated expenses (Net)	-	-	(15,317.13)	-	-	(7,942.04)
Profit before tax	**61,901.75**	**10,891.06**	**53,880.14**	**32,449.43**	**9,827.33**	**30,382.71**

Depreciation/Amortisation and non cash expenses

Particulars	For the year ended 31 March, 2019				For the year ended 31 March, 2018			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	4,182.00	2,333.38	122.98	6,638.36	3,682.32	2,249.98	120.09	6,052.39
Non cash expense	1,259.22	-	495.42	1,754.64	5,839.73	-	-	5,839.73

Segment Assets :

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	249,646.74	33,131.66	282,778.40	202,744.02	30,876.35	233,620.37
Reconciliation to total assets						
Investments	-	-	38,378.92	-	-	33,740.43
Other unallocable assets	-	-	16,306.02	-	-	18,581.42
Total assets as per the balance sheet	**249,646.74**	**33,131.66**	**337,463.34**	**202,744.02**	**30,876.35**	**285,942.22**

Particulars	For the year ended 31 March, 2019				For the year ended 31 March, 2018			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	20,683.50	4,745.00	155.42	25,583.92	7,765.92	1,670.88	807.08	10,243.88

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	31 March, 2019	31 March, 2018
India	266,714.60	224,487.45
Other countries	16,063.80	9,132.92
Total	**282,778.40**	**233,620.37**

Segment Liabilities :

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	61,681.22	876.75	62,557.97	41,192.27	585.33	41,777.60
Reconciliation to total liabilities						
Borrowings	-	-	79,342.70	-	-	71,733.09
Current Tax Liabilities (Net)	-	-	88.38	-	-	1,204.56
Deferred Tax Liabilities	-	-	25,671.86	-	-	22,727.27
Other Unallocated liabilities	-	-	4,995.32	-	-	11,264.83
Total liabilities as per the balance sheet	**61,681.22**	**876.75**	**172,656.23**	**41,192.27**	**585.33**	**148,707.35**

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 29: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the year are as follows:

	As at 31 March, 2019			As at 31 March, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	24,443.27	2164.91*	-	24,954.30	2164.91*
- Preference Shares	5,764.46	-	-	6,621.22	-	-
- Mutual Funds	6,006.28	-	-	-	-	-
Trade receivables	-	-	65,265.78	-	-	52,197.46
Loans	563.11	-	1,551.91	511.91	-	1,365.48
Cash and cash equivalents	-	-	7,393.56	-	-	13,285.17
Other bank balances	-	-	188.52	-	-	97.13
Derivative financial assets	-	-	-	131.16	-	-
Other financial assets	-	-	333.52	-	-	466.18
Total financial assets	**12,333.85**	**24,443.27**	**76,898.20**	**7,264.29**	**24,954.30**	**69,576.33**
Financial liabilities						
Borrowings	-	-	72,565.16	-	-	68,688.79
Current maturities of long term debt	-	-	6,777.54	-	-	3,044.30
Derivative financial liabilities	746.03	-	-	-	-	-
Trade payables	-	-	50,796.21	-	-	40,176.09
Other financial liabilities	-	-	7,168.35			4,600.04
Total financial liabilities	**746.03**	**-**	**137,307.26**	**-**	**-**	**116,509.22**

* At deemed cost

(ii) Fair Value

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(b) In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.

(c) The fair value of derivative contracts (foreign exchange forward contracts and Currency and Interest rate swaps) is determined using discounted cash flow analysis and swaps and options pricing models.

(d) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain non-current loans which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

(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, 2019				As at 31 March, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVPL								
Investments in mutual funds	6,006.28	-	-	6,006.28	-	-	-	-
Investments in preference shares	-	-	5,764.46	5,764.46	-	-	6,621.22	6,621.22
Foreign-exchange forward contract	-	-	-	-	-	131.16	-	131.16
Loans	-	-	563.11	563.11	-	-	511.91	511.91
Financial assets at FVOCI								
Investments in equity instruments	16,084.33	-	8,358.94	24,443.27	16,345.17	-	8,609.13	24,954.30
Total financial assets	**22,090.61**	**-**	**14,686.51**	**36,777.12**	**16,345.17**	**131.16**	**15,742.26**	**32,218.59**
Financial liabilities								
Financial liabilities at FVPL								
Foreign-exchange forward contract	-	746.03	-	746.03	-	-	-	-
Total financial liabilities	**-**	**746.03**	**-**	**746.03**	**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31 March, 2019 and 31 March, 2018.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

Some of the Company's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Valuation inputs and relationship to fair value

Particulars	Fair Value at		Valuation Technique	Significant unobservable input	Sensitivity	
	31 March, 2019	31 March, 2018			31 March, 2019	31 March, 2018
Unquoted equity shares	8,358.94	8,609.13	Discounted cash flow	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 46.55 Lakhs.	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 8.67 Lakhs.
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 39.28 Lakhs.	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 7.71 Lakhs.
Unquoted Preference shares	5,764.46	6,621.22	Discounted Amortized cost	Discounting rate to determine PV	Decrease in discount rate by 1% will increase the fair value by ₹ 115.32 Lakhs.	Decrease in discount rate by 1% will increase the fair value by ₹ 81.17 Lakhs.
					Increase in discount rate by 1% will decrease fair value by ₹ 109.82 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹ 79.26 Lakhs.
Investment Property-Land	514.06	447.73	Fair market price	Discount for limited market activity	Decrease in discount rate by 1% will increase the fair value by ₹ 6.86 Lakhs.	Decrease in discount rate by 1% will increase the fair value by ₹ 5.97 Lakhs.
					Increase in discount rate by 1% will decrease fair value by ₹ 6.86 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹ 5.97 Lakhs.

Valuation process:

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Company are derived and evaluated as follows:

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTE 30: FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises of borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Company. The Company's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Company's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Company seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Company has laid comprehensive risk assessment and minimization/mitigation procedures, which are

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Company does not enter into derivative financial instruments for speculative purposes.

(A) Credit risk

Credit risk refers to risk of financial loss to the Company if customers or counterparties fail to meet their contractual obligations. The Company is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Company through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Company also has a policy to provide for all receivables which are overdue for a period over 365 days. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

Particulars	Year ended	
	31 March 2019	31 March 2018
Loss allowance at the beginning of the year	847.15	1,443.64
Change / (reversal) in allowance during the year (net)	500.69	(199.06)
Written back during the year/ adjusted with bad debt written off during the year	-	(397.43)
Loss allowance at the end of the year	1,347.84	847.15

(b) Deposits and financial assets (Other than trade receivables):

The Company maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.

(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.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

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, 2019					
Borrowings (including current maturities)	52,276.67	16,133.33	10,932.70	-	79,342.70
Trade payable	50,796.21	-	-	-	50,796.21
Other financial liabilities (excluding current maturities of non current borrowings)	7,168.34	-	-	-	7,168.34
	110,241.22	**16,133.33**	**10,932.70**	**-**	**137,307.25**
31 March, 2018					
Borrowings (including current maturities)	55,307.60	9,643.04	5,183.59	1,598.86	71,733.09
Trade payable	40,176.09	-	-	-	40,176.09
Other financial liabilities (excluding current maturities of non current borrowings)	4,600.04	-	-	-	4,600.04
	100,083.73	**9,643.04**	**5,183.59**	**1,598.86**	**116,509.22**

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Company's income and expenses and / or value of its investments. The Company's exposure to and management of these risks are explained below

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Company's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Company's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Company's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

(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:

Particulars	31 March 2019 INR equivalent of				31 March 2018 INR equivalent of			
	USD	EUR	JPY	GBP	USD	EUR	JPY	GBP
Financial assets								
Trade receivables	15,137.27	552.47	-	-	9,322.79	480.03	7.10	99.73
Net exposure to foreign currency risk (assets)	**15,137.27**	**552.47**	**-**	**-**	**9,322.79**	**480.03**	**7.10**	**99.73**
Financial liabilities								
Foreign currency loan	43,906.50	-	-	-	44,072.61	-	-	-
Trade payables	37,498.56	116.39	-	18.33	28,679.20	(1,566.26)	-	39.89
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	-	-	-	-	-
Buy foreign currency	(67,095.68)	-	-	-	(65,186.52)	-	-	-
Net exposure to foreign currency risk (liabilities)	**14,309.38**	**116.39**	**-**	**18.33**	**7,565.29**	**(1,566.26)**	**-**	**39.89**
Net exposure to foreign currency risk (Assets- Liabilities)	**827.89**	**436.08**	**-**	**(18.33)**	**1,757.50**	**2,046.29**	**7.10**	**59.84**

(b) Sensitivity

A fluctuation in the exchange rates of 1% with other conditions remaining unchanged would have the following effect on Company's profit or loss before taxes as at 31 March 2019 and 31 March 2018:

	Impact on profit before tax	
	FY 2018-19	FY 2017-18
USD sensitivity		
INR/USD- Increase by 1%*	(208.98)	17.58
INR/USD- Decrease by 1%*	208.98	(17.58)
EUR sensitivity		
INR/EUR- Increase by 1%	4.40	20.46
INR/EUR- Decrease by 1%	(4.40)	(20.46)
JPY sensitivity		
INR/JPY- Increase by 1%	-	0.07
INR/JPY- Decrease by 1%	-	(0.07)
GBP sensitivity		
INR/GBP- Increase by 1%	(0.18)	0.60
INR/GBP- Decrease by 1%	0.18	(0.60)

* Holding all other variable constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 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

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

(a) Interest Rate Risk Exposure

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

	31 March, 2019	31 March, 2018
Total borrowings (including current maturities)	79,342.70	71,733.09

(b) Sensitivity

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

	Impact on profit before tax	
	FY 2018-19	FY 2017-18
Interest Rates - Increase by 50 basis points (50 bps) *	(396.71)	(358.67)
Interest Rates - Decrease by 50 basis points (50 bps) *	396.71	358.67

* Holding all other variable constant

(iii) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments), certain quoted equity instruments and bank fixed deposits. To manage its price risk arising from investments in mutual funds and equity instruments, the Company diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Company and classified in the Balance Sheet as fair value through profit or loss/fair value through other comprehensive income is disclosed under Note 29.

(b) Sensitivity

The sensitivity of profit or loss to changes in Net Assets Values (NAVs) as at year end for investments in mutual funds.

	Impact on profit before tax	
	FY 2018-19	FY 2017-18
NAV of mutual funds/Market price of quoted equity instruments - Increase by 1%*	60.06	-
NAV of mutual funds/Market price of quoted equity instruments - Decrease by 1%*	(60.06)	-

* Holding all other variable constant

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Company's cost of sales.

The Company endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Company's own requirements. Further, a significant portion of Company's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Company also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTES TO STANDALONE Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 31 During the previous year, the Special Director of Enforcement Directorate has issued an order imposing a penalty of ₹ 8.5 Crore on the Company on premise of alleged non-compliances of certain FEMA provisions in relation to Company's investments in foreign subsidiaries in earlier years. While the Company has contested the demand, it has made corresponding provision in the books. The matter is pending for hearing before The Appellate Tribunal for Foreign Exchange, New Delhi.

NOTE 32 : CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Company's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Company's policy is to borrow primarily through banks to maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Company.

The Company monitors capital on the basis of cost of capital. The Company is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Company:

Particulars	**As at 31 March, 2019**	As at 31 March, 2018
Long Term Borrowing (including current maturities of long term debt)	33,843.57	19,469.79
Short Term Borrowing	45,499.13	52,263.30
Less: Cash and cash equivalents	7,393.56	13,285.17
Total Borrowing (Net)	**71,949.14**	**58,447.92**
Total equity	164,807.11	137,234.87
Total Capital (Equity+Net Debt)	**236,756.25**	**195,682.79**

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March, 2019 and 31 March, 2018.

NOTE 33 Figures of the previous year has been regrouped/rearranged to confirm current year's presentation.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PHILLIPS CARBON BLACK LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated Ind AS financial statements of Phillips Carbon Black Limited (hereinafter referred to as "the Company"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

1. **Revenue recognition** (as described in Note 14 of the consolidated Ind AS financial statements)

Key audit matter

The Company makes sales to various customers, both domestic and international, whereby the prices of the products are subject to negotiations based on various factors including crude oil prices, movement in other variable costs, volatility in foreign currencies, level of offtake by customers and demand supply situation in carbon black market. Such prices are agreed through a formal contract.

The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed and the rates are agreed, or based on management's estimate.

Sales are also affected based on varying delivery terms, as agreed with the customers, which determines the timing of recognition of such sales.

The amounts involved being material to these financial statements, and dependent on various factors stated above, revenue recognition was determined to be a key audit matter in our audit.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We have evaluated the Company's process and controls around revenue recognition, estimation of discounts and timing of recognizing sales as per contractual terms, including testing effectiveness of such controls.

- We have considered the contractual terms of the sales contracts and tested credit memos issued during the year and subsequent to the year-end.
- We have inquired of key sales personnel regarding retroactive pricing adjustments, and discussed with management regarding their awareness of pricing negotiations that could affect current year revenue.
- We obtained direct balance confirmations from customers on a sample basis, as at the year-end or performed alternate audit procedures where such confirmations could not be obtained.
- We have performed procedures on the Company's key components, analyzing the revenues, cost of sales and discounts / incentives in comparison with historical data.
- We have analysed pricing adjustments and credit notes issued after the reporting date.
- We also discussed with the management on the likely timing of issuance of credit notes to customers where discounts have been recorded, and are pending to be passed on to the concerned customers.
- We also obtained necessary representation from the management in this regard.
- We tested sample of sales transactions at the year-end to determine the appropriateness of timing of recognition of such sales.

