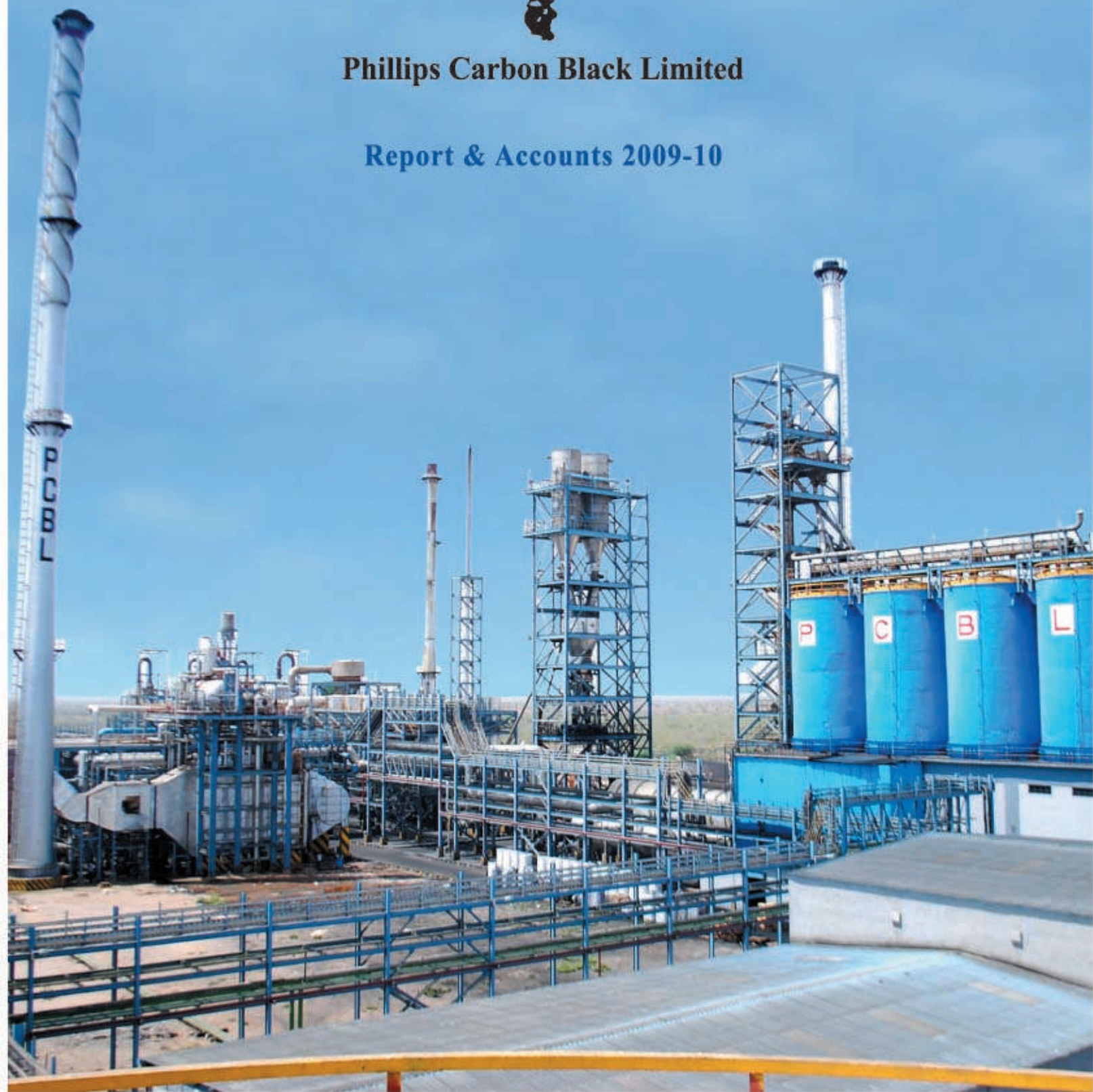




Phillips Carbon Black Limited

Report & Accounts 2009-10





1000kg bulk bags and 25kg paper bags ready for despatch from the Kochi plant.



