

Phillips Carbon Black Ltd

Investor Update Q2 FY12

Performance Summary – Q2 FY12

Particulars	Q2 FY12	Q2 FY11	%Change	FY11
Production (MT)	83,781	76,036	10%	3,05,950
Total Sales Volume (MT)	80,502	75,260	7%	3,08,605
Domestic (MT)	46, 141	60,901	(24%)	2,40,026
Export (MT)	34,361	14,359	139%	68,579
	Rs. Crores	Rs. Crores		
Gross Sales	614	461	33%	1879
Net Sales	559	413	35%	1696
EBIDTA (before forex)	57	47	20%	221
PBDIT%	10.2%	11.4%	-	13%
PBT	22	36	(39%)	164
PAT	21	24	(14%)	116
EPS (Fully Diluted) – Rs.	6.27	7.30	(24%)	35.43

Power Sales

	Power Sales (Units in lacs)	Net Sales (Rs. crs)	Net Realization
Q1 FY12	712	23.84	3.35
Q2 FY12	598	16.75	2.80
YTD	1310	40.59	3.10

Highlights of Q2 FY12

- Due to lower off takes from the tyre sector, overall carbon black volumes have suffered on a sequential basis
- A slowdown in the automobile sector has resulted in major tyre companies resorting to a production cut leading to a lower demand for carbon black
- The company has managed to maintain its sales via focusing on the export market. The export volumes grew by 139%
- Import of carbon black has increased substantially, despite the anti dumping duty on carbon black imports
- Rising crude is an area of concern as it is leading to higher prices of CBFS
- A strong and sudden depreciation in the value of Rupee has resulted in a one time significant forex exchange premium costs & loss of Rs. 10.11 crs
- 12,50,000 convertible warrants allotted on 30th April 2010 on Preferential basis were converted into 12,50,000 equity shares of Rs. 10/- each at a premium of Rs. 186/- per share , fully paid up, on 28th October,2011

Status of new projects

- The company expects to commission the 8 MW power plant at Mundra by Q1FY'13
- The brown field expansion of the carbon black capacity at Durgapur by 12,000 MT is expected to be operational in Q1 FY`13
- The 50,000 MT Carbon Black expansion at Cochin plant is expected to be completed by Q2 FY`13.

Outlook for Q3 FY12

- Going forward high CB imports and lower domestic tyre production would pose challenges for few months, putting pressure on the company's performance
- Efforts are being made to recover entire cost increase as pass through in carbon black segment business particularly for tyre segment
- The company continues its thrust on the export market

Cautionary Statement

Statement in this “ Management Discussion and Analysis” describing the Company’s objectives, projections, estimates, expectations or predictions may be “ forward looking statements” within the meaning of applicable securities law and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include demand supply conditions, finished goods prices, availability and prices of raw materials, changes in the government regulations, tax regimes, economic development within India and the countries within which the Company conducts business and other factors such as litigations and labour negotiations.