2. **Provisions for claims & litigations and disclosure of contingent liabilities** (as described in Note 10 and Note 23 of the consolidated Ind AS financial statements)

Key audit matter

The Company is involved in litigations, both for and against the Company, comprising of tax matters, compliances and other disputes.

The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its advisors and lawyers. This involves a high level of management judgement and assumptions which impact the risk assessment and consequential provisioning or disclosure of contingencies in the financial statements.

This area is significant to our audit, since the completeness and appropriateness of accounting and disclosures for contingencies is dependent on such management judgement and assumptions.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We evaluated and tested the Company's processes and controls for monitoring of such claims, litigations, disputes, compliances and assessment thereof for determining the likely outcome.
- We read the summary of the litigations prepared by the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise.
- We obtained legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of such litigations and validate the management judgement and assumptions.
- We discussed with the management, including the Company's internal tax experts and head of legal matters to understand the basis of management's judgements and estimates.
- We obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters.
- We read the minutes of the board meetings, and tested the Company's legal expenses to determine the completeness of claims, disputes and litigations.
- We tested the adequacy of disclosures in the consolidated Ind AS financial statements.

3. **Fair Valuation of investments in unquoted equity and preference shares** (as described in Note 4(a) of the consolidated Ind AS financial statements)

Key audit matter

The Company has fair valued its non-current investments in unquoted equity and preference shares of few companies as at the year end.

Determining the fair value of such unquoted investments requires valuation techniques which has been performed by independent valuation experts, applying applicable valuation methodologies.

These investments, being material to these financial statements, was determined to be a key audit matter in our audit.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We obtained the last audited financial statements for the year ended March 31, 2018, and the unaudited management certified financial statements/trial balances for the year ended March 31, 2019, where relevant, of the investee companies and traced the composition of the net asset value of such investee companies used in fair valuation exercise, to the same.

- We read such financial information to determine any matters which should have been considered for the valuation exercise, and discussed with the management for the year ended March 31, 2019, if there are any other significant developments since the last audited financial statements.

- We compared the fair valuation of such investments as on March 31, 2019, with the fair valuation as on March 31, 2018 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation.

- We also obtained suitable management representation in this regard.

- Further, we obtained Independence confirmation from the concerned valuers and assessed their competence.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of subsidiaries, whose financial statements include total assets of ₹ 9,421.47 Lakhs as at March 31, 2019, and total revenue from operations of ₹ Nil and net cash inflows of ₹ 89.04 Lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which, financial statements, other financial information and auditor's reports, have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our

reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Company, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 10 and Note 23 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership No.: 058652

Kolkata
May 20, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Phillips Carbon Black Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited (hereinafter referred to as the "Company") as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

Opinion

In our opinion, the Company has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership No.: 058652

Kolkata
May 20, 2019

CONSOLIDATED Ind AS BALANCE SHEET

as at 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at 31 March, 2019	As at 31 March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	149,439.95	139,426.75
Capital work-in-progress	3(b)	17,504.16	6,684.43
Investment property	3(c)	447.73	447.73
Intangible assets	3(d)	143.11	44.64
Financial assets			
(i) Investments	4(a)	25,703.07	31,575.52
(ii) Loans	4(e)	1,372.16	1,319.89
(iii) Other financial assets	4(f)	139.20	139.20
Other non-current assets	5	2,497.14	4,720.55
Total Non-current assets		**197,246.52**	**184,358.71**
Current assets			
Inventories	6	46,029.23	30,990.16
Financial assets			
(i) Investments	4(a)	10,510.94	-
(ii) Trade receivables	4(b)	65,265.78	52,197.46
(iii) Cash and cash equivalents	4(c)	11,357.14	17,159.71
(iv) Other bank balances	4(d)	188.52	97.13
(v) Loans	4(e)	179.74	45.59
(vi) Other financial assets	4(f)	194.32	458.14
Other current assets	5	7,739.87	1,833.09
Total Current assets		**141,465.54**	**102,781.28**
TOTAL ASSETS		**338,712.06**	**287,139.99**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	7	3,446.77	3,446.77
Other equity	8	161,542.30	134,311.00
Non-Controlling Interest		584.56	659.13
TOTAL EQUITY		**165,573.63**	**138,416.90**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	9(a)(i)	27,066.03	16,425.49
Provisions	10	131.28	70.05
Deferred tax liabilities (Net)	11	25,671.86	22,727.27
Total Non-current liabilities		**52,869.17**	**39,222.81**
Current liabilities			
Financial Liabilities			
(i) Borrowings	9(a)(ii)	45,499.13	52,264.00
(ii) Trade payables	9(b)		
a) Total outstanding dues of micro enterprises and small enterprises		358.87	102.17
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		50,469.77	40,086.21
(iii) Other financial liabilities	9(c)	13,945.89	7,644.34
Provisions	10	8,321.11	7,780.12
Current tax liabilities (Net)	13	538.15	1,207.31
Other current liabilities	12	1,136.34	416.13
Total Current liabilities		**120,269.26**	**109,500.28**
TOTAL LIABILITIES		**173,138.43**	**148,723.09**
TOTAL EQUITY AND LIABILITIES		**338,712.06**	**287,139.99**

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

CONSOLIDATED Ind AS STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Year ended 31 March, 2019	Year ended 31 March, 2018
Revenue from operations	14	352,855.68	261,127.12
Other income	15	1,993.33	2,879.86
Total Income		**354,849.01**	**264,006.98**
EXPENSES			
Cost of materials consumed	16(a)	235,195.95	166,185.40
Changes in inventories of finished goods	16(b)	(5,539.79)	841.71
Excise duty on sale of goods		-	5,333.31
Employee benefits expense	17	11,112.36	9,735.85
Finance costs	18	3,677.88	4,143.53
Depreciation and amortisation expense	19	6,638.36	6,052.39
Other expenses	20	50,470.36	41,351.29
Total Expenses		**301,555.12**	**233,643.48**
Profit before tax		**53,293.89**	**30,363.50**
Income-tax expense	21		
Current tax		15,087.36	9,178.92
Deferred tax		(60.11)	(1,775.51)
Total tax expense		**15,027.25**	**7,403.41**
Profit for the year		**38,266.64**	**22,960.09**
Other Comprehensive Income			
Exchange difference on translation of foreign exchange		113.41	36.98
Items that will not be reclassified to profit or loss, net of taxes			
Re-measurement loss on post-employment defined benefit plans (net of tax)		(120.38)	(193.88)
Net (loss)/gain on FVTOCI equity instruments (net of tax)		(188.86)	4,582.65
Other Comprehensive Income for the year, net of tax		**(195.83)**	**4,425.75**
Total Comprehensive Income for the year, net of tax		**38,070.81**	**27,385.84**
Profit for the year Attributable to: -			
Owners of the Equity		38,369.61	22,884.30
Non-Controlling Interest		(102.97)	75.79
Other Comprehensive Income for the year Attributable to: -			
Owners of the Equity		(224.23)	4,425.75
Non-Controlling Interest		28.40	-
Total other Comprehensive Income for the Year Attributable to: -			
Owners of the Equity		38,145.38	27,310.05
Non-Controlling Interest		(74.57)	75.79
Earning per equity share :	26		
[Nominal Value per share - ₹ 2/- (Previous year - ₹ 2/-)] [Refer note 7(ii)]			
Basic (₹)		22.20	13.32
Diluted (₹)		22.20	13.32

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

CONSOLIDATED Ind AS STATEMENT OF CASH FLOWS

for the year ended 31 March, 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Year Ended 31 March, 2019		Year Ended 31 March, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before Tax			**53,293.89**		**30,363.50**
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation expenses	19	6,638.36		6,052.39	
Finance costs	18	3,677.88		4,143.53	
Allowance for doubtful debts / expected credit losses - trade receivable	20	500.69		50.00	
Allowance for doubtful debts / expected credit loss written back	15	-		(249.06)	
Interest income from certain financial assets	15	(134.13)		(84.34)	
Exchange differences on translation of foreign subsidiaries		113.41		144.48	
Dividend income from equity instruments designated at FVOCI	15	(390.58)		(266.27)	
Gain on sale of investments carried at FVTPL	15	(797.69)		(927.33)	
Fair Value gains on investments at FVTPL	15	(354.58)		(220.84)	
Liabilities no longer required written back	15	(270.99)		(40.14)	
Loss on disposal of property, plant and equipment	20	16.15		-	
Provisions for claims and litigations		2,025.40		5,790.37	
Foreign exchange differences (net)		(433.02)		2,204.08	
			10,590.90		16,596.87
Operating profit before changes in operating assets and liabilities			**63,884.79**		**46,960.37**
Working capital adjustments					
(Increase) in inventories		(15,039.07)		(6,637.84)	
(Increase) in financial and non-financial assets		(20,122.28)		(1,225.62)	
Increase/(Decrease) in financial and non-financial liabilities		13,077.66		(3,009.30)	
			(22,083.69)		(10,872.76)
Cash generated from operations			**41,801.10**		**36,087.61**
Income tax paid			(12,811.51)		(6,831.59)
NET CASH FLOWS FROM OPERATING ACTIVITIES			**28,989.59**		**29,256.02**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(23,273.90)		(9,443.36)	
Proceeds from disposal of property, plant and equipment		121.08		5.32	
Purchase of current investments		(257,700.00)		(288,700.00)	
Proceeds from sale/redemption of current investments		252,491.40		299,130.30	
Purchase of non-current investments		-		(8,227.22)	
Proceeds from sale of non-current investments		-		3,485.00	
Interest received		218.51		52.79	
Dividend received from equity instruments designated at FVOCI		390.58		266.27	
NET CASH FLOWS USED IN INVESTING ACTIVITIES			**(27,752.33)**		**(3,430.90)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Arrear Allotment money received		-		0.23	
Proceeds from non-current borrowings		18,300.00		5,000.00	
Repayment of non-current borrowings		(4,018.54)		(6,520.16)	
Increase/(decrease) in cash credit facilities from banks		(17,165.95)		454.14	
Proceeds from current borrowings		111,706.50		136,631.81	

CONSOLIDATED Ind AS STATEMENT OF CASH FLOWS

for the year ended 31 March, 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Year Ended 31 March, 2019	Year Ended 31 March, 2018
Repayment of current borrowings		(101,513.79)	(140,922.82)
Dividends paid (including ₹ 1,664.95 Lakhs (Previous year ₹ 421.01 Lakhs) tax on dividends)		(9,673.44)	(2,521.68)
Finance cost paid		(4,674.61)	(3,109.78)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(7,039.83)**	**(10,988.26)**
Net increase/(decrease) in Cash and Cash Equivalents		**(5,802.57)**	**14,836.86**
Opening Cash and Cash Equivalents [Refer Note 4(c)]		17,159.71	2,322.85
Closing Cash and Cash Equivalents [Refer Note 4(c)]		**11,357.14**	**17,159.71**

Changes in liabilities arising from financing activities

Particulars	1 April 2018	Cash Flows	Other	31 March 2019
Current borrowings	52,264.00	(6,973.25)	208.38	45,499.13
Non-current borrowings (including Current Maturities)	19,469.79	14,281.46	92.32	33,843.57
Total liabilities from financing activities	**71,733.79**	**7,308.21**	**300.70**	**79,342.70**

Particulars	1 April 2017	Cash Flows	Other	31 March 2018
Current borrowings	54,814.40	(3,836.88)	1,286.48	52,264.00
Non-current borrowings (including Current Maturities)	21,006.77	(1,520.16)	(16.82)	19,469.79
Total liabilities from financing activities	**75,821.17**	**(5,357.04)**	**1,269.66**	**71,733.79**

Accounting Policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes form an integral part of these Consolidated Ind AS Statement of Cash Flows
This is the Consolidated Ind AS Statement of Cash Flows referred to in our report of even date.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

CONSOLIDATED Ind AS STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March, 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	Notes	31 March, 2019		31 March, 2018	
		No of shares	Amount	No of shares	Amount
Equity shares of ₹ 2/- (31 March, 2018 ₹ 10/-) each issued, subscribed and paid up: (Refer Note 7 (ii))					
Opening balance	7	172,337,860	3,446.77	34,467,572	3,446.73
Receipt of pending allotment money		-	-	-	0.04
Closing balance		**172,337,860**	**3,446.77**	**34,467,572**	**3,446.77**

B. OTHER EQUITY

Particulars	Notes	Reserves and Surplus					Other reserves		Non controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other Items of comprehensive Income - FCTR		
As at 1 April, 2018	8	152.81	22,411.79	7,338.43	60.34	88,944.23	15,426.21	(22.81)	659.13	134,970.13
Profit for the year		-	-	-	-	38,369.61	-	-	(102.97)	38,266.64
Other comprehensive income for the year (net of tax)		-	-	-	-	(62.59)*	(188.86)	85.01	28.40	(138.04)
Dividends paid (including ₹ 1,664.95 Lakhs tax on dividends)	25	-	-	-	-	(9,764.83)	-			(9,764.83)
Loss on fair valuation of preference shares of companies under control/significant influence of the holding company		-	-	-	-	(1,207.04)	-			(1,207.04)
As at 31 March, 2019		**152.81**	**22,411.79**	**7,338.43**	**60.34**	**116,279.38**	**15,237.35**	**62.20**	**584.56**	**162,126.86**
As at 1 April, 2017	8	152.81	22,411.60	7,338.43	60.34	68,872.27	10,843.56	(59.79)	583.34	110,202.56
Amount received during the year		-	0.19	-	-	-	-	-	-	0.19
Profit for the year		-	-	-	-	22,884.30	-	-	75.79	22,960.09
Other comprehensive income for the year (net of tax)		-	-	-	-	(86.38)*	4,582.65	36.98	-	4,533.25
Dividends paid (including ₹ 421.01 Lakhs tax on dividends)	25	-	-	-	-	(2,489.06)	-	-	-	(2,489.06)
Loss on fair valuation of preference shares of the holding company purchased during the year		-	-	-	-	(236.90)	-	-	-	(236.90)
As at 31 March, 2018		**152.81**	**22,411.79**	**7,338.43**	**60.34**	**88,944.23**	**15,426.21**	**(22.81)**	**659.13**	**134,970.13**

* Refer Note 8(e)

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

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
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Director
(DIN: 00009497)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Phillips Carbon Black Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019. The Company is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Group is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 28. The equity shares of the Company are listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited. The registered office of the Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

These consolidated financial statements were approved and authorised for issue in accordance with resolution of the Board of Directors on May 20, 2019.

1. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

1.1.1. Compliance with Ind AS

These consolidated financial statements comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These standards and policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are presented in Indian Rupee (₹), which is the Company's functional and the Group's presentation currency.

1.1.2. Historical cost convention

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

i) certain financial assets and liabilities (including derivative instruments);
ii) Plan assets of defined benefit employee benefit plans

1.1.3. Principles of Consolidation

a. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

b. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in any subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

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

Name	Country of Incorporation	% of ownership interest as on March 31, 2019	% of ownership interest as on March 31, 2018
Phillips Carbon Black Cyprus Holdings Limiited	Cyprus	100	100
PCBL Netherlands Holdings B.V.	Netherlands	100	100
Phillips Carbon Black Vietnam Joint Stock Company	Vietnam	80	80

1.1.4. Current versus Non-current Classification

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

An asset is classified as current when it is:

a. expected to be realised or intended to be sold or consumed in the normal operating cycle,
b. held primarily for the purpose of trading,
c. expected to be realised within twelve months after the reporting period, or
d. cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

All other assets are classified as non-current.

A liability is classified as current when:

a. it is expected to be settled in the normal operating cycle,
b. it is held primarily for the purpose of trading,
c. it is due to be settled within twelve months after the reporting period, or
d. there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

1.2. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.3. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.4. Other financial assets (other than Investments)

1.4.1 Classification

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

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

The classification depends on the Group's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income.

1.4.2. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

1.4.3. Impairment of financial assets

The Group assesses on a forward looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

risk. Note 31 details how the Group determines whether there has been a significant increase in credit risk.

1.4.4. Derecognition of financial assets

A financial asset is derecognised only when

- The rights to receive cash flows from the asset have expired
- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.4.5. Fair value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair values includes discounted cash flow analysis and available quoted market prices. All methods of assessing fair values result in general approximation of fair values and such value may never actually be realised.

1.5. Derivatives Instruments

The Group enters into certain derivative contracts to hedge risks, which are not designated as hedges. Derivatives are recognised at fair values on the date a derivative contract is entered into and subsequent fair value changes are recognised in the statement of profit and loss at the end of each reporting period.

1.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

1.7. Foreign currency transactions and translation

1.7.1 Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. At the year end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchanges rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The results and financial position of foreign subsidiaries are translated into the presentation currency as follows:

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

b) Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

c) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

1.8. Recent Accounting Pronouncements
Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 amending the following standard:

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. These amendments shall have no material impact on the financial statements of the Group.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 April 2019. These amendments have no impact on the financial statements of the Group.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Annual improvement to Ind AS (2018);
These improvements include:
Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

practice is in line with these amendments, the Group does not expect any effect on its financial statements.

Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

Ind AS 116 Leases

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Ind AS 116 requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Group is in the process of evaluating the requirements of the standard and its impact on its financial statements.

1.9. Rounding of amounts

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

Changes in accounting policies and disclosures
New and amended standards

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 is effective from April 1, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption. Under such method, there were no significant adjustments required to be made to the retained earnings as at 1st April 2018. Also, the application of Ind AS 115 did not have any significant impact on the profit for the year.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENT

The preparation of consolidated financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates is recognised in the period in which the estimates are revised and future periods impacted.

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represents obligation that will be settled in future and require assumptions to project benefit obligations. Post-employment benefits accounting is intended to reflect the recognition of future benefits cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

As at and for the year ended 31 March 2019

rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and benefit costs incurred.

Estimation of expected useful lives and residual values of property, plants and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the Group's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities and Provisions for claims and litigations

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business. The Group consults with legal counsel and certain other experts on matters related to litigations. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques which involve various judgements and assumptions. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumption about these factors could affect the reported fair value of financial instruments. Refer note 30 for further disclosures.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

NOTE 3(A) PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction or at deemed cost as on the date of transition to Ind AS less accumulated depreciation, impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation

In case of certain property, plant and equipment, depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets which are different than the rates prescribed under the Schedule II to the Companies Act, 2013.

The Group based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Equipment and Electrical Installations over estimated useful life of 18 to 20 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on historical cost/deemed cost of other property, plant and equipment (except land) is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013.

The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate, at the end of each reporting year.

An item of property, plant and equipment or its components recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The cost of property, plant and equipment not ready to use are disclosed under capital work-in-progress.

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as at and for the year ended 31 March 2019

Tangible Assets

(All amounts in ₹ Lakhs, unless otherwise stated)

	Freehold Land	Leasehold Land	Buildings (i)	Non-Factory Buildings and Flats	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Electrical Installations	Railway Sidings	Total
Year ended 31 March 2019											
Gross carrying amount											
Opening balance as at 1 April 2018	20,206.19	42,920.48	7,286.36	5,810.21	78,229.86	160.70	567.56	17.94	2,191.88	1.40	157,392.58
Additions during the year	-	-	276.68	2,278.91	14,065.16*	4.57	107.11	-	40.81	-	16,773.24
Disposals during the year	-	-	-	-	(184.19)	(4.45)	(3.98)	-	(0.43)		(193.05)
Closing Gross carrying amount	**20,206.19**	**42,920.48**	**7,563.04**	**8,089.12**	**92,110.83**	**160.82**	**670.69**	**17.94**	**2,232.26**	**1.40**	**173,972.77**
Accumulated Depreciation											
Opening balance as at 1 April 2018	-	-	917.91	344.53	15,634.33	69.11	371.04	12.95	614.56	1.40	17,965.83
Depreciation charge for the year	-	-	332.71	138.52	5,856.05	19.75	106.77	1.81	167.21	-	6,622.82
Adjustment of depreciation on disposals	-	-	-	-	(49.11)	(3.33)	(3.22)	-	(0.17)	-	(55.83)
Closing Accumulated Depreciation	**-**	**-**	**1,250.62**	**483.05**	**21,441.27**	**85.53**	**474.59**	**14.76**	**781.60**	**1.40**	**24,532.82**
Net Carrying Amount	**20,206.19**	**42,920.48**	**6,312.42**	**7,606.07**	**70,669.56**	**75.29**	**196.10**	**3.18**	**1,450.66**	**-**	**149,439.95**
Year ended 31 March 2018											
Gross carrying amount											
Opening balance as at 1 April 2017	20,206.19	40,399.40	7,121.59	5,013.55	74,963.46	143.58	477.13	25.42	2,163.46	1.40	150,515.18
Additions during the year	-	2,521.08	164.77	796.66	3,562.14	21.03	90.92	-	28.42	-	7,185.02
Disposals during the year	-	-	-	-	(295.74)	(3.91)	(0.49)	(7.48)	-	-	(307.62)
Closing Gross carrying amount	**20,206.19**	**42,920.48**	**7,286.36**	**5,810.21**	**78,229.86**	**160.70**	**567.56**	**17.94**	**2,191.88**	**1.40**	**157,392.58**
Accumulated Depreciation											
Opening balance as at 1 April 2017	-	-	608.09	225.89	10,623.30	50.90	261.07	18.34	420.55	1.40	12,209.54
Depreciation charge for the year	-	-	309.82	118.64	5,294.13	20.89	110.30	2.09	194.01	-	6,049.88
Adjustment of depreciation on disposals	-	-	-	-	(283.10)	(2.68)	(0.33)	(7.48)	-	-	(293.59)
Closing Accumulated Depreciation	**-**	**-**	**917.91**	**344.53**	**15,634.33**	**69.11**	**371.04**	**12.95**	**614.56**	**1.40**	**17,965.83**
Net Carrying Amount	**20,206.19**	**42,920.48**	**6,368.45**	**5,465.68**	**62,595.53**	**91.59**	**196.52**	**4.99**	**1,577.32**	**-**	**139,426.75**

* Includes ₹339.20 Lakhs on account of duty saved on assets imported under the EPCG scheme.

(i) Cost and accumulated depreciation include ₹ 4,775.22 Lakhs (31 March, 2018 - ₹ 4,775.22 Lakhs) and ₹ 698.33 Lakhs (31 March, 2018 - ₹ 506.30 Lakhs), respectively in respect of Buildings on Leasehold Land.

(ii) Title deed of the above immovable properties are held in the name of the Company except leasehold land amounting to ₹ 2,521.08 Lakhs (31 March, 2018 - ₹ 2,521.08 Lakhs) for which execution of leasehold deed is pending.

(iii) The Group has borrowings from banks, which carry security charge over certain of the above property, plant and equipment. (Refer note 9(a) for details).

(iv) Gross carrying amount on leasehold land represents amount paid under certain lease agreements where the Group has an option to renew the properties on expiry of the lease period. The Group based on terms and conditions of lease agreements has assessed these lease arrangements to be perpetual in nature, accordingly leasehold land is not amortised.

(v) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 19).

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 3(B) CAPITAL WORK-IN-PROGRESS

Capital Work in Progress

Particulars	Total
Year ended 31 March, 2019	
Opening balance as at 1 April 2018	6,684.43
Additions during the year	27,698.78*
Capitalization during the year	(16,879.05)
Closing Gross carrying amount	**17,504.16**
Year ended 31 March, 2018	
Opening balance as at 1 April 2017	7,958.78
Additions during the year	5,852.52
Written off during the year	(582.99)
Capitalization during the year	(6,543.88)
Closing Gross carrying amount	**6,684.43**

1. During the year the Group has capitalised the following expenses to cost of property, plant and equipment/capital work-in-progress:

	31 March, 2019	31 March, 2018
Finance Cost	248.08	55.78
Salaries and wages	458.85	263.65
Other Overheads	785.51	-
	1,492.44	319.43
Add: Balance brought forward from previous year	319.43	-
Less: Capitalised during the year to property, plant and equipment	1,642.67	-
Balance lying in capital work-in-progress	**169.20**	**319.43**

Refer Note 9(a)(i) for the rate used to determine the amount of borrowings cost eligible for capitalization.

* Includes ₹586.65 Lakhs on account of duty saved on assets imported under the EPCG scheme.

NOTE 3(C) INVESTMENT PROPERTY

Accounting Policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition

Particulars	Land
Year ended 31 March, 2019	
Opening gross carrying amount at 1 April, 2018	447.73
Closing gross carrying amount	**447.73**
Year ended 31 March, 2018	
Opening gross carrying amount at 1 April, 2017	447.73
Closing gross carrying amount	**447.73**

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

Estimation of fair value

The Company's investment property consists of freehold land in Andul, West Bengal, India.

The fair value of the investment property is based on current prices for similar property. The main inputs used are quantum, area, location, demand, and trend of fair market value in the area.

The fair value is determined by an accredited independent valuer. Fair valuation is based on market approach method and categorised as Level 2 fair value hierarchy. As at 31 March 2019 and 31 March 2018, the fair values of the properties are ₹ 514.06 Lakhs and ₹ 447.73 Lakhs respectively.

The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 30 (iv).

NOTE 3(D) INTANGIBLE ASSETS

Accounting Policy

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation, impairment loss, if any.

Computer Software for internal use, which is primarily acquired from third party vendors, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised

Amortisation method and period

Computer software is amortized on a straight line basis over estimated useful life of three years from the date of capitalisation.

Amortisation method and useful lives are reviewed periodically at each financial year end

Particulars	Computer Software - Acquired
Year ended 31 March, 2019	
Gross carrying amount	
Opening balance as at 1 April 2018	111.11
Additions during the year	114.01
Closing Gross carrying amount	**225.12**
Accumulated amortisation	
Opening balance as at 1 April 2018	66.47
Amortisation charge during the year	15.54
Closing accumulated amortisation	**82.01**
Net Carrying Amount	**143.11**
Year ended 31 March, 2018	
Gross carrying amount	
Opening balance as at 1 April 2017	63.96
Additions during the year	47.15
Closing Gross carrying amount	**111.11**
Accumulated amortisation	
Opening balance as at 1 April 2017	63.96
Amortisation charge during the year	2.51
Closing accumulated amortisation	**66.47**
Net Carrying Amount	**44.64**

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer note19).

