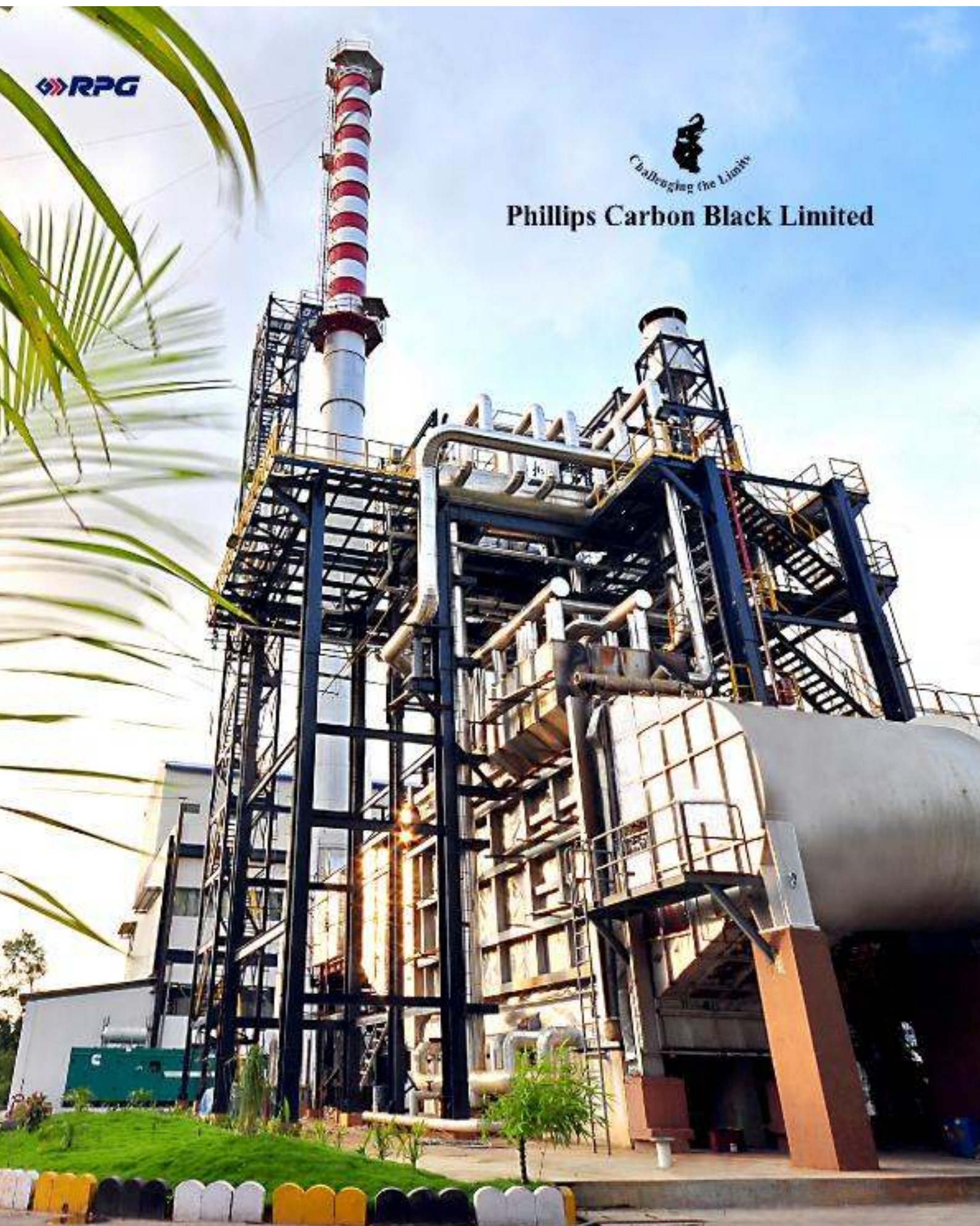




Phillips Carbon Black Limited



Report & Accounts 2010-11





Phillips Carbon Black Limited

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Cover : The recently completed 10 MW Co-generation Power Plant at Kochi, Kerala.

