



Phillips Carbon Black Limited



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October 2003 - March 2005

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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

Company Secretary

Mr K Mukherjee

Auditors

Price Waterhouse

Chartered Accountants

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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Cover :

PCBL's Rs. 40 crore Co-generation Power Plant at Baroda, Gujarat with capacity of 12 MW was commissioned on 30 March, 2005.

Phillips Carbon Black Limited

Notice

Notice is hereby given that the Forty-fourth 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 Friday, the 29th day of July, 2005 at 10.30 A.M. to transact the following business :

1. To receive, consider and adopt the Profit and Loss Account for the eighteen months ended 31st March, 2005, the Balance Sheet as at that date, and the Reports of the Directors and Auditors.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Amiya Gooptu who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. Ram S. Tarneja who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. K. S. B. Sanyal who retires by rotation and is eligible for re-appointment.
6. 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 :

7. (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 1 July, 2004 to 31 December, 2004 as set out in the Explanatory Statement attached to this Notice."

8. (As an Ordinary Resolution)

"RESOLVED THAT in accordance with 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, and any amendment or modification thereof, and such other approvals as may be necessary, the Company hereby approves the re-appointment of Mr. Sudhir Sahgal as Managing Director of the Company for a further period of one year from 1 January, 2005 to 31 December, 2005 on the terms and conditions and remuneration as set out in the Agreement, to be executed by the Company with Mr. Sudhir Sahgal, a draft of which initialled by the Chairman for the purpose of identification is placed before the meeting."

9. (As a Special Resolution)

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% of the net profits of the Company per annum computed in the manner prescribed in Section 309(5) of the Companies Act, 1956 in respect of the profits of the Company for each of the five financial years from 1.4. 2005 be determined and distributed as commission amongst the Directors of the Company or some or any of them (other than the Managing Director and Wholtime Directors of the Company) in such amounts or proportion and in such manner as may be directed by the Board of Directors of the Company."

10. (As an Ordinary Resolution)

"RESOLVED THAT in modification of the previous Resolution

passed at the Annual General Meeting of the Members of the Company held on 11th June, 1998, consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, 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 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. 700/- crores (Rupees seven hundred 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 authorised by the Board in that behalf."

11. (As a Special Resolution)

"RESOLVED THAT in compliance with the provisions of Section 163 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") the consent of the Company be and is hereby accorded for keeping the register of members, the index of members, register & index of debenture holders if any, records relating to returns of allotment from time to time, copies of annual returns prepared under Section 159 of the Act together with copies of certificates and documents required to be annexed thereto under Section 161 of the Act or any one or more of them, at the new Office of Intime Spectrum Registry Limited, the Registrar and Share Transfer Agents of the Company, situated at 59-C, Chowringhee Road, 3rd Floor, Kolkata 700020 with effect from 30 July, 2005 instead of being kept at their old Office at 1/17, Prince Gulam Mohammed Road, Kolkata 700026."

12. (As a Special Resolution)

"RESOLVED THAT pursuant to the provisions of revised clause 49(1)(B) of the Listing Agreement with the Stock Exchanges read with applicable provisions of the Companies Act, 1956 or any amendment thereof (Act) and the Articles of Association of the Company, the consent be and is hereby accorded to the payment of such sitting fees, to the Directors of the Company, excluding the Managing Director, for attending any meeting of the Board of Directors or any Committee thereof, as may be determined from time to time by the Board but not exceeding such sum as may from time to time be prescribed

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by or under the Companies Act, 1956 and the Rules prescribed thereunder or any amendment(s) thereof."

13. (As a Special Resolution)

