

Notice

Notice is hereby given that the Fifty-third Annual General Meeting of the Members of Phillips Carbon Black Limited will be held at "Uttam Mancha", 10/1/1, Monoharpukur Road, Kolkata - 700 026, on Wednesday, the 30th July, 2014 at 10.30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including Audited Balance Sheet as at that date, the Statement of Profit and Loss and the Consolidated Financial Statements for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjiv Goenka (holding DIN 00074796), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Paras K. Chowdhary (holding DIN 00076807), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for the purpose to consider and, if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and pursuant to the recommendation of the Audit Committee of the Board of Directors ('the Board'), the retiring Auditors, M/s. Price Waterhouse (Firm Registration No. 301112E) be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the fifty – sixth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) and to fix their remuneration for the financial year ending 31st March, 2015."

SPECIAL BUSINESS:

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

5. (As an Ordinary Resolution)

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 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 Companies Act, 2013, Mr. O P Malhotra (holding DIN 00009086), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of

Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 29th July, 2019, on the terms and conditions referred to in the explanatory statement of material facts annexed to the Notice."

6. (As an Ordinary Resolution)

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 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 Companies Act, 2013, Dr. Ram S Tarneja (holding DIN 00009395), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 29th July, 2019, on the terms and conditions referred to in the explanatory statement of material facts annexed to the Notice."

7. (As an Ordinary Resolution)

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 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 Companies Act, 2013, Mr. C R Paul (holding DIN 00009056), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 29th July, 2019, on the terms and conditions referred to in the explanatory statement of material facts annexed to the Notice."

8. (As an Ordinary Resolution)

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 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 Companies Act, 2013, Mr. K S B Sanyal (holding DIN 00009497), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to

hold office for five consecutive years for a term up to 29th July, 2019, on the terms and conditions referred to in the explanatory statement of material facts annexed to the Notice.”

9. (As an Ordinary Resolution)

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 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 Companies Act, 2013, Mr. Pradip Roy (holding DIN 00026457), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 29th July, 2019, on the terms and conditions referred to in the explanatory statement of material facts annexed to the Notice.”

10. (As an Ordinary Resolution)

“RESOLVED THAT Mr. Altaf Jiwani (holding DIN 05166241), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st April, 2014, in terms of Section 161 (1) of the Companies Act, 2013 read with Article 93(1) of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

11. (As a Special Resolution)

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company, be and is hereby accorded to the appointment of Mr. Altaf Jiwani (holding DIN 05166241), as a Whole Time Director of the Company, retiring by rotation with the designation “Chief Financial Officer” for a period of three years effective from 1st April, 2014, on the terms and conditions of appointment and remuneration as contained in the draft agreement, to be executed by the Company with Mr. Altaf Jiwani, a draft of which initialed by the Chairman for the purpose of identification is placed before the meeting as also set out in the Explanatory Statement attached to this Notice.”

12. (As a Special Resolution)

“RESOLVED THAT in supersession of the earlier resolution passed by the Members at the Annual General Meeting of the Company held on 29th July, 2011 in terms of provisions of Section 293(1)(d) of the Companies Act, 1956, consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013 to the Board of Directors of the Company, for borrowing any sum or sums of money from time to time from any one or more of the Financial Institutions, Government/Government bodies, Company's Bankers and/or other persons, Firms or Bodies Corporate, whether by way of Term Loans, Cash Credit, Advance, Deposits, Bills Discounting, issue of instruments and securities such as bonds, debentures, commercial paper and other debt securities or otherwise, and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 1000/- crores (Rupees one thousand crores only) exclusive of interest. The Board of Directors are hereby further authorised to execute such deeds of debentures and debenture trust deeds for mortgage, charge, hypothecation, lien, promissory notes, deposits receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board of Directors may think fit and that for the purpose of implementation of this Resolution, the Board may act through any member thereof or any other person duly authorized by the Board in that behalf.”

13. (As a Special Resolution)

“RESOLVED THAT in supersession of the earlier resolution passed by the Members at the Annual General Meeting of the Company held on 27th July, 2012 in terms of provisions of Section 293(1)(a) of the Companies Act, 1956, consent of the Company be and is hereby accorded pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors of the Company for mortgaging and/or charging on such

terms and conditions and at such time or times, and in such form and manner, as it may think fit, the Company's present and/or future properties, whether immovable or movable, tangible or intangible comprised in any existing or new undertaking or undertakings of the Company, as the case may be, in favour of Lenders, Agents and/or Trustees for securing the long term, short term including working capital loans and medium term borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/bonds or other debt instruments issued/to be issued by the Company as also deferred sales tax loans availed/to be availed by various units of the Company, from time to time, subject to the limits approved / as may be approved by the Members under Section 180(1)(c) of the Companies Act, 2013 as also the interest on the principal amounts at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, premium (if any) on redemption, remuneration of agent(s)/trustee(s), all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement, debenture trust deed(s) and/or any other deed(s) or document(s) entered into/ to be entered into between the Company and the lender(s)/agent(s)/trustee(s)/state government(s)/agency(ies) representing various state government(s) and/or other agencies etc. in respect of the said loans/ borrowings/ debentures/securities/deferred sales tax loans and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors of the Company (including any Committee thereof) and the lender(s)/ agent(s)/trustee(s)/ state government (s)/agency(ies), etc.

Resolved Further that the securities to be created by the Company as aforesaid may rank prior/pari passu/ subservient with/to the mortgages and / or charges already created or to be created in future by the Company or in such other manner and ranking paripassu or otherwise as may be thought expedient by the Board of Directors or its Committee and as may be agreed to between the concerned parties.

Resolved Further that, the Board or its Committee or Persons authorized by the Board, be and is/are hereby authorized to finalise, settle and execute any and all agreements, documents, deeds, writings and papers as may be necessary for creating the mortgages and/or

charges as aforesaid and to do all acts, deeds, matters and things as it/they may, in its/their absolute discretion consider necessary, desirable or expedient for implementing this resolution and to resolve any question, difficulty or doubt relating thereto, or otherwise considered to be in the best interest of the Company."

14. (As an Ordinary Resolution)

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company ("the Board") for the financial year ending 31st March, 2015, be paid a remuneration of Rs. 3,00,000/- (Rupees three lacs only).

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

Registered Office :

31, Netaji Subhas Road
Kolkata – 700 001
29th April, 2014

By Order of the Board

Kaushik Mukherjee
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Businesses to be transacted at the Annual General Meeting is attached hereto.
2. **A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy/Proxies to attend and vote on a poll instead of himself/herself. Such a proxy/proxies need not be a member of the Company.**
A person can act as proxy on behalf of members not exceeding fifty(50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. A Proxy Form is annexed to this Notice.

3. The Register of Members and Transfer Books of the Company shall remain closed from 20th June, 2014 to 30th June, 2014 (both days inclusive).
4. The Company has transferred all unclaimed or unpaid Dividend declared upto the financial year ended 31st March, 2005 to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 125(1) of the Companies Act, 2013.
5. No Dividend has been declared for the Financial Year ended 31st March, 2006. Dividend for the Financial Year ended 31st March, 2007 and thereafter, which remain unclaimed or unpaid for a period of seven years will be transferred to the IEPF under Section 124(5) of the Companies Act, 2013. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 2007 or any subsequent financial years are requested to submit their claims to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to IEPF as stated no further claim shall be entertained by the Company in respect thereof. The dividend for the financial year ended 31st March, 2007 is due to be transferred to the aforesaid Fund immediately after 2nd September, 2014.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of information thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2003 - 2005 on the website of IEPF viz. www.iepf.gov.in and under "Investor Relations" section on the Website of the Company viz. www.pcblltd.com

6. Members can avail of 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.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrars and Share Transfer Agent/Share Department of the Company.

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

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

9. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Company's Registrars and Share Transfer Agent - Link Intime India Private Limited.
10. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrars 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.
11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Registrars and Share Transfer Agent/Depositories.
12. Electronic copy of the Annual Report for Financial Year 2013 - 2014 is being sent to all members whose email IDs are registered with the Registrars and Share Transfer Agent/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for Financial Year 2013-2014 is being sent in the permitted mode.
13. Electronic copy of the Notice of the 53rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Registrars and Share Transfer Agent/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email

address, physical copies of the Notice of the 53rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

14. Members may also note that the Notice of the 53rd Annual General Meeting and the Annual Report for Financial Year 2013-2014 will also 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 Company's Registered Office in Kolkata for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id – kaushik.mukherjee@rp-sg.in

15. Details under revised Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

16. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their right to vote at 53rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

I. The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL {for members whose email IDs are registered with the Registrars and Share Transfer Agent/Depository Participants}

- (i) Open email and open PDF file viz; "PCBL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password noted in step(i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with

minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) Home page of e-voting opens. Click on "e-voting - Active E-voting cycles."
- (vii) Select Electronic Voting Event Number ("EVEN") of Phillips Carbon Black Limited.
- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolutions, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to pcb1.scrutinizer@gmail.com, with a copy marked to evoting@nsdl.co.in.

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

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for AGM:

EVEN	USER ID	PASSWORD
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- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. 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 Downloads Section of www.evoting.nsdl.com

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

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

- V. The e-voting period commences on Thursday, the 24th July, 2014 (9.00 am) and ends on Saturday, the 26th July, 2014 (6.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialization form, as on the cut off date (record date) of 19th June, 2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on an resolution is cast by shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 19th June, 2014.
- VII. E-voting right cannot be exercised by a Proxy.
- VIII. Mr. Anjan Kumar Roy, Practicing Company Secretary, (Membership No. FCS 5684) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- IX. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- X. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.pcblltd.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and will also be forwarded to all the Stock Exchanges in India, where the Shares of the Company are Listed.
17. 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.
18. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 6.00 pm) on all working days, up to and including the date of Annual General Meeting of the Company.

Registered Office :
31, Netaji Subhas Road
Kolkata - 700 001
29th April, 2014

By Order of the Board
Kaushik Mukherjee
Company Secretary

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

Item No. 5

Mr. O P Malhotra (82) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in December, 1989. Mr. O P Malhotra is a Member of Audit and Nomination & Remuneration Committee, of the Board of Directors of the Company.

Mr. O P Malhotra is a B.Chem, Engg., M.I.E., F.I.I., Ch.E. Mr. O P Malhotra is associated with the RPG Group since 1962 and under his able and valued supervision, the Company during the period 1993-94, undertook the modernisation of its plant at Durgapur.

Mr. O P Malhotra is presently holding Directorship in Alpha Carbon Ltd., Chembond Chemicals Ltd., and Chembond Ashland Water Technologies Ltd. Mr. O P Malhotra is a Compensation Committee Member of Chembond Chemicals Ltd. Mr. O P Malhotra does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. O P Malhotra retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. O P Malhotra being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29th July, 2019. A notice has been received from a member u/s 160 (1) of the Companies Act, 2013 proposing Mr. O P Malhotra as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. O P Malhotra fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. O P Malhotra as an Independent Director 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.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. O P Malhotra as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. O P Malhotra as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. O P Malhotra, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. This Explanatory Statement may also be

regarded as a disclosure under revised Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 6

Dr. Ram S Tarneja (82) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in October, 1993. Dr. Ram S Tarneja is a Member of Audit Committee, of the Board of Directors of the Company.

Dr. Ram S Tarneja is a B.A. (Hons.) Delhi, M.A. (Delhi and Virginia), Ph.D (Cornell). Dr Ram S Tarneja was the Managing Director of Bennett, Coleman & Co. Ltd until May, 1991 and continued to be on the Board till 06.08.2011. His present Chairmanships include, among others, that of Jollyboard Ltd., Nissin ABC Logistics Pvt. Ltd, Mohandevi Tarneja Memorial Trust, Pan Asian Management & Rural Research Organisation and The EFI Social & Labour Research Foundation.

Dr. Ram S Tarneja is presently holding Directorship in Bharat Gears Ltd., GIVO Ltd., Housing Development Finance Corporation Ltd., Jollyboard Ltd., NESCO Ltd., Otis Elevator Company (I) Ltd., Phoenix Township Ltd., SOWIL Ltd., Transcorp International Ltd., Arim Metal Industries Pvt. Ltd., Nissin ABC Logistics Pvt. Ltd., RITCO Travels and Tours Private Ltd. Dr. Ram S Tarneja is a Chairman of Audit Committee of Bharat Gears Ltd. and Member of Audit Committee of Jolly Board Ltd., NESCO Ltd., Otis Elevators India Co. Ltd. and Transcorp International Ltd. and a Chairman of Stakeholders Relationship Committee of Housing Development Finance Corporation Ltd. Dr. Ram S Tarneja is also a Chairman of Nomination and Remuneration Committee of Nissin ABC Logistics Pvt. Ltd. and a Member of Nomination and Remuneration Committee of GIVO Ltd. Dr. Ram S Tarneja does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Dr. Ram S Tarneja retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr. Ram S Tarneja being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29th July, 2019. A notice has been received from a member u/s 160 (1) of the Companies Act, 2013 proposing Dr. Ram S Tarneja as a candidate for the office of Director of the Company.

In the opinion of the Board, Dr. Ram S Tarneja fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. Ram S Tarneja as an Independent Director 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.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Ram S Tarneja as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Ram S Tarneja as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. Ram S Tarneja, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice. This Explanatory Statement may also be regarded as a disclosure under revised Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 7

Mr. C R Paul (86) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in December, 1989. Mr. C R Paul is a Member of Audit Committee and Nomination and Remuneration Committee and Chairman of the Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. C R Paul is a M.Sc., FIEE. Mr. C R Paul is a noted corporate advisor of RP-Sanjiv Goenka Group, one of the India's top industrial houses and Ex-Managing Director of CESC, having a keen interest in Electrical and Thermal Power. He was also associated with the Govt. of India, Environment Appraisal Committee for Thermal Power Projects as a Member.

Mr. C R Paul is not a Director in any other company. Mr. C R Paul does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. C R Paul is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. C R Paul being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29th July, 2019. A notice has been received from a member u/s 160 (1) of the Companies Act, 2013 proposing Mr. C R Paul as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. C R Paul fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. C R Paul as an Independent Director 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.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. C R Paul as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. C R Paul as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. C R Paul, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice. This Explanatory Statement may also be regarded as a disclosure under revised Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 8

Mr. K S B Sanyal (81) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 1995. Mr. K S B Sanyal is a Chairman of the Audit Committee and Nomination and Remuneration Committee and Member of the Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. K S B Sanyal is a MA, CBIM, FIP (LONDON). Mr. K S B Sanyal was the Chairman and Managing Director of Andrew Yule & Company Limited. He was also the Sheriff of Calcutta. He is a Member of the Governing Body of HelpAge India.

Mr. K S B Sanyal is presently holding Directorship in IFGL Refractories Ltd., Cimmco Ltd., Woodlands Multispeciality Hospital Limited and IFGL Exports Ltd. Mr. K S B Sanyal is a Chairman of Audit Committee of IFGL Refractories Ltd., and a Member of Audit Committee of Cimmco Ltd., Chairman of Stakeholders Relationship Committee of IFGL Refractories Ltd. and a Member of Nomination and Remuneration Committee of IFGL Refractories Ltd. Mr. K S B Sanyal does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. K S B Sanyal is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. K S B Sanyal being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29th July, 2019. A notice has been received from a member u/s 160 (1) of the Companies Act, 2013 proposing Mr. K S B Sanyal as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. K S B Sanyal fulfills the conditions specified in the Companies Act, 2013 and rules

made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. K S B Sanyal as an Independent Director 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.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K S B Sanyal as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K S B Sanyal as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K S B Sanyal being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice. This Explanatory Statement may also be regarded as a disclosure under revised Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 9

Mr. Pradip Roy (65) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2011.

Mr. Pradip Roy, is a CAIIB, a Management graduate from Faculty of Management Studies, Delhi University and also holds a B.Sc. (Hons.) degree in Petroleum Engineering. He did his engineering from Indian School of Mines, Dhanbad. He has undergone training in investment appraisal and management from Harvard University, Cambridge, U.S.A. Mr. Pradip Roy began his banking career by joining Bank of India as a probationary officer in October 1972. After working for 6 and half years with Bank of India as an officer, he joined IDBI in 1979 and after working in various capacities over a span of 29 years, he retired as Executive Director in 2008. Thereafter, he worked with UTI AMC Limited as a full time advisor for about 3 and half years. Presently, Mr. Pradip Roy is a Senior Advisor with the American Investment Advisory firm, Lincoln International Advisors Private Limited and Pipavav Defense and Offshore Engineering Company Limited. Mr. Pradip Roy was appointed by the Government of India as a representative of the financial sector on the Working Group on Ports & Shipping under the Chairmanship of Secretary, Ministry of Shipping, Government of India in August 2010. His paper on power sector was selected for personal presentation by the World Energy Congress held in Buenos Aires, Argentina, in October, 2001.

Mr. Pradip Roy is presently holding Directorship in Noida Power Company Limited, Firstsource Solutions Ltd, IL & FS

Infra Asset Management Ltd., GVK Industries Ltd. and Precision Wires India Limited. Mr. Pradip Roy is a Member of Audit Committee of IL & FS Infra Assets Management Ltd., GVK Industries Ltd. and Precision Wires India Limited, Member of Stakeholders Relationship Committee of IL & FS Infra Assets Management Ltd., Chairman of Risk Management Committee of IL & FS Infra Assets Management Ltd. and a Member of Nomination and Remuneration Committee of Precision Wires India Limited. Mr. Pradip Roy does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Pradip Roy is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Pradip Roy being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29th July, 2019. A notice has been received from a member u/s 160 (1) of the Companies Act, 2013 proposing Mr. Pradip Roy as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Pradip Roy fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Pradip Roy as an Independent Director 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.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Pradip Roy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Pradip Roy as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Pradip Roy being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice. This Explanatory Statement may also be regarded as a disclosure under revised Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 10

Mr. Altaf Jiwani, (47) Chief Financial Officer, was appointed by the Board of Directors ("the Board") as an Additional Director of the Company with effect from 1st April, 2014, pursuant to Section 161(1) of the Companies Act, 2013 read with Article 93(1) of the Articles of Association of the Company. Mr. Altaf Jiwani 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 Mr. Altaf Jiwani, for the office of the Director of the Company.

The Board recommends the resolution in relation to appointment of Mr. Altaf Jiwani as a Director, for the approval by the shareholders of the Company.

Except Mr. Altaf Jiwani being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice. This Explanatory Statement may also be regarded as a disclosure under revised Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 11

Mr. Altaf Jiwani is qualified as BE (Production) and MMS (Finance). He has more than 20 years of experience in Corporate Finance across industries such as, electrical, textile and automobile. He has developed expertise in the areas of Foreign Exchange, Risk Management and Trade Finance and received the 'Outstanding Achiever' Award within RPG Group in 2007-08. He has significantly contributed in derisking the business model of Phillips Carbon Black Limited in his role as CFO.

Mr. Altaf Jiwani is presently holding Directorship in DCB Bank Limited and he is also a Member of Audit Committee of DCB Bank Limited. Mr. Altaf Jiwani does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The approval of the members is being sought to the terms, conditions and stipulations for the appointment of Mr. Altaf Jiwani as the Whole Time Director and the remuneration payable to him. The terms and conditions proposed are keeping in line with the remuneration package that is necessary to continue to encourage good professional managers with a sound career record to important position such as that occupied by Mr. Altaf Jiwani.

The proposed appointments and the terms of remuneration are in accordance with the conditions specified in Schedule V to the Companies Act, 2013.

The terms and conditions governing the appointments referred to above as Wholetime Director for the period 1st April, 2014 to 31st March, 2017 are contained in the draft Agreement as tabled in the meeting. The principal terms and conditions set out in the draft Agreement are as follows :-

Basic Salary	: 2,46,000/- per month
Management Allowance	: 2,46,000/- per month
Customised Allowance Pool	: 3,55,300/- per month

Perquisites

In addition to the above remuneration, Mr. Altaf Jiwani shall be entitled to the following perquisites :

- (i) Personal accident insurance, encashment of leave at the end of the tenure of service, club fees, medical insurance and privilege leave on full pay and allowance etc. in accordance with the Rules of the Company.
- (ii) Subject to any statutory ceiling, Mr. Altaf Jiwani may be given any other allowance, performance bonus/incentive, perquisites, benefits and facilities as the Board of Directors of the Company may from time to time decide.
- (iii) Valuation of perquisites shall be done as per the Income Tax Rules, wherever applicable. In absence of any such rule, the perquisites shall be evaluated at actual cost.
- (iv) Company's contribution to the Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of Income Tax Act.
- (v) Gratuity :One half of a month's salary for each completed year of service in accordance with the Rules of the Company.

General Exemption: Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, Gratuity payable and Leave Encashment at the end of the tenure shall not be included in the computation of the ceiling on Remuneration under Schedule V of the Companies Act, 2013.

Provisions of cars with driver for use on Company's business and telephone will not be considered as perquisites. Personal long distance calls and use of cars for private purpose shall however be billed by the Company.

Payment of the above remuneration to Mr. Altaf Jiwani has been approved by the Nomination and Remuneration Committee of the Board duly held on 29th April, 2014 and will be in accordance with Schedule V to the Companies Act, 2013 as applicable.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may, in its discretion, deem fit within the maximum amount payable to Mr. Altaf Jiwani in accordance with the provisions of the Companies Act, 2013 or any amendment made therein or with the approval of the Central Government, if required.

Minimum Remuneration: In the event of absence or inadequacy of profits in any financial year during the tenure of the appointment, Mr. Altaf Jiwani will be entitled to draw the subsisting remuneration as Minimum Remuneration

subject to the provisions of Schedule V of the Companies Act, 2013.

Mr. Altaf Jiwani does not have any interest in the capital of the Company, directly or indirectly or through any other statutory structures, nor has any direct or indirect interest nor is related to any of the directors or promoters of the Company at any time during last two years before or on the date of the appointment and possesses requisite qualification and expertise with specialized knowledge in the field of his profession.

The Agreement to be executed by the Company with Mr. Altaf Jiwani is available for inspection by members at the Registered Office of the Company between 10.00a.m to 12.00 noon on any working day of the Company and will also be available at the Meeting.

The Board recommends the resolution as set out at Item no. 11 of the Notice in relation to appointment of Mr. Altaf Jiwani as a Whole Time Director, for the approval by the shareholders of the Company.

