

Philips Carbon Black





Phillips Carbon Black Limited

Mr R P Goenka
Chairman Emeritus

Board of Directors

Mr Sanjiv Goenka
Chairman

Mr B M Khaitan

Mr Amiya Gooptu

Mr C R Paul

Dr Ram S Tarneja

Mr K S B Sanyal

Mr Paras K Chowdhary

Mr O P Malhotra

Mr S K Bajoria

Mr S Sahgal
Managing Director

Secretary

Mr T K Banerjee

Auditors

Price Waterhouse

Plot No. Y-14

Block-EP, Sector -V

Salt Lake, Electronic Complex

Bidhan Nagar

Kolkata 700 091

Solicitors

Khaitan & Co.

1B Old Post Office Street

Kolkata 700 001

Registered Office

31 Netaji Subhas Road

Kolkata 700 001

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Notice

Notice is hereby given that the Forty-Second Annual General Meeting of the Members of Phillips Carbon Black Limited will be held in the Williamson Magor Hall (1st Floor) of The Bengal Chamber of Commerce and Industry, 6, Netaji Subhas Road, Kolkata 700001 on Thursday, the 27th day of March, 2003 at 10.30 A.M. to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 30th September, 2002, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To declare dividend.
3. To appoint a Director in place of Mr. S. Goenka, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. B.M. Khaitan who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS:

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

6. (As an Ordinary Resolution)

"Resolved that pursuant to the provisions of Sections 198, 269, 309, 310 of the Companies Act, 1956, read with Schedule XIII thereto, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the variation in terms of remuneration of Mr. Sudhir Sahgal as Managing Director of the Company from 1st April, 2001 to 30th June, 2002 and from 1st July, 2002 as set out in the Explanatory Statement attached to this notice."

7. (As an Ordinary Resolution)

"Resolved that pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any of the Companies Act, 1956 and subject to such permissions, approvals and sanctions as may be necessary and also subject to such terms, conditions and modifications as may be stipulated in such permissions, approvals and sanctions and which may be agreed to or accepted by the Board of Directors of the Company, consent of the Company be and it is hereby accorded to the Board of Directors of the

Company, to create mortgage and/or charge and/or hypothecation and/or pledge of, over or in respect of the immovable property of the Company situate at Kalol, Dist. Gandhinagar in the State of Gujarat in such form as the Board of Directors may determine for the purpose of securing to Canara Bank, Trustees on behalf of the holders of 250, 8.60% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each of the aggregate nominal value of Rs. 25,00,00,000/- (Twenty Five Crores only) together with interest thereon, further interest, liquidated damages, remuneration to Canara Bank, Trustees for the holders of the said debentures, costs, charges and expenses and other monies in terms of the agreement to be entered into between the Company and the said Trustees with liberty to the Directors to create in future any further or other charge on the said assets."

8. (As a Special Resolution)

"Resolved that pursuant to the provisions of Section 163 of the Companies Act, 1956, approval be and is hereby accorded to keep the Register of Members and the Index of Members of the Company at the Office of Intime Spectrum Registry Limited, the Company's Registrars at 1/17 Prince Gulam Mohammed Road, Kolkata 700 026."

Registered Office :

31 Netaji Subhas Road
Kolkata - 700 001
Dated : 28th February, 2003

By Order of the Board

T. K. Banerjee
Secretary

NOTES :

- (a) The explanatory statement in respect of item nos. 6, 7 and 8 of the Notice is hereto attached.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- (c) **THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS**

THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (d) The Register of Members and the Share Transfer Books of the Company shall remain closed from 21.03.2003 till 28.03.2003 (both days inclusive).
- (e) The Company has already transferred all Unclaimed Dividend declared upto the Financial Year ended 30th September, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Individual notices have been given to the respective persons before such respective transfers. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid Financial Year may claim their dividend from the Registrar of Companies, West Bengal, Nizam Palace, 234/4, A.J.C. Bose Road, Kolkata-700020.
- (f) Dividends for the Financial Year ended 30th September, 1995 and thereafter, which remain unclaimed or unpaid for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended on 30th September, 1995 or any subsequent Financial Years are requested to make their claims to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to IEPF, as above, no claim shall lie in respect thereof. The dividend for the Financial Year ended 30th September, 1995 is due to be transferred to the aforesaid Fund immediately after 23rd April, 2003.
- (g) If dividend, as recommended by the directors, is declared at the meeting, the payment will be made to those shareholders whose names appear on the Company's Register of Members and who are notified as beneficiaries by the Depositories Viz. National Securities Depository Ltd. and Central Depository Services (India) Limited as on 20th March, 2003 after the date of declaration but not later than 31st March, 2003.
- (h) Income tax will be deducted at source from dividend payable to shareholders as in force at the time of declaration of Dividend. Resident individual shareholders, who intend to seek exemption from deduction of Income-tax at source and whose total income does not exceed taxable income including such dividend income are requested to submit a declaration in Form No. 15G in DUPLICATE duly completed in all respects or Tax Exemption Certificate issued by Income-Tax Officer at the Registered Office of the Company on or before 20th March, 2003.
- (i) Members are requested to intimate their Permanent Account Number (PAN) allotted by Income Tax Authorities for the purpose of quoting the same on Tax Deduction Certificate for tax deducted on dividend, if any. Those members who have not been allocated PAN should furnish General Index Register (GIR) Number along with a declaration that PAN has not been allocated.
- (j) Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956, by submitting Form No. 2B of the Companies (Central Govt.'s) General Rules and Forms, 1956 with the Company. Blank forms will be supplied on request.
- (k) Members are requested to notify immediately any change of Address:
- To their Depository Participants (DPs) in respect of the electronic share accounts, and
 - To the Registered Office of the Company in respect of the physical share accounts.
- In case the Mailing Address mentioned on this Annual Report is without the PINCODE, Members are requested to kindly inform their PINCODE immediately.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM 6**

The Shareholders at their Annual General Meeting held on the 6th March, 2000 and 30th March, 2001 approved the appointment of Mr. Sudhir Sahgal as Managing Director of the Company for a period of 5 years i.e. 1st January 2000 to 31st December, 2004 and the payment of remuneration upto 31st March, 2001. The Company vide its letters dated 26th December, 2001 and 1st November, 2002 revised the remuneration payable to Mr. Sudhir Sahgal from 1st April, 2001 and from 1st July, 2002 as under :

	From 1.4.2001 to 30.6.2002	From 1.7.2002 onwards
1. Salary	: Rs. 80,600/- per month	Rs. 1,00,000/- per month
2. Allowance	: Rs. 82,000/- per month	Rs. 1,00,000/- per month
3. Performance linked bonus -	Rs. 3,25,000/- for the year ended 30.9.2002.	
4. Perquisites: Mr. Sudhir Sahgal will be entitled to the existing perquisites payable to him as approved by the Shareholders at the Annual General Meeting held on 30th March, 2001.		
5. In the event of absence or inadequacy of profits in any financial year, the remuneration mentioned above shall be the minimum remuneration payable to Mr. Sahgal.		

The approval of members is accordingly being sought for payment of the above remuneration as per Item No. 6 of the Notice.

Your Directors recommend that the resolution set out in Item No. 6 of the Notice be passed in the interest of the Company.

None of the Directors other than Mr. Sudhir Sahgal is interested in the Resolution.

The terms and conditions as set out in the letters dated 26th December, 2001 and 1st November, 2002 issued by the Company to Mr. Sudhir Sahgal are available for inspection of the members at the Registered Office of the Company between the hour 10.00 A.M. to 12.00 Noon on any working day of the Company and also available at the Meeting.