"RESOLVED THAT in accordance with the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject also to the approval of the Government of India, Securities and Exchange Board of India, Reserve Bank of India and all statutory and other authorities and such approval(s), consents, sanctions, permissions and the like as may be necessary and any conditions or modifications that may be imposed by any of them, consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board' which expression shall be deemed to include any Committee which the Board may constitute to exercise its powers) to issue, offer for subscription and allot through Prospectus and/or Offering Letter or Circular and/or on rights basis equity/ preference shares and/or debentures and/ or bonds in rupees or in any foreign currency and/or depository receipts and/or other securities whether convertible into equity shares/preference shares or not and/or securities linked to equity shares and/or securities with or without detachable warrants and/or only warrants with a right exercisable by the warrant holders to apply for and be allotted equity shares and/ or such other security and to such institutions/ banks/mutual funds/ bodies corporate/ foreign entities/ and/or such other investors whether they are holders of the equity shares of the Company or not and at such time or times, in such tranche or tranches, at such price or prices, at such discount or premium to market price or prices, in such form and manner and on such terms and conditions as may be decided in accordance with the applicable rules, regulations and guidelines provided that the aggregate sum to be raised by such issue of the aforesaid security or securities does not exceed US \$50 million or the rupee equivalent thereof by offering the securities in the Indian market or in the International market comprising one or more countries as the Board may in its absolute discretion decide.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid Resolution, the Board be and is hereby authorised to finalise the issue size, nature of security(ies), terms and conditions for issue thereof, appoint lead managers, underwriters, advisors, bankers, registrars and such other agencies and take/authorise taking such other steps as deemed necessary and to agree, make and accept all such conditions, modifications and alterations as may be stipulated by the relevant authorities and to take such actions as may be necessary, desirable or expedient to effect such modifications and alterations and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of new securities and to do all acts, deeds, matters and things as it may at its discretion consider necessary and desirable."

NOTES :

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the Annual General Meeting is attached.
2. 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.
3. 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.
4. The Register of Members of the Company shall remain closed from 18 July, 2005 to 29 July 2005 (both days inclusive).
5. The Company has transferred all unpaid Dividend declared upto the Financial year ended 30th September, 1996 to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A(5) of the Companies Act, 1956.
6. Dividends for the Financial year ended 30th September, 1997 and thereafter, which remain unclaimed or unpaid for a period of seven years will be transferred to the IEPF under section 205A(5) of the Companies Act, 1956. Members who have not encashed the dividend warrant(s) so far for the Financial year ended 30th September, 1997 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 stated above, no further claim shall be in respect thereof. The dividend for the financial year ended 30th September, 1997 is due to be transferred to the aforesaid Fund immediately after 30 July, 2005.
7. Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956 by submitting Form No. 2B of the Companies (Central Government's) General Rules and Forms, 1956 with the Company. Blank forms will be supplied on request.
8. If the dividend as recommended by the Board of Directors, is declared, at the Meeting, will be paid on and from 3 August, 2005 to those Members 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) Ltd. at the close of business on 16 July, 2005.
9. Members are requested to notify immediately any change of address :
 - i) To their Depository Participant (DPs) in respect of the electronic share accounts, and
 - ii) To the Registrars and Share Transfer Agent/Share Department of the Company in respect of physical share accounts.

In case of the Mailing Address mentioned on this Report & Accounts is without the PINCODE, Members are requested to kindly inform their PINCODE immediately.
10. In order to avoid the risk of loss/ interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Members are advised to avail the ECS facility, whereby the dividend will be directly credited electronically to their respective Bank Accounts. This will ensure speedier credit of dividend. You may use the enclosed 'ECS Mandate Form' and forward necessary details to the Registrars and Share Transfer Agent/ Share Department of the Company to avail the benefit of this service.
11. Brief Profile of Directors seeking re-appointment at the Annual General Meeting is annexed to this Notice.

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

Item No. 7

The Members at their Annual General Meeting held on the 6 March, 2000, 30 March, 2001, 27 March, 2003 and 4 March, 2004 approved the appointment of Mr. Sudhir Sahgal as Managing Director of the Company for a period of 5 years i.e. 1 January, 2000 to 31 December, 2004 and payment of his remuneration. Subsequently,

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
27 June, 2005

By Order of the Board
Kaushik Mukherjee
Company Secretary

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the Board of Directors of the Company, at its meeting held on 26th October, 2004, subject to the approval of the Members, approved an increase in the remuneration to Mr. Sudhir Sahgal with effect from 1 July, 2004 as under :

1. Basic Salary : Rs. 1,27,810/- per month.
2. Management Supplement : Rs. 1,27,810/- per month.
3. Perquisites : Mr. Sudhir Sahgal will be entitled to the existing perquisites payable to him as approved by the Members at the Annual General Meeting held on 30th March, 2001.