Except Mr. Altaf Jiwani being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no. 11 of the Notice. This Explanatory Statement may also be regarded as a disclosure under revised Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 12

The Members of the Company, at the Annual General Meeting held on 29th July, 2011 had accorded by way of an ordinary resolution, their approval to the Board of Directors of the Company and /or a Committee thereof for borrowing monies on behalf of the Company, from time to time, upto an aggregate amount (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) not exceeding the paid up share capital of the Company and its free reserves by Rs. 1,000.00 crores.

However, after the applicability of the provisions of Section 180(1) (c) of the Companies Act, 2013, a Company can borrow monies exceeding the aggregate of its paid up capital and free reserves (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) with the approval of members of the Company by way of Special Resolution.

The Board recommends the resolution as set out at Item no. 12 of the Notice be passed in the interest of the Company.

Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors, Key Managerial personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid resolution.

Item No. 13

The Members of the Company, at the Annual General Meeting held on 27th July, 2012 had accorded by way of an ordinary resolution, their approval to the Board of Directors of the Company, in order to meet the requirement of funds for financing of capital expenditure/working capital requirements and/or general corporate purposes, that the Company has to raise funds from time to time from Banks/Financial Institutions/Investment Institutions/Mutual Funds/Bodies Corporate/Foreign Financial Institutions/Individuals and/or any other agency or agencies by way of loans, both in rupee and foreign currency and/or Debentures (Partly convertible/Fully – convertible/Non-convertible) for Long Term/Short Term/Medium Term or any other nature of instrument as may be permissible by law which under Section 293(1)(a) of the Companies Act, 1956, are normally secured by a mortgage/charge over the immovable/movable properties of one or more units of the Company in such form and manner as may be determined by the Board of Directors of the Company or its Committee, from time to time, in consultation with the Lenders/ Agents/ Trustees.

However, after the applicability of the provisions of Section 180(1) (a) of the Companies Act, 2013, a Company can do so after obtaining the approval of Members of the Company by way of Special Resolution.

The Board recommends the resolution as set out at Item no. 13 of the Notice be passed in the interest of the Company.

Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors, Key Managerial personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid resolution.

Item No. 14

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out under Item no. 14 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors, Key Managerial personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid resolution.

II. DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING WITH THE STOCK EXCHANGE

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st April, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall not be included in the total number of directors of the Company. Mr. Sanjiv Goenka and Mr. Paras K Chowdhary shall accordingly retire at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

(i) Re-appointment of Mr. Sanjiv Goenka (Item No. 2)

Mr. Sanjiv Goenka (53) joined the Board of Directors of the Company in October, 1986. Mr. Sanjiv Goenka is a Commerce Graduate and the Chairman of RP-Sanjiv Goenka group having an asset base of more than US\$ 4.3 billion, over 50,000 employees and about a hundred thousand shareholders with annual revenues of approximately US \$ 2.6 billion.

The group's businesses span across six sectors – power & natural resources, carbon black, retail, media & entertainment and IT & education, include flagship companies such as CESC Limited, Phillips Carbon Black limited, Firstsource Solutions Ltd. and Saregama India Limited.

Mr. Sanjiv Goenka is currently the honorary consul of Canada in Kolkata. Mr. Sanjiv Goenka took over as the youngest-ever President of the Confederation of Indian Industry (CII) and is a former President of the All India Management Association (AIMA) as well as a Member of the Prime Minister's council on trade & industry. Mr. Sanjiv Goenka was appointed Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur (IIT-KGP) and currently serves on the Board of the Indian Institute of Management, Kolkata (IIM-KOLKATA).

Mr. Sanjiv Goenka is presently holding Directorship in CESC Limited, Eveready Industries India Ltd., Saregama India Ltd., Spencer International Hotels Ltd., Spencer and Company Ltd., Harrisons Malayalam Ltd., STEL Holdings Limited, Firstsource Solutions Limited, Noida Power Company Ltd., Graphite India Limited, Woodlands Multispeciality Hospital Ltd and RPG Enterprises Ltd. Mr. Sanjiv Goenka does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Sanjiv Goenka is the Chairman of Stakeholders Relationship Committee of CESC Limited and Saregama India Ltd., a Member of Audit Committee of CESC Limited, a Member of Nomination & Remuneration Committee of

Eveready Industries India Ltd. and a Member of Finance & Forex Committee of CESC Limited.

Except Mr. Sanjiv Goenka, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of the Notice.

(ii) Re-appointment of Mr. Paras K Chowdhary (Item No.3)

Mr. Paras K. Chowdhary (62) joined the Board of Directors of the Company in December, 1999. Mr. Paras K Chowdhary is a Member of Audit Committee of the Board of Directors of the Company.

Mr. Paras K Chowdhary is a Science graduate. He has been associated with the Tyre and Carbon Black Industry for over 35 years and his last assignment was Managing Director of CEAT Ltd. He continues to be on the Board of Directors of CEAT Ltd.

Mr. Paras K Chowdhary is a Member of Stakeholders Relationship Committee and Nomination and Remuneration Committee of CEAT Ltd. Mr. Paras K Chowdhary does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. Paras K Chowdhary being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

APPOINTMENT OF OTHER DIRECTORS

(Item Nos. 5 to 11)

For the details of Mr. O P Malhotra, Dr. Ram S Tarneja, Mr. C R Paul, Mr. K S B Sanyal, Mr. Pradip Roy and Mr. Altaf Jiwani, please refer to the above Explanatory Statement in respect of the Special Business set out as Item Nos. 5 to 11 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Registered Office :
31, Netaji Subhas Road
Kolkata – 700 001
29th April, 2014

By Order of the Board

Kaushik Mukherjee
Company Secretary



RP - Sanjiv Goenka
Group

Report & Accounts

2013-14



Challenging the Limits

Phillips Carbon Black Limited



An artist's impression of PCBL Factory at Kochi, Kerala.



Phillips Carbon Black Limited

CIN : L23109WB1960PLC024602

Registered Office : 31, Netaji Subhas Road, Kolkata 700 001

Phone : 033 66251461 – 64, Fax : 033 22480140

E-mail : pcbl@rp-sg.in, Website : www.pcblltd.com

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Board of Directors

Mr Sanjiv Goenka, Chairman
Mr Kaushik Roy, Managing Director
Mr C R Paul
Mr O P Malhotra
Dr Ram S Tarneja
Mr K S B Sanyal
Mr Paras K Chowdhary
Mr Pradip Roy
Mr Altaf Jiwani, Director & CFO

Company Secretary

Mr Kaushik Mukherjee

Banks

Bank of Baroda
Allahabad Bank
State Bank of India
State Bank of Bikaner & Jaipur
IDBI Bank Limited
State Bank of Travancore
Export Import Bank of India
ICICI Bank Limited
Syndicate Bank
Citibank, N. A.

Auditors

Price Waterhouse
Chartered Accountants

Solicitors

Khaitan & Co.

Directors' Report, Management Discussion and Analysis

Your Directors take pleasure in presenting the fifty - third Report and Accounts of Phillips Carbon Black Limited for the financial year ended 31st March, 2014.

In terms of the General Circular 08/2014 dated 4th April, 2014, the financial statements, and the documents required to be attached thereto and the Board's Report for the year under review have been prepared in accordance with the relevant provisions, schedules and rules of the Companies Act, 1956 ("the Act")

FINANCIAL HIGHLIGHTS
(Rs. in crore)

Year ended	31.03.14	31.03.13
Total Revenue	2297.97	2294.18
PBDIT	104.48	74.97
Less: Finance and hedging cost	138.65	64.22
PBDT	(34.17)	10.75
Less: Depreciation	53.74	50.79
PBT	(87.91)	(40.04)
Tax Expense	(1.31)	(19.39)
PAT	(86.60)	(20.65)
Balance brought forward	255.57	278.23
Profit available for Appropriation	168.97	257.58
Proposed Dividend	—	1.72
Tax on aforesaid Dividend	—	0.29
Balance carried forward to Balance Sheet	168.97	255.57

DIVIDEND

In view of the absence of profit during the year under review, your Directors are unable to recommend any dividend for the financial year ended 31st March, 2014.

INDUSTRY STRUCTURE & DEVELOPMENT

Estimated annual demand for carbon black globally is 11.5 million tons whereas capacity estimate is 14.8 million tons. For China, capacity and production are approx. 6.01 million tons and 3.75 million tons respectively. However, capacity and resultant utilization figures for China vary and therefore it is challenging to assess the utilisation globally. Capacity utilisation in carbon black industry globally (excluding China) is approx. 86%.

In India, total production capacity is approx. 1 million tons p.a. and consumption during FY14 was approx. 675 kMT resulting into capacity utilisation of 67%.

The domestic carbon black industry continues to reel under pressure due to deceleration in growth in automobile sector coupled with unabated dumping of carbon black in India by

China, South Korea and a few other countries. Total import of carbon black in India during FY14 was 125 kMT and import from China and South Korea accounted for 90% of total import. Due to this dumping, procurement of carbon black from domestic sources was affected and carbon black companies in India had to continue with production cut during the year.

PERFORMANCE
Carbon Black

Your Company's operating profit during FY14 was Rs. 105 crore compared to Rs. 75 crore in FY13 i.e., 40% increase at almost similar level of revenue. While the operating profit increased in FY14, the pressure on margins due to unabated dumping of carbon black in India by Chinese carbon black companies coupled with the pressure on export realization, particularly in the South East Asian market, is having an adverse impact on profit.

The Company's performance was also impacted by sharp depreciation of Rupee vis-à-vis US\$ during FY14.

Power

The Power sector went through one of the most challenging years during FY14. Your Company's power segment revenue (excluding inter segment revenue) was lower at Rs. 65 crore vis-à-vis Rs. 89 crore last year.

Manufacturing

Production during FY14 was 288,676 MT as compared to 296,555 MT in the previous year. Capacity utilization continues to remain at lower level due to dumping of carbon black in India. Your Company is well poised to service the demand from various customers in India as well as overseas with the strategic location of its four plants, a couple of these being within close vicinity of sea ports. This facilitates your Company to optimize logistics costs within India as well as for international market.

Your Company commissioned a facility to produce 50,000 MTPA carbon black at its Kochi plant during Q4FY14. With this, your Company's total capacity has increased to 472,000 MTPA.

Research and Development

All the R & D units located at Durgapur, Kochi, Palej and Mundra continue to receive recognition as in-house Research and Development units from the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

Your Company successfully - i) developed new grades for domestic and international markets, ii) improved product characteristics to meet more stringent customer specifications, iii) continued recasting of Standard Operating Procedures, iv) established state of the art Rubber Application Laboratory

v) modified Reactor design and operating conditions to improve yield.

Environment, Health, Safety and Social Responsibility

PCBL is committed to preserve and enrich environment by conducting all its operations in an environment friendly and safe manner. The CSR initiatives are also focused to touch the lives of communities in and around its manufacturing units by supporting environmental, health care projects and educational programmes.

The CSR team at Kochi has initiated the process of opening a Medical Dispensary for communities around its plant. The team also continues to provide evening tuition classes to the under privileged children for past 6 years. The CSR team at Durgapur, in association with Rotary Club of Durgapur, is continuing with its computer literacy program for housewives and students of nearby communities. Tree plantation is a continuous effort at all plant locations.

Human Resource Development

Focus on Human Resource Development gives an edge to business in this era of global competition. PCBL is marking its presence across geographies by locating teams in USA, Europe, South East Asia and Japan.

Your Company has embarked onto a “Envisioning” journey across the organization to create a shared vision and subsequent action plans. A Young Executive Board (YEB)—an aspirational forum for young managers who may aid the Management Committee in strategic issues pertaining to the Company's vision and growth has been constituted to create and cascade its shared vision across the organization.

Industrial relation scenario at all the units continued to remain healthy and forward looking.

Internal Control System and Adequacy

Your Company has adequate internal control systems in all areas of operation. Services of internal and external auditors are utilized from time to time, as also its in-house expertise and resources. The Company continuously upgrades these systems in line with the best available practices.

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

An independent Audit Committee of the Board reviews the adequacy of internal control.

Opportunities and Threats

PCBL is always on the lookout for opportunities that may arise while keeping tab on the likely threats which may emerge in its business.

Opportunities

- In India, major tyre companies have executed expansion plans or those are currently underway which may go on

stream during next 2 to 3 years. These will increase carbon black demand in the coming years.

- Government's thrust on infrastructure development is expected to receive a major boost and as and when the inflation starts tapering, industry may see southward journey of interest rate which may revive the automobile sector and consequently demand for tyres / carbon black from the OEM segment.
- With the improvement in the economic scenario, realization for power segment is expected to improve which continues to contribute significantly to your Company's bottom line.

Threats

- Import of carbon black from China, South Korea and a few other countries continues to be a major threat for the domestic carbon black industry.
- Inadequate infrastructure at ports, causing detention of vessels and higher freight cost.
- Higher inflation leading to higher interest costs may delay the investment recovery cycle.
- Volatility in Rupee exchange rate vis-à-vis US\$.

Segment wise Performance

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

Risks and Concern

Raw material for your Company viz., Carbon Black Feedstock (CBFS) is a residue from the distillation process and is subject to volatility, whereas the selling price of finished good viz., carbon black is revised on monthly/quarterly basis. In the event the Company is unable to pass on the increase in CBFS cost then, it may have an adverse impact on profit. Increase in import or drop in demand for carbon black may have significant impact on the Company's bottom line.

The Company is also exposed to risks from fluctuation of Indian Rupee vis-à-vis other currencies, interest rate, realisation for power and regulations relating to environment.

Major Expansion Plans

Projects are proceeding at a pace considered appropriate in view of the prevailing economic situation, global scenario and the Company's business strategy.

Your Company is examining the viability of setting up a new power plant to utilize the tail gas from the recently commissioned carbon black facility at Kochi.

Subsidiaries

In accordance with the general exemption granted by Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956, ('the Act') the accounts of the subsidiaries namely, Phillips Carbon Black Cyprus Holdings Limited, PCBL

Netherlands Holdings B.V, Phillips Carbon Black Vietnam Joint Stock Company and Goodluck Dealcom Private Limited for the year 2013-14 and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time and are not attached. Copies of the annual accounts of the subsidiary companies will also be kept open for inspection by any investor in the Registered Office of the Company and of the subsidiary companies concerned. The Company shall furnish a hard copy of accounts of subsidiaries to any shareholder on demand. The Company publishes Consolidated Financial Statements of the Company and its subsidiaries duly audited by Messrs Price Waterhouse, Kolkata, Auditors, prepared in compliance with the applicable Accounting Standards and the Listing Agreement with the Stock Exchanges. The Consolidated Financial Statements for the year 2013-14 form part of the Annual Report and Accounts.

FUTURE OUTLOOK

Carbon Black

Demand for carbon black in India is expected to grow @ 6-7% during the next couple of years and is likely to receive significant boost when new capacity for tyre manufacturing hits the market. Your Company is well poised to cater to higher demand as and when such need arises in the domestic market.

Overseas demand for carbon black is expected to grow @3-4%. Your Company has established offices and logistics network overseas to widen its presence and reduce the delivery period in the international market. This will continue to be a major thrust area for your Company in the coming years.

Power

As mentioned earlier, your Company is examining the feasibility of setting up a power plant at Kochi which will assist the Company shore up its profit from the Power segment. Realisation is expected to improve in the coming quarters, however, open access will remain a concern.

Steps in Manufacturing and Procurement

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

Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of

the Board of Directors) Rules, 1988 is annexed. This forms an integral part of this Report.

Public Deposits

The Company does not have any Public Deposit Scheme and has repaid all Public Deposits that matured and were claimed by the depositors under the earlier Public Deposit Schemes. Matured unclaimed deposits as on 31st March, 2014 amounted to Rs. 45,000/-. Apart from matured unclaimed deposits, no amount is outstanding as on 31st March, 2014.

Particulars of Employees

The information as required in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in an annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company. The said information is also available for inspection at the Registered Office during working hours up to the date of the Annual General Meeting.

Corporate Governance

Under Clause 49 of the Listing Agreement with the Stock Exchanges, a section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this Annual Report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of profit or loss of the Company for the period;
- iii) proper and sufficient care have been taken, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

Auditors

The Auditors, Messrs Price Waterhouse, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Cost Audit

The Central Government has approved the appointment of Messrs Shome & Banerjee, Cost Accountants, for conducting cost audit for the financial year ended 31st March, 2014.

Messrs Shome & Banerjee, Cost Accountants, have given their consent along with their Certificate of Independence for conducting the audit of the cost accounts for the financial year ending 31st March, 2015.

Cost Audit Report for the financial year ended 31st March, 2013 was filed on 28th September, 2013.

Directors

Mr. Sanjiv Goenka and Mr. Paras K. Chowdhary, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

As per Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. O P Malhotra, Dr. Ram S Tarneja, Mr. C R Paul, Mr. K S B Sanyal, and Mr. Pradip Roy as Independent Directors for five consecutive years for a term upto 29th July, 2019. Details of the proposal for appointment of Mr. O P Malhotra, Dr. Ram S Tarneja, Mr. C R Paul, Mr. K S B Sanyal and Mr. Pradip Roy are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 53rd Annual General Meeting.

Mr. Altaf Jiwani, Chief Financial Officer was appointed by the Board of Directors as an Additional Director of the Company with effect from 1st April, 2014. The Directors are seeking appointment of Mr. Altaf Jiwani as a Whole Time Director, retiring by rotation, designated as 'Chief Financial Officer', for a period of 3 years w.e.f 1st April, 2014.

Details of the proposal for appointment of Mr. Altaf Jiwani is mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 53rd Annual General Meeting. His appointment is appropriate and in the best interest of the Company.

Forward - looking Statement

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

Acknowledgement

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

For and on behalf of the Board

Kolkata
29th April, 2014

Sanjiv Goenka
Chairman

Annexures to Directors' Report

Statement in accordance with Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2014.

1.A. Conservation of Energy

(a) Energy conservation measures taken:

The process of manufacture of Carbon Black results in generation of lean gases which have both sensible heat and low calorific value.

Instead of wasting the energy, PCBL has installed extremely specialised and state of the art 12 MW Co-generation Power Plant at Baroda, 30 MW Co-generation Power Plant at Durgapur, 16 MW Co-generation Power Plant at Mundra, 10 MW Co-generation Power Plant at Kochi and 8 MW Co-generation Power Plant at Mundra.

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

(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:

To be realised in coming years.

(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	Previous Year
A. Power and Fuel consumption :		
1. Electricity		
(a) Purchased units (KWH)	3789672	3253255
Total amount (Rs. in lakhs)	839	886.63
Rate per unit (Rs.)	22.14	27.25
(b) Own generation		
(i) Through diesel generators units (KWH)	—	—
Units per ltr. of diesel oil (KWH)	—	—
Cost per unit (Rs.)	—	—
(ii) Through steam/turbine generators units (KWH)	—	—
Units per ltr. of fuel/ gas oil (KWH)	—	—
Cost per unit (Rs.)	—	—
(iii) Through co-gen power plants (off-gas burning) units (KWH)	99849447	96744517
Units per ltr. of fuel oil (KWH)	798.00	4804.09
Cost per unit (Rs.)	0.16	0.11

	Current Year	Previous Year
2. Coal (specify quality and where used)		
Quantity (tons)	—	—
Total Cost (Rs. in lakhs)	—	—
Average rate (Rs.)	—	—
3. Furnace Oil		
Quantity (K. ltr.)	—	—
Total Cost (Rs. in lakhs)	—	—
Average rate (Rs.)	—	—
4. Others/internal generation [process steam Quantity (MT)]	1713624.00	1242273.00
Total Cost (Rs. in lakhs)	119.22	53.84
Average rate (Rs.)	6.96	4.33
5. Consumption per unit of production : CARBON BLACK		
(i) Electricity (KWH/MT)	347	353
(ii) Furnace Oil (Ltr./MT)	—	—
(iii) Coal	—	—
(iv) Others – process steam (MT/MT)	5.74	4.34

B. Technology Absorption :

- (a) Efforts made in technology absorption as per Form – B of the Annexure.

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:

- PCBL has successfully developed more new grades for international and domestic markets.
- Improvement of product characteristics to meet more stringent customer specifications.
- Joint development projects with Strategic Business Partners for New Carbon Black grade development

2. Technical Competence Center (TCC)

- TCC is guiding Plant Manufacturing team for existing product and process optimisation.
- Continuous recasting of Standard Operating Procedures.
- Reactor design and operating conditions suitably modified to match international benchmarks.
- Reactor design optimisation using state of the art software modules.
- Technical support to customer at various levels of product development and manufacturing.
- Aligning PCBL's processes with International Quality, Health & Safety norms.
- CFD simulations were carried out for improving existing reactor, Carcass Burner Assembly and Agitation system.
- New technology choke was designed and installed in Kochi unit. (R3) - this is the first of its kind in India.
- Unique Oil Blending system design developed and installed in Palej Plant.
- Developing processes to improve product cost structure.

3. Benefits derived as a result of the above R&D and TCC:

- Improved sales in domestic and international market and entry into niche markets.
- Higher price realisation in markets.
- Customised Grade development by aligning with strategic partner's R&D projects for more business share.
- Improved equipment life and reliability.
- Quality consistency & Improvement.
- Improved yield and reduced costs.

4. Future Plan of Action:

1. Development of more specialised grades for specific applications in conjunction with customers.
2. Improved processes for higher yield.
3. More focus on Customised grade development aligning strategic business partner's Manufacturing and Product requirements.
4. Enhancement of laboratory facilities for new product and customer development.
5. Improved process operation, de-bottlenecking of various process, equipment & quality related issues.
6. Increased technical expertise to support customers and market development.

5. Expenditure on R&D:

	(Rs. in Lakhs)	
	Current Year	Previous Year
(a) Capital	—	—
(b) Recurring	1080.91	1852.99
(c) Total	1080.91	1852.99
(d) Total R&D Expenditure as a percentage of total expenditure	0.45	0.79

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 Rs. 64353.26 lakhs

- (b) Total foreign exchange used and earned :

	(Rs. in Lakhs)	
	Current Year	Previous Year
Foreign Exchange used	139886.06	152037.53
Foreign Exchange earned	64353.26	58527.72

For and on behalf of the Board

Kolkata
29th April, 2014

Sanjiv Goenka
Chairman

Corporate Governance Report

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company continues to focus on good Corporate Governance, which aims to improve the Company's efficiency, effectiveness and social responsibility. The basic philosophy of Corporate Governance in the Company emphasizes on highest levels of transparency, accountability and equity, in all respects of its operations. The Company believes that the governance process should ensure economic prosperity and long term value creation for the enterprise and its shareholders keeping in view the needs and interests of all its stakeholders. The Company also respects the rights of its shareholders and other stakeholders to information on the performance of the Company based on highest professional, ethical and financial reporting standards.

