

SCALING UP THE **VALUE CHAIN**

Touching lives in more ways than one



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About RP-Sanjiv Goenka Group

With ₹44,000 Crore asset base and ₹26,000 Crore revenue, the RP-Sanjiv Goenka Group is one of the India's fastest growing conglomerates with a significant global presence. The Group businesses include power, carbon black, IT-enabled services, consumer and retail, media and entertainment, sports, education and infrastructure and plantations. The Group has an employee strength of 45,000+ and 5,00,000+ 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

Scaling up the Value Chain

At Phillips Carbon Black Limited, we graduated beyond the commodity trap in the last few years.

We consciously positioned our company as a one-stop solutions provider.

We invested in research & innovation as our principal growth driver.

We emphasized the production of new specialty grades.

We enhanced margins through a larger proportion of value-added products.

We strengthened customer engagement through products and services integral to their growth.

The result of this overarching commitment – scaling up the value chain – broadbased our presence across products, grades, geographies, customers and applications.

Strengthening our sustainability across market cycles.

At our company, Scaling up the Value Chain is not a **strategy**.

It is a mindset to strive for excellence.

Where everyone asks 'Is it sustainable?'

Where every engineer is obsessed with 'customer experience'.

Where the base line is – 'Is it the global benchmark in the world?'

Where every business is driven more around RoCE than market share.

Where the focus is on creating new markets than merely capturing market share.

Where each employee focuses on generating 'More from less'.

Where 'transaction' has been replaced by 'relationship'.

Where the objective is to leave the world cleaner and greener.

Where the priority is to plan for 2025 and beyond.



Phillips Carbon Black Limited.

One of the most exciting carbon black manufacturing companies.

Driven by research and innovation.

Manufacturing a wide portfolio of products.

Investing in cutting-edge technologies.

Enriching the lives of the marginalized.

Scaling up the value chain.

Touching lives in more ways than one.

Our Vision

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



Pedigree

Phillips Carbon Black Limited (PCBL) is an integral part of the RP-Sanjiv Goenka Group, one of the most dynamic and exciting industrial groups in India today with an extensive presence across Utilities, Power, Carbon Black, IT-Enabled Services, Consumer and Retail, Media and Entertainment, Sports, Education, Infrastructure and Plantations. PCBL was established in 1960 following collaboration with Phillips Petroleum, a prominent US oil company, with the objective to manufacture carbon black. 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.



Touching lives

More than half a century later, PCBL has emerged as India's largest producer and exporter of carbon black and a leading global player. The carbon black that we manufacture touches a range of rubber and specialty black related applications. Besides, the product is used in the downstream manufacture of plastics, coatings, printing inks, paint /coating, fibres and batteries, among other products. As a result, we manufacture a building block with extensive downstream impacts and applications touching lives in more ways than one.



Capacity

PCBL has a production capacity of 5,71,000 MT per annum with a dedicated capacity for specialty black of 40,000 MT. It generates 76 MW of green power from its co-generation plants located across its manufacturing units. The Company has a presence in more than 40 countries to meet specific end-requirements across rubber, plastics, coatings, inks and other niche products.



Presence

PCBL's four state-of-the-art manufacturing facilities are strategically located in Durgapur, Kochi, Palej and Mundra. This pan-India manufacturing presence makes it possible for the company to serve the growing needs of customers through proximate access and timely delivery across shortening turnaround times. A proximity to ports provides our company with convenient access to imported raw materials and deliveries to international customers. Besides, these locations are proximate to the state electricity grid that makes it possible to market and wheel surplus energy.



Research

PCBL's products are manufactured in line with the highest standards of quality, purity and consistency. The company possesses a range of product grades that address the demanding needs of our customers. Over the years, we invested in cutting-edge research. We invested in future-facing laboratories accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) for Research & Development and Quality Control; we invested in scientists and professionals dedicated to taking the business of our customers ahead through superior products and efficient processes.



Respect

At PCBL, we invest in our environment responsibility with the same commitment we bring to manufacturing excellence. The company was 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 widely respected for being one of the greenest and cleanest carbon black companies the world over.



Technologies

PCBL has progressively invested and updated its technology as one of the most advanced manufacturing companies. The company's future-facing technology selection makes it possible to switch seamlessly between alternative feedstock, make an efficient use of resources, deliver a wide selection of grades and the highest quality standards, and do all this at some of the highest asset utilization levels.



