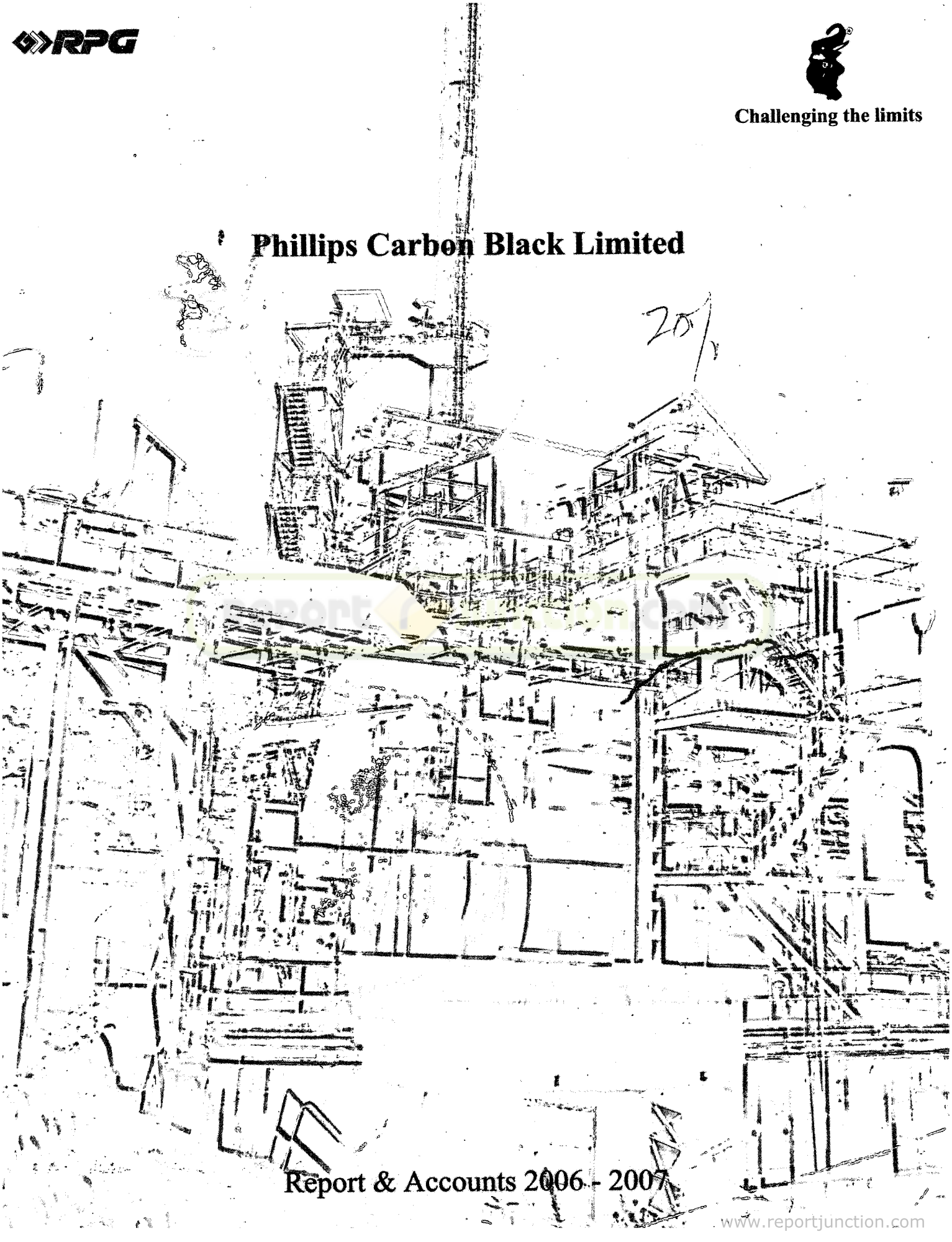
SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

RPG

Challenging the limits

Phillips Carbon Black Limited



Report & Accounts 2006 - 2007

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Phillips Carbon Black Limited

Dr R P Goenka
Chairman Emeritus

Board of Directors

Mr Sanjiv Goenka
Chairman

Mr B M Khaitan
Mr C R Paul
Dr Ram S Tarneja
Mr K S B Sanyal
Mr Paras K Chowdhary
Mr O P Malhotra
Mr Ashok Goyal
Managing Director

Company Secretary

Mr Kaushik Mukherjee

Banks

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

Auditors

Price Waterhouse
Chartered Accountants

Solicitors

Khaitan & Co.