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. Sudhir Sahgal.

The terms and conditions of increase in the remuneration of Mr. Sudhir Sahgal is available for inspection by the Members at the Registered Office of the Company between the hour 10 A.M. to 12 Noon on any working day of the Company and will also be available at the Meeting.

The approval of Members is accordingly being sought for payment of the above remuneration as per item No. 7 of the Notice.

Your Directors recommend that the Resolution set out in item No. 7 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.

Item No. 8

The Board of Directors of the Company at its meeting held on 30 November, 2004, re-appointed Mr. Sudhir Sahgal as Managing Director of the Company for a further period of one year from 1 January, 2005 to 31 December, 2005 on the existing remuneration as under :

- | | |
|-----------------------|--|
| Basic Salary | : Rs. 1,27,810/- per month |
| Management Supplement | : Rs. 1,27,810/- per month |
| Perquisites | : Mr. Sudhir Sahgal shall be entitled to the following Perquisites – |
- (i) In addition to the above remuneration Mr. Sahgal shall also be entitled to furnished accommodation, group life insurance, personal accident insurance, medical reimbursement for self and family, encashment of leave at the end of the tenure of service, club fees, medical insurance, leave travel allowance and privilege leave on full pay and allowance etc. in accordance with the rules of the Company.
 - (ii) 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.
 - (iii) 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.

- | | |
|----------------------|--|
| Gratuity | : One half of a month's salary for each completed year of service in accordance with the rules of the Company. |
| Minimum Remuneration | : In the event of absence or inadequacy of profits, Mr. Sudhir Sahgal will be entitled to draw the same remuneration as stated above as minimum remuneration. |
| 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 XIII of the Companies Act, 1956.
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. |

The remuneration and the terms and conditions as set out in the draft Agreement to be executed by the Company with Mr. Sudhir Sahgal are available for inspection to members at the Registered Office of the Company between the hours 10.00 A.M. to 12.00 Noon on any working day of the Company and also available in the meeting.

The approval of Members is being sought for re-appointment of Mr. Sudhir Sahgal as per Item No. 8 of the Notice.

In view of the commendable leadership qualities and the significant contribution made by Mr. Sudhir Sahgal, as Managing Director of the Company, your Directors recommend that the Resolution set out in item No. 8 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.

Item No. 9

By a Special Resolution passed by the Members of the Company at the Annual General Meeting held on 30th March, 2001 authority was given under Section 309 of the Companies Act, 1956 to the determination and distribution amongst the Directors (other than the Managing Director and Wholtime Directors of the Company), a sum not exceeding 1% of the net profits of the Company for each of the five financial years commencing from the financial year ending 1999 - 2000. The amount to be determined by the Board will be distributed amongst all or some of the Directors in accordance with the directions the Board may give in this regard.

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The Members may please note that although approval was given for determination and distribution amongst the Directors by way of Commission of a sum not exceeding 1% of the net profits of the Company in the last five years no commission was determined and distributed to the Directors.

The resolution set out in Item No 9 of the convening Notice is to be considered accordingly and is placed before the Members for their approval.

All the Directors of the Company except the Managing Director are concerned or interested in the Resolution to the extent of the payment that they may receive by way of commission.

Item No. 10

In terms of Section 293(1)(d) of the Companies Act, 1956, the consent of the Members in General Meeting is required to enable the Board of Directors to borrow moneys, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeds the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

In the Annual General Meeting held on 11 June, 1998, the Members authorised the Board to make borrowings upto Rs. 500 crores in terms of the aforesaid Section 293(1)(d) of the Act. In view of your Company's requirements of funds for expansion and modernisation of its factories and setting up of new co-generation power plants, the Board considers it necessary and appropriate that the limit be enhanced to Rs. 700 crores in the interest of the Company.

Your Directors recommend that the Resolution set out at item No. 10 of the Notice be passed in the interest of the Company.

None of the Directors of the Company is concerned or interested in the resolution.

Item No. 11

Pursuant to the provisions of Section 163 of the Companies Act, 1956, the Shareholders at their Forty-second Annual General Meeting held on 27 March, 2003, had approved to keep the register of members and index of members of the Company at the Office of Intime Spectrum Registry Limited, the Company's Registrar at 1/17, Prince Gulam Mohammed Road, Kolkata 700026.