Customers

PCBL markets carbon black to marquee tyre companies in India and the world. These names comprise household brands like MRF, CEAT, JK Tyre, Apollo, TVS, Bridgestone, Goodyear, Michelin, Continental, Toyo, Yokohama, Nexen, Kumho, Contitech, Trelleborg and Camso. Similarly, the company services the demanding specialty black needs of prominent international companies. The company's strategic relationships with these esteemed customers have been marked by the manufacture of customized products on the one hand and joint product development on the other.

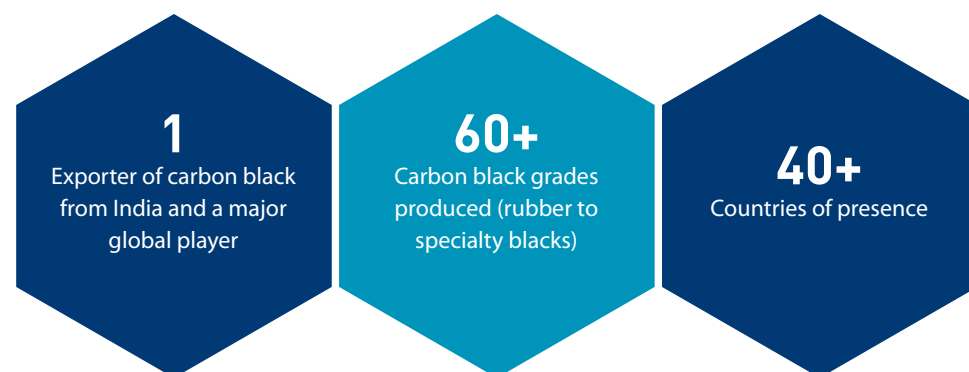


Credible certifications

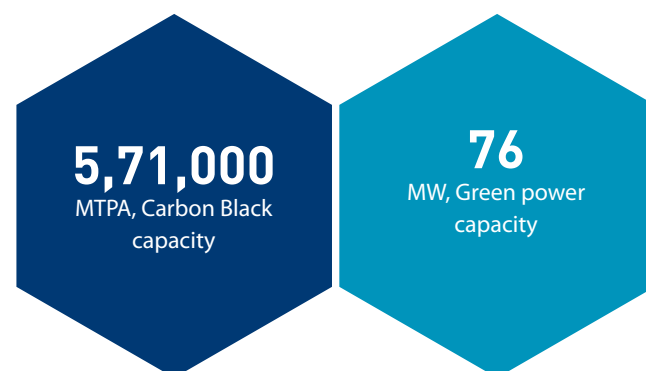
ISO 9001: 2015
ISO 14001: 2015
OHSAS18001:2007
IATF 16949 : 2016
ISO 45000:2018
REACH Compliant
AEO – Indian Customs
Palej and Kochi plants are NABL-certified