ITEM 7

In view of your Company's requirement of funds to augment its long term resources, it has issued 250, 8.60% Secured

Redeemable Non-Convertible Debentures of Rs. 10 lakhs each aggregating to Rs. 25 crores to banks and bodies corporate by way of private placement subject to necessary approvals. The aforesaid Debentures together with interest thereon, further interest, liquidated damages, remuneration to Canara Bank, Trustees for the holders of the said Debentures, costs, charges and expenses and other monies in terms of the Agreement to be entered into between the Company and the said Trustees, are intended to be secured, *inter alia*, by way of mortgage of the immovable property of the Company situate and lying at Kalol, Dist. Gandhinagar in the State of Gujarat.

Section 293 (1) (a) of the Companies Act, 1956, *inter alia*, provides that the Board of Directors shall not, except with consent of the Company in General Meeting, create mortgage and/or charge over or in respect of the whole or substantially the whole of the undertaking(s) of the Company. The Trustees for the holders of the said Debentures require such approval of the shareholders for creating a charge in respect of the said property.

Accordingly, the Board recommends the resolution set out in Item no. 7 of the Notice for your approval.

None of the Directors are interested in the Resolution.

ITEM 8

Intime Spectrum Registry Limited has been appointed as Registrar for both physical shares and electronic connectivity in terms of circular No. D & CC / FITTC / CIR - 15/2002 dated 27th December, 2002 of the Securities Exchange Board of India (SEBI) and for administrative and economic reasons.

In view of the above, Register of Members and the Index of Members of the Company shall be kept with Intime Spectrum Registry Limited , the Company's Registrars at its office at 1/17 Prince Gulam Mohammed Road, Kolkata 700 026.

As per Section 163(1) of the Companies Act, 1956, the Register of Members and Index of Members may be kept at any other place other than the Registered Office of the Company, if the Company, by a special resolution approves the same.

Accordingly, the resolution set out in Item no. 8 of the Notice is being recommended for your approval. An advance copy of the special resolution will be forwarded to the Registrar of Companies as per Section 163(1)(iii) of the Companies Act, 1956.

None of the directors of the Company are concerned or interested in the proposed resolution.

Brief profile of Directors seeking reappointment at the ensuing Annual General Meeting.**Sanjiv Goenka**

Mr. Sanjiv Goenka aged 42 years, noted industrialist, Vice-Chairman of RPG Group, one of India's top industrial houses. The Group's core activities include power, tyres, entertainment, retail and content. He is a member of Prime Minister's Council on Trade & Industry, Chairman, Board of Governors of Indian Institute of Technology, Kharagpur, Member Board of Governors, International Management Institute, New Delhi, Honorary Consul of Canada in Kolkata and immediate past President of Confederation of Indian Industry.

Other Directorship

Directorship	Committee Member	Position Held
RPG Enterprises Limited		
CESC Limited	Shareholders/Investors Grievance Committee Audit Committee	Chairman Member
Saregama India Ltd.	Shareholders/Investors Grievance Committee Compensation Committee	Chairman Member
Spencer & Co Limited Spencer International Hotels Ltd. Harrisons Malayalam Ltd. Graphite India Limited Balagarh Power Co. Ltd. Noida Power Co. Ltd. RPG Guardian Pvt Ltd. Foodworld Supermarkets Ltd. RPG Cellular Services Ltd. Great Wholesale Club Limited		

Brij Mohan Khaitan

Date of Birth	14th August 1927
Expertise in specific Functional areas	Mr B. M. Khaitan is a renowned Industrialist having interest in Tea, Batteries and Engineering. Mr. Khaitan has great contributions to the Tea Industry with which he has been associated for over four decades. He is the Chairman of Williamson Magor & Co. Limited and Eveready Industries India Limited which owns 30 Tea Estates in Assam and Dooars. Mr Khaitan has also been associated with various leading Chambers of Commerce and Trade Associations.
Qualification	Bachelor of Commerce from Calcutta University
Directorships held in Other Companies (excluding Foreign Companies)	Williamson Magor & Co. Limited Eveready Industries India Limited CESC Limited Flender Limited Jayshree Tea & Industries Limited The Moran Tea Company (India) Limited Babcock Borsig Limited
Committee position	Chairman of Remuneration Committee of Jayshree Tea & Industries Limited

Phillips Carbon Black Limited

Directors' Report & Management Discussion and Analysis

Your Directors are happy to submit their Report and Accounts for the year ended 30th September, 2002.