Phillips Carbon Black Limited

Contents

Notice	2
Directors' Report and Management Discussion and Analysis	5
Corporate Governance Report	11
Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Schedules to the Accounts	20
Cash Flow Statement	34
Statement regarding Subsidiary Companies	35
Subsidiary Companies	
Phillips Carbon Black Cyprus Holdings Limited	36
PCBL Netherlands Holdings B.V.	40
Consolidated Financial Statements alongwith Auditors' Report	43
Financial Summary	56

Cover : A bird's eye view of the 90,000 MTPA Carbon Black plant at Mundra, Gujarat, which went into operation on 17 October, 2009.

Dr R P Goenka
Chairman Emeritus

Board of Directors

Mr Sanjiv Goenka, Chairman
Mr Ashok Goyal, Managing Director & CEO
Mr B M Khaitan
Mr C R Paul
Mr O P Malhotra
Dr Ram S Tarneja
Mr K S B Sanyal
Mr Paras K Chowdhary

Company Secretary

Mr Kaushik Mukherjee

Banks

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

Auditors

Price Waterhouse
Chartered Accountants

Solicitors

Khaitan & Co.

Registered Office

31 Netaji Subhas Road
Kolkata 700 001

Notice

Notice is hereby given that the Forty-ninth Annual General Meeting of the Members of Phillips Carbon Black Limited will be held at "Vidya Mandir" 1, Moira Street, Kolkata-700017 on Friday, the 23rd day of July, 2010 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, 2010, 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, 2010.
3. To appoint a Director in place of Mr. C R Paul, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Paras K Chowdhary, 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.

AS SPECIAL BUSINESS:

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

6. (As a Special Resolution)

"Resolved that in accordance with the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956 read with Schedule XIII thereto, and other applicable provisions if any, and any amendment or modification thereof, and subject to such other approvals as may be necessary, the Company hereby approves the re-appointment of Mr. Ashok Goyal, as Managing Director of the Company for a further period of three years with effect from 23rd October, 2009 on the terms and conditions and remuneration as set out in the Agreement, to be executed by the Company with Mr. Ashok Goyal, a draft of which initialled by the Chairman for the purpose of identification is placed before the meeting as also set out in the Explanatory Statement attached to this notice."

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
28th April, 2010

By Order of the Board
Kaushik Mukherjee
Company Secretary

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 13th July, 2010 to 23rd July, 2010 (both days inclusive).
5. The Company has transferred all unclaimed or unpaid Dividend declared upto the financial year ended 30th September, 2002 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, 2003 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, 2003 or any subsequent financial years are requested to submit their claims to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to IEPF as stated above, no further claim shall be entertained by the Company in respect thereof. The dividend for the financial year ended 30th September, 2003 is due to be transferred to the aforesaid Fund immediately after 9th April, 2011.
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 made available on request.
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.

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

Item no. 5

The Board of Directors of the Company at its meeting held on 24th July, 2009, re-appointed Mr. Ashok Goyal as Managing Director of the Company for a further period of three years with effect from 23rd October, 2009, subject to approval of the members of the Company and such other approvals as may be necessary. During his tenure, Mr. Ashok Goyal shall, subject to the provisions of Schedule XIII of the Companies Act, 1956, be entitled to receive the following remuneration:

Basic Salary	: Rs. 3,00,000/- per month
Management Allowance	: Rs. 3,00,000/- per month
Customised Allowance Pool	: Rs. 92,06,000/- p.a

Perquisites:

In addition to the above remuneration, Mr. Ashok Goyal shall be entitled to the following Perquisites:

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

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 in any financial year during the tenure

of the appointment, Mr. Ashok Goyal will be entitled to draw the subsisting remuneration 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.

Payment of the above remuneration to Mr. Ashok Goyal has been approved by the Remuneration Committee of the Board duly held on 24th July, 2009 and will be in accordance with Schedule XIII to the Companies Act, 1956 as applicable.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may, in its discretion, deem fit within the maximum amount payable to Mr. Ashok Goyal in accordance with the provisions of the Companies Act, 1956 or any amendment made therein or with the approval of the Central Government, if required.