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 4 (A) : INVESTMENTS

Accounting Policy

1. Investment

1.1. Classification

The Group classifies its investments as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss).

The classification depends on the Group's business model for managing the investments and the contractual terms of cash flows.

For investments measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies the debt investments when and only when the business model for managing those investment changes.

1.2. Measurement

At initial recognition, the Group measures a investment at its fair value plus, in the case of investment not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit or loss are expensed in the statement of profit and loss.

(a) Debt Instrument

Subsequent measurement of debt instruments depends on the Group's business model for managing the investment and the cash flow characteristics of the investment. The Group classifies its debt instruments as:

Fair value through profit or loss: Investments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of profit and loss and presented on net basis in the statement of profit and loss within other income/ other expense in the period in which it arises.

(b) Equity Instrument

The Group subsequently measures all equity investments at fair value through Other Comprehensive Income and there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. At the time of derecognition of such investments, the gain or loss is transferred to retained earnings.

	31 March, 2019	31 March, 2018
Non-Current		
Investments in Equity Instruments (fully paid-up) - Other body corporate		
Quoted		
Bank of Baroda	46.26	51.13
35,930 (31 March, 2018: 35,930) equity shares of ₹ 2/- each **		
Indian Overseas Bank	1.65	1.99
11,400 (31 March, 2018: 11,400) equity shares of ₹ 10/- each **		
Norplex Oak India Limited	-	-
380,000 (31 March, 2018: 380,000) equity shares of ₹ 10/- each ^		
Maple Circuits Limited	-	-
765,000 (31 March, 2018: 765,000) equity shares of ₹ 10/- each ^		
CESC Limited	12,320.21	16,292.05
1,686,198 (31 March, 2018: 1,686,198) equity shares of ₹ 10/- each **		
CESC Ventures Limited ##	2,097.46	-
337,239 (31 March, 2018: Nil) equity shares of ₹ 10/- each **		
Spencers Retail Limited ##	1,618.75	-
1,011,718 (31 March, 2018: Nil) equity shares of ₹ 5/- each **		
Total (A)	**16,084.33**	**16,345.17**

Received during the year on restructuring of CESC Limited

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	31 March, 2019	31 March, 2018
Unquoted		
Apeejay Charter Private Limited	0.16	0.16
1,600 (31 March, 2018: 1,600) equity shares of ₹ 10/- each **		
Accurate Commodeal Private Limited	481.85	248.39
390,000 (31 March, 2018: 390,000) equity shares of ₹ 10/- each **		
Woodlands Multispeciality Hospital Limited	421.89	247.34
145,480 (31 March, 2018: 145,480) equity shares of ₹ 10/- each **		
Ritushree Vanijya Private Limited	1,445.14	1,530.92
1,900 (31 March, 2018: 1,900) Equity Shares of ₹ 10/- each **		
Solty Commercial Private Limited	1,445.10	1,530.89
1,900 (31 March, 2018: 1,900) Equity Shares of ₹ 10/- each **		
Subhrashi Vinimay Private Limited	1,606.52	1,752.39
13,000,000 (31 March, 2018: 13,000,000) equity shares of ₹ 10/- each **		
Fairluck Commercial Group Limited	745.12	1,020.54
6,670,000 (31 March, 2018: 6,670,000) equity shares of ₹ 10/- each **		
Spotboy Tracom Private Limited	1,300.48	1,342.94
330,875 (31 March, 2018: 330,875) equity shares of ₹ 10/- each **		
Elphinstone Properties (P) Ltd.	628.93	690.34
4,500,000 (31 March, 2018: 4,500,000) equity shares of ₹ 10/- each **		
RPG Industries (P) Ltd.	283.75	245.22
402,000 (31 March, 2018: 402,000) equity shares of ₹ 10/- each **		
Total (B)	**8,358.94**	**8,609.13**
Investments in Preference Shares (fully paid-up) - Other body corporate		
Rainbow Investments Limited	-	4,249.67
(31 March, 2018: 4,775,000) 2% cumulative non convertible redeemable preference shares of ₹ 100 each #		
Devise Properties Private Ltd.	656.73	1,249.50
1,050,000 (31 March, 2018: 1,050,000) 0% Convertible Preference Shares of ₹ 100/- each at par #		
Lebnitze Real Estate (P) Ltd.	603.07	1,122.05
950,000 (31 March, 2018: 950,000) 0% Convertible Preference Shares of ₹ 100/- each at par #		
Norplex Oak India Limited	-	-
50 (31 March, 2018: 50) preference shares of ₹ 100/- each ^		
Maple Circuits Limited	-	-
50 (31 March, 2018: 50) preference shares of ₹ 100/- each ^		
Total (C)	**1,259.80**	**6,621.22**
(D)=(A)+(B)+(C)	**25,703.07**	**31,575.52**
Current		
Investments in Preference Shares (fully paid-up) - Other body corporate		
Unquoted		
Rainbow Investments Limited	4,504.66	-
4,775,000, 2% cumulative non convertible redeemable preference shares of ₹ 100 each #		
Investments in Mutual Funds #		
Unquoted		
ICICI Prudential Liquid - Direct Plan Growth	6,006.28	-
2,172,909.254 (31 March, 2018: NIL) of face value ₹ 100/- each		
	10,510.94	**-**

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	31 March, 2019	31 March, 2018
1. Additional Information		
(a) Aggregate amount - market value of quoted investments	16,084.33	16,345.17
(b) Aggregate amount of unquoted investments	20,129.68	15,230.35

Investments carried at Fair value through profit or loss

** Investments carried at Fair value through Other Comprehensive Income (FVOCI) - Refer note 2 below

^ The cost of quoted and unquoted investments in equity instruments (fully paid up) and preference shares (fully paid up) respectively have been written off in the past, though quantity thereof appears in the books

2 These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVOCI as the management believes that this provides a more meaningful presentation for long term investments, than reflecting changes in fair values immediately in statement of profit and loss. Based on the aforesaid election, fair value changes are accumulated within Equity under "Fair Value Changes through Other Comprehensive Income - Equity Instruments". The Company transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.

3 Refer note 30 for information about fair value measurements and note 31 for credit risk and market risk on investments.

4(B) TRADE RECEIVABLES

Accounting Policy

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

	31 March, 2019	31 March, 2018
Secured		
Considered Good	100.00	70.00
Unsecured		
Considered Good	65,165.78	52,127.46
Receivables which have significant increase in credit risk	159.45	122.57
Receivables - credit impaired	1,188.39	724.58
Less: Allowance for significant increase in credit risk	(159.45)	(122.57)
Less : Allowance for credit impaired receivables	(1,188.39)	(724.58)
	65,265.78	**52,197.46**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

4(C) CASH AND CASH EQUIVALENTS

	31 March, 2019	31 March, 2018
Balances with banks	10,524.97	4,781.45
Deposits with original maturity of less than three months	-	10,000.00
Remittances in transit	826.03	2,375.67
Cash on Hand	6.14	2.59
	11,357.14	**17,159.71**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

4(D) OTHER BANK BALANCES

	31 March, 2019	31 March, 2018
Balances with Banks		
- In Unpaid Dividend Accounts *	188.52	97.13
	188.52	**97.13**

* Earmarked for payment of Unclaimed Dividends

4(E) LOANS

(Unsecured considered good)

	31 March, 2019	31 March, 2018
Non-current		
Security deposits	1,231.94	1,232.39
Other Loans		
Loan to Employees @	140.22	87.50
	1,372.16	**1,319.89**
@ Includes amount due from an officer of the Company	11.50	17.50
Current		
Security deposits	9.10	11.80
Other Loans		
Loan to Employees @	170.64	33.79
	179.74	**45.59**
@ Includes amount due from an officer of the Company	6.00	6.00

4(F) OTHER FINANCIAL ASSETS

(Unsecured considered good)

	31 March, 2019	31 March, 2018
Non-Current		
Margin Money Deposit against guarantees	139.20	139.20
	139.20	**139.20**
Current		
Interest Receivable	-	84.38
Derivative Instruments not designated as hedges	-	131.16
- Foreign Exchange Forward Contracts		
Unbilled Revenue from sale of power	194.32	242.60
	194.32	**458.14**

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 5: OTHER ASSETS

(Unsecured considered good, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
Non-current		
Capital advances		
- Considered Good :	1,918.52	4,041.58
- Considered Doubtful :	45.62	45.62
Less : Allowance for doubtful advances	(45.62)	(45.62)
Deposits under dispute	452.39	586.74
Others		
Prepaid Expenses	126.23	92.23
	2,497.14	**4,720.55**
Current		
Advances to Suppliers/ Service providers (other than capital)		
- Considered Good :	1,293.07	309.79
- Considered Doubtful :	16.18	16.18
Less : Allowance for doubtful advances	(16.18)	(16.18)
Balances with Government Authorities *		
- Considered Good :	5,007.80	326.43
- Considered Doubtful :	216.46	216.46
Less : Allowance for doubtful advances	(216.46)	(216.46)
Advances to Employees	-	77.21
Prepaid Expenses	386.89	510.12
Export Benefit Receivables #	1,038.95	609.49
Others	13.16	0.05
	7,739.87	**1,833.09**

* Balances with Government Authorities primarily include amounts realisable from the GST Authorities and customs authorities of India and the unutilised GST input credits on purchases to be utilised against future GST liabilities. These are generally realised within one year and hence these balances have been classified as current assets.

Export Benefit Receivables primarily consist of amounts receivable from government authorities of India towards incentives on export sales made by the Company.

NOTE 6: INVENTORIES

(At lower of cost and net realisable value)

Accounting Policy

Inventories are stated at lower of cost and net realisable value.

- Raw materials, Stores and Spares and Packing Material: cost is determined on moving weighted average method and includes cost of purchase and other incidental costs However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
Raw materials	30,900.18	23,158.49
Finished goods	8,311.51	2,771.72
Stores and spares parts *	6,817.54	5,059.95
* [including packing material ₹ 572.57 Lakhs (Previous Year ₹ 579.34 Lakhs)]		
	46,029.23	**30,990.16**

NOTE 7: EQUITY SHARE CAPITAL

	As at 31 March, 2019	As at 31 March, 2018
Authorized share capital		
310,000,000 (31 March, 2018: 62,000,000 equity shares of ₹ 10 each) equity shares of ₹ 2/- each (Refer (ii) below)	6,200.00	6,200.00
Issued, subscribed and paid-up		
172,337,860 (31 March, 2018: 34,467,572 equity shares of ₹ 10/- each fully paid up) equity shares of ₹ 2/- each fully paid up (Refer (i) and (ii) below)	3,446.77	3,446.77
	3,446.77	**3,446.77**

(i) There was no change in number of equity shares issued during the year ended 31 March, 2019 and 31 March, 2018. No equity shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.

(ii) Pursuant to the Special Resolution passed by the Shareholders by way of Postal Ballot on 3 April, 2018, the Company had sub-divided 1 Equity Share of face value of ₹ 10/- per share, fully paid-up into 5 Equity Shares of face value of ₹ 2/- per share, fully paid up, effective from 21 April, 2018.

(iii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company:

	Number of Shares (Holding %)	Number of Shares (Holding %)
Rainbow Investments Limited - Holding Group (Refer Note (ii))	86,515,370	17,303,074
	(50.20%)	(50.20%)

(iv) Terms/ Rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 2/- per share and each shareholder is entitled for one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(v) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94.

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

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 8: OTHER EQUITY

		As at 31 March, 2019	As at 31 March, 2018
(i)	**Reserves and Surplus**		
	Capital Reserve (Refer a below)	152.81	152.81
	Securities Premium (Refer b below)	22,411.79	22,411.79
	Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below)	60.34	60.34
	General reserve (Refer d below)	7,338.43	7,338.43
	Retained Earnings (Refer e below)	116,279.38	88,944.23
(ii)	**Other Reserves**		
	Equity Instruments through Other comprehensive income (Refer f (i) below)	15,237.35	15,426.21
	Foreign Currency Translation reserve (Refer f(ii) below)	62.20	(22.81)
		161,542.30	**134,311.00**
(a)	Capital reserve represents amount transferred from the transferor Company pursuant to a Scheme of Amalgamation - Balance brought forward	152.81	152.81
(b)	Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013		
	Balance as at the beginning of the year	22,411.79	22,411.60
	Add: Amount received during the year	-	0.19
	Balance as at the end of the year	**22,411.79**	**22,411.79**
(c)	Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward	60.34	60.34
(d)	General Reserve - Balance brought forward	7,338.43	7,338.43
	Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.		
(e)	Retained Earnings		
	Balance as at the beginning of the year	88,944.23	68,872.27
	Profit for the year	38,369.61	22,884.30
	Items of other comprehensive income recognised directly in Retained Earnings		
	- Remeasurement of post-employment defined benefit obligation (net of tax)/Others (Refer Note (i) below)	(62.59)	(86.38)
	Dividends paid (including ₹ 1,664.95 Lakhs (Previous year ₹ 421.01 Lakhs) tax on dividends) (Refer note 25)	(9,764.83)	(2,489.06)
	Loss on fair valuation of preference shares of companies under common control/holding company	(1,207.04)	(236.90)
	Balance as at the end of the year	**116,279.38**	**88,944.23**
	Note (i)- Others represents amount directly recognized in retained earnings on consolidation of ₹ 57.79 Lakhs (Previous year ₹107.50 Lakhs)		
	Retained Earnings are the profits and gains that the Group has earned till date and adjustments done on transition to Ind AS, less any transfer to general reserve, dividends or other distributions paid to shareholders		

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
(f) Other Comprehensive Income		
(i) Balance as at the beginning of the year	15,426.21	10,843.56
Changes in fair value of FVOCI Equity Instruments, net of tax	(188.86)	4,582.65
Balance as at the end of the year	**15,237.35**	**15,426.21**
The Company has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised		
(ii) Foreign Currency translation reserve		
Balance as at the beginning of the year	(22.81)	(59.79)
Add/(less): Other comprehensive income for the year	85.01	36.98
Balance as at the end of the year	**62.20**	**(22.81)**

9(A) BORROWINGS

Accounting Policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be utilised. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current and non-current liabilities based on repayment schedule agreed with banks.