Financial Highlights

Salient features of Phillips Carbon Black's financial performance during the year are summarized below :

	(Rs. in Lakhs)			
	For the Year ended 30.09.2002	For the Year ended 30.09.2001		
Sales Turnover	49,449.17	48,983.45	Up	1%
PBDIT	4,690.09	4,195.35	Up	12%
Gross Profit	2,002.84	1,397.43	Up	43%
Less : Depreciation	1,012.43	929.19		
PBT	990.41	468.24	Up	112%
Provision for Taxation :				
Current Tax	120.00	36.00		
Deferred Tax	329.82	—		
PAT	540.59	432.24	Up	25%
Surplus brought forward	1,407.94	1,156.34		
Transfer from Debenture Redemption Reserve	80.00	80.00		
Profit available for Appropriation	2,028.53	1,668.58		
Proposed Dividend @ Rs. 1.50 per Equity Share (previous year Re. 1 per Equity Share)	266.30	177.53	Up	50%
Tax on proposed Dividend	—	18.11		
Transfer to General Reserve	50.00	65.00		
Balance carried forward to next year	1712.23	1,407.94		

Performance of the Company

Your Company achieved a substantial improvement in carbon black business during the year. The Indian tyre industry, the largest consumer of carbon black, showed signs of recovery with demand picking up during the second half of the year. Simultaneously, an increase in Asian tyre production unlocked attractive opportunities in the export market. In spite of production constraints, your Company's sales volumes went up marginally.

While the benefits of lower feed stock prices were passed on to consumers, the overall improvement in the bottom line reflected several achievements, including improved yields (2%) from the plants, lower purchase of power (27%), tighter operating expenses, lower financing costs (16%) and higher unit realization from exports.

As a result, profit before tax more than doubled - from Rs. 468 lakhs to over Rs. 990 lakhs. After providing for taxation, including deferred tax implications, profit after tax was up 25% to Rs. 540.59 lakhs.

Manufacturing

Your Company's performance could have been better if we were allowed the benefit of the capacity addition at Cochin. It may be recalled that a brand new production line was added at Cochin during the previous year to meet the anticipated rise in demand.

However, the Kerala State Pollution Control Board asked your Company to close down the existing lines and allowed production only from the new line. As a result, the Company suffered a sharp drop in capacity. However, it is a measure of the strength of Phillips Carbon that overall company production improved though marginally. The 3% rise in production was achieved by maximizing output at the other two plants located at Durgapur and Baroda.

Conversion efficiency at these plants improved significantly through lower power costs and higher yields. The average cost of power and fuel for manufacturing one metric tonne of carbon black came down sharply by 30% to Rs. 392 from Rs. 564 in the previous year. The voluntary retirement schemes introduced at some locations also met with reasonable success.

Dividend

Your Directors recommend for approval of members at the Annual General Meeting a higher dividend of 15% subject to deduction of tax, which will absorb Rs. 266.30 lakhs.

Research & Development

The Company's Research & Development activities remained focused on development of specialized carbon blacks which are currently imported for niche applications. These higher value added grades are expected to generate higher demand in the years ahead.

Future Outlook

The pick up in domestic tyres production is expected to continue in the next year. Higher export of tyres from India should also add to the overall growth in demand for Carbon Black.

To meet additional demand, your Company has already shifted some of its idle capacity (10000 MT) from Cochin to Durgapur. Additionally, de-bottlenecking at Durgapur is in progress. This should increase annual capacity by 15000 MT per annum at Durgapur.

However, the recent sharp increase in international feedstock prices poses an impediment to improved performance.

Internal Control System and Adequacy

Your Company has established a well-knit internal control system under which management reports on key performance indicators and variance analysis are made available to concerned persons. Regular management committee meetings dissect these reports and initiate action plan. Operational Reports are also tabled at each Board Meeting.