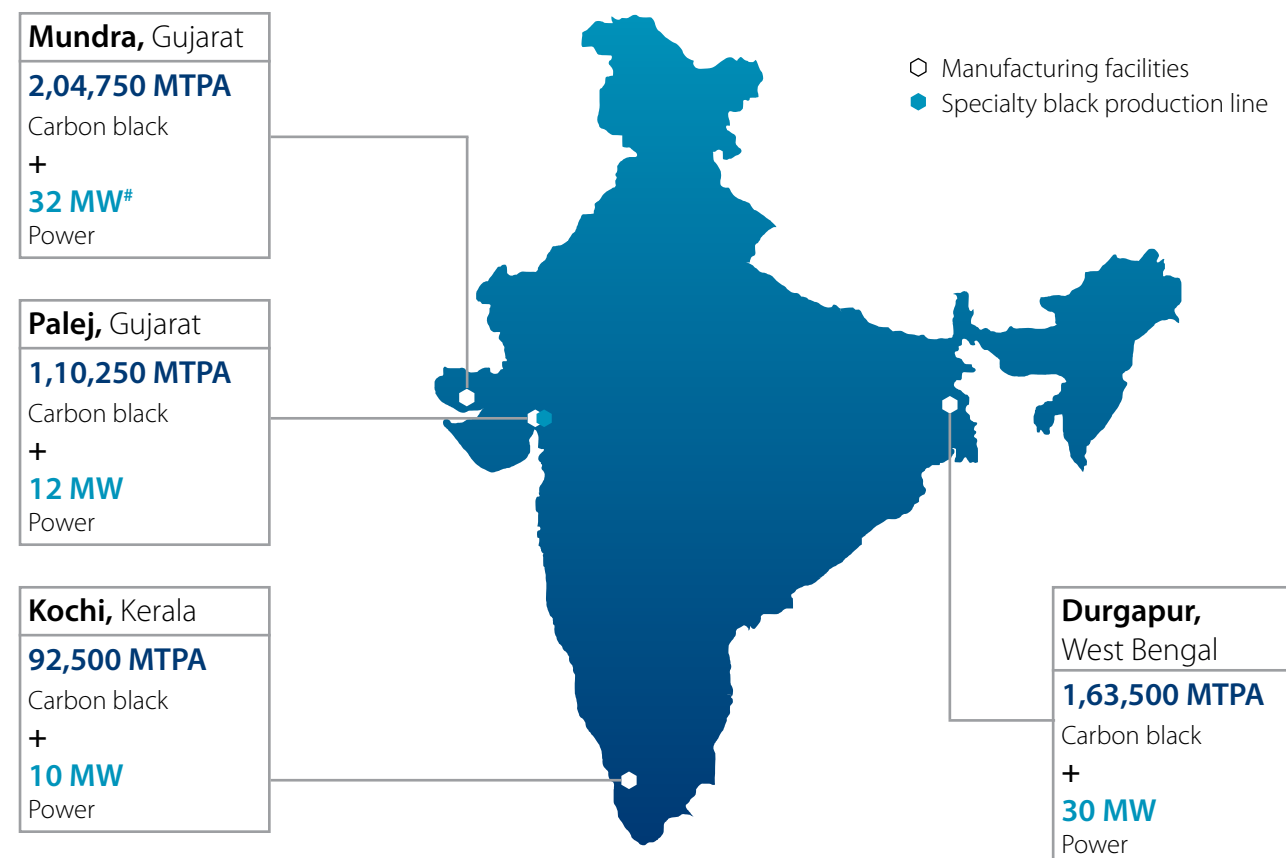
PCBL. The big numbers



Our installed capacity



Our pan-India locations of Manufacturing Units



#Installation of 8 MW under progress

What we **achieved** in 2019-20



Research and Innovation

- ◆ State-of-the-art Sushila Goenka Research and Development Centre at Palej, Gujarat, resulting in the introduction of new value-added products
- ◆ Sushila Goenka Innovation Centre at Belgium has since become operational



Kochi plant

- ◆ Environment clearance obtained for green power plant.
- ◆ Engineering activities and major equipment ordering process are under progress.



Recognition

- ◆ Business Leader of the Year Award to Mr Kaushik Roy, Managing Director, PCBL, by The Economic Times.
- ◆ Corporate Governance Rating of CGR2+, reflecting best practices of corporate governance
- ◆ Awarded Silver Medal for CSR activities by EcoVadis.
- ◆ Received D – for climate change in the CDP Supplier Engagement Project in 2019



Mundra plant

- ◆ Water treatment plant of capacity 1850 KLD with state-of-the-art technology commissioned.
- ◆ Green power plant of 8 MW construction in progress; commissioning in FY 2020-21