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

The approval of members is being sought for re-appointment of Mr. Ashok Goyal as per item no. 5 of the Notice.

The Directors recommended that the Resolution set out in item no. 5 of the Notice be passed in the interest of the Company.

None of the Directors other than Mr. Ashok Goyal are interested in the Resolution.

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
28th April, 2010

By Order of the Board

Kaushik Mukherjee
Company Secretary

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

Mr. Chittaranjan Paul

Date of Birth	1st June, 1927
Qualification	M. Sc.
Expertise in Specific Functional Areas	Mr. C R Paul is a noted corporate advisor of RPG Group, one of the India's top industrial houses and Ex-Managing Director of Calcutta Electric Supply Corporation having interest in Electrical and Thermal Power. He was also associated with Govt. of India, Environment Appraisal Committee for Thermal Power Projects as a Member.
Directorship held in other Companies	Kilburn Office Automation Limited.

Mr. Paras Kumar Chowdhary

Date of Birth	1st October, 1951
Qualification	B.Sc. Physics (Hons.)
Expertise in Specific Functional Areas	Mr. Paras K Chowdhary has extensive experience of the Tyre Industry. He is presently Managing Director of CEAT Limited. Earlier he was President and Whole-time Director of Apollo Tyres Limited. He was also Chairman of the Automotive Manufacturers Association, representative body for the Tyre Industry in India.
Directorship held in other Companies	Rado Tyres Limited, Spencer International Hotels Limited, CEAT Limited, Harrisons Malayalam Limited, Summit Securities Limited, Sea Princes Co-Operative Housing Society Limited, Associated CEAT (Pvt.) Limited, ACT Company (Pvt.) Limited, Associated CEAT Holdings (Pvt.) Limited, CEAT Kelani Associated Holdings (Pvt.) Limited, CEAT Kelani International (Pvt.) Limited.

Mr. Ashok Goyal

Date of Birth	16th December, 1950
Qualification	B.Tech from IIT Kharagpur, PGDBM from IIM, Kolkata, Executive Development Program from London Business School.
Expertise in Specific Functional Areas	Mr. Ashok Goyal is having an overall experience of around 35 years. He has rich international experience and has worked in various industries in India and abroad viz. consumer electronics and durable, tyre, plantation, textile and EPC contracting. He has presented various case studies on turnaround at IIM's and is widely regarded as a corporate turnaround expert.
Directorship held in other Companies	RPG Power Trading Company Limited, Phillips Carbon Black Cyprus Holdings Limited, PCBL Netherlands Holdings B.V.

Directors' Report, Management Discussion and Analysis

Your Directors are pleased to present the Forty-Ninth Report and Accounts of Phillips Carbon Black Limited for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

Year ended	31.03.10	31.03.09
Revenue -		
- Carbon black	1,178.05	1,060.51
- Power	54.52	15.51
- Other Income	2.81	14.44
Total Revenue	1,235.38	1,090.46
PBDIT	190.67	(50.18)
Less: Interest (net)	28.94	27.48
PBDT	161.73	(77.66)
Less: Depreciation	31.15	19.64
PBT	130.58	(97.30)
Provision for Taxation	7.89	(32.46)
PAT	122.69	(64.84)
Balance brought forward	39.49	104.33
Profit available for Appropriation	162.18	39.49
Proposed Dividend	11.30	—
Proposed Golden Jubilee Year Dividend	2.83	—
Tax on aforesaid Dividends	2.34	—
Transfer to General Reserve	12.30	—
Balance carried forward to Balance Sheet	133.41	39.49

DIVIDEND

Your Directors recommend for approval of members at the ensuing Annual General Meeting a dividend of 40% which will absorb Rs.11.30 crore and Golden Jubilee Year dividend of 10% on the paid up share capital of the Company which will absorb Rs.2.83 crore. The tax on aforesaid dividends to be borne by the Company will be Rs.2.34 crore.

