



**RP - Sanjiv Goenka
Group**



Phillips Carbon Black Limited

Report & Accounts 2011-12



A photograph of the Phillips Carbon Black Plant at Kochi which has recently won the Golden Peacock Environment Management Award 2012.



Phillips Carbon Black Limited

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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 Fifty-first 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 July, 2012 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, 2012, 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, 2012.
3. To appoint a Director in place of Mr. K S B Sanyal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjiv Goenka, 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 pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging on such terms and conditions and at such time or times, and in such form and manner, as it may think fit, the Company's present and/or future properties, whether immovable or movable, tangible or intangible comprised in any existing or new undertaking or undertakings of the Company, as the case may be, in favour of the Lenders, Agents and/or Trustees for securing the long term, short term including working capital loans and medium term borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/bonds or other debt instruments issued/to be issued by the Company as also deferred sales tax loans availed/to be availed by various units of the Company, from time to time, subject to the limits approved / as may be approved by the Members under Section 293(1)(d) of the Companies Act, 1956 as also the interest on the principal amounts at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, premium (if any) on redemption, remuneration of agent(s)/trustee(s), all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all

other monies payable by the Company in terms of loan agreement(s), heads of agreement, debenture trust deed(s) and/or any other deed(s) or document(s) entered into/to be entered into between the Company and the lender(s)/agent(s)/trustee(s)/state government(s)/agency(ies) representing various state government(s) and/or other agencies, etc. in respect of the said loans /borrowings/debentures/securities/deferred sales tax loans and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors of the Company (including any Committee thereof) and the lender(s)/agent(s)/trustee(s)/state government(s)/agency(ies), etc.

Resolved Further that the securities to be created by the Company as aforesaid may rank prior / *pari passu* / subservient with / to the mortgages and / or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board of Directors or its Committee and as may be agreed to between the concerned parties.

Resolved Further that, the Board or its Committee or Persons authorized by the Board, be and is/are hereby authorized to finalise, settle and execute any and all agreements, documents, deeds, writings and papers as may be necessary for creating the mortgages and/or charges as aforesaid and to do all acts, deeds, matters and things as it/they may, in its/their absolute discretion consider necessary, desirable or expedient for implementing this resolution and to resolve any question, difficulty or doubt relating thereto, or otherwise considered to be in the best interest of the Company."

7. (As a Special Resolution)

Resolved that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by substituting the second sentence of Article 96 by the following sentence:

"The Directors shall also be entitled to receive a commission of not exceeding 5% of the net profits of the Company in any financial year (to be computed in a manner laid down in Section 309 of the Act) in such proportions as may be determined by the Board from time to time and in default of such determination in equal proportions."

8. (As a Special Resolution)

"Resolved that pursuant to Section 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") including any statutory modification(s) or re-enactment thereof and subject to all permissions, sanctions and approvals as may be necessary, consent of the Company be and is hereby accorded for payment of commission, to the Director(s) of the Company who is/are not in the whole time employment of the Company and not Managing Director(s)/Whole Time Director(s), up to 5% of the net profits of the Company, computed as per the provisions of the Act at the end financial year,

for a period of 2 years commencing from the financial year 2011-12, in such manner and up to such extent as the Board of Directors and/or Remuneration Committee constituted by the Board of Directors may determine from time to time AND THAT the said commission be paid in addition to the fee payable to the Directors for attending the meetings of the Board or any committee thereof.

Resolved Further that for the purpose of giving effect to this resolution, the Board of Directors and/or Remuneration Committee of the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
29th May, 2012

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 18th July, 2012 to 27th July, 2012 (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 National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS 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 31st July, 2012 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 17th July, 2012.
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. PCBL is committed to make efforts for preserving the environment and has been working on a number of ways to reduce usage of paper. In line with the circular of the Ministry of Corporate Affairs, Government of India, the Company proposes to send to the Members notices, annual report and accounts and other communication through electronic mode. Members are, therefore, requested to update their e-mail address with the Depository Participant, if the holding is in electronic mode or intimate to the Company by sending an e-mail at pcbl.greeninitiative@rp-sg.in. Copies of all such communication can also be obtained in physical form from the Company free of cost, upon request.
12. Brief profile of Directors seeking re-appointment at the Annual General Meeting is annexed to this Notice.