The Registrar, Intime Spectrum Registry Limited vide their letter dated 11 April 2005 had informed the Company that for operational convenience, they are to keep the register of members and index of members and allied statutory registers at their new office at 59/C, Chowringhee Road, 3rd Floor, Kolkata 700020, after the necessary approval of the members is obtained at the forthcoming Annual General Meeting of the Company.

Special Resolution of Item No.11 of the convening Notice is intended to obtain the consent of the members for keeping of the said registers at the new office of the Registrar at 59/C, Chowringhee Road, 3rd Floor, Kolkata 700020. 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.

Your Directors recommend that the Resolution be passed in the interest of the Company.

None of the Directors of the Company is concerned or interested in this Resolution.

Item No. 12

Under the provisions of Section 309(2) of the Companies Act, 1956 and the Articles of Association of the Company, a Director may receive remuneration by way of a fee for each meeting of the Board, or a Committee thereof, attended by him.

The amended provisions of Clause 49(1)(B) of the Listing Agreement with the Stock Exchanges, as notified by SEBI vide Circular Nos. SEBI/CFD/DIL/CG/1/2004/12/10 October 29, 2004 and SEBI/CFD/DIL/CG/1/2005/29/3 dated March 29, 2005 and compulsorily coming into effect on & from 31st December, 2005, now requires that all fees/compensation paid to the non-executive Directors, shall be fixed by the Board of Directors and shall require previous approval of the Members in the General Meeting. Accordingly, approval of the Members is sought for payment of such increased fees to the Directors for attending any Board Meeting or any Committee thereof, as may be fixed by the Board within such limits as may from time to time be prescribed under the Companies Act, 1956 and Rules framed thereunder or any amendment(s) thereof.

The Board of Directors recommends that the Resolution set out under item No. 12 of the Notice be passed in the interest of the Company.

All the Directors except Mr. Sudhir Sahgal are interested to the extent of increase in sitting fees since it relates to payment of fees to them for attending Board/Committee meetings.

Item No. 13

In order to meet a part of its fund requirements for setting up of 30 MW Co-generation Power Plant at Durgapur as also for undertaking expansion projects in future, the Company proposes to raise funds not exceeding a sum of US\$50 million or rupee equivalent thereof by issue of new securities in such form, subject to such terms and conditions and to such institutions / banks / mutual funds / bodies corporate and / or other investors as may be decided by the Board of Directors of the Company ('the Board') in accordance with the applicable rules, regulations and guidelines.

The proposed issue and allotment of securities as aforesaid requires approval of the Members by way of a Special Resolution pursuant to the provisions of section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the relevant provisions of the Listing Agreements executed by the Company with the stock exchanges where its shares are listed and subject also to the terms and conditions of such approvals, consents and permissions as are necessary.

The Special Resolution under the item No 13 of the Notice is to be considered accordingly and the Board recommends that the Resolution be passed in the interest of the Company. The Directors of the Company may be deemed to be concerned or interested in this item of business to the extent of the new securities that may be offered or allotted to one or more of them in their individual capacities or to any of the companies / institutions in which the Directors of the Company may also be directors/ members/employees. Save as aforesaid, no Director is concerned or interested in the said Resolution.

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Brief Profile of Directors seeking re-appointment at the Annual General Meeting

Mr. Amiya Gooptu

Date of Birth	24 August, 1933
Expertise in specific Functional Areas	Mr. Amiya Gooptu is a noted Corporate Advisor. A former Sheriff of Calcutta, he is associated with various Companies in the capacity of independent professional Director. Mr Gooptu is the Hony. Consul General of Republic of Hungary in Eastern India for a long time. He is the Chairman of one of the India's leading think tanks, "Bengal Initiative" formed in 1905 under the patronage of Dr. Dadabhai Naoroji, Sir P. C. Ray and other distinguished personalities.
Qualification	B.A. (Hons)
Directorship held in other Companies	Everest Agro Industries (P) Ltd, Shalimar Paints Ltd (Chairman), Webfil Limited, Titagath Industries Ltd.
Committee Membership	Member of Audit Committee of Shalimar Paints Limited and Phillips Carbon Black Limited. Member of Remuneration Committee of Phillips Carbon Black Limited. Member of Shareholder/Investor Grievance Committee of Shalimar Paints Limited and Phillips Carbon Black Limited.
Shareholdings in the Company	Mr. A Gooptu does not hold any shares in the Company.