Palej plant

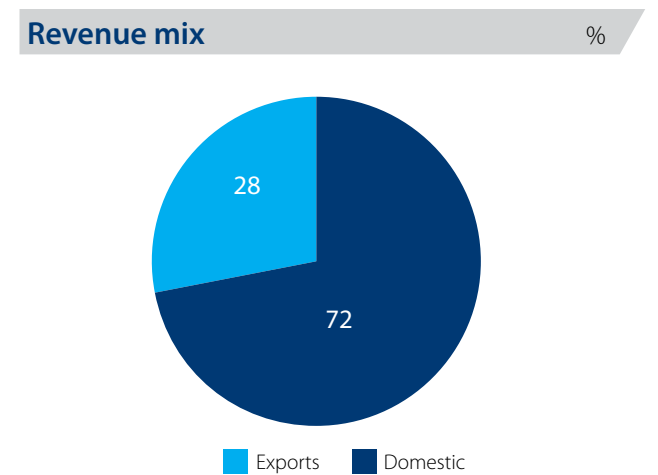
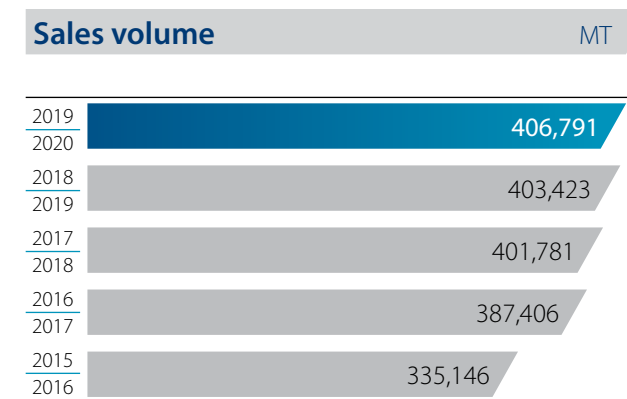
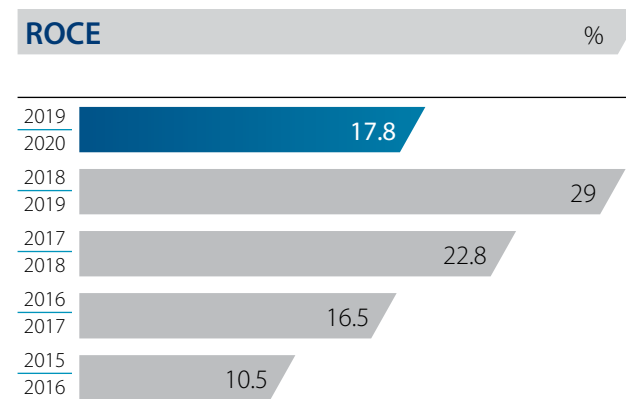
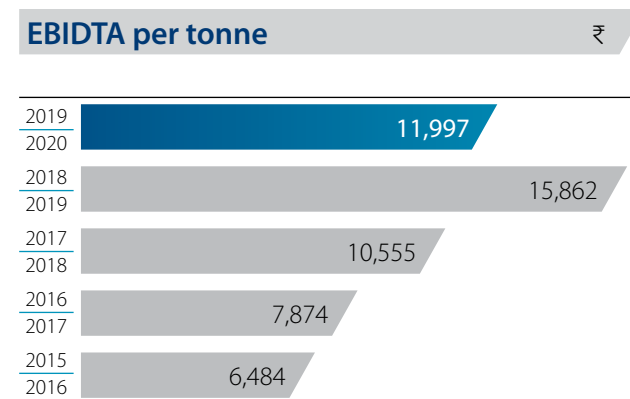
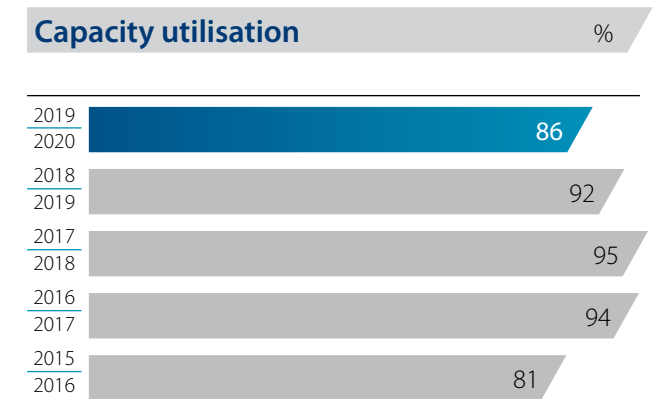
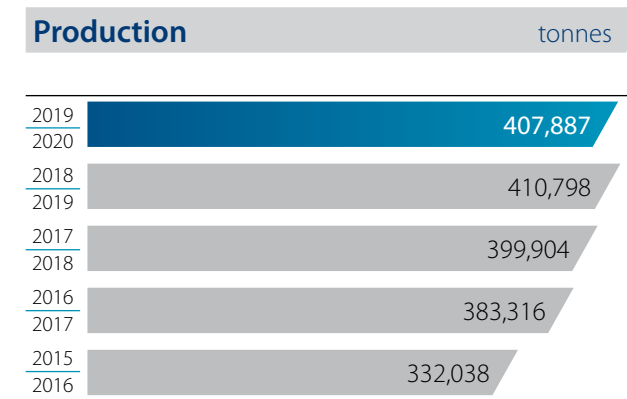
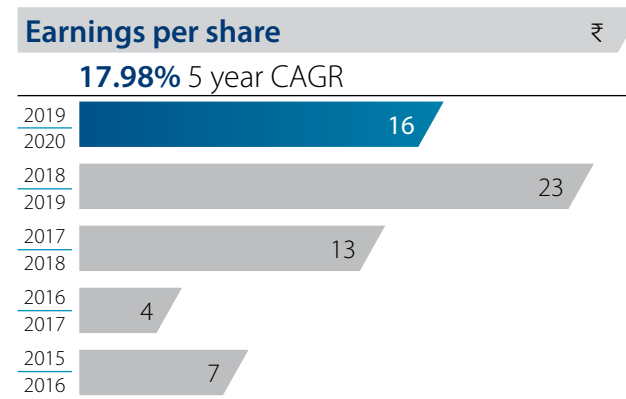
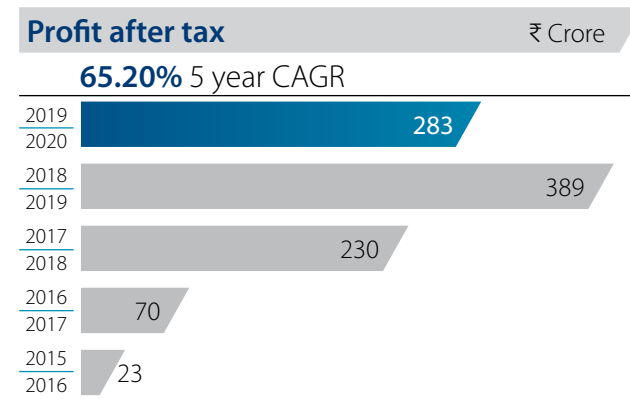