INDUSTRY STRUCTURE & DEVELOPMENT

During 2009, global demand for carbon black dropped 7.5% from 9.78 million MT to 9.05 million MT. Global capacity for carbon black was 12.7 million MT but capacity utilization was 71% during 2009 due to continuing lower demand in USA, Europe and South East Asian markets. Defying the global trend, India and China witnessed significant growth on the

back of strong domestic consumption and stimulus packages implemented by the Government. A few of the plants in the Asia Pacific region, which had been moth-balled earlier, were restarted during 2009.

(Rs. in crore) In India, demand for carbon black during FY10 was 605,000 MT vis-à-vis 470,000 MT in FY09, i.e., a growth of 29%. Total production during FY10 was 633,000 MT. Your Company commissioned its 90,000 MT carbon black plant at Mundra during second half of FY10 and a new entrant commenced operation with a 40,000 MT plant in eastern region during first half of FY10. Recently, one of the global players in the carbon black industry has announced closure of its facility in India. With this development, total installed carbon black capacity in India now stands at 700,000 MT.

Anti-dumping duty was imposed on import of carbon black from China, Russia, Australia and Thailand for a period of 5 years. Despite imposition of anti dumping duty, carbon black imports increased by 30% during FY10. The threat of dumping will continue to prevail as long as global carbon black capacity utilization remains lower than that in India.

PERFORMANCE

Carbon Black

Your Company for the first time since inception achieved triple digit profit (PAT) of Rs.122.69 crore in FY10 and Operating Profit (PBDIT) of Rs.190.67 crore. Factors which contributed significantly to this healthy turn around in FY10 are higher sales volume of 255,777 MT vis-à-vis 210,553 MT in FY09

and jump in power revenue as detailed below.

Power

Your Company's power generation capacity received tremendous boost during FY10 with the commencement of commercial operation of 30 MW Co-generation Power Plant (CPP) at Durgapur on 1st April, 2009 and 16 MW CPP at Mundra on 24th December, 2009. Revenue from power sale was 3.5 times higher in FY10 i.e. Rs. 54.52 crore vis-à-vis Rs.15.51 crore during FY09. The contribution of power segment to the Company's profit increased significantly in FY10 with the commissioning of aforesaid CPPs, coupled with higher unit price realization during FY10.

Manufacturing

The commissioning of the 90,000 MT carbon black plant (greenfield) at Mundra on 17th October, 2009 helped the Company to move up in the global ranking from 10th to 8th. The strategic location of its four plants in different parts of India should facilitate your Company to optimize

Research and Development

Research and Development activities during FY10 received noticeable boost with your Company launching special carbon black grades for non rubber applications. These new grades have been accepted well by customers in the domestic market, as their performance is comparable to imported products. While the contribution of these grades in the overall top line of the Company was modest during FY10, the Company has chalked out plans to ramp up sales from this segment in the coming years.

Environment, Health, Safety and Social Responsibility

Your Company took various initiatives to achieve greater heights in Environment, Health and Safety. It has adopted new policies for greener surroundings and is currently working with India Trees Foundation, while strictly adhering to the Environment, Health and Safety norms at all its manufacturing locations.

Concerted efforts to incorporate Corporate Social Responsibility (CSR) continued during FY10 for e.g., Health/Eye check up camps, Hepatitis B & C screening tests, Rural Area Development, Free distribution of medicines, Aids Awareness Programme and support to a few institutions engaged in social service were organised.

Sustained emphasis was put on education initiatives. The Company tied up with SMILE Foundation, an NGO working in 21 states reaching out to over 100,000 children. The CSR team at Kochi has completed the first batch of Computer Literacy Programme offered by IGNOU for housewives from the local community. Educational kits were distributed to under-privileged children.

Human Resource Development

Human Resources continue to be a focus area for your Company. Several initiatives were taken to facilitate the performance and developmental requirements of employees. The efforts to enhance the effectiveness of Balanced Business Scorecard were strengthened by the newly launched 360 degree appraisal system viz. "EXCEL" and online training through portal.

