



Innovating for
better tomorrow

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About RP-Sanjiv Goenka Group

The RP-Sanjiv Goenka Group, one of India's illustrious business conglomerates, has diverse interests spanning Power & Natural Resources, Carbon Black, Retail & FMCG, Media & Entertainment, Infrastructure and IT, Education & Sports. The Group has assets worth over ₹ 43,500+ crore, an employee strength of 45,000+ and 3,00,000+ shareholders.

Group's Vision

Inclusive Growth fired by
free-spirited Entrepreneurship

Core Values

Customer Happiness

Bring a smile on the face of your customer

Credibility

Instill trust and confidence with your actions

Humaneness

Be caring and respectful to all

Execution Excellence

Put your heart and soul into your actions

Speed

Move ahead of time

Risk Taking

Dare to go beyond



In a dynamic business environment with changing regulations, emerging customer segments and ever-evolving technologies, innovation serves as the life-giving oxygen for us to reinvigorate products, processes and value chains.

Ever since we began our journey, innovative thinking has been at the heart of our value-creation process. We challenge the status quo, design and develop breakthrough ideas and enrich our product portfolio to cater to evolving customer aspirations.

We embed refreshing ideas into every facet of our business, taking insights from our customers, investors, community and other stakeholders, and this approach is closely interwoven with our sustainability priorities.

We see tomorrow through the expansive prism of differentiated thinking to touch and enrich life in more ways than one.

**We are innovating every day for
a better tomorrow.**



INNOVATING FOR BETTER TOMORROW

Research and Innovation is embedded in our DNA

The Research & Development (R&D) team, at PCBL, is focussed on evolving various platforms for development of new products in domains of carbon black, nano-structured carbonaceous materials and carbon black feedstock (CBFS). It further facilitates business growth through efficient 'competitive intelligence study' to identify space for development and innovation, customer engagement, market-driven research and intellectual property protection.



Pushing the innovation envelope



Our R&D team facilitates the development of novel products and offers best-in-class technical solutions for market requirements. R&D also helps bolster the performance of existing product lines and explore new approaches to harness the knowledge of partners and build synergies.

We believe in intra and inter organisational collaborations for technology leveraged application research. Our R&D team partners with our sales and marketing team, manufacturing team, process technology team and technical services team to align our offerings to the upcoming trends and demands of customers and markets.

R&D infrastructure



PCBL established a state-of-the-art R&D Centre in Palej, Gujarat, in 2018. It includes several laboratories such as carbon and carbon nano-structure laboratory, carbon functionalisation laboratory, carbon feedstock research laboratory, interface and colloidal dispersions laboratory, and plastics application laboratory. The R&D centre at Palej, along with other R&D units, located in different plants, serves as a seeding ground for new products and process development, as well as for partnering with customers and vendors for customising products and processes.

Our research units host an experienced, skilled, capable and well-qualified talent pool. The Palej research unit is also home to the unique colour furnace black reactor and the powdered carbon black making facilities.

R&D FOCUS AREAS

Our R&D strategy focuses on the following areas:

Development of Novel Carbon Black Grades

We focus on rapid expansion of our carbon black portfolio, primarily in specialty business, including ink, coatings and plastics masterbatch segments, as well as customised/modified ASTM/ rubber grade products through developing of 'novel carbon black' grades and improving performance of existing grades.

Modifications and Improvement in Process Design

We are consistently evaluating our existing processes and technologies to upgrade them and achieve process and product advantages aimed to generate more cleaner carbon black. This enables us to amplify the economics of carbon black manufacturing process, reactor efficiency, production volume, yield and energy efficiency.

Carbon Black Feedstock (CBFS) Research

Our team is analysing all incoming feedstock to ensure their suitability of carbon black manufacturing. It assesses the nature of the grade to be produced based on yield, impurity level, process efficiency, conformation with diverse environmental norms and regulations. It further cooperates with intra organisational departments such as the purchase/quality assurance/process technology team to explore new vendors/suppliers and identify most-effective CBFS suppliers capable of producing improved quality carbon black and ensuring steady production process.

Tracking Industry Trends

Our team stays abreast of industry trends and evolving market dynamics. This involves patents and competitive products analysis, using effective analytical tools and molecular engineering approach. We are also venturing into new age materials and tying up with global universities to jointly work on such platforms.



Impacts of innovation



IMPROVE THE MANUFACTURING PROCESS

We consistently aim to improve our yield, productivity, reactor efficiency, energy efficiency, product quality and cost effectiveness during carbon black production.

ENHANCE PRODUCT FEATURES

The R&D department at PCBL is diligently pursuing various means to germinate next-generation carbon black in specialty segments and American Society for Testing and Materials (ASTM) grade segments. R&D concentrates on the development of new carbon black grades; physical modifications of carbon black alone or in combination with chemical treatment; post treatment of carbon black for judicious surface functionality to deliver better product features.

These R&D functions help us successfully to shape diverse applications of new

and modified carbon blacks. These include enrichment of tyre appearance, improvement of future tyre performance, processability and colour of plastics masterbatches, colour performance of ink, along with homogeneous and stable dispersion in aqueous and non-aqueous media, among others.