(i) Non-current borrowings

SECURED LOANS

	As at 31 March, 2019	As at 31 March, 2018
Term loans from Banks	33,843.57	19,469.79
Less: Current maturities of Long Term Debt [included in Note 9(c)]	(6,777.54)	(3,044.30)
	27,066.03	**16,425.49**
Out of the Term Loans in (i) above, loans amounting to :		
a) ₹ 22,300.00 Lakhs (31 March, 2018 - ₹ 4,983.18 Lakhs) are secured with a first charge by way of a hypothecation over all moveable properties of the Company both present and future, ranking pari passu with charge created in favour of other term lenders.		
b) ₹ 11,543.57 Lakhs (31 March, 2018 - ₹ 13,500 Lakhs) is secured with a first charge by way of a hypothecation on the entire fixed assets (Property, plant and equipment) of the Company both present and future ranking pari passu with charges created in favour of other term lenders.		
c) ₹ Nil (31 March, 2018 - ₹ 453.64 Lakhs) is secured by way of first charge on fixed assets (Property, plant and equipment) both present and future, of the Company by way of hypothecation and mortgage on pari-passu basis with other term lenders. Second charge on all current assets (present & future) of the company on pari passu basis.		
d) ₹ Nil (31 March, 2018 - ₹ 564.90 Lakhs) is secured by pari passu first charge on the entire fixed assets (Property, plant and equipment) both present and future, moveable and immovable. Second pari passu charge by way of hypothecation of the entire current assets of the Company (both present and future).		

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

		As at 31 March, 2019	As at 31 March, 2018
	Maturity Profile of Long Term Borrowings outstanding as on 31 March,2019 :		
	Loan with residual maturity of upto 1 and 3 years	-	453.64
	Loan with residual maturity of upto 3 and 5 years	22,300.00	4,983.18
	Loan with residual maturity of upto 5 and 10 years	11,543.57	14,032.97
		33,843.57	**19,469.79**
	Interest rate on Rupee loans from Banks are based on spread over respective Lenders benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR. All of the above are repayable in periodic instalments over the maturity period of the respective loans.		
(ii)	Current Borrowings		
	SECURED LOANS FROM BANKS		
	Loans repayable on demand	12,495.39	13,176.83
	Other loans	2,797.24	6,115.39
a)	Nature of Security		
	Secured by first charge by way of hypothecation of all the Company's current assets, namely all the stock of raw material, stock in process, semi finished goods and finished goods, consumable stores and spares not relating to plant and machinery (consumable and spares) both present and future, bills receivable, bills whether documentary or clean, outstanding monies, receivable, book debts and all other current assets of the Company both present and future , ranking pari passu without any preference or priority of one over the others and also by second charge on the Company's immovable and movable fixed assets (Property, plant and equipment), both present and future ranking pari passu without any preference or priority of one over the others		
	UNSECURED LOANS		
	Loans repayable on demand		
	- From Banks	30,206.50	32,971.78
		45,499.13	**52,264.00**
	Balance outstanding as at 31 March, 2019 in respect of Commercial Paper was ₹ Nil (31 March, 2018: ₹ Nil). Maximum amount outstanding at any time during the year was ₹ 25,000 Lakhs (2017-18: ₹ 10,000 Lakhs)		
	Refer notes 3(a) and 4(b) for details of assets pledged as security as set out in the above note. Refer note 31 for information about liquidity risk and market risk on borrowings.		

9(B) TRADE PAYABLES

Accounting Policy

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

		As at 31 March, 2019	As at 31 March, 2018
	Current		
	Total outstanding of Dues to Micro Enterprises and Small Enterprises	358.87	102.17
	Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	50,469.77	40,086.21
		50,828.64	**40,188.38**
	Information relating to Micro, Small and Medium Enterprises (MSME)s:		
(i)	The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
	Principal	316.56	87.04
	Interest	24.31	7.31

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

		As at 31 March, 2019	As at 31 March, 2018
(ii)	The amount of interest paid by the buyer under Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of payment made to suppliers beyond the appointed day during the year		
	Principal	-	-
	Interest	-	-
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		
	Principal	1,997.22	340.25
	Interest	2.87	3.07
(iv)	The amount of interest accrued and remaining unpaid at the end of the year	42.31	15.13
(iv)	The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23	27.18	10.38

9(C) OTHER FINANCIAL LIABILITIES

Accounting Policy

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

	As at 31 March, 2019	As at 31 March, 2018
Current		
Current maturities of long term Debt	6,777.54	3,044.30
Interest accrued but not due	281.06	337.64
Unpaid Dividends [Refer Note (i) below]	188.52	97.13
Others:		
Security Deposits received	108.90	100.99
Employee benefits payable	1,544.91	1,262.68
Capital creditors	2,684.84	961.45
Directors' fees & commission payable	1,614.09	900.00
Derivative instrument not designated as hedges - foreign-exchange forward contracts	746.03	-
Other financial liability	-	940.15
	13,945.89	**7,644.34**

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTE 10: PROVISIONS

Accounting Policy

(I) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
Non-current		
Provision for Employee Benefits (Refer Note17.1)		
Provision for gratuity	31.05	-
Provision for post retirement medical liability and Others	100.23	70.05
	131.28	**70.05**
Current		
Provision for Employee Benefits (Refer Note 17.1)		
Provision for gratuity	913.99	626.45
Provision for compensated absences	848.87	756.84
Provision for post retirement medical liability/others	14.74	10.12
Provisions for claims and litigations (Refer Note 10.1)	6,543.51	6,386.71
	8,321.11	**7,780.12**

10.1 Provisions for claims and litigations

The Group has estimated the provisions for pending claims and litigations based on the assessment of probability for these demands crystallising against the Group in due course. The table below gives information about movement in claims and litigations, and provisions.

	As at 31 March, 2019	As at 31 March, 2018
At the beginning of the year	6,386.71	466.66
Add: Arisen During the year	2,025.40	5,920.05
Less : Paid / adjusted during the year	1,868.60	-
At the end of the year	**6,543.51**	**6,386.71**

NOTE 11: DEFERRED TAX LIABILITIES

	Balance as at 1st April, 2018	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31 March, 2019
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	26,885.55	552.53	-	-	27,438.08
Borrowings	41.44	(41.44)	-	-	-
Financial Assets at Fair value through Other Comprehensive Income	2,687.32	-	(322.19)	-	2,365.13
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	45.33	(45.33)	-	-	-
Others	-	33.32	-	-	33.32
	29,659.64	**499.08**	**(322.19)**	**-**	**29,836.53**
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	111.08	-	-	119.52
Items allowable for tax purpose on payments/ adjustment	2,589.81	252.84	-	-	2,842.65
Allowance for doubtful debts - trade receivable	293.19	195.27	-	-	488.46
Minimum Alternate Tax Credit*	4,040.93	-	-	(3,326.89)	714.04
	6,932.37	**559.19**	**-**	**(3,326.89)**	**4,164.67**
Net Deferred Tax Liabilities:	**22,727.27**	**(60.11)**	**(322.19)**	**3,326.89**	**25,671.86**

* Utilised during the year against normal tax liability

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	Balance as at 1st April, 2017	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31 March, 2018
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and Equipments, Intangible Assets and Investment Property	26,882.44	3.11	-	-	26,885.55
Borrowings	41.07	0.37	-	-	41.44
Financial Assets at Fair value through Profit or Loss - Mutual Funds	1.03	(1.03)	-	-	-
Financial Assets at Fair value through Other Comprehensive Income	-	-	2,687.32	-	2,687.32
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	-	45.33	-	-	45.33
	26,924.54	**47.78**	**2,687.32**	**-**	**29,659.64**
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	-	-	-	8.44
Items allowable for tax purpose on payments/ adjustment	455.30	2,134.51	-	-	2,589.81
Allowance for doubtful debts - trade receivable	553.90	(260.71)	-	-	293.19
Fair value changes on financial assets - equity instruments	50.51	(50.51)	-	-	-
Minimum Alternate Tax Credit*	5,389.13	-	-	(1,348.20)	4,040.93
	6,457.28	**1,823.29**	**-**	**(1,348.20)**	**6,932.37**
Net Deferred Tax Liabilities:	**20,467.26**	**(1,775.51)**	**2,687.32**	**1,348.20**	**22,727.27**

* Utilised during the year against normal tax liability

NOTE 12: OTHER CURRENT LIABILITIES

Accounting Policy

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidy will be received. If the grant received is to compensate the import cost of assets, and is subject to an export obligation as prescribed in the EPCG scheme, than the recognition of the grant would be linked to fulfilment of the associated export obligations. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other current liabilities. Revenue grant is recognised as an income in the period in which related obligation is met.

	As at 31 March, 2019	As at 31 March, 2018
Advances from Customers	164.23	159.76
Dues payable to Government Authorities	385.46	256.37
Liability for Export Obligation	586.65	-
	1,136.34	**416.13**

NOTE 13: CURRENT TAX LIABILITIES (NET)

	As at 31 March, 2019	As at 31 March, 2018
Provision for Income Tax	538.15	1,207.31
[Net of Advance Tax ₹ 36,008.45 Lakhs (31 March, 2018: ₹ 23,196.94 Lakhs)]		
	538.15	**1,207.31**

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 14: REVENUE FROM OPERATIONS

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

However, sales tax/ value added tax (VAT)/ Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group regardless of when the payment is being made and specific criteria have been met for each of the Group's activities as described below.

Sale of carbon black

Revenue from sale of carbon black is recognised when the control of the goods has passed to the buyer as per the terms of contract. In case of domestic sales, the performance obligation is satisfied upon delivery of the finished goods at customer's location. In case of export sales, the performance obligation is satisifed once the goods are shipped and the bill of lading has been obtained.

Sale of power

Revenue from the sale of power is recognised upon transmission of units to the buyer net of Unscheduled Interchange gains/losses as per the terms of contract with the customer.

Other Operating revenues

Exports entitlements (arising out of duty draw back, Merchandise exports from India) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Group and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Sales of Finished Goods **		
Carbon black	340,603.47	251,141.84
Sale of Power	9,745.69	8,454.65
Other Operating Revenues		
Scrap sales	507.93	434.65
Export Incentive	1,998.59	1,095.98
Total revenue from operations	**352,855.68**	**261,127.12**
India	268,493.78	204,721.36
Outside India	81,855.38	54,875.13
Total revenue from operations (excluding scrap sales and exports incentive)	**350,349.16**	**259,596.49**

** Post the applicability of Goods and Service Tax (GST) with effect from July 1,2017, Revenue from Operations are required to be disclosed net of GST. Accordingly the sale of finished goods - Carbon Black for the year ended 31 March 2018 include excise duty collected on sales for the period from 1 April 2017 to 30 Jun 2017. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended 31 March 2019 is not comparable to that for the year ended 31 March 2018.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 15: OTHER INCOME

Accounting Policy

a. Interest Income

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

b. Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, and the amount of the dividend can be measured reliably which is generally when shareholders approve the dividend.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest income from certain financial assets	134.13	84.34
Dividend income from equity instruments designated at FVOCI	390.58	266.27
Others		
Gain on sale of investments carried at FVTPL	797.69	927.33
Gain on subleasing of land (net-off lease rentals pending to be amortised)	-	953.59
Fair Value gains on financial assets (investments) at FVTPL	354.58	220.84
Provision/Liability no longer required written back (includes ₹ Nil (Previous year: ₹ 249.06 Lakhs) for allowance for doubtful debts/expected credit loss written back)	270.99	289.20
Miscellaneous income	45.36	138.29
	1,993.33	**2,879.86**

NOTE 16(A) : COST OF MATERIAL CONSUMED

	Year ended 31 March, 2019	Year ended 31 March, 2018
Opening Stock	23,158.49	16,497.90
Add : Purchases	242,937.64	172,845.99
Less : Closing Stock	(30,900.18)	(23,158.49)
Cost of material consumed	**235,195.95**	**166,185.40**

a) Raw material consumption for the year ended March 31, 2018 includes amount accrued on account of a disputed arbitration awarded against the Company during the year, relating to purchase of raw material in earlier years and Entry taxes payable on imports of raw materials into the state of West Bengal consequent to a ruling of the Hon'ble Supreme Court in the matter of Entry taxes

NOTE 16(B) : CHANGES IN INVENTORIES OF FINISHED GOODS

	Year ended 31 March, 2019	Year ended 31 March, 2018
Closing Stock (Carbon black)	8,311.51	2,771.72
Less: Opening Stock (Carbon black)	(2,771.72)	(3,613.43)
	(5,539.79)	**841.71**

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 17 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

a. The liability or asset recognised in the balance sheet in respect of Defined benefit plans is the present value of the Defined benefits obligation at the end of the reporting period less the fair value of plan assets. The Defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.

b. The present value of the Defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.

c. The net interest cost is calculated by applying the discount rate to the net balance of the Defined benefit obligation and the fair value of plan assets. This cost is included in Employees Benefits Expense in the statement of profit and loss

d. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity.

e. Changes in the present value of the Defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(II) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(III) Other long-term employee benefit obligations

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

The Group provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Salaries, wages and bonus	9,073.11	8,122.18
Contribution to provident and other funds (Refer note 17.1)	1,047.99	732.69
Staff welfare expense (Refer note17.1)	991.26	880.98
	11,112.36	**9,735.85**

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

17.1 Employee Benefits:

(I) Post employment obligations

(A) Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of last drawn salary and the period of service and paid as lump sum at exit. Gratuity payable is not restricted to the maximum limit prescribed under the Payment of Gratuity Act, 1972. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested solely with the Life Insurance Corporation of India.