Your Company's manpower requirements for the greenfield plant at Mundra and existing manufacturing units were carefully planned and benchmarked with global organizations. The recruitment for Mundra was organised timely, facilitating flawless commissioning of the plant.

Industrial relations scenario at all units continues to be healthy.

Internal Control System and Adequacy

Your Company which has adequate internal control systems in all areas of operation, utilizes the services of internal and external auditors from time to time and also its in-house experts and resources. The Company continuously upgrades these systems in line with the best available practices. These

reports and variance analysis are regularly discussed with members of Management Committee and actions taken wherever necessary.

An independent Audit Committee of the Board reviews the adequacy of Internal Control.

Opportunities and Threats

Your Company is on the lookout for opportunities and threats that exist in its business and is geared up to make the best of the opportunities while facing the threats.

Opportunities

- Currently almost all tyre companies in India are executing green field/brown field expansion projects to meet increasing demand for tyres from replacement as well as OE segments, particularly for passenger radial tyres.
- A few major global automakers have announced significant investments in India which will raise the demand for carbon black in future.
- The thrust on infrastructure development, particularly roads, coupled with the rise in domestic disposable income should have favourable impact on demand for tyres and consequently carbon black.
- Launch of the smaller car during FY10 has paved the way for development of smaller cars by other players in the auto industry, which should push the four-wheeler population in India. The auto companies may also cater to demand for smaller car in overseas markets from their facilities in India resulting in higher demand for carbon black particularly for OE segment.
- Your Company can generate electricity from lean gases (which are currently flared in one of its plants) to improve overall profitability.

Threats

- Carbon black/tyre import.
- Expansion of carbon black manufacturing capacities simultaneously by domestic competitors.
- Withdrawal of Anti Dumping Duty on carbon black.
- Inadequate infrastructure at ports, resulting into detention of vessels and higher freight cost.

Segmentwise Performance

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

Risks and Concern

The raw material for the Company i.e. Carbon Black Feedstock (CBFS) is residual oil from distillation process of crude and is subject to high volatility, whereas the price of carbon black is revised once a quarter. In the event the Company is unable to timely pass on increased CBFS cost, it may have adverse

impact on the Company's profit. Increase in carbon black import or drop in carbon black demand may have serious implications on raw material inventory write down as well as the activity level of the carbon black segment and consequently the availability of lean gas for the power segment.

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

Major Expansion Plans

Your Company has decided to expand carbon black capacity at Mundra by setting up another 50,000 MT plant, which is expected to be commissioned during Q3FY11. The Company will also expand cogeneration power capacity by 8 MW at Mundra which is expected to be commissioned during next financial year. Further, a 10 MW CPP is being set up at Kochi for which orders have been placed for critical equipment. Construction activity is in full swing. This project is expected to be commissioned during Q4FY11. The existing 2.5 MW CPP at Kochi will be de-commissioned when the 10 MW CPP commences commercial operation. Upon completion of aforesaid projects, PCBL's total carbon black manufacturing capacity will reach 410,000 MT and power generation capacity 76 MW.

Statutory clearances for proposed 65,000 MT carbon black and 12 MW CPP at Vietnam are awaited. Project is scheduled to be commissioned within 24 months of receipt of statutory clearances.

Qualified Institutional Placement (QIP) and Preferential Warrants Issue

Pursuant to members approval and in accordance with SEBI Regulations, the Company has received applications from Qualified Institutional Buyers for 49.64 lakh shares @Rs.200/- per share. The allotment process will be completed shortly.

In accordance with SEBI Regulations and necessary approval of members, the Company has offered to the promoter group 12,50,000 convertible warrants @ Rs.196/- each with an option to subscribe to one equity share of Rs.10/- each at a premium of Rs.186/- per share fully paid up within 18 months from the date of allotment.