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29th May, 2012

By Order of the Board
Kaushik Mukherjee
Company Secretary

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

Item no. 6

In order to meet the requirement of funds for financing of capital expenditure/working capital requirements and/or general corporate purposes, the Company has to raise funds from time to time from Banks/Financial Institutions/Investment Institutions/ Mutual Funds/Bodies Corporate/Foreign Financial Institutions/Individuals and/or any other agency or agencies by way of loans, both in rupee and foreign currency and/or Debentures (Partly convertible/Fully-convertible/Non-convertible) for Long Term/Short Term/Medium Term or any other nature of instrument as may be permissible by law which under Section 293(1)(a) of the Companies Act, 1956, are normally secured by a mortgage/charge over the immovable/movable properties of one or more units of the Company in such form and manner as may be determined by the Board of Directors of the Company or its Committee, from time to time, in consultation with the Lenders/ Agents/Trustees.

The Board of Directors of the Company recommends that the Resolution set out in Item No. 6 of the Notice be passed in the interest of Company.

No Director of the Company is concerned or interested in the above Resolution.

Item no. 7

In view of the proposed increase in the commission of the Directors of the Company as referred to in the Special Resolution under Item No. 8 of the Notice, it is consequently proposed to alter the Articles of the Association of the Company by a Special Resolution under Item No. 7 of the notice.

The Board of Directors accordingly recommends the Resolution set out at Item No. 7 of the Notice.

A copy of the Articles of Association along with the proposed alteration may be inspected by any member at the Registered Office of the Company on any working day prior to the date of the Meeting between the hours of 10.00 A.M. and 12.00 Noon and will also be available for inspection from 10.00 A.M. at the place and date of the Annual General Meeting.

All the non-executive Directors of the Company, may be deemed to be concerned or interested in this Resolution to the extent of commission that may be payable to them from time to time after the proposed alteration.

Item no. 8

Pursuant to the approval granted by the Shareholders at their Annual General Meeting held on 30th July, 2008 and the approval of Central Government vide its letter dated 15th November, 2010, the Non-Executive Directors or the Directors of the Company who is/are neither in the whole time employment nor Managing Director(s)/Whole Time Director(s) are paid commission up to a ceiling of 1% of the net profits of the Company computed in the manner specified in the Companies Act, 1956.

In the past years, the Company has undertaken many initiatives which has resulted in the growth of the business of the Company. The Non- Executive Directors of the Company with varied and rich background contributed in a very significant way for this growth process. The Company therefore, recognizes the need to suitably remunerate the Director(s) of the Company who are not in the whole time employment of the Company.

Keeping in view the growth of the Company, contribution, responsibilities and the time devoted by the Non-Executive Directors, it is proposed to increase in commission payable to Non- Executive Directors up to 5% of the net profits of the Company at the end of each financial year, for a period of two years commencing from the financial year 2011- 2012.

Accordingly, approval of the Members is requested to remunerate the non- executive Director(s) every year upto a period of two years commencing from the financial year 1st April, 2011, with commission upto 5% of the net profits of the Company at the end of each financial year. The said commission will be apportioned amongst the non-executive Director(s) as determined by the Board of Directors and/or Remuneration Committee of Directors of the Company.

The Board of Directors accordingly recommends the Resolution set out at Item No. 8 of the Notice.

All the non-executive Directors of the Company, may be deemed to be concerned or interested in this Resolution to the extent of commission that may be payable to them from time to time.

Registered Office :
31, Netaji Subhas Road
Kolkata-700 001
29th May, 2012

By Order of the Board

Kaushik Mukherjee
Company Secretary

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

Mr. K S B Sanyal

Date of Birth	1st December, 1932
Qualification	MA, CBIM, FIP (LONDON)
Expertise in Specific Functional Areas	Mr. K S B Sanyal was the Chairman and Managing Director of Andrew Yule & Co. Limited. He was also the Sheriff of Calcutta. He is presently associated with various companies as Independent professional Director and is a member of governing body of Help Age India.
Directorship held in other Companies	IFGL Refractories Ltd., Woodlands Multispeciality Hospital Ltd., Cimmco Ltd., and IFGL Exports Ltd.
Shareholdings in the Company	Mr. K S B Sanyal does not hold any share in the Company

