1st July, 2016

The Manager
Listing Department
National Stock Exchange of India Ltd,
Exchange Plaza,
Plot No. C -1, G Block,
Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400051

Dear Sir,

Sub: Annual Report and Accounts for the Financial Year ended 31st March, 2016

We enclose a copy of the Annual Report and Accounts of the Fifty - fifth Annual General Meeting (AGM) of the Company to be held on Friday, 22nd July, 2016 for your records.

Kindly acknowledge the receipt of the same.

Yours faithfully,
For **PHILLIPS CARBON BLACK LIMITED**

K. Mukherjee
Company Secretary

Enclo: As above

RP - Sanjiv Goenka Group
Growing Legacies

Report & Accounts 2015-16

Phillips Carbon Black Limited

Vision

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

Phillips Carbon Black Limited

Board of Directors

Mr Sanjiv Goenka, *Chairman*
Mr Kaushik Roy, *Managing Director*
Mr Shashwat Goenka
Mr C R Paul
Mr O P Malhotra
Mr K S B Sanyal
Mr Paras K Chowdhary
Mr Pradip Roy
Ms Kusum Dadoo

Company Secretary

Mr Kaushik Mukherjee

Chief Financial Officer

Mr Raj Kumar Gupta

Auditors

Price Waterhouse
Chartered Accountants

Solicitors

Khaitan & Co.

Registered Office

31, Netaji Subhas Road
Kolkata - 700001
Tel: (033) 6625 1000, 6625 1500, 6625 1461-64
Fax: (033) 2248 0140
Corporate Identity Number: L23109WB1960PLC024602
E-mail: pcbl@rp-sg.in
Website: www.pcblltd.com

Bankers

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

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Notice to the Members

Notice is hereby given that the Fifty-fifth Annual General Meeting (AGM) of the Members of Phillips Carbon Black Limited will be held at "Uttam Mancha", 10/1/1, Monoharpukur Road, Kolkata- 700026, on Friday, the 22nd day of July, 2016 at 10.30 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016 including Consolidated Audited Financial Statements for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2016.
3. To appoint a Director in place of Mr. Sanjiv Goenka (holding DIN 00074796), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Auditors and to fix their remuneration and for the purpose to consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

   "Resolved that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the re-appointment of the retiring Auditors, M/s. Price Waterhouse (Firm Registration No. 301112E) to hold office from the conclusion of the 53rd AGM of the Company till the conclusion of the 56th AGM of the Company to be held in the year 2017, be and is hereby ratified and the said Auditors be paid such remuneration as may be decided by the Audit Committee of the Board of Directors of the Company."

SPECIAL BUSINESS:

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

5. (As a Special Resolution)

   "Resolved that pursuant to the provisions of Sections 196, 197, 198, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and such other necessary approval(s), consent(s) or permission(s), as may be required, the Company hereby approves the re-appointment of Mr. Kaushik Roy, as Managing Director of the Company for a further period of three years effective 5th February,2016, on the terms and conditions and remuneration as set out in the Agreement, to be executed by the Company with Mr. Kaushik Roy, a draft of which is placed before the Meeting as also set out in the Explanatory Statement attached to this Notice."

6. (As an Ordinary Resolution)

   "Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act,2013, and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Paras K Chowdhary (holding DIN 00076807), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years for a term up to 21st July, 2019 on the terms and conditions referred to in the explanatory statement of material facts annexed to the Notice."

7. (As an Ordinary Resolution)

   "Resolved that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the consent of the Company be and is hereby accorded for the ratification of appointment of M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company ("the Board") for the Financial Year ending 31st March, 2017, with a remuneration of Rs. 4,50,000/- (Rupees four lacs fifty thousand only).

   Resolved further that, the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Registered Office : By Order of the Board

31, Netaji Subhas Road
Kolkata - 700 001

Kaushik Mukherjee

13th May, 2016 Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts relating to Special Business to be transacted at the Annual General Meeting is attached hereto.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy/Proxies to attend and vote on a poll instead of himself/herself. A proxy need not be a member of the Company.** A person can act as proxy on behalf of members not exceeding fifty(50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

   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. A Proxy Form is annexed to this Notice.
3. **The business set out in the Notice will be transacted through remote electronic voting system and the Company is providing facility for voting by remote electronic means.** Instructions and other information relating to e-voting are given in the Notice under Note no. 24.

   Members attending the meeting, who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the meeting through ballot papers.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 15th day of July, 2016 to 22nd day of July, 2016 (both days inclusive).
5. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and

Share Transfer Agent, M/s. Link Intime India Private Limited, cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the Members.