(B) Post- retirement medical benefits (PRMB)

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit], a defined benefit retirement plan is extended to certain employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. The scheme is unfunded.

The following table sets forth the particulars in respect of the defined benefit plans of the Group for the year ended 31 March, 2019:

	Particulars	Gratuity Fund (Funded)			PRMB (Unfunded)
		Present Value of Obligation	Fair value of plan assets	Net Amount	Present Value of Obligation
(i)	**1 April 2018**	2,097.37	(1,470.92)	626.45	32.35
	Current Service Cost	164.39	-	164.39	-
	Past Service Cost	281.53	-	281.53	-
	Interest expense/(Income)	147.76	(101.41)	46.35	2.32
	Total amount recognised in profit or loss	**593.68**	**(101.41)**	**492.27**	**2.32**
	Remeasurements (gain)/loss				
	(Gain)/loss from change in financial assumptions	161.67	(14.12)	147.55	0.67
	(Gain)/loss arising from experience adjustments	24.77	-	24.77	12.14
	Total amount recognised in other comprehensive income	**186.44**	**(14.12)**	**172.32**	**12.81**
	Employer's contributions	-	(346.00)	(346.00)	-
	Benefit payments	(201.16)	201.16	-	(1.92)
	31 March 2019	**2,676.33##**	**(1,731.29)**	**945.04**	**45.56**
(ii)	**1 April 2017**	1,726.96	(1,301.38)	425.58	29.83
	Current Service Cost	97.61	-	97.61	-
	Interest expense/(Income)	115.66	(93.29)	22.37	2.09
	Total amount recognised in profit or loss	**213.27**	**(93.29)**	**119.98**	**2.09**
	Remeasurements (gain)/loss				
	(Gain)/loss from change in financial assumptions	158.88	(13.48)	145.40	(1.04)
	(Gain)/loss arising from experience adjustments	147.58	-	147.58	3.34
	Total amount recognised in other comprehensive income	**306.46**	**(13.48)**	**292.98**	**2.30**
	Employer's contributions	-	(212.09)	(212.09)	-
	Benefit payments	(149.32)	149.32	-	(1.87)
	31 March 2018	**2,097.37**	**(1,470.92)**	**626.45**	**32.35**

Include ₹ 314.16 Lakhs related to present value obligation of gratuity payable for contractual workers. This is an unfunded plan.

The expected return on plan assets is determined after taking into consideration composition of plan assets held, assessed risks of asset management, historical results of return on plan assets, Group's policies for plan asset management and other relevant factors.

The expenses for the above mentioned benefits have been included and disclosed under the following line items:-

Gratuity - under 'Contribution to Provident and other Funds' in Note 17

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 17

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

	2018-19	2017-18
(iii) Actual Return on Plan Asset	101.41	93.29

(iv) The net liability disclosed above relates to funded and unfunded plans are as follows

	As at 31 March, 2019	As at 31 March, 2018
Present value of funded obligations	2,676.33	2,097.37
Fair value of plan assets	(1,731.29)	(1,470.92)
Deficit of funded plan	945.04	626.45
Unfunded plans	45.56	32.35
	990.60	**658.80**

(v) Principal : Actuarial assumptions

		As at 31 March, 2019	As at 31 March, 2018
(i)	Discount rate	7.20%	7.40%
(ii)	Salary escalation rate *	7.00%	7.00%
(iii)	Medical inflation rate	5.00%	5.00%
(iv)	Mortality Table (In service)	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
(v)	Mortality Table (Post Retirement)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)

* The estimate of future salary increase considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Group ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Group's ALM objective is to match asset with gratuity obligation. The Group actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Group has not changed the process used to manage its risk from previous periods. The Group does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

vi) Sensitivity Analysis

	Increase/ (Decrease) in DBO			Increase/ (Decrease) in DBO		
		As at 31 March, 2019	As at 31 March, 2018		As at 31 March, 2019	As at 31 March, 2018
Discount Rate - Gratuity	Decrease by 1%	172.93	117.05	Increase by 1%	(148.18)	(101.21)
Discount Rate - PRMB	Decrease by 1%	3.63	2.73	Increase by 1%	(3.17)	(2.36)
Salary escalation rate	Decrease by 1%	(149.99)	(102.50)	Increase by 1%	171.71	116.41
Life expectancy	Decrease by 1%	1.49	0.88	Increase by 1%	(1.49)	(0.88)
Long term increase in health care cost (medical)	Decrease by 1%	(1.83)	(1.01)	Increase by 1%	2.07	1.18

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar opposite directions, while the plan's sensitivity to such changes can vary over time.

(vii) Risk Exposure

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

1 **Interest rate risk :** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

2 **Salary Inflation risk :** Higher than expected increases in salary will increase the defined benefit obligation

3 **Demographic risk :** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(C) Provident Fund

Certain employees of the Group receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Group. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or cessation of employment. Both the employees and the Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust set up by the Group. The Group has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Group's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Group's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss.

The Actuary has carried out actuarial valuation of the plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and deterministic approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, the future anticipated shortfall with regard to interest rate obligation of the Group amounts to ₹ 15.68 Lakhs (31 March, 2018: ₹ 8.25 Lakhs) and outstanding as at the balance sheet date amounts to ₹ 69.41 Lakhs (31 March, 2018: ₹ 53.73 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal Actuarial Assumptions	**As at 31 March, 2019**	As at 31 March, 2018
Discount Rate	7.20%	7.40%
Expected Return on Exempted Fund	8.65%	8.65%
Expected EPFO return	8.65% for first 1 year and 8.60% thereafter.	8.65% for first 1 year and 8.55% thereafter.

(II) Defined Contribution Plans

The Group has certain Defined Contribution Plans viz. Provident Fund and Superannuation Fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The Group has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of Basic and Dearness Allowance of the member with Superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 424.60 Lakhs (31 March 2018-₹ 374.62 Lakhs)

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(All amounts in ₹ Lakhs, unless otherwise stated)

(III) Defined Benefit Liability and Employer Contributions

Expected contributions to Post-employment benefit plans for the year ending 31 March, 2020 is ₹ 630.81 Lakhs (31 March, 2019: ₹ 626.45 Lakhs)

The weighted average duration of the defined benefit obligation is 5 years for employees (31 March, 2018 - 6 years) and 11 years for contractual employees. The expected maturity analysis of gratuity and post employment medical benefits is as follows:

Particulars	Less than a year	Between 1 -2 years	Between 2 -3 years	Between 3 -4 years	Between 4 -5 years	Over 5 years	Total
March 31 2019							
Defined benefit obligation							
Gratuity	955.68	111.78	179.36	191.75	285.25	1,442.66	3,166.48
Provident fund	10.28	6.30	6.04	6.06	6.05	24.93	59.66
Post employment medical benefits	4.46	4.46	4.44	4.42	4.37	20.70	42.85
Total	**970.42**	**122.54**	**189.84**	**202.23**	**295.67**	**1,488.29**	**3,268.99**
March 31 2018							
Defined benefit obligation							
Gratuity	876.66	105.52	89.99	148.13	164.06	1,183.51	2,567.87
Provident fund	7.37	4.36	4.33	4.44	4.44	19.41	44.35
Post employment medical benefits	3.12	3.11	3.09	3.07	3.04	14.48	29.91
Total	**887.15**	**112.99**	**97.41**	**155.64**	**171.54**	**1,217.40**	**2,642.13**

NOTE 18 : FINANCE COSTS

Accounting Policy

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest expense on debts and borrowings	3,566.32	3,872.38
Other Borrowings Costs	111.56	271.15
	3,677.88	**4,143.53**

NOTE 19 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31 March, 2019	Year ended 31 March, 2018
Depreciation of property, plant and equipments (Refer Note 3(a))	6,622.82	6,049.88
Amortization of intangible assets (Refer Note 3(d))	15.54	2.51
	6,638.36	**6,052.39**

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 20 : OTHER EXPENSES

	Year ended 31 March, 2019	Year ended 31 March, 2018
Consumption of stores and spares	5,267.51	4,136.74
Consumption of packing materials	5,918.40	5,206.88
Power and fuel	2,285.04	2,233.60
Water charges	559.32	419.48
Rent	2,101.52	2,098.39
Rates and taxes	1,457.08	980.95
Repairs and maintenance:		
- Buildings	223.74	319.69
- Plant and Machinery	4,000.95	3,015.64
- Others	277.14	253.74
Insurance	220.08	161.27
Travelling and conveyance	1,235.98	1,299.81
Subscriptions and donations *	2,498.22	136.49
Freight outward (net of recovery)	8,249.52	6,807.36
Commission to selling agents	3,238.45	2,677.65
Directors' sitting fees & Commission	1,641.49	918.65
Research and development expenses (refer note 22)	488.41	783.48
Net loss/(gain) on foreign currency transaction/translation	(204.75)	1,829.43
Loss on disposal of property, plant and equipments	16.15	579.06
Bad Debt Written off during the year :	397.43	
Less : Adjusted with provision	- (397.43)	-
Allowance for doubtful debts / expected credit loss - trade receivable	500.69	50.00
Miscellaneous expenses	10,495.42	7,442.98
	50,470.36	**41,351.29**

* Includes ₹ 2,000 Lakhs (Previous Ywear ₹ Nil) toward contribution to political parties by way of electoral bonds through "The Electoral Bond Scheme, 2018".

NOTE 21 : TAX EXPENSE

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect of situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit/ loss nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

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(All amounts in ₹ Lakhs, unless otherwise stated)

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax assets. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

		Year ended 31 March, 2019	Year ended 31 March, 2018
a.	**Income-tax expense recognised in the statement of Profit and Loss**		
	Current tax		
	Current tax on profits for the year	15,087.36	9,178.92
	Deferred Tax		
	Origination and reversal of temporary differences	(60.11)	(1,775.51)
	Income-tax expense reported in the Statement of Profit and Loss	**15,027.25**	**7,403.41**
b.	**Income-tax expense on other comprehensive income**		
	Current Tax - Remeasurement of post employment defined benefit obligation	64.68	101.40
	Deferred tax - Fair value through other comprehensive income - equity instruments	322.19	(2,687.32)
	Income-tax expense recognised in other comprehensive income	**386.87**	**(2,585.92)**
c.	**Reconciliation of statutory rate of tax and the effective rate of tax**		
	Profit before income tax	53,293.89	30,363.50
	Enacted Income tax rate in India applicable to the Company	34.95%	34.61%
	Tax on Profit before tax at the enacted Income tax rate in India	18,626.22	10,508.81
	Adjustments:		
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Items not deductible / Income exempt from tax	229.36	471.04
	Incentives / additional benefits allowable under Income-tax	(4,023.58)	(3,632.77)
	Other items	195.25	56.33
	Total Income tax expense	**15,027.25**	**7,403.41**
	Effective tax rate	28.20%	24.38%

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(All amounts in ₹ Lakhs, unless otherwise stated)

NOTE 22: RESEARCH AND DEVELOPMENT EXPENSES

Accounting Policy

The Group's business research and development concentrates on the development of improved finished goods and better operational efficiency. Research costs are expensed as incurred. Expenditure on development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

	Year ended 31 March, 2019					Year ended 31 March, 2018				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Revenue Expenditure										
Raw Materials Consumed	-	-	-	-	-	228.97	25.06	107.96	32.19	63.76
Salaries Wages and Bonus	393.24	67.58	56.17	212.23	57.26	464.84	69.99	138.07	160.00	96.78
Contribution to Provident and Other Funds	33.26	6.21	3.91	18.54	4.60	10.63	1.86	1.55	5.69	1.53
Staff Welfare Expense	18.51	1.35	1.12	14.89	1.15	12.16	1.77	1.38	7.64	1.37
Miscellaneous Expenses	43.40	3.45	-	39.95	-	66.88	26.51	16.67	13.86	9.84
Total	**488.41**	**78.59**	**61.20**	**285.61**	**63.01**	**783.48**	**125.19**	**265.63**	**219.38**	**173.28**
Capital Expenditure										
Building	1,045.43					494.36**				

** Included under Capital work in progress

NOTE 23: CONTINGENT LIABILITIES

Accounting Policy

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Liabilities for :

			Year ended 31 March, 2019	Year ended 31 March, 2018
(a)	(i)	Claims against the Group not acknowledged as debts :		
		Income-tax matters under dispute	253.08	361.84
		Excise duty matters under dispute	560.11	524.95
		Sales tax matter under dispute	27.14	12.78
		Service tax matters under dispute	625.52	705.95
		Value added tax matters under dispute	159.76	164.95
	(ii)	Other money for which the Group is contingently liable		
		Excise duty matters under dispute	156.53	156.53
(b)		Outstanding bank guarantees etc.	1,241.91	1,606.16
(c)		Guarantees or counter guarantees or counter indemnity given by the Group		
		On behalf of bodies corporate and others		
		- Limit	9.00	9.00
		- Outstanding	9.00	9.00

It is not practicable for the Group to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings.