Registered Office

31 Netaji Subhas Road
Kolkata 700 001

Contents

	Page
Notice	1
Directors' Report, Management Discussion and Analysis	3
Corporate Governance Report	8
Auditors' Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules to the Accounts	18
Cash Flow Statement	30
Financial Summary	32

Cover : An artist's impression of the PCBL carbon black plant at Kochi.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Notice

Notice is hereby given that the Forty-sixth 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 27th day of July, 2007 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 31st March, 2007, the Balance Sheet as at that date and the Reports of the Directors and Auditors.
2. To declare Dividend for the year ended 31st March, 2007.
3. To appoint a Director in place of Mr. Paras.K.Chowdhary who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. O. P. Malhotra who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorise the Board to fix their remuneration.

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
26th June, 2007

By Order of the Board
Kaushik Mukherjee
Company Secretary

NOTES:

1. **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.**
2. 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.
3. The Register of Members of the Company shall remain closed from 13th July, 2007 to 27th July, 2007 (both days inclusive).
4. The Company has transferred all unclaimed or unpaid Dividend declared upto the Financial year ended 30th September, 1999 to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A(5) of the Companies Act, 1956.
5. Dividends for the Financial Year ended 30th September, 2000 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 Act. Members who have not encashed the dividend warrant(s) so far for the Financial Year ended 30th September, 2000 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 lie in respect thereof. The dividend for the Financial Year ended 30th September, 2000 is due to be transferred to the aforesaid Fund immediately after 7th May, 2008.
6. 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 made available on request.
7. If the dividend as recommended by the Board of Directors, is declared, at the Meeting, will be paid on and from 1st August, 2007 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 12th July, 2007.
8. Members are requested to notify immediately any change of address:
   i) To their Depository Participant (DPs) in respect of the electronic shares accounts, and
   ii) To the Registrars and Share Transfer Agent/ Share Department of the Company in respect of physical shares accounts.

   In case the mailing address mentioned on the Attendance Slip is without the PINCODE, Members are requested to kindly inform the PINCODE immediately.
9. Brief Profile of Directors seeking re-appointment at the Annual General Meeting is annexed to this Notice.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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

Mr. Paras Kumar Chowdhary

Date of Birth	1st October, 1951.
Expertise in Specific Functional Areas	Mr. Paras K.Chowdhary is President and Chief Executive Officer of the Tyre Sector in the RPG group of Industries . Earlier, he was President and Wholetime director of Apollo Tyres Ltd. He is presently Managing Director of Ceat Limited.
Qualification	B. Sc. Physics (Hons.)
Directorship held in other Companies	Ceat Limited, RPG Cellular Investments & Holdings Pvt Limited, Associated Ceat (Pvt) Limited, ACT Company (Pvt) Ltd., Associated Ceat Holdings (Pvt) Limited, Ceat Kelani International Pvt. Limited, Ceat Kelani Associated Holdings Pvt. Limited, Jubilee Investments & Industries Ltd., Rado Tyres Limited, Spencer International Hotels Limited, Harrisons Malayalam Ltd. and Associated CEAT Kelani Radials (Private) Limited.
Committee Membership in other Companies	Member of Shareholders /Investors Grievance Committee of Ceat Limited.
Shareholdings in the Company	Mr. Paras K. Chowdhary does not hold any share in the Company

Mr. Om Parkash Malhotra

Date of Birth	4th February, 1932.
Expertise in Specific Functional Areas	Mr. O.P. Malhotra is associated with the RPG Group since 1962. He was the Wholetime Director of the Company. Under his able and valued supervision, the Company during the period 1993-94, undertook the modernization of its plant at Durgapur.
Qualification	B. Chem. Engg., M.I.E., F.I.I. Ch.E.
Directorship held in other Companies	Adorn Investment Ltd., PCBL Industrial Finance Ltd., RPG Hospitex Ltd, South Asia Electricity Holdings Ltd., Kolkata Metro Networks Ltd., Adapt InvestmentsLtd., Duncan Brothers & Co. Ltd., RPG Infrastructure Investments Pvt. Ltd., Chembond Chemicals Ltd., Alpha Carbon Limited, Chembond Drewtreat Ltd.
Shareholdings in the Company	Mr. O. P. Malhotra holds 200 shares in the Company

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Directors' Report, Management Discussion and Analysis

Your Directors have pleasure in presenting the Forty-sixth Report and Accounts of Phillips Carbon Black Limited for the year ended 31st March, 2007.