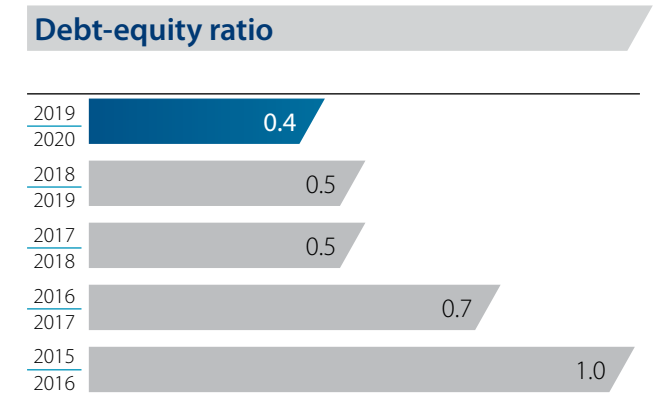
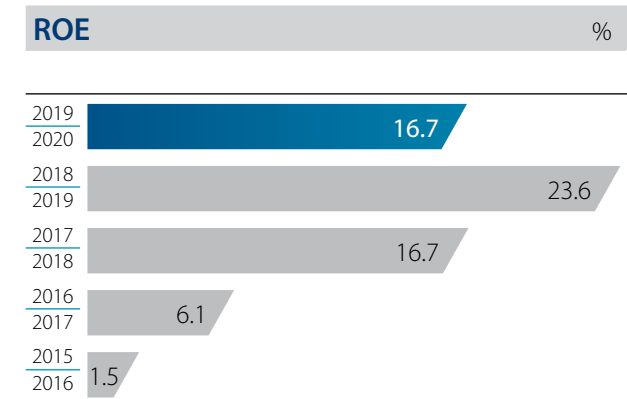
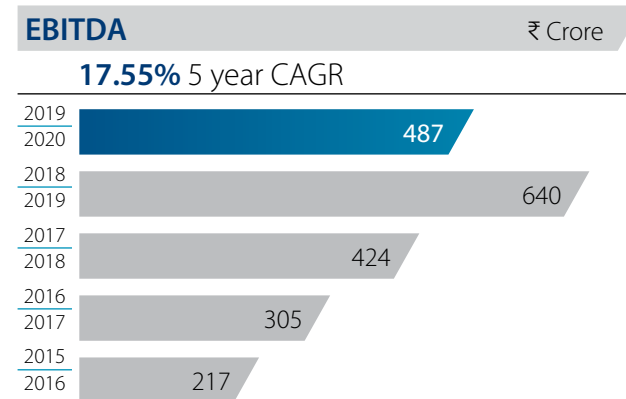
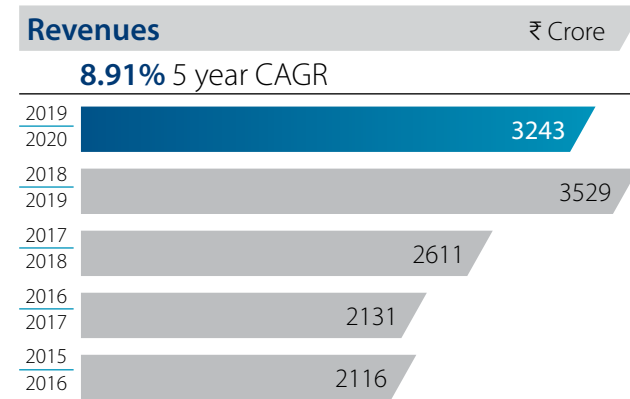
- ◆ Environment clearance obtained for carbon black expansion and green power plant
- ◆ Commissioning of new carbon black manufacturing line and green power plant expected in FY 2020-21