(d) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28 February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

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NOTE 24: COMMITMENTS

		Year ended 31 March, 2019	Year ended 31 March, 2018
(a)	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Property, plant and equipment (net of capital advances)	659.77	2,545.53
(b)	**Non-cancellable operating leases**		
	The Group has entered into operating leases on certain motor vehicles and storage tanks, with lease terms for 3 years. The Group has paid ₹ 535.20 Lakhs (31 March 2018: ₹ 417.07 Lakhs) during the year towards minimum lease payment.		
	Commitments for minimum lease payments in relation to non-cancellable operating		
	leases are payable as follows:		
	Within one year	385.67	494.77
	Later than one year but not later than five years	488.17	579.35
	Later than five years	1.36	11.06
		875.20	**1,085.18**

NOTE 25: DIVIDEND ON EQUITY SHARE

	Year ended 31 March, 2019	Year ended 31 March, 2018
Final Dividend for the year ended 31 March 2018 of ₹ 1.2/- per share on face value of ₹ 2/- per share	2,068.05	-
Dividend Distribution tax on above	425.09	-
Interim Dividend for the year ended 31 March 2019 of ₹ 3.5/- per share on face value of ₹ 2/- per share	6,031.83	2,068.05
(31 March 2018 ₹ 6/- per share on face value of ₹ 10/- per share)		
Dividend Distribution tax on above	1,239.86	421.01
	9,764.83	**2,489.06**

26 EARNING PER EQUITY SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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as at and for the year ended 31 March 2019

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		Year ended 31 March, 2019	Year ended 31 March, 2018
	Basic and Diluted		
(i)	Number of Equity Shares outstanding [Refer note 7(ii)]	172,337,860	172,337,860
(ii)	Face value of each Equity Share (₹)	2.00	2.00
(iii)	Profit after Tax available for Equity Shareholders (₹ in Lakhs)	38,266.64	22,960.09
(iv)	Basic and Diluted earnings per Share (₹) [(iii)/(i)]	22.20	13.32

The Group does not have any dilutive potential equity shares.

NOTE 27: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 31 March, 2019	As at 31 March, 2018
Rainbow Investments Limited	Holding Company	India	50.20%	50.20%

(b) Key management personnel of the Company and Holding Company with whom transactions have taken place

	Name	Relationship
i)	Sanjiv Goenka	Chairman and Non Executive Director
ii)	Shashwat Goenka	Non Executive Director
iii)	Preeti Goenka	Non Executive Director (w.e.f. 27 July, 2018)
iv)	Kaushik Roy	Managing Director
v)	C R Paul	Non Executive Independent Director (till 20 April, 2018)
vi)	O P Malhotra	Non Executive Independent Director
vii)	K S B Sanyal	Non Executive Independent Director
viii)	Paras K Chowdhary	Non Executive Independent Director
ix)	Pradip Roy	Non Executive Independent Director
x)	Kusum Dadoo	Non Executive Independent Director
xi)	Sunil Bhandari	Employee holding Directorship in Holding Company
xii)	Subhrangshu Chakraborty	Employee holding Directorship in Holding Company (till 31 January, 2019)
xiii)	Raj Kumar Gupta	Chief Financial Officer
xiv)	Kaushik Mukherjee	Company Secretary

(c) Others with whom transactions have taken place during the year

Name	Relationship
Rainbow Investments Limited	Holding Company
RPG Power Trading Company Limited	Fellow Subsidiary
Trade Apartment Private Limited	Fellow Subsidiary
Dynamic Success Projects Private Limited	Fellow Subsidiary
CESC Limited	Company under control of Holding Company as per Ind-AS 110
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrisons Malayalam Limited	Associate of Holding Company
Woodlands Multispeciality Hospital Limited	Associate of Holding Company
Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Staff Provident Institution (Provident Fund)	Post Employment Benefit Plan of the Company (Other related parties)

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(All amounts in ₹ Lakhs, unless otherwise stated)

(d) Details of transaction between the Company and related parties and outstanding balances

Sl. No.	Nature of Transactions	Company under control of Holding Company as per Ind AS-110 and Holding Company		Associates of Holding Company		Fellow Subsidiaries		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2019	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018
A.	**Transactions**												
1	Recovery of reimbursement of expenses	1.06	2.82	-	-	-	-	-	-	-	-	1.06	2.82
2	Dividend paid on Equity Shares	4,066.22	1,038.18	-	-	-	-	-	-	-	-	4,066.22	1,038.18
3	Dividend received on Equity Shares	295.08	202.34	-	-	-	-	-	-	-	-	295.08	202.34
4	Dividend received on Preference Shares	95.50	63.50	-	-	-	-	-	-	-	-	95.50	63.50
5	Purchase of investments - Acquired by erstwhile subsidiary Company subsequently merged with the Company	-	2,615.72	-	-	-	-	-	-	-	-	-	2,615.72
6	Accommodation Charges paid	-	-	0.92	0.76	-	-	-	-	-	-	0.92	0.76
7	Reimbursement of expenses paid	-	-	3.61	0.23	3.21	7.92	-	-	-	-	6.82	8.15
8	Expenses incurred and recovered	28.50	26.66	-	-	-	-	-	-	-	-	28.50	26.66
9	Reimbursement of expenses received	265.99	41.04	-	-	-	-	-	-	-	-	265.99	41.04
10	Electricity charges paid	2.46	2.24	-	-	-	-	-	-	-	-	2.46	2.24
11	Rent Paid	-	-	-	-	12.38	5.92	-	-	-	-	12.38	5.92
12	Power Selling expenses recovered	-	-	-	-	319.66	137.47	-	-	-	-	319.66	137.47
13	Sale of Power	-	-	-	-	8,577.81	4,739.77	-	-	-	-	8,577.81	4,739.77
14	Advances given	-	-	-	-	-	-	-	-	179.05	122.58	179.05	122.58
15	Advances recovered	-	-	-	-	-	-	-	-	172.58	132.67	172.58	132.67
16	Contributions paid	-	-	-	-	-	-	-	-	665.08	488.20	665.08	488.20
17	Remuneration to Key Management Personnel	-	-	-	-	-	-	1,342.61	1,092.28	-	-	1,342.61	1,092.28
18	Post-employment benefits to Key Management Personnel	-	-	-	-	-	-	29.60	33.49	-	-	29.60	33.49

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as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

Sl. No.	Nature of Transactions	Company under control of Holding Company as per Ind AS-110 and Holding Company		Associates of Holding Company		Fellow Subsidiaries		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2019	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018	**Year ended 31 March, 2019**	Year ended 31 March, 2018
19	Other long-term benefit to Key Management Personnel	-	-	-	-	-	-	18.47	24.31	-	-	18.47	24.31
20	Director's Sitting Fees	-	-	-	-	-	-	27.90	18.68	-	-	27.90	18.68
21	Director's Commission	-	-	-	-	-	-	900.00	-	-	-	900.00	-
22	Loan given to Key Management Personnel	-	-	-	-	-	-	-	24.00	-	-	-	24.00
23	Loan repaid by Key Management Personnel	-	-	-	-	-	-	6.00	0.50	-	-	6.00	0.50
B.	**Closing Balances**												
1	Receivables	-	16.01	8.96	8.96	742.88	416.81	17.50	23.50	6.31	-	775.65	465.28
2	Payables	(9.90)	-	(0.01)	(0.01)	-	-	-	-	-	(0.15)	(9.91)	(0.16)
3	Investment	4,504.66	4,249.67	-	-	-	-	-	-	-	-	4,504.66	4,249.67

(e) Terms and Conditions

All other transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are repayable in cash.

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NOTE 28: SEGMENT

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group.

(a) Description of segments and principal activities

Carbon Black : The Group is primarily engaged in production of Carbon Black through its four manufacturing units located at Durgapur, Kochi, Vadodara and Mundra

Power: The Group is also engaged in generation of electricity for the purpose of captive consumptions as well as distribution of surplus to outsiders.

The segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidate financial statement. Also the Group's borrowings (including finance costs and interest income), income taxes, investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture Carbon Black are based on price paid for power purchased from external sources. Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

All non-current assets of the Group (excluding certain financial assets) are located in India.

(b) Segment Revenue, Segment Earnings and other information as at / for the year ended:-

Segment Revenue :

Particulars	For the year ended 31 March, 2019			For the year ended 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	340,603.47	9,745.69	350,349.16	251,141.84	8,454.65	259,596.49
Other operating Revenues	2,506.52	-	2,506.52	1,530.63	-	1,530.63
Total revenue from operations	343,109.99	9,745.69	352,855.68	252,672.47	8,454.65	261,127.12
Inter-segment revenue	-	6,553.59	6,553.59	-	6,180.93	6,180.93
Total segment revenue	**343,109.99**	**16,299.28**	**359,409.27**	**252,672.47**	**14,635.58**	**267,308.05**

Revenue of ₹ 124,715.47 Lakhs (31 March 2018 - ₹ 84,252.43 Lakhs) are derived from two external customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The Operating Companies of the Group are domiciled in India. The amount of its revenue from external customers broken down by the location of the customers is shown in table below:

Revenue from external customers	Year ended 31 March, 2019	Year ended 31 March, 2018
India	268,493.78	204,721.36
Other countries	81,855.38	54,875.13
Total	**350,349.16**	**259,596.49**

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Segment Results :

Particulars	For the year ended 31 March, 2019			For the year ended 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	61,902.96	10,891.06	72,794.02	32,476.37	9,827.33	42,303.70
Reconciliation to Profit before tax						
Finance Cost	-	-	(3,677.88)	-	-	(4,143.53)
Interest Income	-	-	134.13	-	-	144.99
Unallocated expenses (Net)	-	-	(15,956.38)	-	-	(7,941.66)
Profit before tax	**61,902.96**	**10,891.06**	**53,293.89**	**32,476.37**	**9,827.33**	**30,363.50**

Depreciation/Amortisation and non cash expenses

Particulars	For the year ended 31 March, 2019				For the year ended 31 March, 2018			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	4,182.00	2,333.38	122.98	6,638.36	3,682.32	2,249.98	120.09	6,052.39
Non cash expense	1,259.22	-	495.42	1,754.64	5,839.73	-	-	5,839.73

Segment Assets :

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	249,646.74	33,131.66	282,778.40	202,755.02	30,876.35	233,631.37
Reconciliation to total assets						
Investments	-	-	36,214.01	-	-	31,575.52
Other unallocable assets	-	-	19,719.65	-	-	21,933.10
Total assets as per the balance sheet	**249,646.74**	**33,131.66**	**338,712.06**	**202,755.02**	**30,876.35**	**287,139.99**

Particulars	For the year ended 31 March, 2019				For the year ended 31 March, 2018			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	20,683.50	4,745.00	155.42	25,583.92	7,765.92	1,670.88	807.08	10,243.88

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	31 March, 2019	31 March, 2018
India	266,714.60	224,487.45
Other countries	16,063.80	9,132.92
Total	**282,778.40**	**233,631.37**

Segment Liabilities :

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment liabilities	61,681.22	876.75	62,557.97	41,211.27	585.33	41,796.60
Reconciliation to total liabilities						
Borrowings	-	-	79,342.70	-	-	71,733.79
Current Tax Liabilities (Net)	-	-	538.15	-	-	1,207.31
Deferred Tax Liabilities	-	-	25,671.86	-	-	22,727.27
Other Unallocated liabilities	-	-	5,027.75	-	-	11,258.12
Total liabilities as per the balance sheet	**61,681.22**	**876.75**	**173,138.43**	**41,211.27**	**585.33**	**148,723.09**

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NOTE 29: STATEMENT PURSUING TO REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT, 2013 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY AND STEP DOWN SUBSIDIARIES