Inside Cover : A glittering night view of the brand new 50,000 MTPA Carbon Black Plant at Mundra, Gujarat.

Back Cover : The PCBL Cochin facility, which has recently secured from Kerala State Pollution Control Board the first position among "large industries making substantial and sustained effort in pollution control in 2010."

Dr R P Goenka
Chairman Emeritus

Board of Directors

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

Company Secretary

Mr Kaushik Mukherjee

Banks

Bank of Baroda
Allahabad Bank
State Bank of India
State Bank of Bikaner & Jaipur
IDBI Bank Limited
State Bank of Travancore
Export Import Bank of India
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 Fiftieth 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 July, 2011 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, 2011, 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, 2011.
3. To appoint a Director in place of Mr. O P Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Ram S Tarneja, 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 an Ordinary Resolution)

"Resolved that Mr. Pradip Roy who was appointed by the Board of Directors as an Additional Director of the Company on 31st January, 2011 pursuant to Section 260 of the Companies Act, 1956 read with Article 93(1) of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom a notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

7. (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 29th July, 2005 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. 1000/- crores (Rupees one thousand 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 authorized by the Board in that behalf. "

8. (As a Special Resolution)

"Resolved that pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to commence and carry on the business as specified in sub – clause (1b)(i) of Clause 3 of Memorandum of Association of the Company.

Resolved further that the Board of Directors of the Company or any Committee thereof be and the same is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the foregoing Resolution or remove any difficulty in implementation thereof.

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
3rd May, 2011

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 20th July, 2011 to 29th July, 2011 (both days inclusive).
5. The Securities and Exchange Board of India has made it mandatory for all companies to use the Bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
6. The Company has transferred all unclaimed or unpaid Dividend declared upto the financial year ended 30th September, 2003 to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A(5) of the Companies Act, 1956.
7. Dividends for the Financial Year ended 31st March, 2005 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 31st March, 2005 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 31st March, 2005 is due to be transferred to the aforesaid Fund immediately after 27th August, 2012.
8. 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.
9. If the dividend as recommended by the Board of Directors, is declared, at the Meeting, will be paid on and from 2nd August, 2011 to those Members whose names appear on the Company's Register of Members or 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 19th July, 2011.
10. 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.

11. Brief Profile of Directors seeking appointment/ re-appointment at the Annual General Meeting is annexed to this Notice.

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
3rd May, 2011

By Order of the Board

Kaushik Mukherjee
Company Secretary

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

Item no. 6

Mr. Pradip Roy was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 31st January, 2011 pursuant to Section 260 of the Companies Act, 1956 read with Article 93(1) of the Articles of Association of the Company. Mr. Pradip Roy holds office as a Director of the Company upto the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 along with prescribed deposit from a Member of the Company signifying his intention to propose the candidature of Mr. Pradip Roy for the office of the Director of the Company.

Mr. Pradip Roy, a CAIIB, is a graduate engineer from Indian School of Mines, Dhanbad and did his MBA from University of Delhi. He has undergone training in investment appraisal and management from Harvard University, Cambridge, USA. He is presently Advisor, UTI AMC Ltd. Mr. Pradip Roy retired as Executive Director of IDBI Bank Limited.

Apart from Mr. Pradip Roy, no other Director of the Company is concerned or interested in the aforesaid Resolution.

Your Directors recommend that the Resolution set out at item no. 6 of the notice be passed in the interest of the Company.

Item no. 7

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 29th July, 2005, the Members authorized the Board to make borrowings upto 700 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 diversification, the Board considers it necessary and appropriate that the limit be enhanced to Rs. 1000 crores in the interest of the Company.

Your Directors recommend that the Resolution set out at item no. 7 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. 8

Your Company has been examining from time to time a number of avenues for further diversification of its business activities. Your Directors has now identified that the Company can utilize its expertise in production, distribution and sale of carbo-chemical and allied products. This proposal is expected to bring about greater profitability and revenue addition of your Company which will be in the interest of the Company in the long run. Your Directors feel that the proposed business can be economically and efficiently carried on or combined with the existing business based on available infrastructure and other resources of the Company, subject to governing laws and regulations. In accordance with terms and provisions

of Section 149(2A) of the Companies Act, 1956, no Company having a share capital shall commence any business not stated in the object clause of the Memorandum of Association in pursuance to Section 13(1)(c) of the said Act unless the Company has approved the commencement of such new business by way of a Special Resolution passed in that behalf by its shareholders.