Mr. Sanjiv Goenka

Date of Birth	29th January, 1961
Qualification	B.Com
Expertise in Specific Functional Areas	Mr. Sanjiv Goenka is Chairman, RP-Sanjiv Goenka Group, one of India's top Industrial houses. The group's core activities include power & natural resources, carbon black, retail, media & entertainment, infrastructure & education.
Directorship held in other Companies	RPG Enterprises Ltd., CESC Limited, Saregama India Ltd., Spencer and Company Ltd., Spencer International Hotels Ltd., Harrisons Malayalam Ltd., STEL Holdings Limited, Graphite India Limited, Noida Power Company Ltd., Eveready Industries India Ltd., Woodlands Multispeciality Hospital Ltd.
Committee Membership in other Companies	Member of Audit Committee of CESC Limited and Eveready Industries India Ltd. Chairman of Shareholders/Investors Grievance Committee of CESC Limited and Saregama India Ltd.
Shareholdings in the Company	Mr. Sanjiv Goenka does not hold any share in the Company.

Directors' Report, Management Discussion and Analysis

Your Directors have pleasure in presenting the Fifty first Report and Accounts of Phillips Carbon Black Limited for the financial year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS
(Rs. in crore)

Year ended	31.03.12	31.03.11
Revenue -		
- Carbon Black	2,096.97	1,614.11
- Power	83.69	76.04
- Other Income	10.44	20.91
- Other Operating Revenues	6.12	5.57
Total Revenue	2,197.22	1,716.63
PBDIT	210.29	238.59
Less: Interest (net)	58.28	35.66
PBDT	152.01	202.93
Less: Depreciation	48.59	38.58
PBT	103.42	164.35
Provision for Taxation	16.30	48.07
PAT	87.12	116.28
Balance brought forward	215.85	133.41
Profit available for Appropriation	302.97	249.69
Proposed Dividend	13.79	16.61
Tax on aforesaid Dividend	2.24	2.69
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	8.71	11.65
Balance carried forward to Balance Sheet	278.23	215.85

DIVIDEND

For approval of Members at the ensuing Annual General Meeting, your Directors recommend a dividend of 40% i.e., @ Rs. 4/- per share which will absorb Rs.13.79 crore. The tax on aforesaid dividend, to be borne by the Company, will be Rs. 2.24 crore.

INDUSTRY STRUCTURE & DEVELOPMENT

Global demand for carbon black rose by 5.8 % during 2011 from 10.2 million MT to 10.8 million MT. Global capacity for carbon black was 13.9 million MT and capacity utilization was 77% during 2011. The demand growth was led by North America (9.0%), European Union (11.0%) and Eastern Europe (14.7%), while Asia (excluding China) saw a modest growth of 5.2% compared to last year YOY growth of 18%.

In India, the demand for carbon black during FY12 was 657,000 MT vis-à-vis 641,000 MT in FY11, i.e., a growth of 2.5%. Total production during FY12 was 694,000 MT, which is at the same level as FY11. The total capacity of the Indian carbon black industry stood at 935,000 MT, with capacity utilization of 74%.

The domestic carbon black industry was impacted by a slowdown within the automobile sector as well as by the increasing dumping of carbon black into India by China and other countries. Total imports of carbon black in India rose to 117,000 MT during FY12 from 70,000 MT in the earlier year, and the major chunk of imports was from China, at 83,000 MT. As a result of this, domestic sales of carbon black were impacted and all carbon black companies resorted to production cuts during the second half of the year.

Your Company completed expansion of carbon black plant of 50,000 MT at Mundra and 10 MW Co-generation Power Plant at Kochi within the scheduled time. Your Company also debottlenecked capacity at its Durgapur facility by 11,000 MT and expects to shortly commission the second line of 50,000 MT capacity at Kochi. With this the total installed carbon black capacity of your Company will stand at 471,000 MT.

PERFORMANCE
Carbon Black

Your Company achieved profit before tax (PBT) of Rs. 103.42 crore in FY12 and Operating Profit (PBDIT) of Rs. 210.29 crore. The profit is lower compared to last year's PBT and PBDIT of Rs. 164.35 crore and Rs. 238.59 crore respectively.