Name of the entity in the group	Net Assets i.e., total assets minus total liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent								
Phillips Carbon Black Limited								
31 March, 2019	**99.54%**	**164,807.11**	**101.53%**	**38,853.35**	**157.91%**	**(309.24)**	**101.24%**	**38,544.11**
31 March, 2018	99.15%	137,234.87	100.08%	22,978.62	99.16%	4,388.77	99.93%	27,367.39
Subsidiaries								
Foreign								
Phillips Carbon Black Cyprus Holdings Ltd								
31 March, 2019	**1.22%**	**2,013.28**	**-0.05%**	**(20.20)**	**0.00%**	**-**	**-0.05%**	**(20.20)**
31 March, 2018	1.52%	2,103.62	-0.02%	(5.44)	0.00%	-	-0.02%	(5.44)
PCBL Netherlands Holdings B.V.								
31 March, 2019	**1.41%**	**2,328.97**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**	**-**
31 March, 2018	1.74%	2,410.29	0.00%	-	0.00%	-	0.00%	-
Phillips Carbon Black Vietnam Joint Stock Company								
31 March, 2019	**1.09%**	**1,800.76**	**-1.35%**	**(514.84)**	**0.00%**	**-**	**-1.35%**	**(514.84)**
31 March, 2018	1.60%	2,217.56	1.65%	378.79	0.00%	-	1.38%	378.79
Non-Controlling Interest								
31 March, 2019	**0.35%**	**584.56**	**-0.27%**	**(102.97)**	**-14.50%**	**28.40**	**-0.20%**	**(74.57)**
31 March, 2018	0.48%	659.13	0.33%	75.79	0.00%	-	0.28%	75.79
Adjustments								
31 March, 2019	**-3.60%**	**(5,961.05)**	**0.13%**	**51.30**	**-43.41%**	**85.01**	**0.36%**	**136.31**
31 March, 2018	-4.49%	(6,208.57)	-2.04%	(467.67)	0.84%	36.98	-1.57%	(430.69)
TOTAL								
31 March, 2019	**100.00%**	**165,573.63**	**100.00%**	**38,266.64**	**100.00%**	**(195.83)**	**100.00%**	**38,070.81**
31 March, 2018	100.00%	138,416.90	100.00%	22,960.09	100.00%	4,425.75	100.00%	27,385.84

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NOTE 30: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the year are as follows:

	As at 31 March, 2019			As at 31 March, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	24,443.27	-	-	24,954.30	-
- Preference Shares	5,764.46	-	-	6,621.22	-	-
- Mutual Funds	6,006.28	-	-	-	-	-
Trade receivables	-	-	65,265.78	-	-	52,197.46
Loans	-	-	1,551.90	-	-	1,365.48
Cash and cash equivalents	-	-	11,357.14	-	-	17,159.71
Other bank balances	-	-	188.52	-	-	97.13
Derivative financial assets	-	-	-	131.16	-	-
Other financial assets	-	-	333.52	-	-	466.18
Total financial assets	**11,770.74**	**24,443.27**	**78,696.86**	**6,752.38**	**24,954.30**	**71,285.96**
Financial liabilities						
Borrowings	-	-	72,565.16	-	-	68,689.49
Current maturities of long term debt	-	-	6,777.54	-	-	3,044.30
Derivative financial liabilities	746.03	-	-	-	-	-
Trade payables	-	-	50,828.64	-	-	40,188.38
Other financial liabilities	-	-	7,168.35	-	-	4,600.04
Total financial liabilities	**746.03**	**-**	**137,339.69**	**-**	**-**	**116,522.21**

(ii) Fair Value

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(b) In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.

(c) The fair value of derivative contracts (foreign exchange forward contracts and Currency and Interest rate swaps) is determined using discounted cash flow analysis and swaps and options pricing models.

(d) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain non-current loans which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

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(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measures at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31 March, 2019				As at 31 March, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVPL								
Investments in mutual funds	6,006.28	-	-	6,006.28	-	-	-	-
Investments in preference shares	-	-	5,764.46	5,764.46	-	-	6,621.22	6,621.22
Foreign-exchange forward contract	-	-	-	-	-	131.16	-	131.16
Financial assets at FVOCI								
Investments in equity instruments	16,084.33	-	8,358.94	24,443.27	16,345.17	-	8,609.13	24,954.30
Total financial assets	**22,090.61**	**-**	**14,123.40**	**36,214.01**	**16,345.17**	**131.16**	**15,230.35**	**31,706.68**
Financial liabilities								
Financial liabilities at FVPL								
Foreign-exchange forward contract	-	746.03	-	746.03	-	-	-	-
Total financial liabilities	**-**	**746.03**	**-**	**746.03**	**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31 March, 2019 and 31 March, 2018.

Some of the Group's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

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Valuation inputs and relationship to fair value

Particulars	Fair Value at		Valuation Technique	Significant unobservable input	Sensitivity	
	31 March, 2019	31 March, 2018			31 March, 2019	31 March, 2018
Unquoted equity shares	8,358.94	8,609.13	Discounted cash flow	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 46.55 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 8.67 Lakhs
					Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 39.28 Lakhs	Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 7.71 Lakhs
Unquoted Preference shares	5,764.46	6,621.22	Discounted Amortized cost	Discounting rate to determine PV	Decrease in discount rate by 1% will increase the fair value by ₹ 115.32 Lakhs	Decrease in discount rate by 1% will increase the fair value by ₹ 81.17 Lakhs
					Increase in discount rate by 1% will decrease fair value by ₹ 109.82 Lakhs	Increase in discount rate by 1% will decrease fair value by ₹ 79.26 Lakhs.
Investment Property-Land	514.06	447.73	Fair market price	Discount for limited market activity	Decrease in discount rate by 1% will increase the fair value by ₹ 6.86 Lakhs	Decrease in discount rate by 1% will increase the fair value by ₹ 5.97 Lakhs
					Increase in discount rate by 1% will decrease fair value by ₹ 6.86 Lakhs.	Increase in discount rate by 1% will decrease fair value by ₹ 5.97 Lakhs.

Valuation process :

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Group are derived and evaluated as follows:

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTE 31: FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprises of borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Group. The Group's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Group's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Group seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Group has laid comprehensive risk assessment and minimization/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Group does not enter into derivative financial instruments for speculative purposes.

(A) Credit risk

Credit risk refers to risk of financial loss to the Group if customers or counterparties fail to meet their contractual obligations. The Group is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

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(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Group through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Group also has a policy to provide for all receivables which are overdue for a period over 365 days. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

Particulars	Year ended	
	31-Mar-19	31-Mar-18
Loss allowance at the beginning of the year	847.15	1,443.64
Change / (reversal) in allowance during the year (net)	500.69	(199.06)
Written back during the year/ adjusted with bad debt written off during the year	-	(397.43)
Loss allowance at the end of the year	1,347.84	847.15

(b) Deposits and financial assets (Other than trade receivables):

The Group maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.

(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, 2019					
Borrowings (including current maturities)	52,276.67	16,133.33	10,932.70	-	79,342.70
Trade payable	50,828.64	-	-	-	50,828.64
Other financial liabilities (excluding current maturities of long term borrowings)	7,168.34	-	-	-	7,168.34
	110,273.65	**16,133.33**	**10,932.70**	**-**	**137,339.68**
31 March, 2018					
Borrowings (including current maturities)	55,307.60	9,643.04	5,183.59	1,598.86	71,733.09
Trade payable	40,188.38	-	-	-	40,188.38
Other financial liabilities (excluding current maturities of long term borrowings)	4,600.04	-	-	-	4,600.04
	100,096.02	**9,643.04**	**5,183.59**	**1,598.86**	**116,521.51**

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(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Group's income and expenses and / or value of its investments. The Group's exposure to and management of these risks are explained below

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.The Group operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Group's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies. Over ninety percent of Group's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Group's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates.

(a) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	31-Mar-19				31-Mar-18			
	INR equivalent of				INR equivalent of			
	USD	EUR	JPY	GBP	USD	EUR	JPY	GBP
Financial assets								
Trade receivables	15,137.27	552.47	-	-	9,322.79	480.03	7.10	99.73
Net exposure to foreign currency risk (assets)	**15,137.27**	**552.47**	**-**	**-**	**9,322.79**	**480.03**	**7.10**	**99.73**
Financial liabilities								
Foreign currency loan	43,906.50	-	-	-	44,072.61	-	-	-
Trade payables	37,498.56	116.39	-	18.33	28,679.20	(1,566.26)	-	39.89
Derivative liabilities								
Foreign exchange forward contracts	-	-	-	-				
Buy foreign currency	(67,095.68)				(65,186.52)	-	-	-
Net exposure to foreign currency risk (liabilities)	**14,309.38**	**116.39**	**-**	**18.33**	**7,565.29**	**(1,566.26)**	**-**	**39.89**
Net exposure to foreign currency risk (Assets- Liabilities)	**827.89**	**436.08**	**-**	**(18.33)**	**1,757.50**	**2,046.29**	**7.10**	**59.84**

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(b) Sensitivity

A fluctuation in the exchange rates of 1% with other conditions remaining unchanged would have the following effect on Group's profit or loss before taxes as at 31 March 2019 and 31 March 2018:

	Impact on profit before tax	
	FY 2018-19	FY 2017-18
USD sensitivity		
INR/USD- Increase by 1%*	(208.98)	17.58
INR/USD- Decrease by 1%*	208.98	(17.58)
EUR sensitivity		
INR/EUR- Increase by 1%	4.40	20.46
INR/EUR- Decrease by 1%	(4.40)	(20.46)
JPY sensitivity		
INR/JPY- Increase by 1%	-	0.07
INR/JPY- Decrease by 1%	-	(0.07)
GBP sensitivity		
INR/GBP- Increase by 1%	(0.18)	0.60
INR/GBP- Decrease by 1%	0.18	(0.60)

* Holding all other variable constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of change in market interest rates relates primarily to its debt interest obligations. It's borrowings are at floating rates and its future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

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

	31 March, 2019	31 March, 2018
Total borrowings (including current maturities)	79,342.70	71,733.79

(b) Sensitivity

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

	Impact on profit before tax	
	FY 2018-19	FY 2017-18
Interest Rates - Increase by 50 basis points (50 bps) *	(396.71)	(358.67)
Interest Rates - Decrease by 50 basis points (50 bps) *	396.71	358.67

* Holding all other variable constant

(iii) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Group invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments), certain quoted equity instruments and bank fixed deposits. To manage its price risk arising from investments in mutual funds and equity instruments, the Group diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

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(All amounts in ₹ Lakhs, unless otherwise stated)

(a) Securities Price Risk Exposure

The Group's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Group and classified in the Balance Sheet as fair value through profit or loss/fair value through other comprehensive income is disclosed under Note 30.

(b) Sensitivity

The sensitivity of profit or loss to changes in Net Assets Values (NAVs) as at year end for investments in mutual funds.

	Impact on profit before tax	
	FY 2018-19	FY 2017-18
NAV of mutual funds/Market price of quoted equity instruments - Increase by 1%*	60.06	-
NAV of mutual funds/Market price of quoted equity instruments - Decrease by 1%*	(60.06)	-

* Holding all other variable constant

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Group's cost of sales.

The Group endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Group's own requirements. Further, a significant portion of Group's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Group also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE 32 During the previous year, the Special Director of Enforcement Directorate has issued an order imposing a penalty of ₹ 8.5 Crore on the Group on premise of alleged non-compliances of certain FEMA provisions in relation to Group's investments in foreign subsidiaries in earlier years. While the Group has contested the demand, it has made corresponding provision in the books. The matter is pending for hearing before The Appellate Tribunal for Foreign Exchange, New Delhi.

NOTE 33 : CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Group's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

NOTES TO CONSOLIDATED Ind AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

The Group's policy is to borrow primarily through banks to maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Group.

The Group monitors capital on the basis of cost of capital. The Group is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Group:

Particulars	As at 31 March, 2019	As at 31 March, 2018
Long Term Borrowing (including current maturities of long term debt)	33,843.57	19,469.79
Short Term Borrowing	45,499.13	52,263.30
Less: Cash and cash equivalents	11,357.14	17,159.71
Total Borrowing (Net)	**67,985.56**	**54,573.38**
Total equity	165,573.63	138,416.90
Total Capital (Equity+Net Debt)	**233,559.19**	**192,990.28**

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March, 2019 and 31 March, 2018.

NOTE 34 Figures of the previous year has been regrouped/ rearranged to confirm current year's presentation.

For **S. R Batliboi & Co. LLP**
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: May 20, 2019

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

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

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

FORM AOC-I

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART "A" : SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹ in Lakhs)

Sl. No.	Name of the subsidiary	1 Phillips Carbon Black Cyprus Holdings Ltd	2 PCBL Netherlands Holdings B.V.	3 Phillips Carbon Black Vietnam Joint Stock Company
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro 77.59	Euro 77.59	VND 0.0030
3	Share capital	14.06	13.97	3,571.00
4	Reserves & surplus	1,999.22	2,315.01	(1,770.24)
5	Total assets	2,730.59	2,714.15	3,976.73
6	Total Liabilities	717.31	385.17	2,175.97
7	Investments	2,345.41	2,353.41	-
8	Turnover	-	-	-
9	Profit before taxation	(19.73)	-	(514.84)
10	Provision for taxation	(0.47)	-	-
11	Profit after taxation	(20.20)	-	(514.84)
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
   a) Phillips Carbon Black Cyprus Holdings Ltd
   b) PCBL Netherlands Holdings B.V.
   c) Phillips Carbon Black Vietnam Joint Stock Company

2 Names of subsidiaries which have been liquidated or sold during the year NA

PART "B" : ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Associates / Joint Ventures	NA
1	Latest audited Balance Sheet Date	-
2	Shares of Associates / Joint Ventures held by the company on the year end	-
	No.	
	Amount of Investment in Association / Joint Venture	
	Extent of Holding %	
3	Description of how there is significant influence	-
4	Reason why the Associate/Joint venture is not consolidated	-
5	Networth attribuite to Shareholding as per latest audited Balance Sheet	-
6	Profit / Loss for the year	-
	i. Considered in Consolidation	-
	ii. Not Considered in Consolidation	-
1.	Names of associates or joint ventures which are yet to commence operations.	NA
2.	Names of associates or joint ventures which have been liquidated or sold during the year.	NA

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

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