II. COMPOSITION OF THE BOARD OF DIRECTORS AS ON 31st MARCH, 2014

(a) The Board of Directors of the Company comprises

- 2 Non-Executive Directors
- 5 Non-Executive Independent Directors
- 2 Executive Directors out of whom one is Managing Director and other is Managing Director – Carbon Black Business respectively.

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

Name of the Director	Category of Director	No. of Directorships in other Public Limited Companies incorporated in India	No. of other Committee Membership(s)/ Chairmanship(s) held #	No. of Shares held in the Company
Mr. Sanjiv Goenka	Non-Executive (Chairman)	12	3 (including 2 as Chairman)	NIL
Mr. C. R. Paul	Non-Executive & Independent	—	—	NIL
Mr. O. P. Malhotra	Non-Executive & Independent	3	—	NIL
Dr. Ram S. Tarneja	Non-Executive & Independent	9	6 (including 2 as Chairman)	NIL
Mr. K. S. B. Sanyal	Non-Executive & Independent	4	3 (including 2 as Chairman)	NIL
Mr. Paras K. Chowdhary	Non-Executive	1	1	NIL
Mr. Pradip Roy	Non-Executive & Independent	5	4	NIL
Mr. Ashok Goyal*	Managing Director	2	1	NIL
Mr. Kaushik Roy**	Managing Director - Carbon Black Business	—	—	NIL

Committee positions held only in Audit and Shareholders/Investors Grievance Committees of other companies are considered.

*Mr. Ashok Goyal retired at the close of business on 31st March, 2014.

**Mr. Kaushik Roy has been re-designated as 'Managing Director' of the Company w.e.f. 1st April, 2014.

b) Attendance Record of the Directors at the Board Meetings held on 23rd May, 2013, 26th July, 2013, 30th October, 2013 and 11th February, 2014 and Annual General Meeting held on 26th July, 2013 are given below:

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting
	Held during tenure	Attended	
Mr. Sanjiv Goenka	4	4	No
Mr. C. R. Paul	4	4	Yes
Mr. O. P. Malhotra	4	4	Yes
Dr. Ram S. Tarneja	4	3	Yes
Mr. K. S. B. Sanyal	4	4	Yes
Mr. Paras K. Chowdhary	4	4	Yes
Mr. Pradip Roy	4	4	Yes
Mr. Ashok Goyal	4	3	Yes
Mr. Kaushik Roy	4	4	Yes

III. AUDIT COMMITTEE

1. Terms of Reference

The terms of reference include the powers as stipulated in Clause 49II(C), the role of the Audit Committee as laid down in Clause 49II (D) and review of information pursuant to Clause 49II (E) of the Listing Agreement with the stock exchanges. The terms of reference also fully conform to the requirements of section 292A of the Companies Act, 1956.

2. Composition

The Audit Committee comprises 5 Directors out of which 4 are Non-Executive Independent Directors and 1 is Non-Executive Director. The composition of the Audit Committee meetings held and attendance thereof are as below:

Name of the Director	Position held	No. of Meetings	
		Held during tenure	Attended
Mr. K. S. B. Sanyal (Non-Executive & Independent)	Chairman	4	4
Mr. C. R. Paul (Non-Executive & Independent)	Member	4	4
Mr. O. P. Malhotra (Non-Executive & Independent)	Member	4	4
Dr. Ram S. Tarneja (Non-Executive & Independent)	Member	4	3
Mr. Paras K. Chowdhary (Non-Executive)	Member	4	4

3. Meetings

- Audit Committee Meetings were held on 23rd May, 2013, 26th July, 2013, 30th October, 2013 and 11th February, 2014. The Annual Accounts for the year ended 31st March, 2013 was reviewed by the Audit Committee at its meeting held on 23rd May, 2013. The Audit Committee also reviewed the Audited Financial Results for the year ended 31st March, 2013 and Unaudited Financial Results for the quarters ended

30th June, 2013, 30th September, 2013 and 31st December, 2013 before recommending their adoption to the Board.

- Audit Committee Meetings were also attended by the Managing Director, Chief Financial Officer, Internal Auditor, Statutory Auditors and Cost Auditors of the Company.
- The Company Secretary acts as Secretary to the Audit Committee.
- Members of the Audit Committee are eminent persons in their fields having expertise in Finance and Accounting.
- The Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 26th July, 2013.

IV. REMUNERATION COMMITTEE*

1. Terms of Reference

The Remuneration Committee has been constituted to review and recommend to the Board of Directors the remuneration payable to the Managing Director.

2. Composition

The Remuneration Committee comprises 3 Directors, all of whom are Non-Executive Independent Directors. The composition of the Remuneration Committee meetings held and attendance thereof are as below:

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

3. Meetings

During the year ended 31st March, 2014, the Remuneration Committee met once on 26th July, 2013.

4. Remuneration Policy

Remuneration structure for the Managing Director and Managing Director – Carbon Black Business comprises salary, perquisites as well as contribution to the Provident Fund, Superannuation Fund, Gratuity Fund, Performance Bonus and Management Supplement as per the Agreements entered between the Managing Director and the Company and Managing Director – Carbon Black Business and the Company. The Agreements of Mr. Ashok Goyal and Mr. Kaushik Roy were placed before the Board for approval and the approval of the shareholders was obtained at the Annual General Meeting of the Company held on 26th July, 2013.

The Non-Executive Directors get sitting fees for attending the Board and Committee Meetings at the rate of Rs. 20,000/- per Board and Audit Committee Meeting and at the rate of Rs. 5,000/- per meeting for all other Committee meetings.

*Renamed as 'Nomination & Remuneration Committee' w.e.f 29th April, 2014.

5. 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, 2014 are as follows:
Mr. Sanjiv Goenka – Sitting Fee Rs. 80,000/-, Mr. C. R. Paul – Sitting Fee Rs. 1,75,000/-, Mr. O. P. Malhotra – Sitting Fee Rs.1,65,000/-, Dr. Ram S. Tarneja – Sitting Fee Rs.1,20,000/-,

Mr. K. S. B. Sanyal – Sitting Fee Rs. 1,75,000/-, Mr. Paras K. Chowdhary – Sitting Fee 1,60,000/- and Mr. Pradip Roy – Sitting Fee Rs. 80,000/-.

No commission was paid to the Non-Executive Directors during the year ended 31st March, 2014.

B. Remuneration paid to the Executive Directors

Executive Directors	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, 2014.	
		Description	Amount (Rs. in lakhs)
Mr. Ashok Goyal #	Managing Director	Salary and Allowances,	240.85
		Contribution to Provident, Gratuity and Superannuation Funds, Perquisites	21.89
			0.72
		Total	263.46
Mr. Kaushik Roy*	Managing Director - Carbon Black Business	Salary and Allowances,	281.31
		Contribution to Provident, Gratuity and Superannuation Funds, Perquisites	19.73
			6.23
		Total	307.27

Service Contract : w.e.f 23rd October, 2012 till 31st March, 2014

Notice Period : Ninety days notice from either side

Severance Fees : Ninety days salary in lieu of notice

Stock Options : None

* Service Contract : For a period of three years w.e.f 5th February, 2013

*Notice Period : Ninety days notice from either side

* Severance Fees : Ninety days salary in lieu of notice

* Stock Options : None

V. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE*

1. Composition

The Shareholders / Investors Grievance Committee of the Board of Directors under the Chairmanship of a Non-Executive Independent Director meets at regular intervals and specifically looks into the aspect of redressal of Shareholders/Investors Grievances. The composition of the Shareholders/Investors Grievance Committee meetings held and attendance thereof are as below :

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

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

2. Status of Shareholders' Complaints

Number of complaints received during the year ended 31st March, 2014 as per records of the Company	Number of complaints resolved during the year ended 31st March, 2014	Number of complaints pending as on 31st March, 2014
6	6	NIL**

** The Company has received confirmations from National Stock Exchange of India Limited, Bombay Stock Exchange Limited and The Calcutta Stock Exchange Ltd., that no investor complaints are pending against the Company as on 31st March, 2014.

3. Share Transfer

Mr. Ashok Goyal, Managing Director, Mr. Jateen S. Kapoor, Chief Financial Officer and Mr. Kaushik Mukherjee, Company Secretary & GM - Legal are severally authorised to approve share transfers in physical mode.

4. Meetings

During the year ended 31st March, 2014, Shareholders / Investors Grievance Committee met twice on 26th July, 2013 and 11th February, 2014, which was attended by all the members.

*Renamed as 'Stakeholders Relationship Committee' w.e.f 29th April, 2014.

VI. GENERAL BODY MEETINGS

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

AGM	Date	Venue	Time	Special Resolution Passed
52nd	26th July, 2013	"Vidya Mandir"	10.30 A.M.	Yes
51st	27th July, 2012	"Uttam Mancha"	10.30 A.M.	Yes
50th	29th July, 2011	"Uttam Mancha"	10.30 A.M.	Yes

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

- Disclosure regarding appointment or reappointment of Directors in accordance with Clause 49IV (G) (i) of the Listing Agreement has been provided in the Notice convening the Annual General Meeting of the Company.

VII. DISCLOSURES

- Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors, or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large :**

No such transactions took place during the year ended 31st March, 2014.

- Disclosure by Senior Management in accordance with Clause 49IV(F) (ii) of the Listing Agreement:**

The Senior Management of the Company has confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions 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. Whistle Blower Policy:

The Company does not have any Whistle Blower Policy as of now but no personnel are being denied any access to the Audit Committee.

5. 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.

6. Certificate from the Managing Director and the Head of Finance

Certificate from Mr. Kaushik Roy, Managing Director and Mr. Altaf Jiwani, Chief Financial Officer, in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended 31st March, 2014 was placed before the Board of Directors of the Company in its meeting held on 29th April, 2014.

7. Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company which is posted on the website of the Company.

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 forms part of this Annual Report.

VIII. MEANS OF COMMUNICATION

- In compliance with Clause 41 of the Listing Agreement, the Company sends the quarterly /half yearly/ Audited Results to the Stock Exchanges. Results are published in the Financial Express(all editions) and Aajkal (Kolkata).
- Information and details of the Company in all respects are posted on the Company's website: www.pcblltd.com
- Whenever the Company issues any press release, it is sent to the Stock Exchanges as well as posted on the Company's website.
- Management Discussion and Analysis forms a part of the Directors' Report.

IX. GENERAL SHAREHOLDER INFORMATION

• Annual General Meeting date, time and venue:

Date: 30th July, 2014 at 10.30 a.m. to be held at "Uttam Mancha", 10/1/1, Monoharpukur Road, Kolkata-700 026

• Financial Year: 1st April, 2013 to 31st March, 2014.

• Book Closure: 20th June, 2014 to 30th June, 2014 (both days inclusive)

• Listing on Stock Exchanges and Stock Codes:

- a) The Calcutta Stock Exchange Ltd. - 26125
7, Lyons Range,
Kolkata - 700 001
- b) Bombay Stock Exchange Limited - 506590 (B2)
Floor - 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
- c) National Stock Exchange of India Ltd. - PHILPCARB
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

Listing Fees for all the above Stock Exchanges for 2014 – 2015 have been paid.

• Market Price high, low, close during each month from April, 2013 to March, 2014 (in Rs.) (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
Apr. '13	74.80	73.85	64.00	64.60	73.00	72.75
May '13	77.15	76.80	62.05	62.00	66.35	66.50
June '13	74.00	73.00	53.50	53.80	56.20	56.15
July '13	61.50	61.90	31.95	31.70	32.25	32.35
Aug. '13	39.20	39.55	31.40	31.35	34.75	34.80
Sep. '13	41.40	40.95	33.60	33.60	37.35	37.40
Oct. '13	45.85	45.80	34.75	34.70	43.50	43.50
Nov. '13	58.10	58.20	43.85	44.00	54.35	54.25
Dec. '13	65.90	66.00	49.55	50.00	61.55	61.80
Jan. '14	63.80	63.70	51.25	51.35	52.55	52.80
Feb. '14	55.45	55.00	46.00	46.00	46.35	46.50
Mar. '14	59.25	59.50	45.00	45.50	56.60	56.65

Monthly Comparison Chart of the Share Prices (in Rs.) with the NSE Nifty and BSE SENSEX along with the No. of Shares traded during the period April, 2013 to March, 2014.

Month	Nifty/Sensex (Close)		Share Price (Close) (Rs.)		No. of Shares Traded	
	NSE	BSE	NSE	BSE	NSE	BSE
Apr. '13	5930.20	19504.18	73.00	72.75	398951	55363
May '13	5985.95	19760.30	66.35	66.50	570499	262447
Jun. '13	5842.20	19395.81	56.20	56.15	333885	144307
Jul. '13	5742.00	19345.70	32.25	32.35	1745629	537737
Aug. '13	5471.80	18619.72	34.75	34.80	1051979	279290
Sep. '13	5735.30	19379.77	37.35	37.40	658003	136958
Oct. '13	6299.15	21164.52	43.50	43.50	1868930	750786
Nov. '13	6176.10	20791.93	54.35	54.25	1776728	756997
Dec. '13	6304.00	21170.68	61.55	61.80	3566942	1403368
Jan. '14	6089.50	20513.85	52.55	52.80	1152835	445312
Feb. '14	6276.95	21120.12	46.35	46.50	718617	221818
Mar. '14	6704.20	22386.27	56.60	56.65	1991844	755675

• 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
E-Mail: kolkata@linkintime.co.in

• Share Transfer Process

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

• Dematerialisation

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

• Distribution of Shareholding as on 31st March, 2014

Shareholding Pattern – Size of Holdings	No. of Shares	Percentage (%) to Share Capital	No. of Shareholders	Percentage (%) to Total holders
1 – 500	3008833	8.729	29557	91.83
501 – 1000	1137557	3.300	1442	4.48
1001 – 2000	944432	2.740	621	1.93
2001 – 3000	462358	1.341	185	0.57
3001 – 4000	348831	1.012	98	0.30
4001 – 5000	301974	0.876	64	0.20
5001 – 10000	803470	2.331	109	0.34
10001 & above	27460117	79.669	109	0.34
TOTAL	34467572	100.00	32185	100.00

• Shareholding Pattern as on 31st March, 2014

No. of holdings	No. of Shareholders	No. of Shares	Percentage of Holdings
Non Resident Indians	810	373381	1.083
Institutional Investors	45	4390673	12.739
Promoter* * Includes Persons acting in concert	08	18426557	53.461
Bodies Corporate	665	3691114	10.709
Resident Individuals	30657	7585847	22.009
TOTAL	32185	34467572	100.000

• Dematerialisation of shares :

	Shares	%
NSDL	31067373	90.14
CDSL	2510293	7.28
TOTAL	33577666	97.42

- **ISIN NO. INE 602A01015**

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

Nil

- **Plant Locations**

A list of locations of Company's Plants has been given separately in this 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

Kolkata - 700 020

Telephone : (033) 2289-0539/40

Fax : (033) 2289-0539

E-mail : kolkata@linkintime.co.in

- 2) **Company**

(For any other matter and unresolved complaints)

Company Secretary

Phillips Carbon Black Limited

31, Netaji Subhas Road, Kolkata - 700 001

Phones : (033) 6625 1000, 2242 0839

Fax : (033) 2248 0140

E-mail : kaushik.mukherjee@rp-sg.in

X. STATUS OF ADOPTION OF THE NON MANDATORY REQUIREMENTS

Remuneration Committee

The Company has a Remuneration Committee as reported in Section IV above.

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.

For and on behalf of the Board

Kolkata
29th April, 2014

Sanjiv Goenka
Chairman

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49I (D)(ii) OF THE LISTING AGREEMENT

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, for the year ended 31st March, 2014 affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

Kolkata
29th April, 2014

Kaushik Roy
Managing Director

Auditors' Certificate

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**To the Members of
Phillips Carbon Black Limited**

We have examined the compliance of conditions of Corporate Governance by Phillips Carbon Black Limited, for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Place : Kolkata
Date : 29th April, 2014

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered Accountants
Pinaki Chowdhury
Partner
Membership Number 57572

accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 8. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner

Membership Number 57572

Kolkata
April 29, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph [7] of the Independent Auditors' Report of even date to the members of Phillips Carbon Black Limited on the financial statements as of and for the year ended March 31, 2014.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory [excluding stocks with third parties] has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d) /(f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. The Company's operations do not involve sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and wealth-tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, customs duty and excise duty as at

March 31, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	57.03	2010-11	Additional Commissioner
Central Sales Tax Act, 1956	Central Sales Tax	190.50	1994-95, 1995-96, 1999-00	High Court at Calcutta
Central Sales Tax Act, 1956	Central Sales Tax	138.61	2007-08	Senior Joint Commissioner Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	824.59	2000-01,2003-04, 2004-05,2005-06, 2006-07,2008-09, 2009-10	West Bengal Commercial Taxes Appellate & Revisional Board
West Bengal Sales Tax Act, 1994	Sales Tax	104.75	2000-01,2003-04	West Bengal Commercial Taxes Appellate & Revisional Board
West Bengal Sales Tax Act, 1994	Sales Tax	55.43	1994-95,1995-96, 1999-00, 2004-05	West Bengal Taxation Tribunal
Central Excise Act, 1944	Excise Duty	398.50	1997-98,1998-99, 2003-04,2004-05, 2006-07, 2007-08, 2008-09,2009-10, 2010-11,2011-12, 2012-13	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	4142.97	1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 , 2010-11, 2011-12, 2012-13	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	725.33	2009-10 , 2010-11, 2011-12, 2012-13	Appeal being filed with Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.77	2004-05	High Court at Kerala
Central Excise Act, 1944	Excise Duty	3.08	2009-10	Ministry of Finance

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs Duty	5.42	2012-13	Commissioner (Appeals)
Customs Act, 1962	Customs Duty	30.43	2004-05, 2005-06, 2006-07,2007-08, 2009-10	Customs Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	11.79	2008-09, 2009-10	Supreme Court
Finance Act 1994	Service Tax	80.43	2009-10	Customs Excise and Service Tax Appellate Tribunal

- x. The Company has no accumulated losses as at the end of the financial year and it has incurred cash losses in the financial year ended on that date but not in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis aggregating Rs. 7572.32 lakhs have been used for long term investments in Tangible Assets.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Kolkata
April 29, 2014

Pinaki Chowdhury
Partner
Membership Number 57572

Balance Sheet as at 31st March, 2014

	Note	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	3,446.72	3,446.72
Reserves and surplus	3	46,804.28	55,463.92
		<u>50,251.00</u>	<u>58,910.64</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	4	40,010.12	19,642.61
Deferred tax liabilities (Net)	5	2,984.96	5,265.02
Other Long term liabilities	6	59.40	58.90
Long-term provisions	7	361.07	302.81
		<u>43,415.55</u>	<u>25,269.34</u>
CURRENT LIABILITIES			
Short-term borrowings	8	61,129.39	62,194.05
Trade payables	9	44,675.59	71,492.36
Other current liabilities	10	12,403.52	11,404.57
Short-term provisions	11	196.49	295.11
		<u>118,404.99</u>	<u>145,386.09</u>
TOTAL		<u><u>212,071.54</u></u>	<u><u>229,566.07</u></u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12		
Tangible assets		85,646.38	75,277.70
Intangible assets		114.60	-
Capital work-in-progress		6,736.34	15,903.85
		<u>92,497.32</u>	<u>91,181.55</u>
Non-current investments	13	7,236.83	7,236.83
Long-term loans and advances	14	3,638.73	4,732.49
Other non-current assets	15	5,389.13	7,537.90
		<u>108,762.01</u>	<u>110,688.77</u>
CURRENT ASSETS			
Inventories	16	42,873.50	49,938.90
Trade receivables	17	51,703.99	51,815.88
Cash and Bank Balances	18	889.81	6,672.35
Short-term loans and advances	19	6,572.01	9,647.97
Other current assets	20	1,270.22	802.20
		<u>103,309.53</u>	<u>118,877.30</u>
TOTAL		<u><u>212,071.54</u></u>	<u><u>229,566.07</u></u>

The Notes are an integral part of these Financial Statements.

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

Statement of Profit and Loss for the year ended 31st March, 2014

	<u>Note</u>	<u>Year ended 31st March, 2014 Rupees in Lakhs</u>	<u>Year ended 31st March, 2013 Rupees in Lakhs</u>
Income :			
Revenue from operations (Gross)	21	253,051.60	253,220.38
Less: Excise Duty		25,305.52	24,729.02
Revenue from operations (Net)		227,746.08	228,491.36
Other income	22	2,051.45	927.26
Total Revenue		229,797.53	229,418.62
Expenses :			
Cost of materials consumed	23	185,605.32	188,963.28
Changes in inventories of finished goods	24	(2,553.53)	(2,602.65)
Employee benefits expense	25	6,291.24	5,843.05
Finance costs	26	8,023.43	7,213.27
Depreciation and amortisation expense	12	5,373.58	5,079.24
Other expenses	27	35,848.42	28,926.86
Total expenses		238,588.46	233,423.05
Loss before tax		(8,790.93)	(4,004.43)
Tax expense :			
Current tax	28	2,148.77	82.10
Deferred tax - Charge/(Credit)		(2,280.06)	(2,021.54)
Loss for the Year		(8,659.64)	(2,064.99)
Loss per Equity Share :	29		
[Nominal Value per share - Rs. 10/- (Previous year - Rs.10/-)]			
Basic (Rs.)		(25.12)	(5.99)
Diluted (Rs.)		(25.12)	(5.99)

The Notes are an integral part of these Financial Statements.