Financial Highlights

(Rs. in crores)

	31.03.07	31.03. 06
Turnover		
Carbon Black	**1112.76**	817.25
Power	**10.55**	8.26
PBDIT	**97.51**	32.43
Less : Interest	**32.60**	30.65
PBDT	**64.91**	1.78
Less : Depreciation	**20.36**	20.48
PBT	**44.55**	(18.70)
Provision for tax :		
Current tax	**5.26**	—
Deferred Tax Charge/(Release)	**15.02**	(4.59)
Fringe Benefit Tax	**0.74**	0.96
PAT	**23.53**	(15.07)
Surplus brought forward	**19.99**	35.06
Profit available for Appropriation	**43.52**	19.99
Proposed Dividend	**5.05**	—
Tax on proposed dividend	**0.86**	—
Transfer to General Reserve	**1.77**	—
Balance carried forward to next year	**35.84**	19.99

Dividend

Your Directors recommend for approval of Members at the ensuing Annual General Meeting a dividend of 20 % on the paid up share capital of the Company which will absorb Rs.5.05 crore. The tax on dividend, to be borne by the Company, will be Rs. 0.86 crore.

Industry Structure and Development

The Asia/Pacific region of the world accounts for nearly 4.50 million tons out of 10.10 million tons of global capacity of carbon black. It is also the fastest growing region with expected growth of 4.35% versus the global demand growth of 3.15 % during next 4 years. India, with a capacity of 0.59 million tons is the 3rd largest producer in Asia, after China and Japan.

Domestic demand grew by 7.5 % during the year. The domestic industry is globally competitive, as most of the capacity is modern and product quality matches international standards. The capacity utilization being over 90%, domestic players including your Company have embarked upon capacity expansion to meet the growing demand in the domestic as well as export market.

Performance

Carbon Black :

Annual turnover of your Company crossed the major milestone of Rs.1,000 crore during 2006-07. Sales value increased 36% over last year. Sales volume also witnessed a robust growth of 11%. Your Company is the first Carbon Black Company in the world to receive carbon credits. The results of the Company reflect various operational efficiency measure and de-risking initiatives implemented during the Year.

Power :

Power generation rose by 11.35% during 2006-2007. At Durgapur, the 30 MW cogeneration power plant is expected to be operational during last quarter of 2007-08.

Manufacturing

During the year under review, your Company achieved highest annual production of 2,44,900 MT – production increased by nearly 11%, as against the industry average of 6.5%.

Research & Development

Significant R&D activities were instituted during the year, resulting in development of a number of specialized grades for customers to meet their stringent requirements.

Environment, Health & Safety

Efforts on achieving higher environment, health and safety standards continued unabated.

Your Company is now actively providing voluntary social services to residents around its factories e.g. medical camps, connection for water, book distribution in schools, and tree plantations.

Human Resources Development

During the year, your Company focussed on providing intensive employee training, institutionalising communication and putting in place a recognition system. The objective is to develop a performance-driven organizational culture through job enrichment. Various initiatives have also been taken across the Company's locations to upgrade staff competence and skills. Employee relations continued to be healthy.

Internal Control System and Adequacy

Your Company has established adequate internal control systems in all areas of operation by utilizing the services of internal and external auditors and also employing its own inhouse expertise and resources. The Company is continuously upgrading these systems in line with the best available practices. Regular Management Committee meetings are held where these reports and variance analysis are discussed and action taken. Operational reports are tabled at each Board Meeting after discussion at Audit Committee Meetings.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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

Opportunities and Threats

Your Company is aware of the opportunities and threats that exist in the business and is fully geared to make the best of the opportunities while facing the threats.

Opportunities

- The domestic automobile industry is growing at a significant pace which should translate into higher demand for carbon black.
- The current thrust on road infrastructure will further increase demand for tyres and consequently demand for carbon black.
- The likely emergence of India as an auto sector hub for smaller cars will have a favourable impact on demand for carbon black.
- The Company can convert lean gases (which are currently flared) to generate electricity and boost profitability.

Threats

- Carbon black imports.
- Inadequate infrastructure at ports, resulting in detention of vessels and higher transportation cost.

Segmentwise Performance

The performance of carbon black and power segment has been covered in this Report earlier.