6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their Bank Details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrar and Share Transfer Agent.

   In case the mailing address mentioned on the Attendance Slip is without the PINCODE, Members are requested to kindly inform the PINCODE immediately.

7. The Company has transferred all unclaimed or unpaid Dividend declared upto the Financial Year ended 31st March, 2008 to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 125(1) of the Companies Act, 2013.

8. No Dividend has been declared for the Financial Year ended 31st March, 2009. Dividend for the Financial Year ended 31st March,2010 and thereafter, which remains unclaimed or unpaid for a period of seven years will be transferred to the IEPF under Section 124(5) of the Companies Act, 2013. Members who have not encashed the dividend warrant(s), so far for the Financial Year ended 31st March, 2010 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 no further claim shall be entertained by the Company in respect thereof. The dividend for the Financial Year ended 31st March, 2010 is due to be transferred to the aforesaid Fund immediately after 29th August, 2017.

   Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years starting from 2003-2005 on the website of IEPF viz. www.iepf.gov.in and under "Investors Relations" section on the website of the Company viz. www.pcblltd.com.

9. Members can avail the nomination facility, under Section 72 of the Companies Act, 2013 by submitting Form No. SH.13 as per rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 with the Company. Blank forms will be made available on request.

10. If the dividend as recommended by the Board of Directors, is declared at the Meeting, the same will be paid on and from 26th July, 2016 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 14th July, 2016.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent/ Share Department of the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as the transferor(s) shall furnish a copy of their PAN Card to the Company for registration of transfer of securities.

12. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Company's Registrar and Share Transfer Agent - M/s. Link Intime India Private Limited for the same.

13. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent - M/s. Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holding in one folio. A Consolidated share certificate will be returned to such members after making requisite changes thereon.

14. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

15. Non-resident Indian Members are requested to inform Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, immediately of :

    (a) Change in their residential status on return to India for permanent settlement.

    (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

16. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar and Share Transfer Agent / Depositories for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.

17. The route map showing directions to reach the venue of the Fifty Fifth (55th) AGM is annexed hereto.

18. Electronic copy of the Notice of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being also sent to all the members whose email IDs are registered with the Company's Registrar and Share Transfer Agent/Depository Participants for communication purposes. For Members who have not registered their email address, physical copies of the Notice of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.

19. Electronic copy of the Annual Report for Financial Year

2015-2016 is being sent to all Members whose email IDs are registered with the Company's Registrar and Share Transfer Agent/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report for Financial Year 2015-2016 is being sent in the permitted mode.

20. Members may also note that the Notice of the 55th Annual General Meeting, Attendance Slip, Proxy Form and Route Map will be available on the Company's website at www.pcblltd.com and also on the website of NSDL at https://www.evoting.nsdl.com/ for their download. The Annual Report for Financial Year 2015-2016 will be available on the Company's website www.pcblltd.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id - pcbl.investor@rp-sg-in.
21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are advised not to leave their demat account(s) dormant for long. Periodic Statement of holdings should be obtained from the concerned Depository Participant and holding should be verified.
22. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting atleast 3 days before the AGM.
23. Details as required in sub-regulation(3) of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the Stock Exchanges in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms an integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
24. **Voting through electronic means**

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its Members, facility to exercise their right to vote on Resolutions proposed to be considered at the 55th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("Remote E-Voting") will be provided by National Securities Depository Limited (NSDL).

II. Members of the company, instead of casting their votes by the aforesaid "Remote E-voting" may cast their vote at the venue of the Annual General Meeting through physical ballot papers, which shall be made available at the venue of the AGM and only such Members attending the meeting, who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the meeting through ballot papers.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on 19th July, 2016 (9.00 am) and ends on 21st July, 2016 (5.00 pm). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e, 15th July,2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

V. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

VI. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Company's Registrar and Share Transfer Agent /Depository Participants(s)] :

(i) Open the email and the PDF file viz; "PCBL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com.

(iii) Click on Shareholder - Login

(iv) Put user ID and password as initial password noted in step (i) above. Click on Login.

(v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on remote e-voting: Active E-voting Cycles.

(vii) Select "EVEN"(Electronic Voting Event Number) of "Phillips Carbon Black Limited ".