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

Cash Flow Statement for the year ended 31st March, 2014

	Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs
A. Cash Flow From Operating Activities		
Net Loss before taxation	(8,790.93)	(4,004.43)
Adjustments for:		
Depreciation and amortisation expense	5,373.58	5,079.24
Loss on Disposal of Fixed Assets/Fixed Assets Scrapped (net)	85.52	78.03
Unrealised (gain) / loss (net) on foreign exchange fluctuation	(852.02)	228.42
Income from Dividend	(109.77)	(5.59)
Interest Income	(943.80)	(837.21)
Interest Expense	7,504.07	6,422.68
Other Borrowing Costs	519.36	790.59
Provision for Doubtful Debts (net)	305.72	125.78
Provision for Doubtful Advances	41.68	-
Liabilities no longer required written back	(740.07)	(59.73)
	11,184.27	11,822.21
Operating Profit before Working Capital Changes	2,393.34	7,817.78
Adjustments for:		
Inventories	7,065.40	(13,904.82)
Trade and Other Receivables	1,898.55	8,384.39
Trade and Other Payables	(26,564.50)	10,189.33
	(17,600.55)	4,668.90
Cash Generated from/(used in) Operations	(15,207.21)	12,486.68
Direct Taxes Refunded (net) (including Tax Deducted at Source)	255.82	110.15
Net Cash from/(used in) Operating Activities	(14,951.39)	12,596.83
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(4,040.78)	(13,979.89)
Sale proceeds of Fixed Assets	16.43	44.97
Purchase of Long Term Investments	-	(0.16)
Advance recovered from subsidiary	-	100.05
Advance to Subsidiary	(63.62)	(332.90)
Purchase of Current Investment	(28,600.00)	(3,503.86)
Proceeds from Sale of Current Investments	28,600.00	3,503.86
Dividend received from Investment	109.77	5.59
Inter Corporate Deposits given	(7,300.00)	(16,200.00)
Inter Corporate Deposits realised	7,300.00	16,200.00
Interest Received	943.80	837.21
Net Cash (used in) Investing Activities	(3,034.40)	(13,325.13)
C. Cash Flow from Financing Activities		
Arrear Allotment money received	-	0.12
Proceeds from Long Term Borrowings	27,500.00	7,500.00
Proceeds from Short Term Borrowings	185,012.54	142,722.80
Repayment of Long Term Borrowings	(5,633.94)	(5,601.21)
Repayment of Short Term Borrowings	(187,324.01)	(124,922.80)
Increase/(decrease) in Cash Credit facilities from banks	2,098.83	(4,755.23)
Dividends paid [including Tax on Dividend Rs. 29.29 lakhs (Previous Year - Rs. 223.66 lakhs)]	(199.71)	(1,589.38)
Interest Costs paid	(8,631.10)	(6,511.42)
Other Borrowing Costs paid	(619.36)	(790.59)
Net Cash from Financing Activities	12,203.25	6,052.99
Net increase/(decrease) in Cash and Cash Equivalents	(5,782.54)	5,323.99
Opening Cash and Cash Equivalents	6,663.08	1,339.09
Closing Cash and Cash Equivalents	880.54	6,663.08

Notes:

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) 3 'Cash Flow Statement'.
- Cash and Cash Equivalents (Refer Note 18 to financial statements) include Unpaid Dividend Account not available for use by the Company.
- Previous year's figures have been regrouped or rearranged, where considered necessary.

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

1. Significant Accounting Policies:

1.1. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis except for certain tangible fixed assets which are being carried at revalued amounts. These financial statements have been prepared to comply, in all material aspects, with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current- non current classification of assets and liabilities.

1.2. Fixed Assets

Fixed assets are stated at revalued amounts (for items revalued)/ cost of acquisition/construction (for items not revalued) less accumulated depreciation/ amortization, impairment loss, if any and inclusive of borrowing cost, where applicable, and adjustments for exchange difference referred to in Note 1.7 below. Cost includes inward freight, non refundable duties/ taxes and incidental expenses directly related to acquisition/ installation. Computer Software is capitalized in the period in which the software is implemented for use, where it is expected to provide future enduring economic benefit; such capitalization costs include license fees and cost of implementation/ system integration services.

1.3. Impairment

The Carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e., higher of net selling price and value in use).

1.4. Borrowing Cost

Borrowing costs attributable to acquisition/ construction of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

1.5. Depreciation/ Amortization

Depreciation on the incremental amount added on revaluation in respect of revalued items is calculated on straight line method at rates considered applicable by valuers.

Computer Software capitalized are amortized on a straight line basis over a period of three years from the date of capitalization.

Depreciation on original cost of other fixed assets is provided either on straight line basis or on written down value method at rates specified in Schedule XIV to the Companies Act, 1956.

Also refer Note 41 below.

1.6. Government Grants

Grants of Capital nature (not related to specific fixed assets) are credited to Capital Reserve. Grants related to revenue are credited to related expense account.

1.7. Foreign Currency Transaction as applicable under Accounting Standard 11 on 'The effect of changes in Foreign Exchange Rates'

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses (other than relating to reporting of long-term foreign currency monetary items) arising out of

settlement of foreign currency transaction or from year end restatement are recognized in the Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets are adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary item Translation Difference Account' (to be adjusted over the balance period of the related long term monetary asset/ liability). Premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of contract.

1.8. Investments

Long Term Investments are valued at cost less provision for diminution (other than temporary) in the carrying amount thereof as determined by the Board of Directors based on periodical review.

1.9. Inventories

Inventories are valued at lower of cost and net realizable value. Cost of Stores and Spares is determined on weighted average basis. Cost of Raw Materials is determined on First in First out basis. Cost includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable.

1.10. Revenue

Revenue from sales is recognized on transfer of risks and rewards of ownership to customers based on the contract with the customer for delivery. Sales include excise duty and are net of sales returns, discounts and exclude sales tax/value added tax where applicable.

1.11. Employee Benefits

a. Short term

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

b. Post-employment

Post-employment benefits comprise of Provident Fund, Superannuation Fund, Gratuity and Post Retirement Medical Benefit which are accounted for as follows:

i) Provident Fund

This is a defined contribution plan for certain employees and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

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 termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss. Actuarial gains/ losses are recognized immediately in the Statement of Profit and Loss as income/ expense.

ii) Superannuation Fund

This is a defined contribution plan. The Company contributes a certain % of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

iii) Gratuity

This is a defined benefit plan. The Company's scheme is administered by LIC. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/ expense.

iv) Post Retirement Medical Benefit

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] are extended to certain categories of employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and are recognized as a charge on accrual basis. This is a defined benefit plan.

c. Other Long term

Other long term employee benefits represent compensated absence (defined benefit plan) which is provided for based on year end actuarial valuation using Projected Unit Credit Method. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss as income/expense.

d. Termination benefits

Termination benefits represent compensation towards Voluntary Retirement Scheme which is expensed on accrual of liability.

1.12. Research and Development

Revenue expenditure on research and development is charged off during the period in which it is incurred. Capital expenditure on development is capitalized on compliance of conditions in keeping with Accounting Standard 26 on 'Intangible Assets'.

1.13. Derivative Contracts

In respect of derivative contracts (other than forward exchange

contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark to market loss (net) relating to outstanding contracts as at the Balance Sheet date is recognised in the Statement of Profit and Loss. Refer Note 1.7 above for forward exchange contracts covered under Accounting Standard 11 on "The effects of Changes in Foreign Exchange Rates."

1.14. Taxes on Income

Current tax is provided as the amount of tax payable in respect of taxable income for the year measured using applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual/ reasonable certainty, as applicable. In keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the the Company will pay normal income tax in excess of MAT during the specified period.

1.15. Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provision are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

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 will be required to settle or a reliable estimate of the amount cannot be made.

2 SHARE CAPITAL

AUTHORISED

50,000,000 (31.03.2013 - 50,000,000) Equity Shares of Rs. 10/- each

ISSUED, SUBSCRIBED AND PAID UP

34,467,572 (31.03.2013 - 34,467,572) Equity Shares of Rs. 10/- each fully paid up

Less : Allotment Money receivable

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
	5,000.00	5,000.00
	3,446.77	3,446.77
	0.05	0.05
	3,446.72	3,446.72

2a. Reconciliation of Shares outstanding at the beginning and at the end of the reporting year

	Number	Rupees in lakhs	Number	Rupees in lakhs
Shares at the beginning of the year	34,467,572	3,446.72	34,467,572	3,446.70
Add: Arrear Allotment Money received	-	-	-	0.02
Outstanding at the end of the year	34,467,572	3,446.72	34,467,572	3,446.72

No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the company during the last five years.

Notes to Financial Statements for the year ended 31st March, 2014

2b. Detail of shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2014		As at 31st March, 2013	
	Number	Holding	Number	Holding
Equity Shares of Rs.10/- each				
i Universal Industrial Fund Limited	5,856,762	16.99%	5,856,762	16.99%
ii Adorn Investments Limited	4,163,749	12.08%	4,163,749	12.08%
iii Ujala Agency Private Limited	2,736,019	7.94%	2,736,019	7.94%
iv Offshore India Limited	2,699,655	7.83%	2,699,655	7.83%
v Adapt Investments Limited	2,558,039	7.42%	2,296,039	6.66%

2c. Terms / Rights attached to Equity Shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2d. Allotment of 1823 shares is pending against Rights Issue made during 1993-94.

2e. 48 Shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India.

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
3 RESERVES AND SURPLUS		
Capital Reserve	156.81	156.81
Securities Premium Account		
Balance as at the beginning of the year	22,411.53	22,411.43
Add: Received during the year #	—	0.10
Balance as at the end of the year	22,411.53	22,411.53
General Reserve		
Balance as at the beginning and end of the year	7,338.43	7,338.43
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	25,557.15	27,823.77
Loss for the year	(8,659.64)	(2,064.99)
Less: Appropriations		
Proposed Dividend on Equity Shares for the year	—	172.34
[Rs. Nil Per share (Previous year Rs. 0.50 per share)]		
Dividend distribution tax on Proposed dividend on Equity Shares	—	29.29
Transfer to General Reserve	—	—
Balance as at the end of the year	16,897.51	25,557.15
	<u>46,804.28</u>	<u>55,463.92</u>

Rs Nil (Previous year Rs. 0.10 Lakhs) received against realisation of arrear allotment money.

4 LONG -TERM BORROWINGS

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
SECURED LOANS		
Term Loans		
From Banks	47,498.48	25,078.34
Less: Current maturities of Long Term Debt referred to in Note 10	7,488.36	5,490.51
	<u>40,010.12</u>	<u>19,587.83</u>
	<u>40,010.12</u>	<u>19,587.83</u>
UNSECURED LOANS		
Deferred Payment Liabilities		
Sales Tax Deferred Loans	34.78	178.21
Less: Current maturities of Long Term Debt referred to in Note 10	34.78	123.43
	—	54.78
	—	54.78
	<u>40,010.12</u>	<u>19,642.61</u>

Notes to Financial Statements for the year ended 31st March, 2014

a. Nature of Security and terms of repayment for Secured Borrowings availed from the Banks

Nature of Security	Terms of Repayment
<p>Term loan from banks excluding adjustment for foreign exchange difference amounting to Rs. Nil (31.03.2013: Rs. 1,430.72 lakhs) for 30 MW Co-generation power plant at Durgapur in West Bengal is secured by an exclusive charge on all the immovable and movable properties of the Company, present and future pertaining to the said Co-generation Power Plant. Subsequent to the year end the Company has received the 'NOC' from the bank and is in the process of filing the requisites form for satisfaction of charge.</p>	<p>Loan availed Rs. 7,153.60 lakhs is repayable in 20 equal quarterly installments after a moratorium of 2 years, the first such installment being due at the end of 27th month from the first drawdown date of the facility i.e on April 16, 2009 and at the end of every 3 months there after.</p>
<p>Term loan from banks excluding adjustment for foreign exchange difference amounting to Rs. 10,149.47 lakhs (31.03.2013: Rs. 14,209.26 lakhs) are secured by way of pari-passu first charge created/ to be created on all the immovable properties of the Company situated in Durgapur in West Bengal (excluding those properties which have been charged exclusively relating to 30 MW Co-generation power plant at Durgapur in West Bengal), Palej and Mundra in Gujarat and Kochi in Kerala and also on the Company's movable Plant and Machinery, Machinery Spares, Tools and Accessories and other movable properties both present and future excluding those properties which have been charged exclusively relating to 30 MW Co-generation power plant at Durgapur in West Bengal.</p>	<p>Loan availed Rs. 24,358.72 lakhs is repayable in 12 equal semi-annual installments, first installment being due at the end of 30 months from the first drawdown date of the facility i.e. on March 29, 2011 and at the end of every six months there after.</p>
<p>The above term loan from banks are also secured by pari-passu second charge on the Company's existing and future stock of Raw Materials, Finished and Semi Finished Goods, Consumables Stores and Spares, including Stock in transit and in the possession of any third party, present and future Book debts, Monies Receivable, Claims etc held by any third party to the order of the disposition of the Company excluding those relating to 30 MW Co-generation Power Plant at Durgapur in West Bengal.</p>	
<p>Term Loan from bank amounting to Rs. 10,000 lakhs (Previous year Rs. 7,500 lakhs) is secured by way of first pari-passu charge over all the immovable and movable properties of the Company.</p>	<p>Loan availed of Rs. 10,000 lakhs (Previous year Rs. 7,500 lakhs) is repayable in 14 equal quarterly installments. First installment being due at the end of 21st month from the first drawdown date of the facility i.e. on November 26, 2014.</p>
<p>The above term loan from bank is also secured by second charge by way of hypothecation of the Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30 MW co-generation power plant at Durgapur), both present and future, in a form and manner satisfactory to the bank, ranking pari-passu with other participating banks.</p>	
<p>Term Loan from bank amounting to Rs. 5,000 lakhs (Previous year Rs. Nil) is secured by way of first pari passu charge over all the immovable and movable properties of the Company.</p>	<p>Loan availed of Rs. 5,000 lakhs (Previous year Rs. Nil) is repayable in 22 equal quarterly installments. First installment being due at the end of 21st month from the first drawdown date of the facility i.e on 30th July, 2015.</p>
<p>The above term loan from bank is also secured by second charge by way of hypothecation of the Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30 MW Co generation powerplant at Durgapur) both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks.</p>	
<p>Term Loan from bank amounting to Rs. 10,000 lakhs (Previous year Rs. Nil) is secured by way of first charge on the Fixed Assets both present and future, of the Company (excluding the fixed assets relating to 30 MW Co-generation power plant at Durgapur, which are exclusively charged to specific term lender at present) by way of mortgage on pari-passu basis.</p>	<p>Loan availed of Rs.10,000 lakhs (Previous year Rs. Nil) is repayable in 20 equal quarterly installments. First installment being due on 30.06.2014</p>
<p>Term Loan from bank amounting to Rs. 10,000 lakhs (Previous year Rs. Nil) is secured by way of first charge on Fixed Assets both present and future, of the Company (excluding the fixed assets relating to the 30 MW Co generation power plant at Durgapur which are exclusively charged to specific term lender at present) by way of hypothecation and mortgage on pari-passu basis with other term lenders.</p>	<p>Loan availed of Rs. 10,000 lakhs (Previous year Rs. Nil)is repayable in 22 equal quarterly installments. First installment being due after a moratorium period of 18 month from the date of disbursement i.e. on 21 August, 2015.</p>
<p>Second Charge on all current assets (present & future) of company on pari passu basis excluding current assets relating to 30 MW Co generation power plant at Durgapur which are exclusively charged to specific term lenders at present.</p>	

b. Terms of repayment for unsecured borrowings:

Borrowings	Terms of Repayment
<p>i. Sales Tax Deferred Loans/ Output Tax Deferred Loans allowed by the State Government of West Bengal.</p>	<p>Repayable in stipulated periodic installments commencing from August 2006 and ending on April 2014.</p>

Notes to Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
5 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability on account of -		
- Depreciation	11,139.02	9,852.25
	<u>11,139.02</u>	<u>9,852.25</u>
Deferred Tax Asset on account of -		
Items allowable for tax purpose on payment/adjustments	268.32	397.78
- Unabsorbed Depreciation [®]	7,604.66	4,043.78
- Others	281.08	145.67
	<u>8,154.06</u>	<u>4,587.23</u>
	<u>2,984.96</u>	<u>5,265.02</u>
[®] Considered based on future taxable income against which it can be realised.		
6 OTHER LONG TERM LIABILITIES		
Security Deposits	59.40	58.90
	<u>59.40</u>	<u>58.90</u>
7 LONG-TERM PROVISIONS		
Provisions for Employee Benefits		
Provision for compensated absences	279.28	250.21
Provision for post retirement medical liability / Others	81.79	52.60
	<u>361.07</u>	<u>302.81</u>
8 SHORT-TERM BORROWINGS		
SECURED LOANS FROM BANKS		
Loans repayable on demand	13,884.51	1,685.67
Other Loans	21,173.36	50,282.15
	<u>35,057.87</u>	<u>51,967.82</u>
UNSECURED LOAN FROM BANKS	26,071.52	10,226.23
	<u>61,129.39</u>	<u>62,194.05</u>

Nature of Security on Secured Borrowings availed from the Banks

Secured Loan from banks are secured by way of hypothecation in favour of the banks as and by way of first charge, ranking pari-passu among themselves, of the Company's existing and future stock of Raw Materials, Finished and Semi Finished Goods, Consumables Stores and Spares, including Stock in transit and in the possession of any third party, present and future Book debts, Monies Receivable, Claims etc. held by any third party to the order of the disposition of the Company (excluding those relating to 30 MW Co-generation power plant at Durgapur in West Bengal) and also by a pari-passu second charge created/to be created on the fixed assets of the Company at Durgapur in West Bengal (excluding those relating to 30 MW Co-Generation power plant at Durgapur in West Bengal), Palej and Mundra in Gujarat and Kochi in Kerala.

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
9 TRADE PAYABLES		
- Dues to Micro Enterprises and Small Enterprises [Refer Note 9.1 below]	7.95	14.20
- Others	44,667.64	71,478.16
	<u>44,675.59</u>	<u>71,492.36</u>
	<u>44,675.59</u>	<u>71,492.36</u>

9.1 Information relating to Micro, Small and Medium Enterprises (MSME)s:

(i) The Principal amount and interest due there on remaining unpaid to suppliers under MSMED		
Principal	4.14	12.03
Interest	-	0.21
(ii) The amount of interest paid in terms of section 16 of MSMED along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	-	-
Interest	-	-
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED		
Principal	41.44	117.24
Interest	1.64	1.25
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs. 2.17 lakhs (Previous year Rs. 0.71 lakhs) being interest outstanding as at the beginning of the accounting year]	3.81	2.17
(v) The amount of further interest remaining due and payable even in the succeeding year, 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 of the MSMED.	1.64	1.46

Notes to Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
10 OTHER CURRENT LIABILITIES		
Current maturities of long term debt (Refer Note 4)	7,523.14	5,613.94
Interest accrued but not due on borrowings	279.62	222.96
Unpaid dividends [Refer Note (a) below]	78.00	76.08
Unpaid matured deposits and interest accrued thereon [Refer Note (a) below]	0.45	0.45
Other Payables:		
Advance from Customer	689.00	750.00
Non Executive Directors' Commission	-	191.00
Security Deposit	-	3.66
Employee Benefits payable	190.75	249.60
Capital Creditors	881.02	1,200.29
Statutory dues including provident fund and tax deducted at source	1,599.77	1,289.68
Liability for Export Obligation	1,161.77	1,806.91
	4,522.31	5,491.14
	12,403.52	11,404.57

- a. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

11 SHORT TERM PROVISIONS

Provisions for Employee Benefits

Provision for gratuity	95.66	18.44
Provision for compensated absences	91.50	67.63
Provision for post retirement medical liability/others	9.33	7.41

Other Provisions

Provision for Proposed Dividend on Equity Shares	-	172.34
Provision for Dividend Distribution Tax on proposed dividend on Equity Shares	-	29.29
	196.49	295.11

12 FIXED ASSETS

(Rupees in Lakhs)

DESCRIPTION	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	Original/ Revalued cost of Assets as at April 1, 2013	Additions during the year at cost	Adjustments during the year Borrowing Cost	Exchange Differences (Refer Note 1.7 above)	Disposal during the year	Total Original /Revalued cost as at March 31, 2014	Depreciation as at April 1, 2013	Depreciation during the year	Adjustment of Depreciation on disposal	Depreciation as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
TANGIBLE ASSETS												
Freehold Land	2,163.84	546.13	—	—	—	2,709.97	—	—	—	—	2,709.97	2,163.84
Leasehold Land Acquisition and Development Expenses	818.62	—	—	—	—	818.62	—	—	—	—	818.62	818.62
Buildings (a)	7,258.08	10.07	—	—	—	7,268.15	1,738.73	225.43	—	1,964.16	5,303.99	5,519.35
Non-Factory Buildings and Flats	2,777.83	366.85	—	—	—	3,144.68	498.64	53.84	—	552.48	2,592.20	2,279.19
Plant and Equipment	92,535.54	12,964.62	1,389.69	410.66	326.16	106,974.35	31,200.22	4,745.58	249.96	35,695.84	71,278.51	61,335.32
Furniture and Fixtures	495.20	32.24	—	—	11.22	516.22	310.34	20.70	3.30	327.74	188.48	184.86
Office Equipments	733.41	71.18	—	—	1.47	803.12	456.73	65.59	0.56	521.76	281.36	276.68
Vehicles	304.30	—	—	—	40.65	263.65	166.04	25.26	23.73	167.57	96.08	138.26
Electrical Installations	4,272.20	15.46	—	—	—	4,287.66	1,711.23	199.87	—	1,911.10	2,376.56	2,560.97
Railway Sidings	89.62	—	—	—	—	89.62	89.01	—	—	89.01	0.61	0.61
	111,448.64	14,006.55	1,389.69	410.66	379.50	126,876.04	36,170.94	5,336.27	277.55	41,229.66	85,646.38	75,277.70
Previous Year	102,741.49	7,673.37	636.60	732.52	335.34	111,448.64	31,304.04	5,079.24	212.34	36,170.94	75,277.70	
INTANGIBLE ASSETS												
Computer Software-Acquired	207.02	151.91	—	—	—	358.93	207.02	37.31	—	244.33	114.60	—
	207.02	151.91	—	—	—	358.93	207.02	37.31	—	244.33	114.60	—
Previous Year	207.02	—	—	—	—	207.02	207.02	—	—	207.02	—	—
Capital Work-in-Progress											6,736.34	15,903.85

- a) Cost and accumulated depreciation include **Rs. 3,963.72 lakhs** (31.03.2013 - Rs. 3,952.55 lakhs) and **Rs. 1,456.39 lakhs** (31.03.2013 - Rs. 1,334.03 lakhs) respectively in respect of Buildings on Leasehold Land.