Dr. Ram. S. Tarneja

Date of Birth	7 December, 1931.
Expertise in specific Functional Areas	Dr. Ram. S. Tarneja was the Managing Director of Bennett, Coleman & Company Limited until May 1991 and continues to be on the Board. His present Chairmanships include, among others, that of the Jollyboard Limited, Nissin ABC Logistics Pvt. Ltd. and Pan Asian Management & Rural Research Organisation. He is past President of Indian Merchants Chamber, All India Management Association, Indian Newspaper Society, Indian Institute of Personnel Management and Honorary President Asian Association of Management Organisations etc.
Qualification	B.A. (Hons.) (Delhi), M.A. (Delhi and Virginia), Ph.D (Cornell).
Directorship held in other Companies	NESCO Limited, OTIS Elevator Company (I) Limited, Jollyboard Limited, Bharat Gears Limited, Bennett, Coleman & Co. Limited, Rallis India Limited, Ballarpur Industries Limited, Housing Development Finance Corporation Limited, GATI Limited, ITC Limited, Transcorp International Limited, Phoenix Township Limited, SOWIL Limited, Arim Metal Industries Private Limited, NISSIN ABC Logistics Private Limited and Alternate Director of GIVO Ltd.
Committee Membership	Chairman of Audit Committee of Bharat Gears Limited and Bennett, Coleman & Company Limited and member of Audit Committee of Rallis India Limited and OTIS Elevators Company (I) Ltd. Chairman of Shareholder/Investor Grievance Committee of Housing Development Finance Corporation Limited and Ballarpur Industries Limited and Member of Shareholder/Investor Grievance Committee of Rallis India Limited. Member of Remuneration Committee of Rallis India Limited, ITC Limited and GATI Limited.
Shareholdings in the Company	Dr. R. S. Tarneja does not hold any shares in the Company.

Mr. K. S. B. Sanyal

Date of Birth	1 December, 1932.
Expertise in specific Functional Areas	Mr. K. S. B. Sanyal is a noted Corporate Advisor. He was the Chairman and Managing Director of Andrew Yule Limited. He is the past president of Bengal Chamber of Commerce and Industry and is also former Sheriff of Calcutta. Mr. Sanyal also held the post of National Special Advisor to United Nations Development Programme in India from 1991-1994. He is presently associated with various Companies as independent professional Director and is a Governor of Help Age India.
Qualification	MA, CBIM, FIP(LONDON).
Directorship held in other Companies	IFGL Refractories Limited, Titagarh Industries Limited and Woodlands Medical Centre Limited.
Committee Membership	Chairman of Audit Committee of IFGL Refractories Limited and Phillips Carbon Black Limited and Member of Audit Committee of Titagarh Industries Limited. Chairman of Remuneration Committee of Titagarh Industries Limited and Phillips Carbon Black Limited and Member of Remuneration Committee of IFGL Refractories Limited. Chairman of Shareholder/Investor Grievance Committee of IFGL Refractories Limited and Member of Shareholder/Investor Grievance Committee of Titagarh Industries Limited.
Shareholdings in the Company	Mr. K. S. B. Sanyal does not hold any shares in the Company.

Mr. Sudhir Sahgal

Date of Birth	27 December, 1945.
Expertise in specific Functional Areas	Mr. Sudhir Sahgal is a Mechanical Engineer and has done his Advanced Management from Kellogg i.e., North Western University in Chicago. He has 39 years of experience in manufacturing, engineering, marketing and general management functions.
Qualification	B. Sc. (Mech. Engg.).
Directorship held in other Companies	The Great Wholesale Club Limited.
Committee Membership	Member of the Bengal Chamber of Commerce and Industries.
Shareholdings in the Company	Mr. Sudhir Sahgal does not hold any shares in the Company.

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Directors' Report & Management Discussion and Analysis

Your Directors have pleasure in presenting their Forty-fourth Report and Accounts for the eighteen months ended 31 March 2005.