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/

Authorization letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through e-mail to pcbl.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Company's Registrar and Share Transfer Agent/Depository Participants(s) or requesting physical copy] :

(i) Initial password is provided at the bottom of the Attendance Slip for the AGM in the following manner:

EVEN USER ID PASSWORD

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or contact NSDL on toll free no: 1800-222-990.

VIII. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot password' option available on the site to reset the password.

IX. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.

X. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

XI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 15th July, 2016.

XII. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e, 15th July, 2016 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kolkata@linkintime.co.in.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

XIII. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

XIV. Pursuant to the provisions of Section 108 of the Companies Act 2013 read with the rules thereof, Mr. Anjan Kumar Roy, Practicing Company Secretary, (Membership No. FCS 5684) has been appointed as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

XV. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Papers" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XVI. The Scrutinizer shall immediately after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the votes cast in favour or votes against the respective Resolutions and shall provide the said report to the Chairman or to a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to all the Stock Exchanges in India, where the Shares of the Company are listed.

25. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

26. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 6.00 pm) on all working days, up to and including the date of Annual General Meeting of the Company.

Registered Office :

31, Netaji Subhas Road
Kolkata - 700 001

13th May, 2016

By Order of the Board

Kaushik Mukherjee
Company Secretary

I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

The Board of Directors of the Company at its meeting held on 29th January, 2016, re-appointed Mr. Kaushik Roy as Managing Director of the Company for a further period of three years effective 5th February, 2016 till 4th February, 2019, subject to the approval of the Members and such other approvals as may be necessary.

Mr. Kaushik Roy (51) is a Mechanical Engineer with Post Graduate Degree from IIT Kharagpur and studied Business Administration from the University of Tokyo. He is also an Alumni of IMD, Switzerland.

Mr. Kaushik Roy is presently on the Board of Harrisons Malayalam Limited, STEL Holdings Limited and Spencer International Hotels Limited. He is also on the Board of The Bengal Chamber of Commerce and Industry.

Mr. Kaushik Roy does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

During his tenure, Mr. Kaushik Roy shall be entitled to receive the following remuneration:

Basic Salary : Rs. 7,00,000/- per month

Management allowance: Rs. 7,00,000/- per month

Customised Allowance Pool : 13,20,000/- per month

Perquisites:

In addition to the above remuneration, Mr. Kaushik Roy, shall be entitled to the following Perquisites:

(i) Personal accident insurance, encashment of leave at the end of the tenure of service, club fees, medical insurance and privilege leave on full pay and allowance etc. in accordance with the Rules of the Company.

(ii) Subject to any statutory ceiling, Mr. Kaushik Roy may be given any other allowance, performance bonus/incentive, perquisites, benefits and facilities as the Board of Directors of the Company may from time to time decide.

(iii) Valuation of perquisites shall be done as per the Income Tax Rules, wherever applicable. In absence of any such rule, the perquisites shall be evaluated at actual cost.

(iv) Company's contribution to the Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of Income Tax Act.

(v) Gratuity : One half of a month's salary for each completed year of service in accordance with the Rules of the Company.

General Exemption : Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, Gratuity payable and Leave encashment at the end of the tenure shall not be included in the computation of the ceiling on Remuneration under Schedule V of the Companies Act, 2013.

Provisions of cars with driver for use on Company's business and telephone will not be considered as perquisites. Personal long distance calls and use of cars for private purpose shall however be billed by the Company.

Payment of the above remuneration to Mr. Kaushik Roy has been approved by the Nomination and Remuneration Committee of the Board of Directors at its meeting duly held on 29th January, 2016 and will be in accordance with Schedule V to the Companies Act, 2013 as applicable.

The terms and conditions of the said re-appointment may be altered and varied from time to time by the Board of Directors as it may, in its discretion, deem fit within the maximum amount payable to Mr. Kaushik Roy in accordance with the provisions of the Companies Act, 2013 or any amendment made therein or with the approval of the Central Government, if required.

Minimum Remuneration: In the event of absence or inadequacy of profits in any financial year during the tenure of the re-appointment, Mr. Kaushik Roy will be entitled to draw the subsisting remuneration as Minimum Remuneration, subject to the provisions of Schedule V of the Companies Act, 2013.

Mr. Kaushik Roy does not have any interest in the capital of the Company or its holding company, directly or indirectly or through any other statutory structures, nor has any direct or indirect interest nor is related to any of the directors or promoters of the Company or its holding company at any time during last two years before or on the date of re-appointment and possesses requisite qualification and expertise with specialized knowledge in the field of his profession.

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

Approval of the Members is being sought for appointment of Mr. Kaushik Roy as per Item No. 5 of the Notice.