- (b) Capital Work-in-Progress includes interest on borrowed capital amounting to **Rs. Nil** (31.03.2013 - Rs. 106.00 lakhs)

Notes to Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
13 NON-CURRENT INVESTMENT (Unquoted unless otherwise stated)		
<i>Long Term</i>		
<i>Other than Trade Investment</i>		
Investment in Equity Instruments - At cost unless otherwise indicated		
In Subsidiaries		
18,118 Fully paid Equity Shares of Euro 1/- each in Phillips Carbon Black Cyprus Holdings Limited	3,022.40	3,022.40
8,390,000 Fully Paid Equity Shares of Rs. 10/- each in Goodluck Dealcom Private Limited	4,195.00	4,195.00
In Others		
7,186 Fully paid Equity Shares of Rs.10/- each in Bank of Baroda (Quoted)	16.53	16.53
11,400 Fully paid Equity Shares of Rs.10/- each in Indian Overseas Bank (Quoted)	2.74	2.74
600,000 Fully paid Equity Shares of Rs.10/- each in Norplex Oak India Ltd. (Quoted)*	60.00	60.00
1,910,000 Fully paid Equity Shares of Rs.10/- each in Maple Circuits Ltd. (Quoted)*	191.01	191.01
1,600 Fully Paid Equity Shares of Rs. 10/- each in Apeejay Charter Ltd. acquired during the year	0.16	0.16
	<u>270.44</u>	<u>270.44</u>
Investment in preference shares-		
At cost unless otherwise indicated		
50 Fully paid Preference Shares of Rs.100/- each in Norplex Oak India Ltd.*	0.05	0.05
50 Fully paid Preference Shares of Rs.100/- each in Maple Circuits Ltd.*	0.05	0.05
	<u>0.10</u>	<u>0.10</u>
	7,487.94	7,487.94
Less: *Provision for diminution in carrying amount of Investments in Norplex Oak India Ltd. and Maple Circuits Ltd.	(251.11)	(251.11)
	<u>7,236.83</u>	<u>7,236.83</u>
Notes: (a) Aggregate amount of Quoted Investments	270.28	270.28
(b) Aggregate amount of Unquoted Investments	7,217.66	7,217.66
(c) Aggregate provision for diminution in value of investments	(251.11)	(251.11)
	<u>7,236.83</u>	<u>7,236.83</u>
(d) Market value of Quoted Investments (excluding Norplex Oak India Ltd. and Maple Circuits Ltd. in absence of any current quotation)	57.59	55.95
14 LONG TERM LOANS AND ADVANCES - Unsecured Considered Good		
Capital Advances	993.60	2,369.04
Security Deposits	1,839.83	1,580.88
Advances given to related parties		
Phillips Carbon Black Cyprus Holdings Limited (Subsidiary)	616.43	552.81
Other Loans & Advances		
Loans to Employees #	137.11	229.76
Prepaid expenses	51.76	-
	<u>3,638.73</u>	<u>4,732.49</u>

Loans to Employees includes Rs. 0.14 lakh (31.03.2013 - Rs. 0.20 lakh) due by an officer of the Company.

Notes to Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
15 OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	5,389.13	7,537.90
	<u>5,389.13</u>	<u>7,537.90</u>
16 INVENTORIES (Valued at lower of cost and net realisable value)		
Raw Materials [includes in transit Rs. Nil (31.03.2013: Rs. 11,172.83 lakhs)]	26,919.16	36,141.31
Finished Goods	13,010.95	10,457.42
Stores and Spares (including packing materials)	2,943.39	3,340.17
	<u>42,873.50</u>	<u>49,938.90</u>
17 TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Considered Good	1,141.82	1,559.74
Considered Doubtful	809.55	400.99
Less : Provision for doubtful debts	<u>809.55</u>	<u>400.99</u>
	-	-
	1,141.82	1,559.74
Other Debts - Considered Good	50,562.17	50,256.14
	<u>51,703.99</u>	<u>51,815.88</u>
18 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	7.25	4.52
Remittances in Transit	735.67	1,726.42
Balances with Banks		
- On Current Accounts	59.50	4,856.06
- On Unpaid Dividend Accounts*	78.12	76.08
Total (A)	<u>880.54</u>	<u>6,663.08</u>
Other bank balances		
- On Margin Money Account against Guarantee	9.27	9.27
(with maturity more than 3 months and less than 12 months)		
Total (B)	<u>9.27</u>	<u>9.27</u>
Total (A+B)	<u>889.81</u>	<u>6,672.35</u>
* earmarked for payment of unpaid dividend only.		
19 SHORT TERM LOANS AND ADVANCES - Unsecured Considered Good		
(unless otherwise stated)		
Advances to Suppliers/ Service providers		
Considered Good :	2,234.70	3,309.40
Considered Doubtful :	41.68	
Less : Provision for doubtful advances	<u>41.68</u>	-
Balances with statutory/government authorities	3,194.44	4,631.29
Advance payment of Taxes, etc.		
[Net of Provision for Taxation Rs. 11,362.28 lakhs		
(31.03.2013 - Rs.14,271.38 lakhs)]	370.54	626.36
Loans to Employees #	96.21	52.23
Advances to Employees	94.11	15.23
Prepaid Expenses	582.01	855.50
Unamortised premium on forward contracts	-	157.96
	<u>6,572.01</u>	<u>9,647.97</u>
# Loans to Employees includes Rs. 0.06 lakh (31.03.2013- Rs. 0.07 lakh) due by an officer of the Company.		
20 OTHER CURRENT ASSETS		
Unsecured Considered Good		
Accruals under Duty Exemption Scheme/Duty Drawback		
pertaining to exports /deemed exports	1,270.22	802.20
	<u>1,270.22</u>	<u>802.20</u>

Notes to Financial Statements for the year ended 31st March, 2014

	Year ended 31st March, 2014 Rupees in Lakhs		Year ended 31st March, 2013 Rupees in Lakhs	
21 REVENUE FROM OPERATION				
Sales of Products				
Carbon Black	246,392.63		243,943.23	
[Net of Trial run sales Rs. 5,236.91 Lakhs (Previous Year Rs. Nil)]				
Less : Excise Duty	25,305.52		24,729.02	
		221,087.11		219,214.21
Power		6,522.70		8,858.08
Other Operating Revenues				
Scrap Sale		136.27		419.07
		227,746.08		228,491.36
22 OTHER INCOME				
Interest Income				
On Inter Corporate Deposit	943.80		816.71	
On Income Tax Refund	114.16		-	
On Overdue Invoices	41.10		20.50	
		1,099.06		837.21
Dividend from Long Term Investments-Other than Trade		2.64		1.73
Dividend from Current Investments-Other than Trade		107.13		3.86
Liability no longer required written back		740.07		59.73
Miscellaneous Income		102.55		24.73
		2,051.45		927.26
23 Cost of Materials Consumed				
Opening Stock		36,141.31		25,173.35
Add : Purchases		176,383.17		199,931.24
		212,524.48		225,104.59
Less : Closing Stock		26,919.16		36,141.31
		185,605.32		188,963.28
23.1 Details of Raw Materials consumed				
Carbon Black Feed Stock		178,460.24		170,101.79
Others		13,900.85		20,508.34
		192,361.09		190,610.13
Less: Consumption through Research and Development/ Trial runs				
- Carbon Black Feed Stock		6,675.78		1,646.85
- Others		79.99		-
		185,605.32		188,963.28
23.2 Details of Raw Material Inventory				
Carbon Black Feed Stock		25,721.61		32,152.02
Others		1,197.55		3,989.29
		26,919.16		36,141.31
23.3 Raw material purchase is net of Rs. 2,439.52 lakhs (Previous year Rs. 2,262.65 lakhs) being benefits under duty exemption scheme pertaining to exports/deemed exports.				
23.4 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORE AND SPARE PARTS CONSUMED:				
	Year ended 31st March, 2014		Year ended 31st March, 2013	
Raw Materials	%	Rupees in lakhs	%	Rupees in lakhs
Imported	80.67	149,731.61	79.19	149,635.11
Indigenous	19.33	35,873.71	20.81	39,328.17
Total	100.00	185,605.32	100.00	188,963.28
Stores and Spares including packing material				
Imported	2.55	145.31	2.27	127.48
Indigenous	97.45	5,562.81	97.73	5,478.84
Total	100.00	5,708.12	100.00	5,606.32

* Excluding stores and spares and raw material consumption for Research and Development and Capital Projects.

Notes to Financial Statements for the year ended 31st March, 2014

VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORE AND SPARE PARTS CONSUMED FOR RESEARCH AND DEVELOPMENT AND TRIAL RUN / CAPITAL PROJECTS :

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	%	Rupees in lakhs	%	Rupees in lakhs
Raw Materials				
Imported	86.55	5,846.85	78.13	1,286.66
Indigenous	13.45	908.92	21.87	360.19
Total	100.00	6,755.77	100.00	1,646.85
Stores and Spares including packing material				
Imported	28.08	578.54	–	–
Indigenous	71.92	1,481.53	100.00	14.31
Total	100.00	2,060.07	100.00	14.31
		Year ended 31st March, 2014		Year ended 31st March, 2013
		Rupees in Lakhs		Rupees in Lakhs
24 CHANGES IN INVENTORIES OF FINISHED GOODS				
Closing Stock (Carbon black)		13,010.95		10,457.42
Less: Opening Stock (Carbon Black)		10,457.42		7,854.77
		(2,553.53)		(2,602.65)
25 EMPLOYEE BENEFITS EXPENSE				
Salaries and Wages		5,057.70		4,701.72
Contribution to Provident and Other Funds		595.46		543.78
Staff Welfare Expense		638.08		597.55
		6,291.24		5,843.05
26 FINANCE COSTS				
Interest expense [Net of interest capitalized Rs. 1183.69 lakhs (Previous Year - Rs. 111.10 lakhs)]		7,504.07		6,422.68
Other borrowing costs (Net of borrowing costs capitalised Rs. 100 lakhs (Previous year Rs. Nil))		519.36		790.59
		8,023.43		7,213.27
27 OTHER EXPENSES				
Consumption of Stores and Spares parts		2,188.73		2,377.41
Consumption of Packing Materials		3,519.39		3,228.91
Power and Fuel		1,547.46		1,442.58
Water Charges		166.48		123.37
Rent		260.51		221.12
Rates and Taxes		188.55		729.12
Repairs and Maintenance :				
- Buildings	268.58		250.98	
- Plant and Machinery	784.12		871.88	
- Others	211.57		186.14	
		1,264.27		1,309.00
Insurance		313.00		264.87
Travelling and Transport Expenses		944.35		890.97
Subscriptions and Donations		92.58		111.26
Freight Outward		3,925.32		4,260.92
Commission to Selling Agents		2,438.17		2,091.58
Directors' Fees		9.55		9.60
Research and Development Expenses		1,080.91		1,852.99
Hedging cost		6,361.02		
Net loss on foreign currency transaction/translation		4,498.56		3,607.60
Loss on Disposal of Fixed Assets/Fixed Assets Scrapped (net)		85.52		78.03
Provision for Doubtful Debts		305.72		125.78
[Net of doubtful debts written back Rs. 102.84 lakhs (Previous year Rs. Nil)]				
Provision for Doubtful Advances		41.68		–
Miscellaneous Expenses		6,616.65		6,201.75
		35,848.42		28,926.86

Notes to Financial Statements for the year ended 31st March, 2014

	Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs
27.1 PAYMENT TO AUDITORS		
Auditors' Remuneration:		
Audit Fees	25.00	25.00
Tax Audit Fees	5.00	5.00
Others (Certification etc.) [including Rs. 3.50 Lakhs (Previous Year Rs. Nil) relating to prior year]	19.45	19.30
Reimbursement of Expenses	0.96	1.35
	50.41	50.65
27.2 Miscellaneous expenses includes Rs. 370.93 lakhs (Previous year Rs.117.90 lakhs) being the aggregate amount of excise duty borne by the company and difference between excise duty on opening and closing stock of finished goods.		
28 CURRENT TAX		
Current Tax	-	-
Reversal of MAT credit recognised in earlier years	2,148.77	82.10
	2,148.77	82.10
29 EARNING PER SHARE		
Basic and Diluted		
(i) Number of Equity Shares at the beginning of the year	34,467,572	34,467,572
(ii) Number of Equity Shares at the end of the year	34,467,572	34,467,572
(iii) Weighted average number of Equity Shares outstanding during the year	34,467,572	34,467,572
(iv) Face value of each Equity Shares (Rs.)	10.00	10.00
(v) Loss after Tax available for Equity Shareholders (Rs. in lakhs)	(8,659.64)	(2,064.99)
(vi) Basic and Diluted Loss per Share (Rs.) [(v)/(iii)]	(25.12)	(5.99)
30 PROPOSED DIVIDEND		
On Equity Shares of Rs. 10 each		
Amount of dividend proposed	-	172.34
Dividend per Equity Share	-	Rs. 0.50 per Share
31 CONTINGENT LIABILITIES		
Contingent Liabilities for :		
(a) (i) Claims against the Company not acknowledged as debts :		
Income-tax matters under dispute	-	175.09
Excise Duty matters under dispute	367.51	91.03
Custom Duty matters under dispute	57.12	-
(ii) Others		
Excise Duty matters under dispute	99.28	-
Entry Tax matter under dispute	1046.08	-
(b) Outstanding Bank Guarantees etc.	1,024.59	1,420.64
(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
(d) Bills Discounted	205.33	-
32 CAPITAL COMMITMENTS		
Capital Commitments	3,737.33	3,988.90

	Rupees in Lakhs				
	Total	Durgapur	Cochin	Palej	Mundra
33 RESEARCH AND DEVELOPMENT EXPENSES					
Raw Materials Consumed	835.93	71.44	303.44	316.93	144.12
	(1,646.85)	(280.59)	(718.36)	(265.25)	(382.65)
Salaries Wages and Bonus	231.04	7.81	-	223.23	-
	(168.96)	(49.86)	(43.75)	(32.46)	(42.89)
Contribution to Provident Fund, Superannuation Fund and Gratuity Funds	10.55	0.75	-	9.80	-
	(7.81)	(2.59)	(2.70)	(1.32)	(1.20)
Labour and Staff Welfare	2.67	0.27	-	2.40	-
	(3.99)	(1.53)	(0.96)	(0.59)	(0.91)
Miscellaneous Expenses	0.72	0.09	-	0.63	-
	(25.38)	(6.50)	(6.36)	(6.30)	(6.22)
Total	1,080.91	80.36	303.44	552.99	144.12
	(1,852.99)	(341.07)	(772.13)	(305.92)	(433.87)

Note: Figures in brackets indicate previous years figures.

Notes to Financial Statements for the year ended 31st March, 2014

34 RELATED PARTY DISCLOSURES

(In accordance with Accounting Standard-18 notified under Section 211(3C) of the Companies Act, 1956.)

i) Related Parties

Name	Relationship
a) Where control exists	
Name of the Related Parties	
Phillips Carbon Black Cyprus Holding Limited	Wholly Owned Subsidiary Company
PCBL Netherlands Holding B.V.	Wholly Owned Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited
Phillips Carbon Black Vietnam Joint Stock Company	Subsidiary Company of PCBL Netherlands Holdings B.V.
Goodluck Dealcom Private Limited	Wholly Owned Subsidiary Company

b) Others

Mr. Ashok Goyal, Managing Director	Key Management Personnel
Mr. Kaushik Roy, Managing Director - Carbon Black Business	Key Management Personnel (With effect from 5th Feb. 2013)

ii) Particulars of Transactions during the year ended 31st March, 2014

A) Subsidiary Companies

a) Advances given		
Phillips Carbon Black Cyprus Holdings Limited	63.62	332.90

B) Key Management Personnel

a) Directors' Remuneration		
Mr. Ashok Goyal	263.47*	307.58
Mr. Kaushik Roy	307.27	47.70

* Includes Rs. 175.27 lakhs (Previous Year: Rs. Nil) capitalised to project.

iii) Balance Outstanding at the year end

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
Advances		
Phillips Carbon Black Cyprus Holdings Limited	616.43	552.81
Investments		
Phillips Carbon Black Cyprus Holdings Limited (Refer Note 13 above)		
Goodluck Dealcom Pvt. Limited (Refer Note 13 above)		
	Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs

35 CIF VALUE OF IMPORTS

(a) Raw Materials	137,327.10	147,956.55
(b) Stores and Spares	52.61	65.23
(c) Capital Equipment	152.21	1,918.25

36 EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF

(a) Commission on Export Sales	405.56	424.54
(b) Interest	775.19	1,102.49
(c) Professional and Consultancy Fees	276.17	325.39
(d) Others	897.22	245.08

37 EARNINGS IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF

Export Sales (F.O.B. Value)	64,353.26	58,527.72
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38 SEGMENT REPORTING

- a Information relating to the two business segments, being Carbon black and Power has been disclosed as Primary Segment.
- b Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external Sources.
- c Segment Revenues, Results and other information:

Business Segment		(Rupees in Lakhs)			Business Segment		(Rupees in Lakhs)		
		Year ended 31st March, 2014			Year ended 31st March, 2013				
		Carbon Black	Power	Total	Carbon Black	Power	Total		
(i)	Segment Revenue								
	External Sales	221,223.38	6,522.70	227,746.08	219,633.28	8,858.08	228,491.36		
	Inter-segment Sales	—	4,474.51	4,474.51	—	4,021.13	4,021.13		
		221,223.38	10,997.21	232,220.59	219,633.28	12,879.21	232,512.49		
(ii)	Segment Results								
	Profit / (Loss) before interest and tax	(4,578.25)	7,337.82	2,759.57	(1,247.02)	9,058.39	7,811.37		
	Unallocated (expenses)/ income (net)	—	—	(4,046.43)	—	—	(5,393.12)		
	Interest	—	—	(7,504.07)	—	—	(6,422.68)		
	Loss before tax			(8,790.93)			(4,004.43)		
(iii)	Segment Assets	159,521.86	33,551.01	193,072.87	162,680.39	37,912.29	200,592.68		
	Unallocated	—	—	18,998.67	—	—	28,973.39		
				212,071.54			229,566.07		
(iv)	Segment Liabilities	48,183.07	957.67	49,140.74	75,597.96	1,194.55	76,792.51		
	Unallocated	—	—	112,679.80	—	—	93,862.92		
				161,820.54			170,655.43		
(v)	Capital Expenditure	4,314.36	58.61	4,372.97	10,142.04	1,575.17	11,717.21		
(vi)	Depreciation	3,192.89	2,096.27	5,289.16	2,960.00	2,036.75	4,996.75		
(vii)	Non Cash Expense other than Depreciation (unallocated)	450.24	—	—	—	—	—		

Notes to Financial Statements for the year ended 31st March, 2014

Geographical Segment Rupees in Lakhs

	Year ended 31st March, 2014		
	Within India	Outside India	Total
(i) Segment Revenue	163,392.82	64,353.26	227,746.08
(ii) Capital Expenditure	4,372.97	—	4,372.97
(iii) Segment Assets	180,668.33	12,404.54	193,072.87

Geographical Segment Rupees in Lakhs

	Year ended 31st March, 2013		
	Within India	Outside India	Total
(i) Segment Revenue	169,963.64	58,527.72	228,491.36
(ii) Capital Expenditure	11,717.21	—	11,717.21
(iii) Segment Assets	191,757.61	8,835.07	200,592.68

39A POST EMPLOYMENT DEFINED BENEFIT PLANS

I. Gratuity and Post retirement medical benefits Gratuity

In keeping with the Company's gratuity scheme, eligible employees are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement/death/incapacitation/termination etc. Also refer Note 1.11 (b) (iii) for accounting policy related to gratuity.

Post retirement medical benefits

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit] are extended to certain categories of employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and are recognized as a charge on accrual basis. This is a defined benefit plan.

39.1 Reconciliation of opening and closing balances of the present value of defined benefit obligations –

Rupees in Lakhs

	Funded		Unfunded	
	Gratuity		Medical	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Opening balance	883.47	781.54	60.01	68.15
Current Service Cost	52.77	57.44	1.96	—
Interest cost	65.77	58.41	4.67	5.40
Actuarial loss / (gain)	158.84	88.92	(8.44)	(12.29)
(Benefits paid)	(122.82)	(102.84)	(3.18)	(1.25)
Closing balance	1,038.03	883.47	55.02	60.01

39.2 Reconciliation of opening and closing balances of the fair value of plan assets –

Rupees in Lakhs

	Gratuity	
	As at 31st March, 2014	As at 31st March, 2013
Opening balance	865.03	705.30
Expected return on Plan Asset	69.00	56.42
Actuarial (loss) / gain	10.39	12.85
Company's contribution	120.77	193.30
(Benefits paid)	(122.82)	(102.84)
Closing balance	942.37	865.03

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.