Accordingly, your consent is being sought by way Special Resolution set out in Item No 8 of the Notice for the Company to commence carbo -chemical business as stated in sub – clause (1b)(i) of Clause 3 of Memorandum of Association of the Company.

Your Directors recommend that the Resolution set out at item no. 8 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.

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
3rd May, 2011

By Order of the Board

Kaushik Mukherjee
Company Secretary

Important Communication - Support Green Initiative

The Ministry of Corporate Affairs, NewDelhi ('MCA') has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies vide its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated April 29, 2011 and clarified that the service of documents by a Company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications/documents including the Notice calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc. via electronic mode. In connection with the same, we request you to provide your latest/updated email address on which future communication/correspondence/documents can be sent to you.

Shareholders holding shares in demat mode, are requested to register their e-mail id with the concerned Depository Participant. The Shareholders holding shares in physical mode are requested to register their e-mail id with Link Intime India Private Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first/sole shareholder.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

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

Mr. Om Parkash Malhotra

Date of Birth	4th February, 1932
Qualification	B.Chem. Engg., M.I.E., F.I.I., Ch. E
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
Directorship held in other Companies	Adorn Investment Ltd., Adapt Investment Ltd., Universal Industrial Fund Limited, RPG Infrastructure Investments Pvt. Ltd., RPG Hospitex Ltd., Alpha Carbon Ltd., Chembond Chemicals Ltd., Chembond Ashland Water Technologies Ltd.
Shareholdings in the Company	Mr. O P Malhotra does not hold any shares in the Company

Dr. Ram S Tarneja

Date of Birth	7th December, 1931
Qualification	B.A. (Hons.) Delhi, M.A (Delhi and Virginia), P.h.D (Cornell)
Expertise in Specific Functional Areas	Dr. Ram S. Tarneja was the Managing Director of Bennett, Coleman & Co. Ltd. until May, 1991 and continues to be on the Board. His present Chairmanships include, among others, that of Jollyboard Ltd., Nissin ABC Logistics Pvt. Ltd., Mohandevi Tarneja Memorial Trust, The Filmfare Old Artistes Benevolent Fund, Pan Asian Management & Rural Research Organisation and The EFI Social & Labour Research Foundation
Directorship held in other Companies	NESCO Limited, Otis Elevator Company(I) Ltd., Jollyboard Ltd., Bharat Gears Ltd., Bennett, Coleman & Co. Ltd., Housing Development Finance Corporation Ltd., GATI Ltd., Transcorp International Ltd., Phoenix Township Limited, SOWIL Limited, GIVO Limited, Arim Metal Industries Pvt. Ltd., Nissin ABC Logistics Pvt. Ltd. and RITCO Travels and Tours Private Limited
Committee Membership in other Companies	Chairman of Audit Committee of Bharat Gears Ltd., and Member of Audit Committee of Bennett, Coleman & Co. Ltd, GATI Ltd., NESCO Limited, Otis Elevator Company (I) Ltd. and Transcorp International Ltd. Chairman of Shareholders/Investors Grievance Committee of Housing Development Finance Corporation Ltd.
Shareholdings in the Company	Dr. Ram S Tarneja does not hold any share in the Company

Mr. Pradip Roy

Date of Birth	12th August, 1948
Qualification	Graduate Engineer from Indian School of Mines, Dhanbad, MBA from University of Delhi and CAIIB
Expertise in Specific Functional Areas	Mr. Pradip Roy is presently Advisor of UTI AMC Ltd. Earlier he was Executive Director of IDBI Bank Ltd. and was Nominee Director of IDBI in CESC Limited for many years. Prior to IDBI, Mr. Roy has worked with Indo – Burma Petroleum Co. Ltd. and Bank of India. Mr. Roy has vast experience in project finance across sectors, restructuring of companies, banking infrastructure financing and corporate advisory services. Mr. Roy was also a member of the task force set up for drawing the business plan of IDFC. His paper on power sector was selected by the World Energy Congress for personal presentation at Argentina, in October, 2001. In August, 2010, he was nominated by Government of India as a member of the sub group on Ports and Roads which has been convened under Dr. Rakesh Mohan, ex Dy Governor, RBI.
Directorship held in other Companies	India SME Asset Reconstruction Company Ltd.
Shareholdings in the Company	Mr. Pradip Roy does not hold any shares in the Company.