Risks and Concern

The major raw material for the Company (carbon black feedstock) has close relationship with crude oil prices. However, the revised pricing formula has adequate flexibility to respond to such changes.

The Company is also exposed to risks from market fluctuations of foreign exchange, interest rate and stringent statutory regulations relating to environment.

Major Expansion Plans

The Company has embarked upon a green field project at Mundra, Gujarat and a brown field project at Kochi, Kerala. At Mundra, the expected annual capacity of carbon black and power generation will be 75,000 MT and 14 MW respectively. At Kochi, the expected annual capacity will be 50,000 MT and 12 MW.

Preferential issue

During the year, pursuant to SEBI guidelines and upon receipt of necessary approval of members, the Company issued 35,00,000 equity shares of Rs. 10/- each at a premium of Rs. 56/- per share fully paid up on preferential basis and 40,00,000 convertible warrants issued on preferential basis which were converted into 40,00,000 equity shares of Rs.10/- each at a premium of Rs.56/- per share fully paid up. Pursuant to SEBI guidelines and necessary approval of members, the Company further allotted 30,00,000 convertible warrants of Rs.149/- each on 15th March, 2007, with an option to subscribe to one equity share of Rs.10/- each at a premium of Rs.139/- per share fully paid up within 18 months from the date of allotment.

Future Outlook

Carbon Black :

The momentum of growth in the economy coupled with expansion plans announced by various tyre companies in India to cater to increasing demand from OEMs as well as the replacement market would increase demand for carbon black. As a consequence, carbon black industry has entered into a growth phase. Your Company is expanding its carbon black capacity to 3,95,000 MT from 2,70,000 MT. Another emerging growth driver is the shift of carbon black manufacturing facilities from developed nations to Asia-Pacific and Latin America.

The Company has taken various measures to improve yield, increase production and optimise logistics costs. The impact of these initiatives will be reflected during 2007-08.

Power :

The execution of 30 MW cogeneration power plant at Durgapur which is as per schedule will be commissioned during fourth quarter of 2007-08. This will improve profitability of the Company and augment cash flow.

The expansion of carbon black capacity at Mundra and Kochi will result into increase in power generation capacity by 26 MW. Post expansion, the total generation capacity will be 74.50 MW.

It is evident that your Company has entered into a growth phase which should improve its global ranking before the end of 2007-08.

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 Fixed Deposit Scheme and have repaid all Fixed Deposits that matured and were claimed by depositors under the earlier Fixed Deposit Schemes. Matured unclaimed deposits as on 31st March, 2007 stood at Rs.10,76,000/-. Apart from matured unclaimed deposits, no amount is outstanding as on 31st March, 2007. Reminders have been sent to all depositors who have not claimed payment of their matured deposits.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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

iv) the annual accounts have been prepared on a going concern basis.

Auditors

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

Cost Audit

The Central Government had directed an audit of the cost accounts maintained by the Company in respect of carbon black.The Central Government has approved the appointment of Messrs Shome & Banerjee, Cost Accountants, for conducting the cost audit for the financial year ended 31st March, 2007.

Messrs Shome & Banerjee, Cost Accountants, have been re-appointed by the Board of Directors, subject to the approval of the Central Government, for conducting the audit of the cost accounts for the year ending 31st March, 2008.

Directors

Mr. O. P. Malhotra and Mr. Paras. K. Chowdhary retire by rotation and being eligible offer themselves for re-appointment. Mr. Ashok Goyal was appointed as a Director in whole time employment w.e.f 23rd October, 2006 and was designated as Managing Director w.e.f 1st December, 2006. Mr. Goyal's appointment has been duly approved by the members at the General Meeting held on 2nd March, 2007. Mr Sudhir Sahgal relinquished the post of Managing Director of the Company w.e.f 1st December, 2006. Mr. S. K. Bajoria resigned from Directorship with effect from 20th January, 2007. The Board has placed on record its appreciation for the services rendered by Mr. Sahgal and Mr. Bajoria during their tenure as Managing Director and Director respectively 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 of the encouragement, assistance and co-operation received from shareholders, Government authorities, financial institutions, banks and customers. They thank them for the trust reposed in the Management and wish to thank all employees for their commitment and achievements.

For and on behalf of the Board

Kolkata
26th June, 2007

Sanjiv Goenka
Chairman

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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, 2007.