39.3 Actual Return on Plan Assets –

Rupees in Lakhs

	Gratuity	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Actual Return on Plan Assets	79.39	69.27

39.4 Plan assets for gratuity is funded with Life Insurance Corporation of India.

Notes to Financial Statements for the year ended 31st March, 2014

39.5 Amount recognised in Balance Sheet –

Rupees in Lakhs

	Funded		Unfunded	
	Gratuity		Medical	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Present value of obligation	1,038.03	883.47	55.02	60.01
Fair Value of Plan Asset	942.37	865.03	–	–
Net Asset / (Liability)	(95.66)	(18.44)	(55.02)	(60.01)

39.6 Amount recognised in Statement of Profit and Loss –

Rupees in Lakhs

	Gratuity		Medical	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Current service cost	52.77	57.44	1.96	–
Interest cost	65.77	58.41	4.67	5.40
Expected Return on Plan Asset	(69.00)	(56.42)	–	–
Actuarial loss / (gain)	148.45	76.07	(8.44)	(12.29)
Recognised in Statement of Profit and Loss	197.99	135.50	(1.81)	(6.89)

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 25

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 25

39.6 (a) Principal Actuarial Assumptions used (Gratuity) –

	Year ended 31st March, 2014	Year ended 31st March, 2013
Mortality Table	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	LICI 1994-1996
Discount rate	9.00%	8.00%
Salary Escalation Rate	5.00%	5.00%
Expected Return on assets	8.00%	8.00%

(b) Principal Actuarial Assumptions used (Post Retirement Medical Benefit) –

	Year ended 31st March, 2014	Year ended 31st March, 2013
Mortality Table	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	LICI 1994-1996
Discount rate	9.00%	8.00%

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

39.7 Effect of increase / decrease of one percentage point in the assumed medical cost trend rates on:

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Increase	Decrease	Increase	Decrease
	Rupees in Lakhs		Rupees in Lakhs	
Aggregate of current service cost and interest cost	6.83	6.46	5.09	6.09
Accumulated Post Employment benefit obligation for medical cost	1.65	1.45	0.82	0.95

Notes to Financial Statements for the year ended 31st March, 2014

39.8 Other Disclosures

Rupees in Lakhs

	2013-2014		2012-2013	
	Gratuity	Medical	Gratuity	Medical
a) Present value of obligation at end of the year	1,038.03	55.02	883.47	60.01
b) Fair value of Plan Assets as at end of the year	942.37	–	865.03	–
c) (Surplus)/Deficit as at the end of the year	95.66	55.02	18.44	60.01
d) Experience Adjustment on Plan Obligation [(Gain)/Loss]	192.45	(8.44)	66.19	(90.18)
e) Experience Adjustments on Plan Assets [(Gain)/Loss]	(10.39)	–	6.14	–

Rupees in Lakhs

	2011-2012		2010-2011	
	Gratuity	Medical	Gratuity	Medical
a) Present value of obligation at end of the year	781.54	68.15	723.78	155.66
b) Fair value of Plan Assets as at end of the year	705.30	–	740.71	–
c) (Surplus)/Deficit as at the end of the year	76.24	68.15	(16.93)	155.66
d) Experience Adjustment on Plan Obligation [(Gain)/Loss]	(22.71)	17.03	28.97	43.04
e) Experience Adjustments on Plan Assets [(Gain)/Loss]	4.80	–	(18.20)	–

Rupees in Lakhs

	2009-2010	
	Gratuity	Medical
a) Present value of obligation at end of the year	755.02	105.11
b) Fair value of Plan Assets as at end of the year	773.59	–
c) (Surplus)/Deficit as at the end of the year	(18.57)	105.11
d) Experience Adjustment on Plan Obligation [(Gain)/Loss]	104.36	40.21
e) Experience Adjustments on Plan Assets [(Gain)/Loss]	(1.45)	–

39.9 The contribution to the defined benefits plan expected to be made by the company during the annual period beginning after the balance sheet date is yet to be reasonably determined.

II. Provident Fund

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on employee benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, a provident fund setup by the Company is a defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

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 written back during the year amounts to **Rs. 11.03 lakhs** (Previous year provided: Rs. 9.66 lakhs) and outstanding as at the balance sheet date amounts to **Rs. 36.10 lakhs** (Previous year: Rs. 50.35 Lakhs). Disclosure given hereunder are restricted to information available as per the Actuaries Report.

Principal Acturaial Assumption	2013-14	2012-13
Discount Rate	9.00%	8.00%
Expected Return on Exempted Fund	8.60%	8.50%
Expected EPFO return	8.75% for first 2 years and 8.60% thereafter.	8.60%

39B Amount recognised as expenses (included in Note 25 Employee Benefit Expense under the line item Contribution to Provident and Other Funds) during the year under Defined Contribution Plan aggregate to **Rs. 255.33 lakhs** (Previous year Rs. 389.37 lakhs).

Notes to Financial Statements for the year ended 31st March, 2014

40 Derivative Instrument and unhedged foreign currency exposure

(a) Derivative outstanding as at the reporting date

Amount in Lakhs

Particulars	Currency	As at 31st March, 2014	As at 31st March, 2013
Forward Contracts	USD	440.47	344.41
Options	USD	–	448.00
Swap (Currency and Interest)	USD	208.33	323.67

(b) Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	Currency	As at 31st March, 2014	As at 31st March, 2013
Receivables	USD	196.13	149.41
	EURO	14.19	19.75
	GBP	0.23	0.02
Payables	USD	163.85	375.07
	EURO	2.32	11.13
	GBP	–	0.01
Loans	USD	261.13	497.17

41. For the purpose of these accounts, following methods and rates of depreciation have been used for depreciating the original cost of fixed assets:

- Certain items of Plant and Machinery being energy saving devices added during the period ended 31st March, 1987: Under Straight line method at rates specified in Schedule XIV of the Companies Act, 1956.
- Other assets added up to 31st March, 1987: Under written down value method at rates specified in Schedule XIV of the Companies Act, 1956.
- Additions since 1st April, 1987: Under Straight line method at rates specified in Schedule XIV of the Companies Act, 1956.

42. Based on the valuation reports submitted by the valuers appointed for the purpose, certain items of the Company's fixed assets [viz., Land (Freehold/Leasehold), Acquisition and Development Expenses, Buildings on such Land, Flats, Electrical Installations, Plant and Machinery and Railway Siding] were revalued on 30th November, 1984, on 30th September, 1991 and also on 30th September, 2001 (except Railway Siding) after considering the following factors:

- Estimated current market value pertaining to Land (Freehold/Leasehold), Acquisition and Development Expenses, Buildings on such land and Flats.
- Values of Electrical Installations, Plant and Machinery and Railway Siding (when applicable) based on their current cost of replacement.
- Adjustments for the condition, the standard of maintenance, depreciation up to valuation dates, etc.

The resultant revaluation surplus of Rs.1,011.07 lakhs, Rs.2,994.04 lakhs and Rs. 5,995.27 lakhs arising from the aforesaid revaluations were transferred to Revaluation Reserve in the Company's annual accounts for the years 1983-84, 1990-91 and 2000-01 respectively. Such Revaluation Reserves have however been fully adjusted in earlier years.

43. Depreciation for the year ended 31st March, 2014 on items of fixed assets revalued include an additional charge of Rs. **180.92** lakhs (Previous Year - Rs. 187.99 lakhs) over that calculated on original cost at rates prescribed under Schedule XIV of the Companies Act, 1956 as amended during 1993-94 representing depreciation on the incremental amounts added on revaluation calculated at the rates considered applicable by the valuers.

44. Capital Work in Progress/Tangible assets as at 31st March 2014 includes, Consumption of Raw Material Rs. **5,919.83** lakhs (Previous Year - Rs. Nil), Salaries and wages Rs. **363.40** Lakhs (Previous Year - Rs. 144.71 lakhs), Contribution to Provident Fund and Other Funds Rs. **24.89** lakhs (Previous Year - Rs.6.86 lakhs), Staff Welfare expenses Rs. **9.16** lakhs (Previous Year- Rs.1.58 lakhs), Consumption of Stores and Spares parts Rs. **2,060.07** lakhs (Previous Year - Rs.14.31 lakhs), Rent Rs. **2.52** lakhs (Previous Year- Rs. 0.70 lakhs), Rates and Taxes Rs. **0.40** lakhs (Previous Year - Rs.0.02 lakhs), Repairs and Maintenance – Building Rs. **3.69** lakhs (Previous Year - Rs.1.68 lakhs), Repairs and Maintenance – Plant & Machinery Rs. **64.02** lakhs (Previous Year - Rs. 0.10 lakh), Repairs and Maintenance – Others Rs. **5.34** lakhs (Previous Year - Rs. 4.08 lakhs), Power Rs. **0.18** lakhs (Previous Year - Rs. Nil) incurred during the year on various projects.

45. Pending completion of the relevant formalities of transfer of certain assets acquired pursuant to the Scheme of Amalgamation of Transmission Holdings Limited with the Company in 2001-2002, such assets remain included in the books of the Company under the name of the transferor company.

46. Rent of Rs. **251.63 lakhs** (Previous Year - Rs. 190.26 lakhs) relates to cancellable operating leases taken on or after 1.04.2001. These lease arrangements range from 11 months to 3 years and are primarily in respect of accommodation for offices, warehouses etc. and inter alia include escalation clause and option for renewal.

47. Previous year's figures have been regrouped/rearranged wherever necessary.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

To the Board of Directors of Phillips Carbon Black Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Phillips Carbon Black Limited ("the Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note 42 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March, 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 8550.49 lakhs and net assets of Rs. 8416.01 lakhs as at March 31, 2014, total revenue of Rs. 201.86 lakhs, net loss of Rs. 3.35 lakhs and net cash flows amounting to (Rs. 562.72) lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Kolkata
April 29, 2014

Pinaki Chowdhury
Partner
Membership Number 57572

Consolidated Balance Sheet of Phillips Carbon Black Limited and its subsidiaries as at 31st March, 2014

		As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
	Note		
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	3,446.72	3,446.72
Reserves and surplus	3	46,681.98	55,068.12
		<u>50,128.70</u>	<u>58,514.84</u>
MINORITY INTEREST		704.47	686.41
NON-CURRENT LIABILITIES			
Long-term borrowings	4	40,010.12	19,642.61
Deferred tax liabilities (Net)	5	2,984.96	5,265.02
Other Long term liabilities	6	59.40	58.90
Long-term provisions	7	361.07	302.81
		<u>43,415.55</u>	<u>25,269.34</u>
CURRENT LIABILITIES			
Short-term borrowings	8	61,129.39	62,194.05
Trade payables	9	44,705.24	71,521.00
Other current liabilities	10	12,508.35	11,445.67
Short-term provisions	11	196.49	295.11
		<u>118,539.47</u>	<u>145,455.83</u>
TOTAL		<u>212,788.19</u>	<u>229,926.42</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12		
Tangible assets		85,646.83	75,279.11
Intangible assets		3,241.95	2,945.81
Capital work-in-progress		7,354.42	16,453.90
		<u>96,243.20</u>	<u>94,678.82</u>
Non-current investments	13	3,815.18	3,765.18
Long-term loans and advances	14	3,022.30	4,179.68
Other non-current assets	15	5,389.13	7,537.90
		<u>108,469.81</u>	<u>110,161.58</u>
CURRENT ASSETS			
Inventories	16	42,873.50	49,938.90
Trade receivables	17	51,703.99	51,815.88
Cash and Bank Balances	18	1,085.05	7,430.31
Short-term loans and advances	19	7,342.19	9,777.54
Other current assets	20	1,313.65	802.21
		<u>104,318.38</u>	<u>119,764.84</u>
TOTAL		<u>212,788.19</u>	<u>229,926.42</u>

The notes are an integral part of these consolidated Financial Statements.

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

Consolidated Statement of Profit and Loss of Phillips Carbon Black Limited and its subsidiaries for the year ended 31st March, 2014

		Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs
	Note		
Income :			
Revenue from operations (Gross)	21	253,051.60	253,220.38
Less: Excise Duty		25,305.52	24,729.02
Revenue from operations(Net)		227,746.08	228,491.36
Other income	22	2,253.31	1,019.99
Total Revenue		229,999.39	229,511.35
Expenses :			
Cost of materials consumed	23	185,605.32	188,963.28
Changes in inventories of finished goods	24	(2,553.53)	(2,602.65)
Employee benefits expense	25	6,329.57	5,895.34
Finance costs	26	8,024.61	7,215.26
Depreciation and amortisation expense	12	5,455.73	5,154.82
Other expenses	27	35,941.92	29,044.97
Total expenses		238,803.62	233,671.02
Loss before taxation & Minority Interest		(8,804.23)	(4,159.67)
Tax expense :			
Current tax	28	2,163.77	83.85
Deferred tax - Charge/(Credit)		(2,280.06)	(2,021.54)
Loss after Taxation and before Minority Interest		(8,687.94)	(2,221.98)
Minority Interest		(31.65)	(38.76)
Loss after Taxation and Minority Interest		(8,656.29)	(2,183.22)
Loss per Equity Share :	29		
[Nominal Value per share - Rs. 10/- (Previous year - Rs.10/-)]			
Basic (Rs.)		(25.11)	(6.33)
Diluted (Rs.)		(25.11)	(6.33)

The Notes are an integral part of these consolidated Financial Statements.

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

Consolidated Cash Flow Statement of Phillips Carbon Black Limited and its subsidiaries for the year ended 31st March, 2014

	Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs
A. Cash Flow From Operating Activities		
Net Loss before taxation and Minority Interest	(8,804.23)	(4,159.67)
Adjustments for:		
Depreciation and amortisation expense	5,455.73	5,154.82
Loss on Disposal of Fixed Assets/Fixed Assets Scrapped (net)	85.52	78.03
Unrealised (gain) / loss (net) on foreign exchange fluctuation	(882.61)	228.42
Effect of Changes in Foreign Exchange Translation	319.86	223.86
Adjustment on account of reinstatement of fixed assets	(263.41)	(186.65)
Income from Dividend	(227.80)	(89.90)
Interest Income	(987.17)	(844.41)
Interest Expense	7,505.25	6,424.67
Other Borrowing Costs	519.36	790.59
Provision for Doubtful Debts (net)	305.72	125.78
Provision for Doubtful Advance (net)	8.03	30.69
Liabilities no longer required written back	(740.07)	(59.73)
	11,098.41	11,876.17
Operating Profit before Working Capital Changes	2,294.18	7,716.50
Adjustments for:		
Inventories	7,065.40	(13,904.82)
Trade and Other Receivables	1,941.38	8,827.88
Trade and Other Payables	(26,499.74)	10,144.74
	(17,492.96)	5,067.80
Cash Generated from/ (used in) Operations	(15,198.78)	12,784.30
Direct Taxes Refunded (net) (including Tax Deducted at Source)	253.37	109.20
Net Cash from/(used in) Operating Activities	(14,945.41)	12,893.50
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(4,108.81)	(14,019.48)
Sale proceeds of Fixed Assets	17.11	44.97
Purchase of Long Term Investments	(50.00)	(0.41)
Purchase of Current Investments	(28,600.00)	(3,503.86)
Proceeds from Sale of Current Investments	28,600.00	3,503.86
Dividend received from Investments	227.80	89.90
Inter Corporate Deposits/Loans given	(7,962.35)	(16,200.00)
Inter Corporate Deposits realised	7,300.00	16,200.00
Interest Received	943.74	844.41
Net Cash (used in) Investing Activities	(3,632.51)	(13,040.61)
C. Cash Flow from Financing Activities		
Arrear Allotment money received	-	0.12
Proceeds from Long Term Borrowings	27,500.00	7,500.00
Proceeds from Short Term Borrowings	185,012.54	142,722.80
Repayment of Long Term Borrowings	(5,633.94)	(5,601.21)
Repayment of Short Term Borrowings	(187,324.01)	(124,922.80)
Increase/(Decrease) in Cash Credit facilities from banks	2,098.83	(4,755.23)
Dividends paid [including Tax on Dividend of Rs. 29.29 lakhs (Previous year - Rs. 223.66 lakhs)]	(199.71)	(1,589.38)
Interest Costs paid	(8,632.28)	(6,513.42)
Other Borrowing Costs paid	(619.36)	(790.59)
Net Cash from Financing Activities	12,202.07	6,050.29
D. Exchange differences on Translation of Foreign Currency Cash and Cash Equivalents	30.59	5.30
Net increase/(decrease) in Cash and Cash Equivalents	(6,345.26)	5,908.48
Opening Cash and Cash Equivalents	7,421.04	1,512.56
Closing Cash and Cash Equivalents	1,075.78	7,421.04

Notes:

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) 3 Cash Flow Statement.
- Cash and Cash Equivalents (Refer Note 18 to Consolidated Financial Statements) include Unpaid Dividend Account not available for use by the Company.
- Previous year's figures have been regrouped or rearranged, where considered necessary.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

1. Significant Accounting Policies:

1.1. Basis of preparation

These Consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis except for certain tangible fixed assets which are being carried at revalued amounts. These Consolidated financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006 as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Group's (Phillips Carbon Black Limited and its subsidiaries) normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

1.2. Fixed Assets

Fixed assets are stated at revalued amounts (for items revalued)/ cost of acquisition/construction (for items not revalued) less accumulated depreciation/ amortization, impairment loss, if any and inclusive of borrowing cost, where applicable, and adjustments for exchange difference referred to in Note 1.7 below. Cost includes inward freight, non refundable duties/ taxes and incidental expenses directly related to acquisition/ installation. Computer Software is capitalized in the period in which the software is implemented for use, where it is expected to provide future enduring economic benefit; such capitalization costs include license fees and cost of implementation/ system integration services.

1.3. Impairment

The Carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e., higher of net selling price and value in use).

1.4. Borrowing Cost

Borrowing costs attributable to acquisition/ construction of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

1.5. Depreciation/ Amortization

Depreciation on the incremental amount added on revaluation in respect of revalued items is calculated on straight line method at rates considered applicable by valuers.

Computer Software capitalized are amortized on a straight line basis over a period of three years from the date of capitalization.

Land use rights are amortised on a straight line basis over forty two years being the lease period in keeping with the agreement to use the land.

Depreciation on original cost of other fixed assets is provided either on straight line basis or on written down value method at rates specified in Schedule XIV to the Companies Act, 1956.

Also refer Note 37 below.

1.6. Government Grants

Grants of Capital nature (not related to specific fixed assets) are credited to Capital Reserve. Grants related to revenue are credited to related expense account.

1.7. Foreign Currency Transaction as applicable under Accounting Standard 11 on 'The effect of changes in Foreign Exchange Rates'

Transactions in foreign currency are accounted for at the exchange

rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses (other than relating to reporting of long-term foreign currency monetary items) arising out of settlement of foreign currency transaction or from year end restatement are recognized in the Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets are adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary item Translation Difference Account' (to be adjusted over the balance period of the related long term monetary asset/ liability). Premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract.

1.8. Investments

Long Term Investments are valued at cost less provision for diminution (other than temporary) in the carrying amount thereof as determined by the Board of Directors based on periodical review.

1.9. Inventories

Inventories are valued at lower of cost and net realizable value. Cost of Stores and Spares is determined on weighted average basis. Cost of Raw Materials is determined on First in First out basis. Cost includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable.

1.10. Revenue

Revenue from sales is recognized on transfer of risks and rewards of ownership to customers based on the contract with the customer for delivery. Sales include excise duty and are net of sales returns, discounts and exclude sales tax/value added tax where applicable.

1.11. Employee Benefits

a. Short term

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

b. Post-employment

Post-employment benefits of Parent Company comprise of Provident Fund, Superannuation Fund, Gratuity and Post Retirement Medical Benefit which are accounted for as follows:

i) Provident Fund

This is a defined contribution plan for certain employees and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Parent Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

Certain employees of the Parent Company receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Parent Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Parent Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Parent 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 Parent Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Parent Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the

charge/ gain, if any, is recognized in the Statement of Profit and Loss. Actuarial gains/losses are recognized immediately in the Statement of Profit and Loss as income/expense.

ii) Superannuation Fund

This is a defined contribution plan. The Parent Company contributes a certain % of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Parent Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

iii) Gratuity

This is a defined benefit plan. The Parent Company's scheme is administered by LIC. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains / losses are recognised immediately in the Statement of Profit and Loss as income/ expense.

iv) Post Retirement Medical Benefit

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] are extended to certain categories of employees in the Parent Company. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and are recognized as a charge on accrual basis. This is a defined benefit plan.

c. Other Long term

Other long term employee benefits represent compensated absence (defined benefit plan) which is provided for based on year end actuarial valuation using Projected Unit Credit Method. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss as income/expense.

d. Termination benefits

Termination benefits represent compensation towards Voluntary Retirement Scheme which is expensed on accrual of liability.

1.12. Research and Development

Revenue expenditure on research and development is charged off during the period in which it is incurred. Capital expenditure on development is capitalized on compliance of conditions in keeping with Accounting Standard 26 on 'Intangible Assets'.

1.13. Derivative Contracts

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark to market loss (net) relating to outstanding contracts as at the Balance Sheet date is recognised in the Statement of Profit and Loss. Refer Note 1.7 above for forward exchange contracts covered under Accounting Standard 11 on 'The effects of Changes in Foreign Exchange Rates.'

1.14. Taxes on Income

Current tax is provided as the amount of tax payable in respect of taxable income for the year measured using applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual/ reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax in excess of MAT during the specified period.

1.15. Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provision are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

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 will be required to settle or a reliable estimate of the amount cannot be made.

1.16 Consolidation

a) Consolidated financial statements relate to Phillips Carbon Black Limited, the Parent Company and its subsidiaries (the Group). The consolidated financial statements are in conformity with the Accounting Standard – 21 on Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956 of India (the Act) and are prepared as set out below:

- i. The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after adjustments / elimination of inter-company balances, transactions including unrealized profits on inventories etc, if any.
- ii. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements.
- iii. The translation of the functional currencies into Indian Rupees (reporting currency) of foreign subsidiaries (non integral foreign operations) is performed for assets and liabilities using closing exchange rates at the Balance Sheet date, for revenues, costs, and expenses using average rates prevailing during the period. The resultant exchange difference arising out of such transactions is recognized as part of equity (Foreign Currency Translation Reserve) by the Parent Company until the disposal of Investment.
- iv. The excess of cost to the Parent Company of its investment in the subsidiaries over the Parent's portion of equity of the subsidiaries at the dates they became subsidiaries is recognized in the financial statements as Goodwill.
- v. Minority interest in the consolidated financial statements is identified and recognized in the consolidated balance sheet separate from liabilities and the equity of the Company's Shareholders after taking into consideration:
 - The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
 - The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.
 - Adjustment of the losses attributable to the minorities against the minority interest in the equity of the subsidiaries and thereafter adjustment of the excess of loss, if any, over the minority interest in the equity against the majority interest

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

		As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
2 SHARE CAPITAL			
AUTHORISED			
50,000,000 (31.03.2013 - 50,000,000) Equity Shares of Rs. 10/- each		5,000.00	5,000.00
ISSUED, SUBSCRIBED AND PAID UP			
34,467,572 (31.03.2013 - 34,467,572) Equity Shares of Rs. 10/- each			
fully paid up		3,446.77	3,446.77
Less : Allotment Money receivable		0.05	0.05
		3,446.72	3,446.72

2a. Reconciliation of Shares outstanding at the beginning and at the end of the reporting year

	Number	Rupees in lakhs	Number	Rupees in lakhs
Shares at the beginning of the year	34,467,572	3,446.72	34,467,572	3,446.70
Add: Arrear Allotment Money received	-	-	-	0.02
Outstanding at the end of the year	34,467,572	3,446.72	34,467,572	3,446.72

No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the Parent company during the last five years.

2b. Allotment of 1823 shares is pending against Rights Issue made during 1993-94.