Wholly Owned Subsidiary

In compliance with the requirements of Section 212(2) of the Companies Act, 1956, the Directors Report, the Balance Sheet and Profit and Loss Account of the wholly owned subsidiaries viz., Phillips Carbon Black Cyprus Holdings Limited (PCBL Cyprus) and PCBL Netherlands Holdings B.V. (PCBL Netherlands) along with the Report of the auditors of PCBL Cyprus and PCBL Netherlands are annexed to this Annual Report.

The Consolidated Financial Statements of the Company and its aforesaid subsidiaries duly audited by the statutory auditor

of the Company prepared in compliance with the applicable Accounting Standards and the Listing Agreements with the stock exchanges is included in this Annual Report.

FUTURE OUTLOOK

Carbon Black

The quick recovery of the Indian economy and its return to the growth trajectory, coupled with the revival of auto sector have resulted in significant demand growth for carbon black. As mentioned earlier, almost all major customers in tyre segment have either announced or undertaken major green field/brown field expansion projects which are expected to commence commercial production during the next 12 to 18 months. A couple of global tyre majors have also announced plans to initiate manufacturing facilities in India. Domestic demand for carbon black is expected to grow @ 9% to 10% for FY11. Further, a few major automobile companies are developing smaller cars for domestic as well as overseas market, which may see India emerge as an export hub for smaller cars, resulting into exponential demand growth for carbon black after 3 to 5 years. With the commissioning of 90,000 MT carbon black facility at Mundra and further expansion of 50,000 MT at the same location, your Company is well poised to meet the increasing demand for carbon black in the domestic market.

Demand for carbon black in overseas markets, particularly USA and Japan, has started picking up in the recent past, whereas the demand in Europe may take a little longer to recover. Your Company has already initiated process for product approval, particularly for the Mundra facility, with potential customers in Europe and USA. The Company will lay significant thrust on export during FY11.

Any increase in carbon black import from current level may have adverse impact on the demand supply situation in the domestic market.

Power

Your Company's initiative to create additional revenue stream from power received encouraging response during FY10. It is likely to grow further in the coming years. The full year impact of 16 MW CPP commissioned at Mundra will be visible in FY11. Further, 10 MW CPP is expected to be commissioned during Q4FY11 at Kochi and a 8 MW CPP at Mundra during FY12. Total installed capacity will increase to 68 MW in FY11 and 76 MW by FY12. The quantum of power available for sale is expected to double in FY11 and keeping in view the prevailing gap between demand and supply of electricity the net realization is expected to be higher in FY11 vis-à-vis FY10.

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 the depositors under the earlier Fixed Deposit Schemes. Matured unclaimed deposits as on 31st March, 2010 is Rs.5.05 lakh. Apart from matured unclaimed deposits, no amount is outstanding as on 31st March 2010. Reminders have been sent to all depositors who have not claimed repayment of matured deposits.

Notes on Accounts

Regarding the Auditors' comments on remuneration to Managing Director, the Directors draw your attention to Note 2.2 of Schedule 19 forming part of Accounts. The observations made by auditors should be read together with the note referred to, which is self explanatory.

Particulars of Employees

Pursuant to the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the Particulars of Employees, though forming part of this Report is not being mailed to members and the same is available for inspection at the Registered Office of the Company during working hours for a period of clear twenty-one days before the date of Annual General Meeting. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office.

Corporate Governance

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

Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed, and that there are no material departures;
- ii) appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of profit or loss of the Company for the period;

iii) proper and sufficient care have been taken, for the maintenance of adequate accounting records in accordance with the provisions of the 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 reappointment.

Cost Audit

The Central Government has approved the appointment of Messrs Shome & Banerjee, Cost Accountants, for conducting cost audit for the financial year ended 31st March 2010.

Messrs Shome & Banerjee, Cost Accountants, have given their consent for conducting the audit of the cost accounts for the financial year ending 31st March 2011, if appointed.

Directors

Mr. C R Paul and Mr. P K Chowdhary retire by rotation and being eligible offer themselves for reappointment.

Forward - looking Statement

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

Acknowledgement

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

For and on behalf of the Board

Kolkata
28th April, 2010

Sanjiv Goenka
Chairman