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 installed extremely specialised and state of the art 12MW Co - generation Power Plant (CPP) at Baroda.

The entire lean gas is used to generate power for meeting its entire internal process requirement for production of Carbon Black as well as to sell 7 MW - 7.5 MW to the Grid.

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

Experience gathered from Baroda CPP is being extended to the Durgapur plant where a 30 MW CPP is being set up and is expected to be operational during the Financial Year 2007-08.

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

- Power generation from CPP increased by 11.35% over last year.

- Power (KWH) consumed per MT of Carbon Black reduced from 338 to 334.

(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)	**7792280**	8103420
Total amount (Rs. in lakhs)	**400.22**	418.39
Rate per unit (Rs.)	**5.14**	5.16
(b) Own generation		
(i) Through diesel generators units (KWH)	**291196**	388298
Units per ltr. of diesel oil (KWH)	**2.31**	2.46
Cost per unit (Rs.)	**15.05**	12.02
(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 (lean-gas burning) units (KWH)	**73656770**	66148863
Units per ltr. of fuel oil (KWH)	**383.79**	301.52
Cost per unit (Rs.)	**0.14**	0.15
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)]	**97694**	57005
Total Cost (Rs. in lakhs)	**18.74**	12.83
Average rate (Rs.)	**19.18**	22.51
B. Consumption per unit of production :		
CARBON BLACK		
(i) Electricity (KWH/MT)	**334**	338
(ii) Furnace Oil (Ltr./MT)	—	—
(iii) Coal	—	—
(iv) Others – process steam (MT/MT)	**0.40**	0.26

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 new grades for international and domestic markets.
   - 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 :**
   - Improved sales in domestic and export market.
   - Higher price realisation in markets.
3. **Future Plan of Action :**
   - Development of specialised grades for specific applications in conjunction with customers.
4. **Expenditure on R&D :**

(Rs. in Lakhs)

	Current Year	Previous Year
(a) Capital	—	16.82
(b) Recurring	**58.21**	46.56
(c) Total	**58.21**	63.38
(d) Total R&D Expenditure as a percentage of total expenditure	**0.06**	0.08

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Technology absorption, adaptation & innovation :

1. Efforts in brief towards technology absorption, adaptation & innovation :
   - The revision in standard operating procedures resulted in improved yields, lower consumption of power to produce Carbon Black and overall lower costs to produce each ton of product.
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 into 72% growth in exports in value terms over last year.

(b) Total foreign exchange used and earned :

(Rs. in Lakhs)

	Current Year	Previous Year
Foreign Exchange used	**59539.37**	41009.62
Foreign Exchange earned	**22526.41**	12961.10

For and on behalf of the Board

Kolkata
26th June, 2007

Sanjiv Goenka
Chairman

Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 read along with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report for the year ended 31st March, 2007.

(a) Employed throughout the Financial Year under review and were in receipt of remuneration for the Financial Year in aggregate of not less than Rs. 24,00,000/-.

Name (Age) (1)	Designation (2)	Remuneration (Rs.) (3)	Qualification, Total Service experience (Years) (4)	Date of Commencement of Employment (5)	Last Employment held before joining the Company: Company (6)	Last Employment held before joining the Company: Designation (7)
Mr. R. K. Jha (56)	Executive Director – Corporate	67,43,411/-	M.Com F.C.A (36)	25.05.1972	Duncan Brothers & Co Ltd.	Junior Executive – Accounts
Mr. Sunil Bhandari (47)	Vice President	40,30,363/-	B.Com, C.A., I.C.W.A. (27)	12.02.1990	Infar India	Accountant
Mr. Monojit Mukherjee (49)	Vice President – Marketing	24,52,801/-	B.Tech (Chem), MBA (24)	06.03.2006	Chandra's Chemical Enterprises	Chief Executive Officer
Altaf Jiwani (40)	Chief Financial Officer	24,00,536/-	B.E. (Prodn), MMS (Finance) (18)	01.04.2006	Raychem RPG Ltd.	General Manager – Finance

(b) Employed for part of the year and was in receipt of remuneration at the rate of not less than Rs. 2,00,000/- per month or in proportion thereof.