Directors' Report, Management Discussion and Analysis

Your Directors have pleasure in presenting the Fiftieth Report and Accounts of Phillips Carbon Black Limited for the financial year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

Year ended	31.03.11	31.03.10
Revenue -		
- Carbon black	1,614.11	1,178.05
- Power	76.04	54.52
- Other Income	8.91	2.81
Total Revenue	1,699.06	1,235.38
PBDIT	234.49	190.67
Less: Interest (net)	31.56	28.94
PBDT	202.93	161.73
Less: Depreciation	38.58	31.15
PBT	164.35	130.58
Provision for Taxation	48.07	7.89
PAT	116.28	122.69
Balance brought forward	133.41	39.49
Profit available for Appropriation	249.69	162.18
Proposed Dividend	16.61	11.30
Proposed Golden Jubilee Year Dividend	—	2.83
Tax on aforesaid Dividends	2.69	2.34
Dividend including taxes on dividend paid on 4,964,376 shares to Qualified Institutional Buyers allotted during the year	2.89	—
Transfer to General Reserve	11.65	12.30
Balance carried forward to Balance Sheet	215.85	133.41

DIVIDEND

For approval of Members at the ensuing Annual General Meeting, your Directors recommend a dividend of 50% i.e., @ Rs. 5/- per share which will absorb Rs. 16.61 crore. The tax on aforesaid dividend, to be borne by the Company, will be Rs. 2.69 crore. Dividend, including taxes on dividend aggregating to Rs. 2.89 crore, has been paid on 4,964,376 equity shares of Rs. 10/- each allotted to Qualified Institutional Buyers during the year.

INDUSTRY STRUCTURE & DEVELOPMENT

Global demand for carbon black rose by 14.6 % during 2010 i.e. from 8.9 million MT in 2009 to 10.2 million MT due to revival of world economy. Global capacity for carbon black was 13.4 million MT and capacity utilization was 76% during 2010.

In India, however demand for carbon black during FY11 grew by 6% i.e. from 605,000 MT in FY10 to 641,000 MT in FY11. Total production during FY11 was 693,000 MT and capacity utilization was 84%.

Your Company expects to shortly commission the second line of 50,000 MT capacity at Mundra, Gujarat and with the commissioning of 85,000 MT capacity plant at Patalganga and a 50,000 MT line in West Bengal by competition, the total installed carbon black capacity in India will reach 925,000 MT.

The threat of import at low prices continues to prevail as global capacity utilization in carbon black industry remains lower than that in India. Imports increased from 64,000 MT in FY10 to 70,000 MT in FY11 and those are expected to grow further in FY12.

PERFORMANCE (Rs. in crore)

Carbon Black

In its golden jubilee year, your Company has, for the first time since inception, achieved Profit before Tax (PBT) of Rs. 164.35 crore in FY11 and Operating Profit (PBDIT) of Rs. 234.49 crore. Amongst the factors which contributed significantly to achieving the highest profit in FY11 are 20% increase in sales volume and significant jump in revenue from power sales.

Power

Revenue from sale of power was 1.4 times higher in FY11 – Rs. 76.04 crore vis-à-vis Rs. 54.52 crore during FY10. The contribution of the power segment to the Company's profit increased significantly in FY11. The Company's overall power generation capacity will increase further with the forthcoming commissioning of the 10 MW co-generation power plant at Kochi.

Manufacturing

Your Company successfully maintained its global ranking at No 8 during the year. The strategic location of its four plants in different parts of India should facilitate your Company to optimize logistics costs within India and outside.