2c. 48 Shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India

3 RESERVES AND SURPLUS

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
Capital Reserve	156.81	156.81
Statutory Reserve (u/s 451C of the RBI Act, 1934)		
Balance as at the beginning of the year	-	-
Add: Transferred from the surplus in the statement of Profit & Loss of the subsidiary company Goodluck Dealcom Private Limited	60.34	-
Balance as at the end of the year	60.34	-
Securities Premium Account		
Balance as at the beginning of the year	22,411.53	22,411.43
Add: Received during the year #	-	0.10
Balance as at the end of the year	22,411.53	22,411.53
General Reserve		
Balance as at the beginning and end of the year	7,338.43	7,338.43
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	278.54	103.21
Add: Adjustment during the year	270.15	175.33
Balance as at the end of the year	548.69	278.54
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	24,882.81	27,267.66
Loss for the year	(8,656.29)	(2,183.22)
Less: Appropriations		
Proposed Dividend on Equity Shares for the year	-	172.34
[Rs. Nil Per share (Previous year - Rs. 0.50 per share)]		
Dividend distribution tax on Proposed dividend on Equity Shares	-	29.29
Transferred to Statutory Reserve	60.34	-
Balance as at the end of the year	16,166.18	24,882.81
	46,681.98	55,068.12

#Rs. Nil (Previous year - Rs. 0.10 Lakhs) received against realisation of arrear allotment money.

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

4 LONG -TERM BORROWINGS	As at		As at	
	31st March, 2014		31st March, 2013	
	Rupees in Lakhs		Rupees in Lakhs	
SECURED LOANS				
Term Loans				
From Banks	47,498.48		25,078.34	
Less: Current maturities of Long Term Debt referred to in Note 10	7,488.36		5,490.51	
	<u>40,010.12</u>		<u>19,587.83</u>	
	<u>40,010.12</u>		<u>19,587.83</u>	
UNSECURED LOANS				
Deferred Payment Liabilities				
Sales Tax Deferred Loans	34.78		178.21	
Less: Current maturities of Long Term Debt referred to in Note 10	34.78		123.43	
	<u>-</u>		<u>54.78</u>	
	<u>-</u>		<u>54.78</u>	
	<u>40,010.12</u>		<u>19,642.61</u>	
5 DEFERRED TAX LIABILITIES (NET)				
Deferred Tax Liability on account of -				
- Depreciation	11,139.02		9,852.25	
	<u>11,139.02</u>		<u>9,852.25</u>	
Deferred Tax Asset on account of -				
- Items allowable for tax purpose on payment/adjustments	268.32		397.78	
- Unabsorbed Depreciation@	7,604.66		4,043.78	
- Others	281.08		145.67	
	<u>8,154.06</u>		<u>4,587.23</u>	
	<u>2,984.96</u>		<u>5,265.02</u>	
@ Considered based on future taxable income against which it can be realised.				
6 OTHER LONG TERM LIABILITIES				
Security Deposits	59.40		58.90	
7 LONG-TERM PROVISIONS				
Provisions for Employee Benefits				
Provision for compensated absences	279.28		250.21	
Provision for post retirement medical liability / Others	81.79		52.60	
	<u>361.07</u>		<u>302.81</u>	
8 SHORT-TERM BORROWINGS				
SECURED LOANS FROM BANKS				
Loans repayable on demand	13,884.51		1,685.67	
Other Loans	21,173.36		50,282.15	
	<u>35,057.87</u>		<u>51,967.82</u>	
UNSECURED LOAN FROM BANKS	26,071.52		10,226.23	
	<u>61,129.39</u>		<u>62,194.05</u>	
9 TRADE PAYABLES				
Trade Payable	44,705.24		71,521.00	
	<u>44,705.24</u>		<u>71,521.00</u>	

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
10 OTHER CURRENT LIABILITIES		
Current maturities of long term debt (Refer Note 4)	7,523.14	5,613.94
Interest accrued but not due on borrowings	279.62	222.96
Unpaid dividends [Refer Note (a) below]	78.00	76.08
Unpaid matured deposits and interest accrued thereon [Refer Note (a) below]	0.45	0.45
Other Payables:		
Advance from Customer	689.00	750.00
Non Executive Directors' Commission	—	191.00
Security Deposit	—	3.66
Employee Benefits payable	193.55	251.70
Capital Creditors	881.02	1,200.29
Statutory dues including provident fund and tax deducted at source	1,600.48	1,290.15
Liability for Export Obligation	1,161.77	1,806.91
Others	101.32	38.53
	12,508.35	11,445.67

- a. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

11 SHORT TERM PROVISIONS

Provisions for Employee Benefits

Provision for gratuity	95.66	18.44
Provision for compensated absences	91.50	67.63
Provision for post retirement medical liability/others	9.33	7.41

Other Provisions

Provision for Proposed Dividend on Equity Shares	—	172.34
Provision for dividend distribution tax on proposed dividend on Equity Shares	—	29.29
	196.49	295.11

12 FIXED ASSETS

12 FIXED ASSETS								(Rupees in Lakhs)						
	GROSS BLOCK							DEPRECIATION					NET BLOCK	
DESCRIPTION	Original/ Revalued cost of Assets as at April 1, 2013	Adjustment on account of Reinstatement	Adjustments during the year Additions during the year at cost	Borrowing Cost	Exchange Differences (Refer Note 1.7 above)	Disposal during the year	Total Original /Revalued cost as at March 31, 2014	Depreciation as at April 1, 2013	Adjustment on account of Reinstatement	Depreciation during the year	Adjustment of Depreciation on sales etc.	Depreciation as at March 31, 2014	Balance as at March 31, 2014	Balance as at April 1, 2013
TANGIBLE ASSETS														
Freehold Land	2,163.84	—	546.13	—	—	—	2,709.97	—	—	—	—	—	2,709.97	2,163.84
Leasehold Land														
Acquisition and Development Expenses	818.62	—	—	—	—	—	818.62	—	—	—	—	—	818.62	818.62
Buildings (a)	7,258.08	—	10.07	—	—	—	7,268.15	1,738.73	—	225.43	—	1,964.16	5,303.99	5,519.35
Non-Factory Buildings and Flats	2,777.83	—	366.85	—	—	—	3,144.68	498.64	—	53.84	—	552.48	2,592.20	2,279.19
Plant and Equipment	92,535.54	—	12,964.62	1,389.69	410.66	326.16	106,974.35	31,200.22	—	4,745.58	249.96	35,695.84	71,278.51	61,335.32
Furniture and Fixtures	495.20	—	32.24	—	—	11.22	516.22	310.34	—	20.70	3.30	327.74	188.48	184.86
Office Equipment	736.72	0.09	71.18	—	—	3.79	804.20	458.63	0.01	65.95	2.20	522.39	281.81	278.09
Vehicles	304.30	—	—	—	—	40.65	263.65	166.04	—	25.26	23.73	167.57	96.08	138.26
Electrical Installations	4,272.20	—	15.46	—	—	—	4,287.66	1,711.23	—	199.87	—	1,911.10	2,376.56	2,560.97
Railway Sidings	89.62	—	—	—	—	—	89.62	89.01	—	—	—	89.01	0.61	0.61
	111,451.95	0.09	14,006.55	1,389.69	410.66	381.82	126,877.12	36,172.84	0.01	5,336.63	279.19	41,230.29	85,646.83	75,279.11
Previous Year	102,744.59	0.21	7,673.37	636.60	732.52	335.34	111,451.95	31,304.85	0.11	5,080.22	212.34	36,172.84	75,279.11	
INTANGIBLE ASSETS														
Goodwill on Consolidation	4.00	—	—	—	—	—	4.00	—	—	—	—	—	4.00	4.00
Land use Rights	3,090.89	275.84	—	—	—	—	3,366.73	149.08	12.51	81.79	—	243.38	3,123.35	2,941.81
Computer Software- Acquired	207.02	—	151.91	—	—	—	358.93	207.02	—	37.31	—	244.33	114.60	—
	3,301.91	275.84	151.91	—	—	—	3,729.66	356.10	12.51	119.10	—	487.71	3,241.95	2,945.81
Previous Year	3,106.32	195.59	—	—	—	—	3,301.91	272.46	9.04	74.60	—	356.10	2,945.81	—
Capital Work-in-Progress													7,354.42	16,453.90

(a) Cost and accumulated depreciation include Rs. 3,963.72 lakhs (31.03.2013 - Rs. 3,952.55 lakhs) and Rs. 1,456.39 lakhs (31.03.2013 - Rs. 1,334.03 lakhs) respectively in respect of Buildings on Leasehold Land.

(b) Capital Work in Progress includes interest on borrowed capital amounting to Rs. Nil (31.03.2013 Rs.106 lakhs)

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014 Rupees in Lakhs	As at 31st March, 2013 Rupees in Lakhs
13 NON-CURRENT INVESTMENT (Unquoted unless otherwise stated)		
<i>Long Term</i>		
<i>Other than Trade Investment</i>		
Investment in Equity Instruments- At cost unless otherwise indicated		
7,186 Fully paid Equity Shares of Rs.10/- each in Bank of Baroda (Quoted)	16.53	16.53
11,400 Fully paid Equity Shares of Rs.10/- each in Indian Overseas Bank (Quoted)	2.74	2.74
600,000 Fully paid Equity Shares of Rs.10/- each in Norplex Oak India Ltd. (Quoted)*	60.00	60.00
1,910,000 Fully paid Equity Shares of Rs.10/- each in Maple Circuits Ltd. (Quoted)*	191.01	191.01
1,600 Fully Paid Equity Shares of Rs. 10/- each in Apeejay Charter Ltd.	0.16	0.16
5,00,000 (Previous year Nil) Fully Paid Equity Shares of Rs. 10/- each in Open Media Network Private Ltd. acquired during the year.	50.00	–
16,86,198 (Previous year 16,86,198) Fully Paid Equity Shares of Rs. 10/- each in CESC Ltd. (Quoted).	3,730.95	3,730.95
1,45,480 (Previous year 1,45,480) Fully Paid Equity Shares of Rs. 10/- each in Woodlands Multispeciality Hospital Limited	14.80	14.80
	4,066.19	4,016.19
Investment in preference shares-		
At cost unless otherwise indicated		
50 Fully paid Preference Shares of Rs.100/- each in Norplex Oak India Ltd.*	0.05	0.05
50 Fully paid Preference Shares of Rs.100/- each in Maple Circuits Ltd.*	0.05	0.05
	0.10	0.10
	4,066.29	4,016.29
Less: *Provision for diminution in carrying amount of Investments in Norplex Oak India Ltd. and Maple Circuits Ltd.	(251.11)	(251.11)
	3,815.18	3,765.18
Notes: (a) Aggregate amount of Quoted Investments	4,001.23	4,001.23
(b) Aggregate amount of Unquoted Investments	65.06	15.06
(c) Aggregate provision for diminution in value of investments	(251.11)	(251.11)
	3,815.18	3,765.18
(d) Market value of Quoted Investments (excluding Norplex Oak India Ltd. and Maple Circuits Ltd. in absence of any current quotation)	8,496.17	4,521.85
14 LONG TERM LOANS AND ADVANCES - Unsecured Considered Good		
Capital Advances	993.60	2,369.04
Security Deposits	1,839.83	1,580.88
Other Loans & Advances		
Loans to Employees	137.11	229.76
Prepaid expenses	51.76	–
	3,022.30	4,179.68
15 OTHER NON CURRENT ASSETS		
MAT Credit Entitlement	5,389.13	7,537.90
	5,389.13	7,537.90
16 INVENTORIES (Valued at lower of cost and net realisable value)		
Raw Materials [includes in transit Rs. Nil (31.03.2013: Rs. 11,172.83 lakhs)]	26,919.16	36,141.31
Finished Goods	13,010.95	10,457.42
Stores and Spares (including packing materials)	2,943.39	3,340.17
	42,873.50	49,938.90

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014 <u>Rupees in Lakhs</u>	As at 31st March, 2013 <u>Rupees in Lakhs</u>
17 TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Considered good	1,141.82	1,559.74
Considered Doubtful	809.55	400.99
Less : Provision for doubtful debts	<u>809.55</u>	<u>400.99</u>
	-	-
	<u>1,141.82</u>	<u>1,559.74</u>
Other Debts - Considered good	<u>50,562.17</u>	<u>50,256.14</u>
	<u><u>51,703.99</u></u>	<u><u>51,815.88</u></u>
18 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	7.25	4.55
Remittances in Transit	735.67	1,726.42
Balances with Banks		
- On Current Accounts	254.74	5,613.99
- On Unpaid Dividend Accounts*	78.12	76.08
Total (A)	<u><u>1,075.78</u></u>	<u><u>7,421.04</u></u>
Other bank balances		
- On Margin Money Account against Guarantee (with maturity more than 3 months and less than 12 months)	9.27	9.27
Total (B)	<u><u>9.27</u></u>	<u><u>9.27</u></u>
Total (A+B)	<u><u>1,085.05</u></u>	<u><u>7,430.31</u></u>
* earmarked for payment of unpaid dividend only.		
19 SHORT TERM LOANS AND ADVANCES		
Unsecured considered good (unless otherwise stated)		
Advances to Suppliers/ Service providers		
Considered Good :	2,350.52	3,440.33
Considered Doubtful :	41.68	30.69
Less : Provision for doubtful advances	<u>41.68</u>	<u>30.69</u>
	-	-
Balances with statutory/government authorities	3,198.66	4,631.72
Advance payment of Taxes, etc.		
[Net of Provision for Taxation Rs. 11,376.62 lakhs (31.03.2013 - Rs.14,274.13 lakhs)]	356.20	624.57
Loans to Employees	96.21	52.23
Advances to Employees	94.11	15.23
Prepaid Expenses	584.14	855.50
Inter Corporate Loans	662.35	-
Unamortised premium on forward contracts	-	157.96
	<u><u>7,342.19</u></u>	<u><u>9,777.54</u></u>
20 OTHER CURRENT ASSETS		
Unsecured Considered Good		
Interest Receivable	43.43	-
Receivable on account of sale of investment	-	0.01
Accruals under Duty Exemption Scheme/ Duty Drawback pertaining to exports /deemed exports	1,270.22	802.20
	<u><u>1,313.65</u></u>	<u><u>802.21</u></u>

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs
21 REVENUE FROM OPERATION		
Sales of Products		
Carbon Black	246,392.63	243,943.23
[Net of Trial run sales Rs. 5,236.91 Lakhs (Previous Year Rs. Nil)]		
Less : Excise Duty	<u>25,305.52</u>	<u>24,729.02</u>
	221,087.11	219,214.21
Power	6,522.70	8,858.08
Other Operating Revenues		
Scrap Sale	<u>136.27</u>	419.07
	<u>227,746.08</u>	<u>228,491.36</u>
22 OTHER INCOME		
Interest Income		
On Inter Corporate Deposit	987.17	824.94
On Income Tax Refund	114.16	-
On others	<u>46.70</u>	<u>19.47</u>
	1,148.03	844.41
Dividend from Long Term Investments-Other than Trade	120.67	86.04
Dividend from Current Investments-Other than Trade	107.13	3.86
Provision for doubtful advances written back	33.65	-
Liability no longer required written back	740.07	59.73
Miscellaneous Income	103.76	25.95
	<u>2,253.31</u>	<u>1,019.99</u>
23 Cost of Materials Consumed		
Opening Stock	36,141.31	25,173.35
Add : Purchases	176,383.17	199,931.24
	212,524.48	225,104.59
Less : Closing Stock	<u>26,919.16</u>	<u>36,141.31</u>
	<u>185,605.32</u>	<u>188,963.28</u>
23.1 Raw material purchase is net of Rs. 2,439.52 lakhs (Previous year - Rs. 2,262.65 lakhs) being benefits under duty exemption scheme pertaining to exports/deemed exports.		
24 CHANGES IN INVENTORIES OF FINISHED GOODS		
Closing Stock (Carbon black)	13,010.95	10,457.42
Less: Opening Stock (Carbon Black)	<u>10,457.42</u>	<u>7,854.77</u>
	<u>(2,553.53)</u>	<u>(2,602.65)</u>
25 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	5,078.69	4,733.23
Contribution to Provident and Other Funds	598.96	548.13
Staff Welfare Expense	651.92	613.98
	<u>6,329.57</u>	<u>5,895.34</u>
26 FINANCE COSTS		
Interest expense [Net of interest capitalized Rs. 1183.69 lakhs (Previous Year - Rs. 111.10 lakhs)]	7,505.25	6,424.67
Other borrowing costs [Net of Interest capitalized Rs. 100 lakhs (Previous Year - Rs. Nil)]	519.36	790.59
	<u>8,024.61</u>	<u>7,215.26</u>

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs
27 OTHER EXPENSES		
Consumption of Stores and Spares parts	2,188.73	2,377.41
Consumption of Packing Materials	3,519.39	3,228.91
Power and Fuel	1,547.46	1,442.58
Water Charges	166.48	123.37
Rent	260.51	221.12
Rates and Taxes	188.72	729.18
Repairs and Maintenance :		
- Buildings	268.58	250.98
- Plant and Machinery	784.12	871.88
- Others	211.57	186.14
	<u>1,264.27</u>	1,309.00
Insurance	313.00	264.87
Travelling and Transport Expenses	945.58	890.97
Subscriptions and Donations	92.58	111.26
Freight Outward	3,925.32	4,260.92
Commission to Selling Agents	2,438.17	2,091.58
Directors' Fees	9.55	9.60
Research and Development Expenses	1,080.91	1,852.99
Hedging cost	6,361.02	-
Net loss on foreign currency transaction/translation	4,488.12	3,605.65
Loss on Disposal of Fixed Assets/Fixed Asset Scrapped (Net)	85.52	78.03
Provision for Doubtful Debts	305.72	125.78
[Net of doubtful debts written back Rs. 102.84 lakhs (Previous year - Rs. Nil)]		
Provision for Doubtful Advances	41.68	30.69
Miscellaneous Expenses	6,719.19	6,291.06
	<u><u>35,941.92</u></u>	<u><u>29,044.97</u></u>
27.1 Miscellaneous Expenses include Rs. 370.93 lakhs (Previous year Rs. 117.90 lakhs) being the aggregate amount of excise duty borne by the Parent Company and difference between excise duty on opening and closing stock of Finished goods.		
28 CURRENT TAX		
Current Tax	15.00	1.75
Reversal of MAT credit recognised in earlier years	2,148.77	82.10
	<u>2,163.77</u>	<u>83.85</u>
29 EARNING PER SHARE		
Basic and Diluted		
(i) Number of Equity Shares at the beginning of the year	34,467,572	34,467,572
(ii) Number of Equity Shares at the end of the year	34,467,572	34,467,572
(iii) Weighted average number of Equity Shares outstanding during the year	34,467,572	34,467,572
(iv) Face value of each Equity Shares (Rs.)	10	10
(v) Loss after Tax available for Equity Shareholders (Rs. in lakhs)	-8,656.29	-2,183.22
(vi) Basic and Diluted Loss per Share (Rs.) [(v)/(iii)]	-25.11	-6.33
30 CONTINGENT LIABILITIES		
Contingent Liabilities for :		
(a) (i) Claims against the Company not acknowledged as debts :		
Income-tax matters under dispute	-	175.09
Excise Duty matters under dispute	367.51	91.03
Custom Duty matters under dispute	57.12	-
ii) Others		
Entry Tax matters under dispute	1046.08	-
Excise Duty matters under dispute	99.28	-
(b) Outstanding Bank Guarantees etc.	1,024.59	1,420.64
(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
(d) Bills Discounted	205.33	-
31 CAPITAL COMMITMENTS		
Capital Commitments	3,737.33	3,491.37

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

32 RELATED PARTY DISCLOSURES

(In accordance with Accounting Standard-18 notified under Section 211(3C) of the Companies Act, 1956.)

i) Related Parties

Name	Relationship
Mr. Ashok Goyal, Managing Director of the Parent Company	Key Management Personnel
Mr. Kaushik Roy, Managing Director-Carbon Black Business of Parent Company	Key Management Personnel (with effect from 5th February, 2013)

(ii) Particulars of Transactions during the year ended 31st March, 2014

	Year ended 31st March, 2014 Rupees in Lakhs	Year ended 31st March, 2013 Rupees in Lakhs
A) Key Management Personnel		
a) Directors' Remuneration		
Ashok Goyal*	263.47	307.58
Kaushik Roy	307.27	47.70

* Includes Rs.175.27 (Previous Year Rs. NIL) capitalized to Project.

	Rupees in Lakhs				
	Total	Durgapur	Kochi	Palej	Mundra
	Year ended 31st March, 2014				
33 RESEARCH AND DEVELOPMENT EXPENSES					
Raw Materials Consumed	835.93	71.44	303.44	316.93	144.12
	(1,646.85)	(280.59)	(718.36)	(265.25)	(382.65)
Salaries Wages and Bonus	231.04	7.81	—	223.23	—
	(168.96)	(49.86)	(43.75)	(32.46)	(42.89)
Contribution to Provident Fund, Superannuation Fund and Gratuity Funds	10.55	0.75	—	9.80	—
	(7.81)	(2.59)	(2.70)	(1.32)	(1.20)
Labour and Staff Welfare	2.67	0.27	—	2.40	—
	(3.99)	(1.53)	(0.96)	(0.59)	(0.91)
Miscellaneous Expenses	0.72	0.09	—	0.63	—
	(25.38)	(6.50)	(6.36)	(6.30)	(6.22)
Total	1,080.91	80.36	303.44	552.99	144.12
	(1,852.99)	(341.07)	(772.13)	(305.92)	(433.87)

Note: Figures in brackets indicate previous years figures.