Power

Revenue from sale of power was higher in FY12 Rs. 83.69 crore vis-à-vis Rs. 76.04 crore during FY11. The Company's overall power generation capacity rose to 68 MW with the commissioning of the 10 MW captive power plant at Kochi.

Manufacturing

Your Company improved its global ranking to No. 7 during the year. The strategic location of its four plants in different parts of India should facilitate your Company to optimize logistic costs within India and outside.

Research and Development

All the 4 R&D units located at Durgapur, Kochi, Palej and Mundra continue to receive recognition as in-house Research and Development units from the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Special carbon black grades for non rubber applications continue to be accepted well by customers in the domestic market, as their performance is comparable to international standard. While the contribution of these grades in the overall top line of the Company was modest during FY12, the Company has chalked out plans 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 continues to work 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 FY12 for e.g., eye check up camps, support in cataract surgeries, rural area development, free distribution of educational kits to Below Poverty Line (BPL) students. The CSR Team at Kochi completed the third & fourth batch of Computer Literacy Programme offered by IGNOU for house-wives from the local community. Our CSR Volunteers also provide regular educational support e.g. tuition to class VII and IX students from the local

community. The CSR Team at Durgapur conducted computer literacy course for the underprivileged jointly with Rotary Club of Durgapur.

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 further redesigned 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 relations 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 as also its in-house expertise and resources. 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

- 1 Expansion plans of all major tyre companies in India are on track and their plants are expected to come up during FY13 - FY15. JK Tyres commissioned its new plant during the year at Chennai, Tamil Nadu.
- 1 Government's thrust on development of infrastructure continues. While the short term growth outlook in India suffered a setback during FY12, the fundamentals of the economy remain strong. With the RBI expected to step in to lower interest rates during the coming year, investments are expected to pick up and the growth story would come back on track.
- 1 Power continues to be an attractive segment for your company for improving profitability.

Threats

- 1 Imports of carbon black from China continues to be a major threat for the entire domestic industry.
- 1 Expansion of carbon black manufacturing capacities simultaneously by all domestic competitors.
- 1 Withdrawal of Anti Dumping Duty on carbon black.
- 1 Inadequate infrastructure at ports, causing detention of vessels and higher freight cost.
- 1 Continuing high inflation which may put a dampner on the purchasing power of customers.
- 1 Depreciation of Rupee, increase in financing cost.

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 every 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 expects to shortly commission the 8 MW capacity captive power plant at its Mundra facility, which will take its total power generation capacity from 68 MW to 76 MW.

Your Company is also planning to set up a greenfield carbon black plant of capacity 140,000 MT at Chennai along with a 25 MW power plant, and is in process of obtaining all approvals for the same. Memorandum of Understanding (MoU) for the same has been signed with the Tamilnadu Government.

The Company's global footprint plan is in place with the greenfield plant at Vietnam expected to be commissioned in FY14.

The Company's new carbo-chemical business will start by the end of the coming year 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 FY14.

Qualified Institutional Placement (QIP) and Preferential Warrants issue

Pursuant to SEBI Guidelines and necessary approval of the members, 12,50,000 convertible warrants of Rs. 196/- each which were allotted on 30th April, 2010, were converted into 12,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. 186/- per share fully paid up on 28th October, 2011.

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 2011-12 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 2011-12 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 FY13-FY14. Domestic demand for carbon black is expected to grow @ 7-8% during FY13. 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 FY13. Your Company has made significant forays into overseas markets such as South East Asia and US. The Company will continue to place emphasis on exports during FY13 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 8 MW CPP at Mundra and further 8 MW planned at Palej, the total installed capacity is expected to reach 84 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, 2012 amounted to Rs. 1.87 lakh. Apart from matured unclaimed deposits, no amount is outstanding as on 31st March 2012. Reminders have been sent to depositors who have not claimed repayment of matured deposits.

Particulars of Employees

The information as required in accordance with Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in an annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and the Accounts are being sent to all the Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company. The said information is also available for inspection at the Registered Office during the working hours up to the date of the Annual General Meeting.

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, 2012.

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, 2013, if appointed.

Cost Audit Report for the financial year ended 31st March, 2011 was filed on 26th September, 2011.

Directors

Mr. K. S. B. Sanyal and Mr. Sanjiv Goenka 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, government authorities, banks and customers. They also thank them 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
29th May, 2012

Sanjiv Goenka
Chairman