CO-DEVELOP PRODUCTS WITH CUSTOMERS

We are committed to deliver cutting-edge solutions, driven by market research, for our partners through collaborative innovations and technology leveraged application research. As knowledge-exchange is critical in this domain, we collaborate with industries and eminent academic institutes for co-development of next-generation offerings, futuristic projects and data interpretation, among others. For our specialty business, we co-developed a carbon black grade for India's leading plastics manufacturer.

Besides, we are in talks with overseas customers for customised ink grades and plastics grades.

GROW OUR SPECIALTY BASKET

We manufacture customised carbon blacks for specialised applications and specialty blacks for various applications such as non-rubber, engineering plastics, fibre, plastics film, plastics pipe and inks applications. We are planning to develop versatile specialty carbon black grades for inks, coatings and plastics, which are equivalent to potential competitor's grade or even beyond to build up more powerful portfolio both for domestic and global markets.

With the introduction of these new specialty grades, we will be able to grow as a more trusted global player.

DEVELOP NEW OFFERINGS FOR RUBBER, TYRE AND NON-TYRE

We are developing carbon black technologies that improve hysteresis properties in tyres-- improves tyre performance with low rolling resistance, reduces abrasion loss and enhances cut-and-chip resistance. Our R&D team has already initiated the development of new carbon black grades to meet emerging market requirements, following the advent of Electric Vehicles (EV). The carbon blacks for non-tyre automotive applications virtually require incredibly stringent balance in colloidal properties with optimally low grit level, steady fines content, and well-balanced pellet harness of carbon black.

SELECT CARBON BLACK FEEDSTOCK (CBFS)

CBFS evaluation team characterised CBFS from different sources. The team researched the suitability of those oils for carbon black manufacturing in different plants under the light of yield, safety, process stability and others. Our team evaluated and recommended a range of CBFS from petroleum and tar origin for manufacturing ASTM and specialty grade carbon blacks. New methods were implemented, or existing methods were modified in CBFS research laboratory to estimate impurities in CBFS. To trim down asphaltene content in CBFS, special chemical treatment was performed with encouraging outcomes.

Achievements of FY 2018-19

New infrastructure development

- Commissioned a state-of-the-art Research and Development (R&D) Centre at Palej.
- Procured and installed state-of-the-art processing and analytical equipment for research and development, technical services, reverse engineering and other purposes.
- Installed 'Powder Packing' equipment in Palej and made it operational.
- Installed new inline CBFS blending system in Palej.

Trial run for new carbon black grade

- Developed customised ASTM carbon black grade for major tyre customer.
- Developed customised ink grades.

- Developed a series of unique carbon black 'NuTone' grade for ink application.

Manufacturing process

- Implemented high temperature oil pre-heater (OPH) aiming yield gain.
- Better atomisation to improve tread reactor efficiency and yield.
- Installed new pelletiser system to improve carbon black pellet quality.
- Designed and installed high temperature stable refractory materials to enhance yield and productivity.

Carbon black feedstock research

- Identified new vendors for balanced quality CBFS supply suitable for specialty grade carbon black manufacturing.
- Developed methods of diminishing impurities in CBFS.

Technology adoption

- Developed special filler technology, which brought revolutionary change in mechanical performance of elastomer, as well as colour performance.
- Post treatment of carbon black to balance rolling resistance, abrasion loss and grip.
- Functionalisation platform for water dispersable inks.

Received patents

- Obtained the 'Patent Grant Certificate' for two PCBL invention.

MANAGEMENT REVIEW

Differentiated thinking drives value creation



“Our research and innovation is more than just a business strategy for us, it sits at the core of our DNA. It defines who we are and what is our roadmap for sustainable value creation.”

Dear Shareholders,

India remains one of the most attractive economies of the world, with stable governance, focus on wide-ranging reforms and robust macro-economic fundamentals. A number of factors such as steady government reforms, ease of doing business, infrastructure creation and digital outreach have helped accelerate the country's growth trajectory.

Operating in a largely supportive economy, we are positioned to grow significantly with a comprehensive portfolio that touches lives in different ways. We are expanding our capacities, strengthening our supply chain network, fortifying customer relationships and widening our portfolio across rubber and specialty applications.

Our research and innovation is more than just a business strategy for us, it sits at the core of our DNA. It defines who we are and what is our roadmap for sustainable value creation. Our four in-house R&D units are recognised by the Department of Scientific and Industrial Research (DSIR). We commissioned a new state-of-the-art Research and Development Centre at Palej, Gujarat in FY 2018-19.

Our research and innovation focus touches all aspects of our operational canvas, from enhancing manufacturing processes, adding new product features, to introducing new offerings and application areas. Moreover, we are planning to set up a research and development facility outside India, which will develop innovative products.

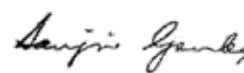
We are fortifying our specialty black offerings to strengthen our exports footprint. In all that we do, our teams remain at the heart of our value-creation process. We are constantly investing in the development of our teams to drive innovation. Besides, we are building a leadership pipeline to elevate the organisation to the next growth orbit.