Research and Development

During FY11 all the 4 R & D units located at Durgapur, Kochi, Palej and Mundra received recognition as in-house Research & Development units from the Department of Scientific and Industrial Research, Ministry of Science and Technology, New Delhi.

Special carbon black grades for non rubber applications developed by the Company's R&D units have been well accepted by customers in the domestic market, as their performance is comparable to international standard. While the contribution of these grades to the overall top line of the Company was modest during FY11, plans have been chalked out to raise sales from this segment in the coming years.

Environment, Health, Safety and Social Responsibility

During the year, your Company took various initiatives to achieve greater heights in Environment, Health and Safety. New policies have been adopted for greener surroundings. The Company is also working closely with India Trees Foundation, while strictly adhering to Environment, Health and Safety norms at all its manufacturing locations.

Concerted efforts in corporate social responsibility (CSR) continued during FY11 – eye check up camps, support in cataract surgeries, rural area development, free distribution of educational kits to Below Poverty Line (BPL) students etc. The Company tied up with SMILE Foundation and Calcutta Social Project to roll out a Saksham workshop for BPL youths. The CSR Team at Kochi completed the second batch of Computer Literacy Programme offered by IGNOU for housewives from the local community. Our CSR volunteers also provided regular educational support e.g. tuition to VII and IX students from the local community.

It is a matter of pride for all of us that the Safety Award - 1st Prize in the category of medium factories of Petroleum and Petrochemical industry employing within the range of 100 - 500 workers for the year 2010 has been won by our Cochin Unit for its outstanding performance in industrial safety.

Human Resource Development

Human Resource Development continues to remain a focus area for sustainable growth of your company. A number of special initiatives were taken to facilitate the growth of all employees at all locations.

To enhance the effectiveness of Performance Management System the entire PMS has been redesigned meticulously to capture the entire process through on line e-system.

Employee engagement score has also improved substantially indicating higher retention of talent and commitment to excel in all aspects of your company's operations.

The company's manpower requirements for the greenfield project at Vietnam and all units across India have been carefully planned.

Industrial relation scenario at all the units continue to remain healthy and forward looking.

Internal Control System and Adequacy

Your Company has adequate internal control systems in every area of operation. Services of internal and external auditors are utilized from time to time. The Company continuously upgrades these systems in line with the best available material practices. These reports and variance analysis are regularly discussed with members of Management Committee and actions taken whenever necessary.

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

Opportunities and Threats

Your Company is always on the lookout for opportunities that exist in its business.

Opportunities

- Expansion plans of all major tyre companies in India are on track and their plants are expected to come up during FY12 –FY14.
- Government's thrust on development of infrastructure continues. This, coupled with a robust overall economic growth during FY11, is expected to have a favorable impact on demand for tyres and hence carbon black.
- Power continues to be an attractive segment for your company for improving profitability.

Threats

- Carbon black/tyre import.
- Expansion of carbon black manufacturing capacities simultaneously by all domestic competitors.
- Withdrawal of Anti Dumping Duty on carbon black.
- Inadequate infrastructure at ports, causing detention of vessels and higher freight cost.
- Continuing high inflation which may put a dampner on the purchasing power of customers
- Lower power rates may impact power profitability.

Segmentwise Performance

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

Risks and Concern

The main raw material for the Company – Carbon Black Feedstock (CBFS) is residual oil from distillation process of crude and is subject to frequent volatility, whereas the price of finished 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 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 its carbon black capacity at Kochi by setting up another 50,000 MT soft line, which is expected to be commissioned during Q4FY12. The company also plans to expand its capacity at Durgapur by 12,500 MT during FY12. The Company is also working on the commissioning of the 8 MW capacity co-generation plant at Mundra which is expected to be commissioned during Q4 FY12. Upon completion of these projects, PCBL's total carbon black manufacturing capacity will rise to 472,500 MT and power generation capacity to 78.5 MW.

Your company has started working towards its global footprint by starting project activity for a 110,000 MT capacity carbon black plant at Vietnam along with 18 MW Co-generation plant. The plant is expected to be ready during FY13.