Developments in Human Resources

The Company's new personnel policy provides emphasis on performance. The managerial staff strength has been right sized at various levels with relocation of responsibilities and better utilization of human resources. To achieve higher output level and increase productivity, managerial effectiveness is being improved through training programmes, better coordination and constant communication. The employees are now in a better position to respond quickly to changes in the domestic and export markets. The HRD objective is to build within the Company a strong performance oriented culture.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings & outgo, as required under

Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, is annexed. This forms an integral part of this Report.

Amalgamation and De-Subsidiarisation

With effect from 1st April, 2002 Transmission Holdings Ltd. was amalgamated with your Company consequent upon the scheme of amalgamation approved by the Shareholders and sanctioned by the Hon'ble High Court at Calcutta, West Bengal vide its order dated 9th September, 2002. South Asia Electricity Holdings Ltd. and PCBL Industrial Finance Ltd. ceased to be subsidiaries of Phillips Carbon Black Limited with effect from 27th September, 2002. Disclosures, under Section 212(2) of the Companies Act, 1956 are, therefore, no longer necessary.

Regarding the Auditors' comments on adjustments in respect of long term investments against revaluation reserves, the Directors draw your attention to Note 2 of Schedule 17 to Accounts which is self explanatory.

Public Deposit

Fixed Deposits outstanding with the Company as at 30th September, 2002 amounted to Rs. 1,623.25 lakhs. 379 deposits aggregating to Rs. 77.47 lakhs due for repayment on or before 30th September, 2002 were not claimed by the depositors. Out of these, 151 deposits totalling Rs. 53.22 lakhs have, either been paid or renewed till the date of this Report and for the balance amount, necessary instructions are awaited from the depositors.

Notes on Accounts

Regarding the Auditors' comments on year-end shortfall pertaining to certain debtors, and remuneration to Managing Director, the Directors draw your attention to Notes 23 and 3.2 of Schedule 17 forming part of the Accounts. The observations made by the auditors should be read together with the Notes referred to, which are self-explanatory.

Safety & Environment

During the year, PCBL's safety record improved further with lesser number of mandays lost due to accidents.

The Company is giving greater attention to "greening" of its manufacturing units in West Bengal, Gujarat and Kerala. For installing pollution control devices at Kochi, your Company has already invested Rs. 7.60 crore. The Kochi unit is now amongst the select Carbon Black plants in the world, where extremely sophisticated pollution control equipment monitor pollution round the clock. The built-in alarms ensure the most stringent pollution norms. Similar systems are to be installed at the other two locations progressively.

Particulars of Employees

The information required under the provisions of Sections 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms part of 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 members without the information pursuant to the provisions of Section 217(2A) of the Companies Act, 1956. A copy of the statement of particulars of employees is available for inspection at the Registered Office of the Company during working hours for a period of twenty one days before the date of the AGM. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office.

Corporate Governance

Under listing agreements with Stock Exchanges, the provisions of Clause 49 dealing with Corporate Governance are applicable to the Company effective 1st October, 2001. As required by listing agreements, the Corporate Governance Report, along with a certificate of compliance from the Auditors is attached and forms part of the Annual Report. The Board has approved the Corporate Governance Report.

Directors' Responsibility Statement

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors states:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors selected such accounting policies and applied them consistently and made judgements 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 the financial year and of the profit or loss of the Company for the period;
- iii) that the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

Auditors

The auditors, Messrs Price Waterhouse, retire at the Annual General Meeting and being eligible offer themselves for reappointment.

Directors

Mr. P V Gandhi and Mr. H L Mundra resigned from the Board with effect from 20th March, 2002. The Board places on record its deep appreciation of the services rendered by Mr. Gandhi and Mr. Mundra as Directors of the Company.

Mr. S K.Bajoria was appointed a Director with effect from 20th March, 2002 to fill the casual vacancy caused by the resignation of Mr. P V Gandhi.