34 SEGMENT REPORTING

- Information relating to the two business segments, being Carbon black and Power has been disclosed as Primary Segment.
- Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external Sources.
- Segment Revenues, Results and other information:

Business Segment		(Rupees in Lakhs)			Business Segment		(Rupees in Lakhs)		
		Year ended 31st March, 2014					Year ended 31st March, 2013		
		Carbon Black	Power	Total			Carbon Black	Power	Total
(i)	Segment Revenue								
	External Sales	221,223.38	6,522.70	227,746.08			219,633.28	8,858.08	228,491.36
	Inter-segment Sales	—	4,474.51	4,474.51			—	4,021.13	4,021.13
		221,223.38	10,997.21	232,220.59			219,633.28	12,879.21	232,512.49
(ii)	Segment Results								
	Profit / (Loss) before interest and tax	(4,736.52)	7,337.82	2,601.30			(1,247.02)	9,058.39	7,811.37
	Unallocated (expenses)/ income (net)	—	—	(3,900.28)			—	—	(5,546.37)
	Interest	—	—	(7,505.25)			—	—	(6,422.68)
	Loss before tax			(8,804.23)					(4,159.67)
(iii)	Segment Assets								
	Unallocated	162,769.13	33,551.01	196,320.14			165,689.64	37,912.29	203,601.93
		—	—	16,468.05			—	—	26,324.49
				212,788.19					229,926.42
(iv)	Segment Liabilities								
	Unallocated	48,316.45	957.67	49,274.62			75,667.20	1,194.55	76,861.72
		—	—	112,680.40			—	—	93,863.42
				161,955.02					170,725.17
(v)	Capital Expenditure	4,658.49	58.61	4,717.10			10,160.16	1,575.17	11,735.33
(vi)	Depreciation	3,275.04	2,096.27	5,371.31			3,035.57	2,036.75	5,072.32
(vii)	Non Cash Expense other than Depreciation (unallocated)	450.24	—	—			—	—	—

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

Geographical Segment Rupees in Lakhs

	Year ended 31st March, 2014		
	Within India	Outside India	Total
(i) Segment Revenue	163,392.82	64,353.26	227,746.08
(ii) Capital Expenditure	4,372.97	344.13	4,717.10
(iii) Segment Assets	180,668.33	15,651.81	196,320.14

Geographical Segment Rupees in Lakhs

	Year ended 31st March, 2013		
	Within India	Outside India	Total
(i) Segment Revenue	169,963.64	58,527.72	228,491.36
(ii) Capital Expenditure	11,717.21	18.12	11,735.33
(iii) Segment Assets	191,462.53	12,134.40	203,601.93

35. POST EMPLOYMENT DEFINED BENEFIT PLANS

I. Gratuity and Post retirement medical benefits

Gratuity

In keeping with the Parent Company's gratuity scheme, eligible employees of the Parent Company are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement / death/ incapacitation/ termination etc. Also refer Note 1.11 (b) (iii) for accounting policy related to gratuity.

Post retirement medical benefits

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit] are extended to certain categories of employees of the Parent Company. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and are recognized as a charge on accrual basis. This is a defined benefit plan.

35.1 Reconciliation of opening and closing balances of the present value of defined benefit obligations –

Rupees in Lakhs

	Funded		Unfunded	
	Gratuity		Medical	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Opening balance	883.47	781.54	60.01	68.15
Current Service Cost	52.77	57.44	1.96	–
Interest cost	65.77	58.41	4.67	5.40
Actuarial loss / (gain)	158.84	88.92	(8.44)	(12.29)
(Benefits paid)	(122.82)	(102.84)	(3.18)	(1.25)
Closing balance	1,038.03	883.47	55.02	60.01

35.2 Reconciliation of opening and closing balances of the fair value of plan assets –

Rupees in Lakhs

	Gratuity	
	As at 31st March, 2014	As at 31st March, 2013
Opening balance	865.03	705.30
Expected return on Plan Asset	69.00	56.42
Actuarial (loss) / gain	10.39	12.85
Company's contribution	120.77	193.30
(Benefits paid)	(122.82)	(102.84)
Closing balance	942.37	865.03

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.

35.3 Actual Return on Plan Assets –

Rupees in Lakhs

	Gratuity	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Actual Return on Plan Assets	79.39	69.27

35.4 Plan assets for gratuity is funded with Life Insurance Corporation of India.

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

35.5 Amount recognised in Balance Sheet –

Rupees in Lakhs

	Funded		Unfunded	
	Gratuity		Medical	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Present value of obligation	1,038.03	883.47	55.02	60.01
Fair Value of Plan Asset	942.37	865.03	–	–
Net Asset / (Liability)	(95.66)	(18.44)	(55.02)	(60.01)

35.6 Amount recognised in Statement of Profit and Loss –

Rupees in Lakhs

	Gratuity		Medical	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Current service cost	52.77	57.44	1.96	–
Interest cost	65.77	58.41	4.67	5.40
Expected Return on Plan Asset	(69.00)	(56.42)	–	–
Actuarial loss / (gain) (Net)	148.45	76.07	(8.44)	(12.29)
Recognised in Statement of Profit and Loss	197.99	135.50	(1.81)	(6.89)

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 25

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 25

35.6 (a) Principal Actuarial Assumptions used (Gratuity) –

	Year ended 31st March, 2014	Year ended 31st March, 2013
Mortality Table	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	LICI 1994-1996
Discount rate	9.00%	8.00%
Inflation Rate	5.00%	5.00%
Expected Return on assets	8.00%	8.00%

(b) Principal Actuarial Assumptions used (Post Retirement Medical Benefit) –

	Year ended 31st March, 2014	Year ended 31st March, 2013
Mortality Table	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	LICI 1994-1996
Discount rate	9.00%	8.00%

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

36.7 Effect of increase / decrease of one percentage point in the assumed medical cost trend rates on:

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Increase	Decrease	Increase	Decrease
	Rupees in Lakhs		Rupees in Lakhs	
Aggregate of current service cost and interest cost	6.83	6.46	5.09	6.09
Accumulated Post Employment benefit obligation for medical cost	1.65	1.45	0.82	0.95

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

35.8 Other Disclosures

Rupees in Lakhs

	2013-2014		2012-2013	
	Gratuity	Medical	Gratuity	Medical
a) Present value of obligation at end of the year	1,038.03	55.02	883.47	60.01
b) Fair value of Plan Assets as at end of the year	942.37	–	865.03	–
c) (Surplus)/Deficit as at the end of the year	95.66	55.02	18.44	60.01
d) Experience Adjustment on Plan Obligation [(Gain)/Loss]	192.45	(8.44)	66.19	(90.18)
e) Experience Adjustments on Plan Assets [(Gain)/Loss]	(10.39)	–	6.14	–

Rupees in Lakhs

	2011-2012		2010-2011	
	Gratuity	Medical	Gratuity	Medical
a) Present value of obligation at end of the year	781.54	68.15	723.78	155.66
b) Fair value of Plan Assets as at end of the year	705.30	–	740.71	–
c) (Surplus)/Deficit as at the end of the year	76.24	68.15	(16.93)	155.66
d) Experience Adjustment on Plan Obligation [(Gain)/Loss]	(22.71)	17.03	28.97	43.04
e) Experience Adjustments on Plan Assets [(Gain)/Loss]	4.80	–	(18.20)	–

Rupees in Lakhs

	2009-2010	
	Gratuity	Medical
a) Present value of obligation at end of the year	755.02	105.11
b) Fair value of Plan Assets as at end of the year	773.59	–
c) (Surplus)/Deficit as at the end of the year	(18.57)	105.11
d) Experience Adjustment on Plan Obligation [(Gain)/Loss]	104.36	40.21
e) Experience Adjustments on Plan Assets [(Gain)/Loss]	(1.45)	–

35.9 The contribution to the defined benefits plan expected to be made by the company during the annual period beginning after the balance sheet date is yet to be reasonably determined.

II. Provident Fund

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on employee benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, a provident fund setup by the Parent Company is a defined benefit plan in view of the Parent Company's obligation to meet shortfall, if any, on account of interest.

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 parent Company written back during the year amounts to **Rs. 11.03 lakhs** (Previous year provided Rs. 9.66 lakhs) and outstanding as at the balance sheet date amounts to **Rs. 36.10 lakhs** (Previous year - Rs. 50.35 Lakhs). Disclosure given hereunder are restricted to information available as per the Actuaries Report.

Principal Acturaial Assumption	2013-14	2012-13
Discount Rate	9.00%	8.00%
Expected Return on Exempted Fund	8.60%	8.50%
Expected EPFO return	8.75% for first 2 years and 8.60% thereafter.	8.60%

35B Amount recognised as expense (included in Note 25 Employee Benefit Expense under the line item Contribution to Provident and other Fund) during the year under Defined Contribution plan aggregate to **Rs. 255.33 lakhs** (Previous Year - Rs. 389.37 lakhs)

Phillips Carbon Black Limited and its Subsidiaries

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

36 Derivative Instrument and unhedged foreign currency exposure

(a) Derivative outstanding as at the reporting date

Rupees in Lakhs

Particulars	Currency	As at 31st March, 2014	As at 31st March, 2013
Forward Contracts	USD	440.47	344.41
Options	USD	–	448.00
Swap (Currency and Interest)	USD	208.33	323.67

(b) Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	Currency	As at 31st March, 2014	As at 31st March, 2013
Receivables	USD	196.13	149.41
	EURO	14.19	19.75
	GBP	0.23	0.02
Payables	USD	163.85	375.07
	EURO	2.32	11.13
	GBP	–	0.01
Loans	USD	261.13	497.17

37. For the purpose of these accounts, following methods and rates of depreciation have been used for depreciating the original cost of fixed assets:

- Certain items of Plant and Machinery being energy saving devices added during the period ended 31st March, 1987: Under Straight line method at rates specified in Schedule XIV of the Companies Act, 1956.
- Other assets added up to 31st March, 1987: Under written down value method at rates specified in Schedule XIV of the Companies Act, 1956.
- Land use rights: Under Straight line method over a period of forty two years.
- Other Additions since 1st April, 1987: Under Straight line method at rates specified in Schedule XIV of the Companies Act, 1956.

38. Based on the valuation reports submitted by the valuers appointed for the purpose, certain items of the Parent Company's fixed assets [viz., Land (Freehold/Leasehold), Acquisition and Development Expenses, Buildings on such Land, Flats, Electrical Installations, Plant and Machinery and Railway Siding] were revalued on 30th November, 1984, on 30th September, 1991 and also on 30th September, 2001 (except Railway Siding) after considering the following factors:

- Estimated current market value pertaining to Land (Freehold/Leasehold), Acquisition and Development Expenses, Buildings on such land and Flats.
- Values of Electrical Installations, Plant and Machinery and Railway Siding (when applicable) based on their current cost of replacement.
- Adjustments for the condition, the standard of maintenance, depreciation up to valuation dates, etc.

The resultant revaluation surplus of Rs.1,011.07 lakhs, Rs. 2,994.04 lakhs and Rs. 5,995.27 lakhs arising from the aforesaid revaluations were transferred to Revaluation Reserve in the Parent Company's accounts for the years 1983-84, 1990-91 and 2000-01 respectively. Such Revaluation Reserves have however been fully adjusted in earlier years.

39. Depreciation for the year ended 31st March, 2014 on items of fixed assets revalued include an additional charge of **Rs. 180.92 Lakhs** (Previous Year - Rs. 187.99 Lakhs) over that calculated on original cost at rates prescribed under Schedule XIV of the Companies Act, 1956 as amended during 1993-94 representing depreciation on the incremental amounts added on revaluation calculated at the rates considered applicable by the valuers.

40. Pending completion of the relevant formalities of transfer of certain assets acquired pursuant to the Scheme of Amalgamation of Transmission Holdings Limited with the Parent Company in 2001-2002, such assets remain included in the books of the Parent Company under the name of the transferor company.

41. Rent of **Rs. 251.63 Lakhs** (Previous Year - Rs. 190.26 Lakhs) relates to cancellable operating leases taken on or after 1.04.2001. These lease arrangements range from 11 months to 3 years and are primarily in respect of accommodation for offices; warehouses etc. and inter alia include escalation clause and option for renewal.

42. The Consolidated Financial Statement comprise the Financial Statements of the parent Company and its subsidiary Company as detailed below:

Name of the Company	Country of Incorporation
Domestic :	
Goodluck Dealcom Private Limited (@)	India
Overseas :	
Phillips Carbon Black Cyprus Holdings Limited (@)	Cyprus
PCBL Netherlands Holdings B.V. (#)	Netherlands
Phillips Carbon Black Vietnam Joint Stock Company (*)	Vietnam

@ Wholly Owned Subsidiary Company

Wholly Owned Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited

* Subsidiary Company of PCBL Netherlands Holdings B.V.

43 The previous year's figures have been regrouped/rearranged wherever necessary.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 29th April, 2014

Kaushik Mukherjee
Company Secretary

Kaushik Roy
Managing Director

K. S. B. Sanyal
C. R. Paul
Directors

The information in aggregate for each subsidiary including subsidiaries of subsidiary of the company in terms of direction under Section 212(8) of the Companies Act, 1956

(Rupees in Lakhs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves (including Surplus)	Total Assets (including Investments)	Total Liabilities (excluding Capital and Reserves & Surplus)	Details of Investment (except in case of investment in the Subsidiaries)	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
1.	Phillips Carbon Black Cyprus Holdings Ltd.	INR	14.88	3909.70	4323.72	399.15	—	—	(9.92)	—	(9.92)	—
		Euro	0.18	47.31	52.32	4.83	—	—	(0.12)	—	(0.12)	—
2.	PCBL Netherlands Holding B.V.	INR	14.88	4052.09	4154.06	87.09	—	—	(9.09)	—	(9.09)	—
		Euro	0.18	49.03	50.27	1.05	—	—	(0.11)	—	(0.11)	—
3.	Phillips Carbon Black Vietnam Joint Stock Co.	INR	3414.01	(1110.58)	3739.09	1435.67	—	—	(597.36)	—	(597.36)	—
		VND	1201623.91	(390890.77)	1316042.63	505309.49	—	—	(210252.15)	—	(210252.15)	—
4.	Goodluck Dealcom Pvt. Ltd.	INR	839.00	3649.26	4503.20	14.94	3795.75	—	163.23	15.00	148.23	—
		INR	839.00	3649.26	4503.20	14.94	3795.75	—	163.23	15.00	148.23	—

Closing Exchange Rates as at year end considered for conversion:

Euro 1 = INR 82.64

Euro 1 = VND 29,086.68

VND 1 = INR 0.0028412 (derived)

Notes:

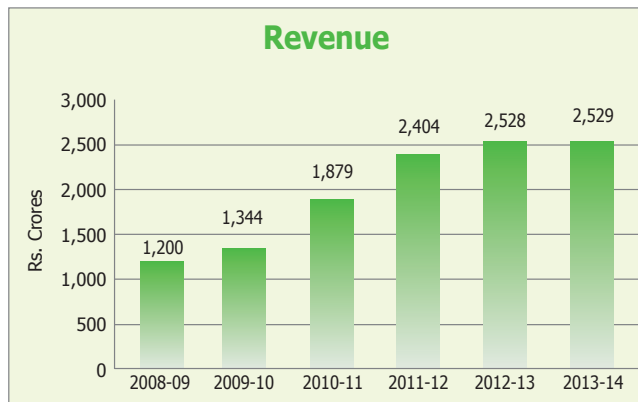
- 1) The above figures are before elimination of inter - company balances.
- 2) The annual accounts of the above subsidiary companies will be made available to the shareholders and also kept for inspection at the Registered Office of the Company.

Financial Summary : 2009 - 2014

(Rupees in Lakhs)

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Sales	252,915.33	252,801.31	240,443.30	187,883.95	134,437.91	120,033.02
Other Income	1,088.66	509.12	1,177.30	891.09	281.14	1,444.17
Expenses	262,794.92	257,314.86	231,278.73	172,339.86	121,660.66	131,207.24
Profit Before Tax	(8,790.93)	(4,004.43)	10,341.87	16,435.18	13,058.39	(9,730.05)
Taxation	(131.29)	(1,939.44)	1,629.71	4,806.78	788.90	(3,245.91)
Profit After Tax	(8,659.64)	2,064.99	8,712.16	11,628.40	12,269.49	(6,484.14)
Dividend (including Tax)	—	201.63	1,602.36	2,219.79	1,647.30	—
Retained Profits/(Loss)	(8,659.64)	2,064.99	7,109.80	9,408.61	10,622.19	(6,484.14)
Capital Employed	158,913.65	146,361.24	139,604.23	108,063.79	88,946.72	64,545.34
Application of Funds						
Fixed Assets (including CWIP)	92,497.32	91,181.55	81,235.73	75,755.66	68,546.77	61,074.51
Investments	7,236.83	7,236.83	7,236.67	5,761.72	3,777.96	3,776.10
Net Current Assets	(15,095.46)	(26,508.79)	(14,694.66)	(11,086.96)	16,621.99	(377.64)

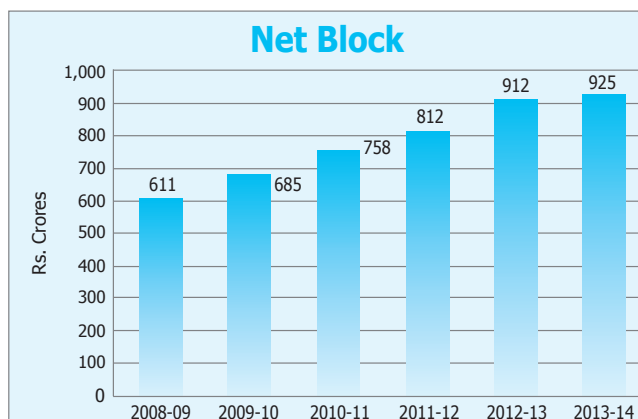
Revenue



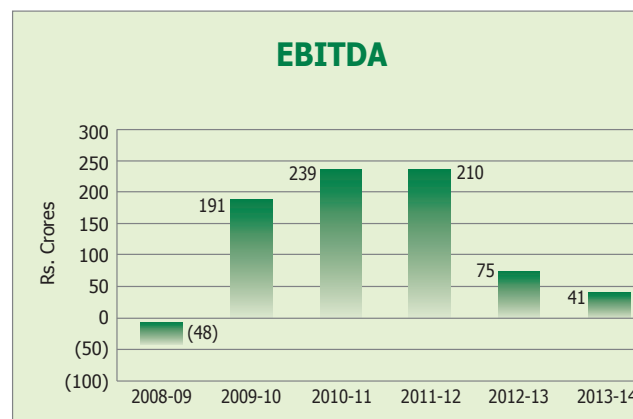
Capital Employed



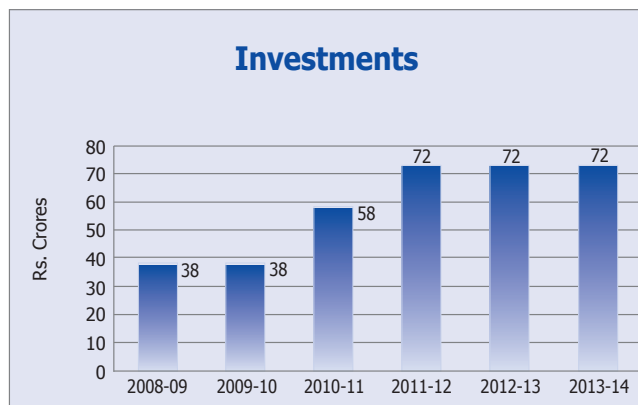
Net Block



EBITDA



Investments



Profit Before Tax





Phillips Carbon Black Limited

CIN: L23109WB1960PLC024602

Head Office

31 Netaji Subhas Road
Kolkata - 700 001
Phone : (033) 6625 1000, 6625 1500
6625 1461- 64
Fax : (033) 2248-0140
E-Mail : pcbl@rp-sg.in

Works

Durgapur

27 R. N. Mukherjee Road
Durgapur - 713 201
Dist. Burdwan
Phone : (0343) 2556693-94
Fax : (0343) 2556692
E-Mail : mukherjee.arup@rp-sg.in

Palej

National Highway No. 8
Palej : 392 220
Dist. : Bharuch
Gujarat
Phone : (02642) 277160, 227902
Fax : (02642) 278134
E-Mail : soumyendra.lahiri@rp-sg.in

Kochi

Karimugal
Brahmapuram PO.
Kochi - 682 303
Phone : (0484)-2720833/947/331/383
Fax : (0484)2720649
E-Mail : sunil.sankaranarayanan@rp-sg.in

Mundra

Survey No. 47, SH - 46
Vill : Mokha (Near Vadala)
Mundra - 370421
Dist. : Kutch, Gujarat
Phone : (02838) 283635/6/7
Fax : (02838) 283636
E-Mail : milind.sawant@rp-sg.in

Regional Offices

Mumbai

103 Janki Centre, 1st Floor
Shah Industrial Estate
Off Veera Desai Road
Andheri (West), Mumbai - 400 053
Phone : (022) 67061626-27-28 (3 lines)
Fax : (022) 67061629
E-Mail : mainackya.ghosh@rp-sg.in

Chennai

60 Marshalls Road
Egmore, Chennai - 600 008
Phone : (044) 2854 7524
Fax : (044) 2855-3257
E-Mail : k.velu@rp-sg.in

Delhi

423 & 425, Ansal Chambers - II
6, Bhikaji Cama Place
New Delhi - 110 066
Phone : (011) 4161 8221
E-Mail : mainackya.ghosh@rp-sg.in

International Sales

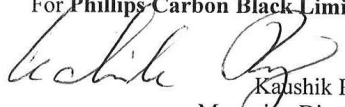

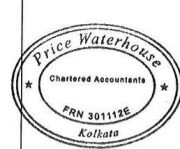

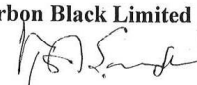
31 Netaji Subhas Road
Kolkata - 700 001
Phone : (033) 6625 1000, 6625 1500
6625 1461-64
Fax : (033) 2248-0140
E-Mail : gautam.kalia@rp-sg.in

Visit us at : www.pcblttd.com



Form A

**Format of covering letter of the Annual Audit Report
to be filed with the Stock Exchanges**

1.	Name of the Company	Phillips Carbon Black Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by:- <ul style="list-style-type: none">• CEO/ Managing Director• CFO• Auditor of the Company• Audit Committee Chairman	<p>For Phillips Carbon Black Limited</p> <p> Kaushik Roy Managing Director Date: - 7th July, 2014</p> <p>For Phillips Carbon Black Limited</p> <p> Altaf Jiواني Whole-Time Director and CFO Date: - 7th July, 2014</p> <p>For Price Waterhouse Firm Registration Number: 301112E Chartered Accountants</p> <p>  Pinaki Chowdhury Partner Membership No: 57572 Date: - 7th July, 2014</p> <p>For Phillips Carbon Black Limited</p> <p> KS B Sanyal Audit Committee - Chairman Date: - 7th July, 2014</p>