The Board accordingly recommends that the Resolution set out in Item No. 5 of the Notice be passed in the interest of the Company.

Except Mr. Kaushik Roy, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No.5 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

The information as required under section II of part II of Schedule V of the Companies Act, 2013 for Item No. 5 of the Notice is given below :

I. GENERAL INFORMATION :

(1) Nature of Industry

The Company is primarily engaged in the manufacture and sale of carbon black, which is used by the rubber industry. The Company also produces and sells excess electric power generated from the low calorific value off gas which is generated in the process of manufacture of carbon Black.

(2) Date or expected date of commencement of commercial production

5th December, 1962.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not applicable.

(4) Financial performance based on given Indicators:

Key financials for last three Financial Years are given as below:

(Rs. in lakhs)

	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Sales (Gross)	211609.66	271139.17	253051.60
Profit/ (Loss) before tax	5704.12	1432.99	(8790.93)
Profit/(Loss) after tax	2286.22	1264.45	(8659.64)
Paid up share capital	3446.73	3446.73	3446.72
Rate of dividend (%)	25%	10%	–

(5) Foreign Investments or collaborations, if any

None

II. Information about the Appointee:

MR. KAUSHIK ROY:

(1) Background details:

Mr. Kaushik Roy has a vast experience of 26 years across varied functions in different industries.

Mr. Kaushik Roy is a Mechanical Engineer with a Post Graduate Degree from IIT Kharagpur and studied Business Adminstration from the University of Tokyo.

He is also an Alumni of IMD, Switzerland.

Mr. Kaushik Roy worked for long years with Apollo Tyres Ltd. from 1990 onwards except for a shorter stint with DLF Cements (now Gujarat Ambuja Cement) from 1994 to 1997. Mr. Roy was Management Board Member of Apollo Tyres Ltd. and Managing Director of Apollo Tyres (Lao) Company Ltd., a natural rubber plantation company.

(2) Past remuneration:

For the year ended 31st March, 2015, Mr. Kaushik Roy's total remuneration was Rs 310.35 lakhs.

(3) Recognition or awards:

Mr. Kaushik Roy is widely acclaimed for bringing in a new era of leadership at PCBL. Mr. Roy has been instrumental in introducing a customer centric approach to PCBL's vision and strategy. He took on the challenge of realigning the business with strong focus on new technology, innovation, systems and process reengineering and expansion of scale. Mr. Roy has also introduced newer human resource practices that have brought in a vibrant work culture at PCBL.

Prior to PCBL, he had been associated with Apollo Tyres Limited in various leadership roles and had also been a Management Board Member of the Company. As Managing Director of the Apollo Tyres (Lao) Company Ltd., a natural rubber plantation company, Mr. Kaushik Roy spearheaded the backward integration initiatives of Apollo Tyres into the field of natural rubber plantation.

Mr. Kaushik Roy was Indian Tyre Industry Representative on the Industry Body of International Rubber Study Group, Singapore. He was also the Member of Governing Council, RSDC (Rubber Skill Development Centre), India.

Mr. Kaushik Roy is a regular visiting faculty for various Management Institutions and also a speaker in various conferences held across the globe.

(4) Job profile and his suitability:

Please see (1) above.

(5) Remuneration proposed:

The remuneration proposed to Mr. Kaushik Roy , is as set out in the Notice.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of origin):

The remuneration proposed to Mr. Kaushik Roy, is reasonably in line with the remuneration in similar sized companies in the same segment of business.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :

Apart from having received the remuneration as stated above, Mr. Kaushik Roy does not have any pecuniary relationship directly or indirectly, with the Company and its managerial personnel that may have potential conflict with the interest of the Company at large.

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits:

PCBL has an inadequate profit after tax of Rs. 22.86 crores as per Schedule V of the Companies Act, 2013, primarily because of the following reasons:

1. Pressure on margins due to unabated dumping of carbon black in India by South Korea, Russia and China.
2. Pressure on export realization, particularly in the South East Asian markets.

(2) Steps taken or proposed to be taken for improvement:

To remain competitive in the current challenges of economy and industry, the Company has taken following steps in manufacturing and procurement:

a. Improve yields.
b. Develop new sources for procurement of raw materials like CBFS and CBO which are contributing by way of better yields and lower prices.
c. Strengthen marketing and technical functions.
d. Undertaken initiatives in manufacturing to reduce variability in process.