Durgapur plant

- ◆ Achieved improved power generation per ton of carbon black produced
- ◆ Produced new customized grades

How we performed in the last few years





Management review

Thank you, Dear Shareholders

Dear Shareholders,

It is our Diamond Jubilee Year!! A long journey from where Mr. K.P. Goenka started the Company for import substitution, now what we call "Atmanirbhar". My warmest greetings to all of you!!

We began our Diamond Jubilee journey with confidence and performed reasonably well during the first three quarters and then with the rest of the world came a never-before situation – the pandemic – which jolted the local and global markets.

Tough times bring about the best in a prudently-managed Company and despite the gloom it is doing its best to restore production at all factories and ready to reach valued customers across the globe. The situation, however, is still fluid, but we definitely see rays of hope to revive our 60-year old competitive journey

as India's first and the largest manufacturer of carbon black.

The Directors' Report gives details of your Company's performance in a memorable year.

From a strategic perspective, your Company spread its presence through four manufacturing facilities across regions and broad based its products portfolio thus enhancing its revenue visibility and margins.

The outcome of these efforts is reflected in the strength of our Balance Sheet. PCBL finished the year-under-review with a gross debt-equity ratio of 0.36 corresponding to a net worth of ₹1692 Crore. It gives me great pleasure that your Company is extensively under-leveraged and is in a position to protect the integrity of its fundamentals during a period of slow down across the world.

For a number of years, PCBL has invested in cutting-edge research and development.

Our research aims at enhancing the efficiency of our manufacturing process, widened our portfolio and enhanced product attributes. You will be happy that Sushila Goenka Innovation Centre at Belgium has since become operational, strengthening our competitive position during a difficult time.

The Board of Directors declared an Interim Dividend at the rate of 350%, ie ₹7 per equity share of ₹2 each for the financial year ended 31st March, 2020, which includes a special Dividend at the rate of 175% on the occasion of Diamond Jubilee Year of the Company.

Once again, thank you for your sustained support.

Yours sincerely,

Dr. Sanjiv Goenka
Chairman



Management review

"While we remain cautiously optimistic in our perspective of how demand will play out, we remain committed to staying **viable and sustainable** across market cycles."

Dear Shareholders,

The year under review was challenging in various respects, comprising a slowdown in the global and Indian economy as well as the impact of a pandemic whose impact became perceptible starting from the last quarter of FY 20.

In FY 20, our revenue stood at ₹3243.54 Crore (₹3528.56 Crore in FY 19), PBT of ₹350.84 Crore (₹538.8 Crore in FY 19) and a PAT of ₹283.49 Crore (₹388.5 Crore in FY 19) in the backdrop of the continued recession in the global automobile industry aggravated by the COVID-19 pandemic.

At the core of our long-term performance has been a consistent focus in rejuvenating our product mix with new offerings. We reinforced our sectoral standing through the commissioning of a state-of-the-art research centre in Palej in FY 19 resulting in the introduction of new value-added products.

Our research-driven and innovation-led focus made it possible to produce products that represented clean versions of conventional ASTM rubber grades, engineered around lower residual levels of sulphur, ash and other contaminants. We coordinated European REACH registration for our products. We retained our position as one of the leading manufacturers of

USFDA-compliant black, which fell under the high purity furnace black category.

This focus made it possible for us to reach out to a wider sweep of customers on the one hand and increase our wallet share of existing customers on the other. We deepened our presence in Korea, China and other countries. We acquired global customers in Europe, Korea, US and others.

We consistently increased the weightage of specialty black and value-added rubber black within our product mix. Its revenue share increased and going ahead, we expect this proportion to double.

During the year under review, we embarked on capacity expansion at our Palej plant. We obtained an environment clearance for an increase in our carbon black and power plant capacities. The units are expected to be commissioned in the current financial year. We embarked on adding another power plant in Kochi.