Our Board has declared an interim dividend of 175% (₹ 3.50 per share) on the face value of ₹ 2 per share for the financial year ended 31st March 2019. We are committed to generate exceptional and enduring value for our customers, shareholders, employees and the communities where we operate.

As we look ahead, I am confident that our industry leadership and investments position us to deliver sustainable growth, in step with a growing India.

Thank you for your continued encouragement and support.

Yours sincerely,



Sanjiv Goenka

Expanding business scale and scope



Dear Shareholders,

We continue to deliver on our customer expectations by making the best use of our intrinsic strengths. Ours is an agile brand that focuses on customer-centricity, process orientation, capability building, capacity creation, innovation and brand-building.

It is my pleasure to once again share my thoughts with you on our Company's encouraging performance. During the year, our revenue grew by 35% to touch ₹ 3,529 crore in FY 2018-19 vis-à-vis ₹ 2,611 crore in FY 2017-18 owing to enhanced volumes and growing market presence. Our EBITDA increased by 51% to reach ₹ 640 crore in FY 2018-19 vis-à-vis ₹ 424 crore in FY 2017-18 and profit after tax grew 69% to stand at ₹ 389 crore in FY 2018-19 vis-à-vis ₹ 230 crore in FY 2017-18 on account of a shift in product mix to more high value-added premium grades, leveraging expanded product portfolio and continuous improvements across all functions.

We completed capacity expansion at Mundra plant by 56,000 MTPA and another 32,000 tonnes capacity will be added at Palej plant. Our carbon black capacity is expected to go up to 6,03,000 MTPA by FY 2019-20. Additionally, we have also proposed a greenfield project in South India with a plant capacity of 1,50,000 MTPA.

We are taking proactive initiatives to improve our operational efficiency and explore new geographies for feedstock sourcing. Besides, we are consistently increasing our focus on specialty blacks and value-added rubber blacks through investments in technical capabilities for developing new grades for high-performance rubber and specialty black

applications. Currently, specialty and value-added black comprises 7-8% of our sales volume and its share to revenue is much higher.

Going forward, we expect it to nearly double in the next two years. We are expanding our presence in geographies wherever we find a competitive advantage. In line with our customer-centric approach, we highlight upon the concept of 'virtual plant', a cutting-edge solution for Just in Time (JIT) deliveries through local hubs. We also believe in partnering with our customers for joint development projects, and for meeting their requirements and future expectations.

During the year under review, we migrated the whole ERP of the enterprise to a cloud-based cutting-edge S4 HANA platform with Disaster Recovery (DR) setup at Singapore.

Our empowered teams remain the principal driving force behind our success; and we offer them a congenial workplace that nurtures their growth potential. We provide robust opportunities to our existing talent to upskill and enhance their leadership capabilities and develop a strong leadership pipeline.

FY 2018-19 saw new chapters being added to our innovation and growth story, and we are entering the next fiscal with more confidence in our capabilities. We are optimistic and determined to deliver value for all stakeholders as our business expands its scale and scope.

Warm regards,


Kaushik Roy



"FY 2018-19 saw new chapters being added to our innovation and growth story, and we are entering the next fiscal with more confidence in our capabilities."

CORPORATE IDENTITY

Strong lineage drives long-term value

We are Phillips Carbon Black Limited (PCBL), an integral part of the iconic RP-Sanjiv Goenka Group. We are India's largest producer and exporter of carbon black.

In 1960, our Company was set up in collaboration with the US oil company, Phillips Petroleum. We produce carbon black that serves a wide range of rubber and specialty black related applications. Carbon black is the pure elemental carbon that takes the form of a black granule and is primarily used as a reinforcing agent in rubber. Besides, it finds use in plastics, coatings, printing, inks, fibres and batteries, among others.

Currently, we have an annual carbon black production capacity of 5,71,000 MT in India, including a dedicated capacity for specialty blacks of 40,000 MT at Palej, and 76 MW of green power (from tail gas).

We are the world's first carbon black company to be awarded Carbon Credit under Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC). We are one of the greenest and cleanest carbon black companies driven by meticulous planning and committed execution.

Manufacturing scale

We are India's largest producer and exporter of carbon black. We have four strategically located state-of-the-art plants at Durgapur, Kochi, Palej and Mundra. Our laboratories are accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) for Research & Development and Quality Control.

The logistical advantages of our plants comprise:

- Seamless ability to switch between procuring alternative feedstocks and ensuring raw material flexibility
- Proximity to ports that enables easy access to raw materials and international customers, optimising logistics cost
- Well-planned multiple locations that minimise risks and ensure better supplychain management
- Easy-grid connectivity that facilitates the sales of surplus energy

5,71,000 MTPA

Carbon black capacity

76 MW

Green power capacity

60+ GRADES

Of carbon black produced, ranging from rubber to specialty blacks



Our Vision

A trusted **Global** player providing cutting edge solutions to our **Partners** and an exciting workplace to our **People**