Financial Highlights

	(Rs. in crore)	
	31. 03. 05	30. 09. 03
	(18 months)	(12 months)
PBDIT		
(Before bad debts)	73.74	67.83
Less: Bad debts	3.87	12.23
PBDIT	69.87	55.60
Less: Interest	26.11	20.56
Profit before depreciation & tax	43.76	35.04
Less : Depreciation	25.53	10.70
PBT	18.23	24.34
Provision for tax :		
Current tax	6.62	2.00
Deferred tax	(0.75)	3.74
PAT	12.36	18.60
Surplus brought forward	28.26	17.12
Transfer to Debenture		
Redemption Reserve	1.87	0.45
Profit available for Appropriation	38.75	35.27
Proposed dividend		
@ Rs. 1.50 per equity share		
(previous year Rs. 2.50 per equity share)	2.66	4.44
Tax on proposed dividend	0.37	0.57
Transfer to General Reserve	0.65	2.00
Balance carried forward to next year	35.07	28.26

Dividend

Your Directors recommend for approval of Members at the Annual General Meeting a dividend of 15 % on the paid up Share Capital of the Company which will absorb Rs. 2.66 crore. The tax on dividend, to be borne by the Company, amounts to Rs. 0.37 crore.

Performance of the Company

The 18-month period ended March'05 saw a 15% growth in tyre production within the country. This led to a corresponding increase in domestic carbon black demand. Similarly, there was a growth of over 6.5% in the Asia Pacific carbon black market. Indian Carbon Black exports grew by 135% to become the largest exporters in the region.

Your Company successfully maintained its market leadership and grew by nearly 16% in the domestic market and 138% in the export market. In value terms this led to a year to year growth of 27%.

Margins were however, eroded by the continuous rise in the price of its only raw material i.e., Carbon Black Feedstock which could not be fully passed on to customers. The adverse impact of this increase was partly offset by healthy increase in volume sales.

Manufacturing

During this period, your Company completed one of the world's largest capacity expansions at its Baroda plant by installing 2 production lines adding 70,000 MT capacity. As a result, total production went up by 34%.

Installation of state of the art equipment resulted in improved yields and lower power consumption per unit of Carbon Black produced. Overall the Company achieved lower costs to produce each ton of Carbon Black.

The increased capacity at Baroda will enable your Company to provide better service to the large customer base in Western and Northern India.

Power

Your Company took advantage of the Central Electricity Act 2003 by setting up a 12 MW co-generation power plant at Baroda using process waste gases. This resulted in substantial savings in cost of power for manufacturing Carbon Black. For the first time, your Company started selling power to the local Grid. This was however achieved towards the end of March'05.

Research & Development

Your Company's Research and Development activities were focused on product development and approvals in the international and domestic markets. This has considerably helped in progressively stabilising the production from Baroda plant.

Environment, Health & Safety

The continuous focus on environment resulted in the Cochin plant being awarded the Environment Management System (EMS) Standard Accreditation under ISO-14001. Similar efforts are in progress at the other 2 locations.

The Baroda expansion has been so designed that there is zero discharge of process wastes and complete combustion of process gases.

As a responsible corporate citizen, PCBL has undertaken several social welfare activities pertaining to areas surrounding the factories.

Human Resources Development

Your Company firmly believes that competence and commitment of its people are the prime drivers of competitive advantage which alone can enable the Company compete successfully in the market place. To ensure this, sustained efforts have been made throughout the year for employee development through training programmes covering technical, behavioral dynamics and internalization of organizational core values. The Company continues to pursue 'plural leadership' and a non-hierarchical structure, to foster a transparent performance-driven culture and encourage entrepreneurial spirit across the organization. The "HR Module" in the newly introduced ERP-SAP system is operating satisfactorily. Industrial relations continued to remain cordial at all the locations of the Company.

Internal Control System and Adequacy

Your Company has an established, well - built internal control system which ensures continuous monitoring of performance by way of tight budgetary controls on all operating parameters. There is a set system of review across all levels of the organization and take corrective action.

In order to upgrade the controls to global best practices, an SAP's ERP system has been introduced with the help of Accenture who are a leading global consultant.