Since the pandemic tenure cannot be predicted, the marketplace outlook appears uncertain. As a future-facing company, PCBL developed alternative domestic resource providers using multimodal transportation linkages – road, rail and sea - to our plants to ensure manufacturing continuity. We created a centralized team to enhance customer service comprising technical

support, timely delivery, 24/7 support, problem resolution and responsiveness. We deepened the relevance of our virtual plants, making it possible to deliver just-in-time deliveries through local hubs.

We remain committed to a sustained reduction in emissions, waste and carbon footprint, while improving sustainability and our People-Planet-Profit priorities.

As a responsible corporate citizen, we made a humble contribution to the PM CARES Fund and will respond to the call of the nation and humankind at large.

Our people are driving our success with their rich industry experience supported by the time-honoured tradition of integrity and ethical practices. Even during the toughest of times, our front-line personnel maintained plants and kept them operations-ready, which empowered us to kick-start as soon as lock down measures were partially relaxed.

While we remain cautiously optimistic in our perspective of how demand will play out, we remain committed to staying viable and sustainable across market cycles.

The worst will bring the best out of us.

Warm regards,

Kaushik Roy
Managing Director

How **PCBL** addressed the Covid-19 pandemic-induced lockdown



The emergence of Novel Corona Virus, also referred to as Covid-19, represents a seminal moment in the history of the modern world.

The pandemic has already initiated a sweeping re-appraisal of how humankind will exist from this point onwards.

The pandemic has inspired the concept of social distancing with the objective to minimize cross-infections. Among the various safeguards, governments across the world imposed lockdowns to protect their citizens; companies responded by asking employees to work from home. The result was a new way of living for a larger part of the global population.

At PCBL, we responded to this unprecedented reality with a responsible

mix of agility, preparedness, caution and safeguards. A cross-function team comprising the Company's Safety, Health and Environment, Manufacturing Excellence, Human Resources, Administration and Information Technology collaborated to create a holistic plan that maximized employee safety on the one hand and facilitated the Company's growth on the other.



Leadership

PCBL's senior leadership team, comprising the Managing Director, engaged in day-long strategic virtual conferences focusing on operations, communications, cash flow management, capex and training. The leadership engaged with employees on email, assuring them that the management was handling the situation in the best possible way.



HR initiatives

PCBL's HR team took several online initiatives to stay engaged with the employees during the lock-down. The team arranged online contests and games among employees the world over. It released a weekly in-house online magazine with articles on mindfulness, stress management and employee experiences. The HR team cascaded senior management perspectives messages across employees at the manufacturing plants. The company provided protection and support for employees, including essential items for security guards, canteen staffers, workers and their family members. The HR team shared birthdays of all employees with team leaders to facilitate collective celebrations. Important phone numbers were shared to enhance emergency access and responsiveness. The creation of a closed Facebook Group encouraged employees to post videos and photos related to the lock-down.



Culture of preparedness

PCBL's IT infrastructure, hosted on Amazon's AWS Cloud, empowered users to connect to a secured VPN using a two-factor authentication to access PCBL's data centre. This enabled employees with desk jobs (Finance, HR, Statutory etc.) to continue working seamlessly. The company organized online webinars to train non-technical professionals to schedule virtual collaborative meeting and work on SAP ERP modules. The company embarked on creating a Work from Home Policy for Global employees, customized around country norms.



Austerity measures

PCBL responded with speed to the need for austerity measures in the face of this challenging environment. All meetings were conducted on digital platforms, travel (and corresponding costs) were eliminated, corporate advertising and promotion was minimized, mandatory capital expenditure was only permitted, a committee was formed to re-negotiate contracts with vendors/suppliers, extended credit tenure was sought from vendors and suppliers, debt cost was re-negotiated to enhance liquidity. Besides, voluntary pay cuts were undertaken to protect cash flows.



Connecting with people

PCBL launched its 'Connecting with People Series' during the pandemic. The company's senior leadership team engaged with the employees on virtual platforms. These interactions focused on employee well-being, discussions around business realities and the company's prospects. Small groups facilitated productive interactions. Each leader engaged with team members at least twice a week. Functional WhatsApp groups frequently shared plans. The JAM Module on People Connect – PCBL's HCM platform powered by Success Factors, helped celebrate employee birthdays and made employees stay connected during the crisis.