The Company has obtained Members' approval for starting carbo-chemical business with setting up of a new coal tar distillation plant in Orissa with capacity of 1,50,000 mtpa coal tar processing and 50,000 mtpa soft pitch processing. The plant is expected to be commissioned in Q2 of FY13.

Qualified Institutional Placement (QIP) and Preferential Warrants Issue

In accordance with SEBI Guidelines and Members' approval, the Company has allotted 49,64,376 equity shares @ Rs. 200/- per share to Qualified Institutional Buyers and 12,50,000 convertible warrants @ Rs. 196/- per warrant to the Promoter Group on 30th April, 2010.

Subsidiaries

In accordance with the general exemption granted by Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956, ('the Act') the accounts of the subsidiaries namely, Phillips Carbon Black Cyprus Holdings Limited, PCBL Netherlands Holdings B.V, Phillips Carbon Black Vietnam Joint Stock Company and Goodluck Dealcom Private Limited for the year 2010-11 and the related detailed information will be made available to the holding and subsidiary companies investors seeking such information at any point of time and are not attached. Copies of the annual accounts of the subsidiary companies will also be kept open for inspection by any investor in the Registered Office of the Company and of the subsidiary companies concerned. The Company shall furnish a hard copy of accounts of subsidiaries to any shareholder on demand. The Company publishes Consolidated Financial Statements of the Company and its subsidiaries duly audited by Messrs Price Waterhouse, Kolkata, Auditors, prepared in compliance with the applicable Accounting Standards and the Listing Agreement with the Stock Exchanges. The Consolidated Financial Statements for the year 2010-11 form part of the Annual Report and Accounts.

FUTURE OUTLOOK

Carbon Black

Demand growth for carbon black continues to be robust with the global demand expected to grow at a CAGR of 4.6% from 2010 to 2015. Expansion plans of all tyre manufacturers in India as well as a few global majors are on track and are expected to be completed within FY12-FY14. Domestic demand for carbon black is expected to grow @ 7-8% during FY12. With the expansion plans as detailed in this respect, your Company is well poised to meet the increasing demand in the domestic market.

Overseas demand for carbon black is expected to grow further during FY12. Your company has made significant forays into overseas markets such as Europe and US. The company will continue to place emphasis on exports during FY12 to mitigate any possible situation of excess supply in domestic markets.

Power

Your Company's initiative to create additional revenue from power is likely to grow further in the coming years with the forthcoming commissioning of 10 MW CPP at Kochi and 8 MW at Mundra. The total installed capacity is expected to reach 78.5 MW.

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 has 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, 2011 amounted to Rs 2.93 lakh. Apart from matured unclaimed deposits, no amount is outstanding as on 31st March 2011. Reminders have been sent to depositors who have not claimed repayment of matured deposits.

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 pursuant to the provision of Section 219(1)(b)(iv) of the Companies Act, 1956. The said statement is available for inspection at the Registered Office of the Company during working hours for a period of twenty-one days before the date of 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 re-appointment.

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, 2011.

Messrs Shome & Banerjee, Cost Accountants, have given their consent along with their Certificate of Independence for conducting the audit of the cost accounts for the financial year ending 31st March, 2012, if appointed.

Cost Audit Report for the financial year ended 31st March, 2010 was filed on 10th September, 2010.

Directors

Mr. Pradip Roy holds office as an Additional Director of the Company upto the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 along with prescribed deposit from a member of the Company signifying his intention to propose the candidature of Mr. Pradip Roy for the office of the Director of the Company.

Mr. B M Khaitan resigned from Directorship with effect from 11th February, 2011. The Board has placed on record its deep appreciation for the invaluable support and guidance received from Mr. B M Khaitan during his long association as Director of the Company.

Dr. Ram S Tarneja and Mr. O P Malhotra 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, 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, various state governments where the Company's plants and offices are located, the central government, banks and customers. They also thank all stakeholders and customers for the trust reposed in the Management and wish to thank all employees for their eager commitment and contributions.

For and on behalf of the Board

Kolkata
3rd May, 2011

Sanjiv Goenka
Chairman