Mr. S. Goenka and Mr. B M Khaitan retire by rotation and being eligible offer themselves for re-appointment as Directors.

Acknowledgements

The Board deeply appreciates the co-operation received from shareholders, customers, business associates, financial institutions and bankers and would like to thank them for the trust reposed in the management during a challenging year.

For and on behalf of the Board



Kolkata,
28th February, 2003

Sanjiv Goenka
Chairman

Annexure to the Directors' Report

Phillips Carbon Black Limited

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 30th September, 2002.

1.A. Conservation of Energy**(a) Energy Conservation measures taken :**

- Power generation from co-gen plants increased to 85% of total consumption from 80% last year.
- Electricity (KWH) consumed per MT Carbon Black produced reduced to 375 from 395 last year.
- Waste heat boiler installed at Durgapur.

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

- Operation of waste heat boilers at high pressure and utilisation of steam to replace electricity driven high capacity pumps of CPP.
- Installation of VV FD for pelletizer.
- Replacement of GSL and MV lamps with energy efficient lamps.

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

- Further reduction of power consumption per MT of Carbon Black.

(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 :

(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)	43070135	41281570
Units per ltr. of fuel oil (KWH)	78.03	50.93
Cost per unit (Rs.)	0.21	0.33

2. Coal (specify quality and where used)

Quantity (tonnes)	—	—
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)	103395	100705
Total cost (Rs. in lakhs)	17.58	16.32
Average rate (Rs.)	17.00	16.20

5. Consumption per unit of production CARBON BLACK :

(i) Electricity (KWH/MT)	375	395
(ii) Furnace Oil (ltr./MT)	—	—
(iii) Coal	—	—
(iv) Others – process steam (MT/MT)	0.77	0.53

B. Technology Absorption :

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

Form for disclosure of particulars with respect to absorption :

FORM – A**Form for disclosure of particulars with respect to Conservation of Energy**

Current Year	Previous Year
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A. Power and Fuel consumption**1. Electricity**

(a) Purchased units (KWH)	7276503	9990970
Total amount (Rs. in lakhs)	435.12	522.40
Rate per unit (Rs.)	5.98	5.23

(b) Own generation

(i) Through diesel generators units (KWH)	252205	596028
Units per ltr. of diesel oil (KWH)	3.67	3.40
Cost per unit (Rs.)	5.76	5.16

FORM – B**Research & Development (R&D)****1. Specific areas in which R&D carried out by the Company :**

- Development of grades of Industrial Blacks for import substitution.
- Improvement of product characteristics to meet more stringent customer specifications.
- Continuous recasting of Standard Operating Procedures.

2. Benefits derived as a result of the above R&D :

- Higher price realisation in markets.
- Improved consistency of products.

3. Future Plan of Action

- Development of specific grades for new generation of radial tyres.

4. Expenditure on R&D :

	(Rs. Lakhs)	
	Current Year	Previous Year
(a)Capital	19.64	26.82
(b)Recurring	80.15	88.09
(c)Total	99.79	114.91
(d)Total R&D Expenditure as a percentage of total expenditure	0.21	0.24

Technology absorption, adaptation, innovation :**1. Efforts in brief towards technology absorption, adaptation and innovation :**

- Continuous process to meet changing and stringent needs of customers all over the world towards higher value additions.

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

- New customers and product development.

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

- (a)Technology Imported : Modern High Temperature Technology from M/s. Columbian Chemicals Co., USA.

(b)Year of Import : 1988/1998

(c)Has the technology been fully absorbed ? : Yes

(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 :

Capacity constraints allowed limited growth in exports.

b) Total Foreign Exchange used and earned :

	(Rs. Lakhs)	
	Current Year	Previous Year
Foreign Exchange used	12,361.02	18,247.13
Foreign Exchange earned	4,018.62	3,807.65

For and on behalf of the Board



Sanjiv Goenka
Chairman

Kolkata,
28th February, 2003