Training

PCBL implemented virtual training programmes on the Learning Management System (LMS) platform. The programmes comprised training on the prevention of sexual harassment (POSH), prohibition of Insider Trading Module and e-technical courses developed. Besides, subject matter experts conducted virtual classes on Process Technology, Engineering, Human Resources and Information Technology. The company assigned online courses on Udemy and Coursera to employees. A training session was launched for the senior leadership team. The company implemented an online safety training calendar.



Health

The company offered support for employee mental and physical well-being at a time of stress and change. It assigned a full-time doctor as the single point of contact for employees seeking support. A helpline number made it easier for employees to reach out. Safety guidelines were formulated to protect employees. Fitness-based videos were circulated among employees. Online and offline counseling by certified medical practitioners from renowned health care facilities enhanced employee morale.



Plant initiatives

PCBL re-arranged seating arrangements at DCS, laboratories and offices to reconcile workplace discipline with the need for social distancing. A disinfecting channel in the plants helped sanitize persons and materials entering the premises. A growing focus on automation is expected to minimize human interaction and dependence in plant operations. The proposed development of Digital Knowledge Management System and Documentation System will comprise the standardization of operating procedures, knowledge documentation of plants functions and assigning relevant responsibilities to identified stakeholders. The company created training programmes in pandemic management and safety precautions for truck drivers and contract workers.

Outlook

PCBL is taking this experience ahead through understanding of emerging business realities, contingency planning for job responsibilities and decision making, fall-back management hierarchy as well as the centralization and digitization of data and documents.

Strategic pillars

Building and protecting our business



Research and Innovation	Financial foundation	Scale	Broadbasing the pyramid	Scaling up the value-chain	Relationships	Integration	Health-Safety-Environment
At PCBL, we have been making consistent investments in research and innovation. We have been investing in competent professionals, equipment and infrastructure. The outcome of this sustained commitment has reflected in accelerated product development, shrinking turnaround times, customized solutions and enhance yield. The company is respected globally as a research-driven player in its chosen space. The state-of-the-art Innovation Centre in Belgium has since become operational, which will further strengthen our position as a knowledge-driven organisation.	At PCBL, we believe that sustainable success is derived from the ability to stay competitive across market cycles. Various initiatives have been taken to optimize costs. We believe that this robust financial foundation represents our most effective sustainable advantage. The Company is extensively under-leveraged and is in a position to protect the integrity of its fundamentals during a period of slowdown across the world.	At PCBL, we have always believed that long-term competitiveness is derived through enhanced scale. At the close of the year under review, the company possessed the largest carbon black manufacturing capacity in India. This scale – spread across four manufacturing locations – has empowered us to effectively amortize fixed costs and service the growing needs of our customers with anytime product availability. The Company's Mundra plant is its largest carbon black plant.	At PCBL, we believe that long-term sustainability is catalyzed through a broadbasing of the product pyramid. Over the years, the company increased its offerings, addressing the emerging and widening needs of its customers. This broadbasing made it possible to moderate the risk quotient of the company so that no grade or product accounted for a disproportionately large share of the company's revenues in the long-term.	At PCBL, we believe that the Triple Bottomline is comprehensively addressed through the selection of value-added products that address niche, clean or critical applications. In line with this priority, the company selected to enter the high margin specialty black grades segment some years ago, scaling it with an expanding portfolio in addition to clean versions of conventional ASTM rubber grades (with lower residual levels of sulphur, ash and other contaminants). This portfolio of high-end rubber products increases end product durability, reduces tyre rolling resistance and enhances fuel economy. Besides, the ability to manufacture customized grades has enhanced customer engagement and wallet share.	At PCBL, our growing success has been derived from the ability to transform one-off transactions with customers into enduring strategic relationships. This has been achieved through the ability to provide customized products that strengthen the customer's business, delivering on time and in full, engaging in joint product development and strengthening the customer's confidence that PCBL is an extension of their own company.	At PCBL, we integrated our manufacturing facilities with prudent core capacity investments on the one hand with green power plants on the other, helping us moderate our break-even point and enhancing operating margins. The company serviced 100% of its power requirements from within and generated annual revenues from the sale of electricity to the state electricity grid.	Safety is of utmost priority at PCBL. We believe that no growth is worth the risk of transgressions that comprise human and environment safety. In view of this, the company invested in equipment, infrastructure, professionals, training and processes that prioritized environment integrity. Besides, the company graduated to the manufacture of specialty black grades that are intrinsically greener and cleaner with a lower carbon footprint. Besides, the company focused on improving energy efficiency, emissions reduction and water consumption.