As a result of this implantation and as recommended by SAP/Accenture, your Company changed its accounting year to April-March period.

Opportunities and Threats

Your Company has a timetested process of scanning the environment to take advantage of opportunities and prepare for the challenges which may arise.

Opportunities

- Substantial growth in domestic demand generated by the massive investment in roads which is likely to push vehicular sales and consequently demand for tyres.
- Asia-Pacific continues to be the fastest growing region for production/export of tyres which gives a strong opportunity for raising exports.
- Competitive advantage over advanced countries due to lower conversion costs.
- High cost of power in India and the opportunity to produce power at a very low cost and sell the same.

Threats

- Extremely high and volatile cost of feedstocks and the delay in securing corresponding price increases.
- Continuous reduction in import duty on Carbon Black without differential lower duty on its feedstock.
- Congested ports and very expensive handling of feedstock as well as finished products leading to erosion in competitive advantage globally.
- Cheap and poor quality imports.

Future Outlook

The demand growth for commercial and personal vehicles will continue leading to an anticipated growth in demand of 8% in the domestic market. Additionally, non-tyre market demand is also set to grow. With the rise in demand in the Asia-Pacific region, led by China, we can expect the export demand to be strong. Your Company now has an enlarged capacity to meet this demand and continue its leadership position.

Very high crude oil prices and its consequent impact on feedstock prices will continue to put pressure on margins. Efforts are being made continuously to increase selling prices. To cushion the impact, cost reduction is becoming a way of life in PCBL.

The sale of power from the 12 MW CPP at Baroda will help in profitability. Strategically, your Company is embarking on setting up a 30 MW co-generation power plant at Durgapur to reduce cost of procuring power in our largest plant and sell surplus power generated to improve profitability.

We are looking at the future with confidence of being a major global player.

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

Currently, the Company does not have any Fixed Deposit Scheme. The Company has repaid all Fixed Deposits that have matured and have been claimed by the depositors under the earlier Fixed Deposit Schemes. An amount of Rs. 240.78 lakhs remains outstanding as on 31. 3. 2005. Out of the above deposit, an amount of Rs.19.70 lakhs has matured but remained unclaimed as on 31.3.2005. Reminders have been sent to all the depositors, who did not claim repayment of their matured deposits.

Out of the unclaimed deposit of Rs. 19.70 lakhs, an amount of Rs. 4.12 lakhs has been paid till the date of this report.

Notes on Accounts

Regarding the Auditors' comments on remuneration to Managing Director, the Directors draw your attention to Note 3.2 of Schedule 17 forming part of Accounts. The observations made by the Auditors should be read together with the Note referred to, which is self-explanatory.

Particulars of Employees

The Particulars of Employees required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, form a part of this Report.

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 Report.

Voluntary Delisting of Company's Equity Shares from Certain Stock Exchanges

Pursuant to the approval of the Members at the Forty-third Annual General Meeting held on 4 March 2004 the shares of your Company were voluntarily delisted from the Stock Exchange Ahmedabad, the Jaipur Stock Exchange and the

Delhi Stock Exchange Association Limited. The Company's application for voluntary delisting from the Rajkot (Saurashtra 'Kutch) Stock Exchange is pending with the stock exchange authorities for approval.

The Company's shares will however continue to remain listed on National Stock Exchange of India Limited, The Stock Exchange, Mumbai and the Calcutta Stock Exchange Association Limited (CSE).

Directors' Responsibility Statement

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

- i) That in preparation of the 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 financial year and of profit or loss of the Company for the period;
- iii) That the Directors took proper and sufficient care of the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the Accounts on a going concern basis.

Auditors

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

Directors

Mr. Amiya Gooptu, Dr. R. S. Tarneja, and Mr. K. S. B. Sanyal retire by rotation and being eligible offer themselves for re-appointment.

Forward - Looking Statement

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

Appreciation

Your Directors place on record their appreciation of the invaluable contribution made by employees without which it would not have been possible for the Company to achieve these results. They also like to take this opportunity to thank customers, business associates, Government Authorities, Bankers, Financial Institutions and last but not the least the valued shareholders for their support and encouragement.

For and on behalf of the Board



Sanjiv Goenka
Chairman

Kolkata
27 June, 2005