Name (Age) (1)	Designation (2)	Remuneration (Rs.) (3)	Qualification, Total Service experience (Years) (4)	Date of Commencement of Employment (5)	Last Employment held before joining the Company: Company (6)	Last Employment held before joining the Company: Designation (7)
Mr. S. Sahgal (61)#	Managing Director	38,59,504/-	B. Sc (Mech Engg.) (41)	01.06.1992	Remington Rand of India Ltd.	Vice President – Marketing
Mr. Ashok Goyal (56) ##	Managing Director	51,93,720/-	B. Tech, PGDBM (33)	01.07.2006	KEC International Limited	President, International – Business
Mr. Vimal Kumar Dubey (51)*	Vice President – Manufacturing	18,10,375/-	M. Sc (30)	21.03.2003	Alexandria Carbon Egypt	Vice President – Production
Vinod Taneja (53)	Vice President – Technology & Development	22,83,632/-	B.Tech (Chemical) (32)	03.07.2006	Hi Tech Carbon - a Unit of Aditya Birla Nuvo Ltd.	Vice President

Relinquished the post of Managing Director w.e.f 01.12.2006.

Joined as Managing Director (Designate) w.e.f 01.07.2006. He was inducted in the Board of Directors as Director in whole time employment on 23rd October, 2006 and designated as Managing Director w.e.f 1st December, 2006.

* Resigned w.e.f 24.10.2006.

Notes :

1. Remuneration was calculated on the basis of Section 198 of the Companies Act, 1956 and includes expenditure incurred by the Company on salary and for provision of benefits to the above employees except in the case of certain categories of staff who are provided with Company owned accommodation where the benefits have been evaluated on the basis of Income Tax Rules.
2. All appointments are/ were contractual.
3. Terms of employment provide for termination of service by either party upon giving 1/ 3/ 6 months notice, as applicable.
4. None of the employees listed above is a relative of any of the Directors of the Company.

For and on behalf of the Board

Kolkata
26th June, 2007

Sanjiv Goenka
Chairman

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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, 2007

(a) The Board of Directors of the Company comprises

- 2 Non - Executive Directors
- 5 Non - Executive Independent Directors
- 1 Executive Director who is Managing Director

The names and categories of Director, the number of Directorships and Committee positions held by them in other companies as 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) /Chairman-ship(s) held #	No. of Shares held in the Company
Mr. Sanjiv Goenka	Non-Executive (Chairman)	11	4 (including 2 as Chairman)	NIL
Mr. B. M. Khaitan	Non-Executive & Independent	8	—	NIL
Mr. C. R. Paul	Non-Executive & Independent	1	1	NIL
Dr. Ram S. Tarneja	Non-Executive & Independent	12*	7 (including 1 as Chairman)	NIL
Mr. K.S.B. Sanyal	Non-Executive & Independent	5	4 (including 2 as Chairman)	NIL
Mr. Paras K. Chowdhary	Non-Executive	6	1	NIL
Mr. O.P. Malhotra	Non-Executive & Independent	10	—	200
Mr. Ashok Goyal	Managing Director	—	—	8218

* excluding alternate directorship held in one public limited company.

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

None of the Directors hold any convertible warrants issued by the Company.

b) Attendance Record of the Directors at the Board Meetings held on 28th April, 2006, 23rd June, 2006, 21st July, 2006, 12th September, 2006, 23rd October, 2006 and 31st January, 2007 and Annual General Meeting held on 21st July, 2006 are given below:

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting
	Held during tenure	Attended	
Mr. Sanjiv Goenka	6	3	No
Mr. B. M. Khaitan	6	2	No
Mr. C. R. Paul	6	6	Yes
Dr. Ram S. Tarneja	6	4	Yes
Mr. K. S. B. Sanyal	6	6	Yes
Mr. Paras K. Chowdhary	6	4	Yes
Mr. O. P. Malhotra	6	6	Yes
Mr. S. K. Bajoria*	5	—	No
Mr. S. Sahgal**	5	5	Yes
Mr. Ashok Goyal***	2	2	N.A.

* Resigned w.e.f 20th January, 2007 and recorded in the Board Meeting held on 31st January, 2007.

** Ceased to be Managing Director w.e.f. 1st December, 2006.

*** Joined as Director in whole time employment on 23rd October, 2006 and designated as Managing Director w.e.f 1st December, 2006.

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 4 Directors out of which 3 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	5	5
Mr. Paras K. Chowdhary (Non-Executive)	Member	5	4
Mr. C. R. Paul (Non-Executive & Independent	Member	5	5
Mr. O. P. Malhotra (Non-Executive & Independent)	Member	5	5

www.reportjunction.com