(3) Expected increase in productivity and profits in measurable terms:

The Company has taken all out measures to reduce costs as well as to improve operational efficiency and above all increase the price of carbon black to the extent possible considering the market scenario both Domestic and International. Despite the odds, the Company has been maintaining a steady growth and is expected to turnaround sooner than later.

IV. DISCLOSURES:

The required disclosures as to remuneration package, etc. have been appropriately provided in the Report on Corporate Governance, forming a part of this Annual Report which may be referred to.

Item No. 6

Mr. Paras K Chowdhary (64) is a Non-Executive Director of the Company. He joined the Board of Directors of the Company in December, 1999. Mr. Paras K Chowdhary is a Member of the Audit Committee of the Board of Directors of the Company. Mr. Paras K Chowdhary is also a Member of Stakeholders Relationship Committee of CEAT Limited.

Mr. Paras K Chowdhary is a science graduate. He has been associated with the Tyre and Carbon Black Industry for over 37 years. Mr. Paras K Chowdhary is presently Director in CEAT Limited. Earlier he was the Managing Director of CEAT Limited.

Mr. Paras K Chowdhary does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Paras K Chowdhary is a non executive director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Paras K Chowdhary being eligible and offering himself for appointment,

is proposed to be appointed as an Independent Director for three consecutive years for a term upto 21st July, 2019. A notice has been received from a Member u/s 160(1) of the Companies Act, 2013 proposing Mr. Paras K Chowdhary as a candidate for the office of Director of the Company.

Mr. Paras K Chowdhary has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Paras K Chowdhary fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr Paras K Chowdhary as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Paras K Chowdhary as an Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr. Paras K Chowdhary as an Independent Director, for the approval by the Members of the Company.

Except Mr. Paras K Chowdhary, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No.6 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Item No. 7

The Board of Directors, on the recommendation of the Audit Committee, has approved at their Meeting held on 13th May, 2016, the appointment and remuneration of M/s. Shome & Banerjee, Cost Accountants, the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2017 at a remuneration of Rs. 4,50,000/- (Rupees four lacs fifty thousand only).

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out under Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

None of the Directors, Key Managerial Personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid Resolution. The Board recommends the passing of the Resolution as set out under Item No. 7 of the Notice.

II. DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015.

(i) RE-APPOINTMENT OF MR. SANJIV GOENKA (ITEM NO. 3)

Mr. Sanjiv Goenka (55 years) joined the Board of Directors of the Company in October,1986. Mr. Sanjiv Goenka is a Commerce graduate.

Mr. Sanjiv Goenka is currently the Honorary Consul of Canada in Kolkata. In April 2001, he took over as the youngest-ever President of the Confederation of Indian Industry (CII), was appointed Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur (IIT-KGP) and served on the Board of the Indian Institute of Management, Kolkata (IIM-Kolkata). Currently, he is the Chairman of International Management Institute (IMI), which has campuses in Delhi, Kolkata and Bhubaneswar.

Mr. Sanjiv Goenka is presently on the Board of CESC Limited, Spencer and Company Ltd., Saregama India Ltd, Spencer International Hotels Ltd, Eveready Industries India Ltd, Woodlands Multispeciality Hospital Ltd. and Firstsource Solutions Ltd.

Mr. Sanjiv Goenka is a Member of the Audit Committee of CESC Ltd and the Chairman of Stakeholders Relationship Committee of CESC Limited and Saregama India Limited. Mr. Sanjiv Goenka does not hold by himself or for any other person in individual capacity, any shares in the Company. Mr. Sanjiv Goenka is not related to any other Director except for Mr. Shashwat Goenka.

Accordingly, the Board recommends the Resolution in relation to re-appointment of Mr. Sanjiv Goenka as a Director, for the approval by the Members of the Company.

Except Mr. Sanjiv Goenka being an appointee, and Mr. Shashwat Goenka, being related to Mr. Sanjiv Goenka, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise, in the Resolution as set out at Item No.3 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

(ii) RE-APPOINTMENT OF MR. KAUSHIK ROY, AS A MANAGING DIRECTOR OF THE COMPANY (ITEM NO. 5)

For the details of Mr. Kaushik Roy, please refer the above explanatory statement in respect of the Special Business set out at Item No. 5 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

(iii) APPOINTMENT OF MR. PARAS K CHOWDHARY, AS AN INDEPENDENT DIRECTOR (ITEM NO. 6)

For the details of Mr. Paras K Chowdhary, please refer the above explanatory statement in respect of the Special Business set out at Item No. 6 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Registered Office :

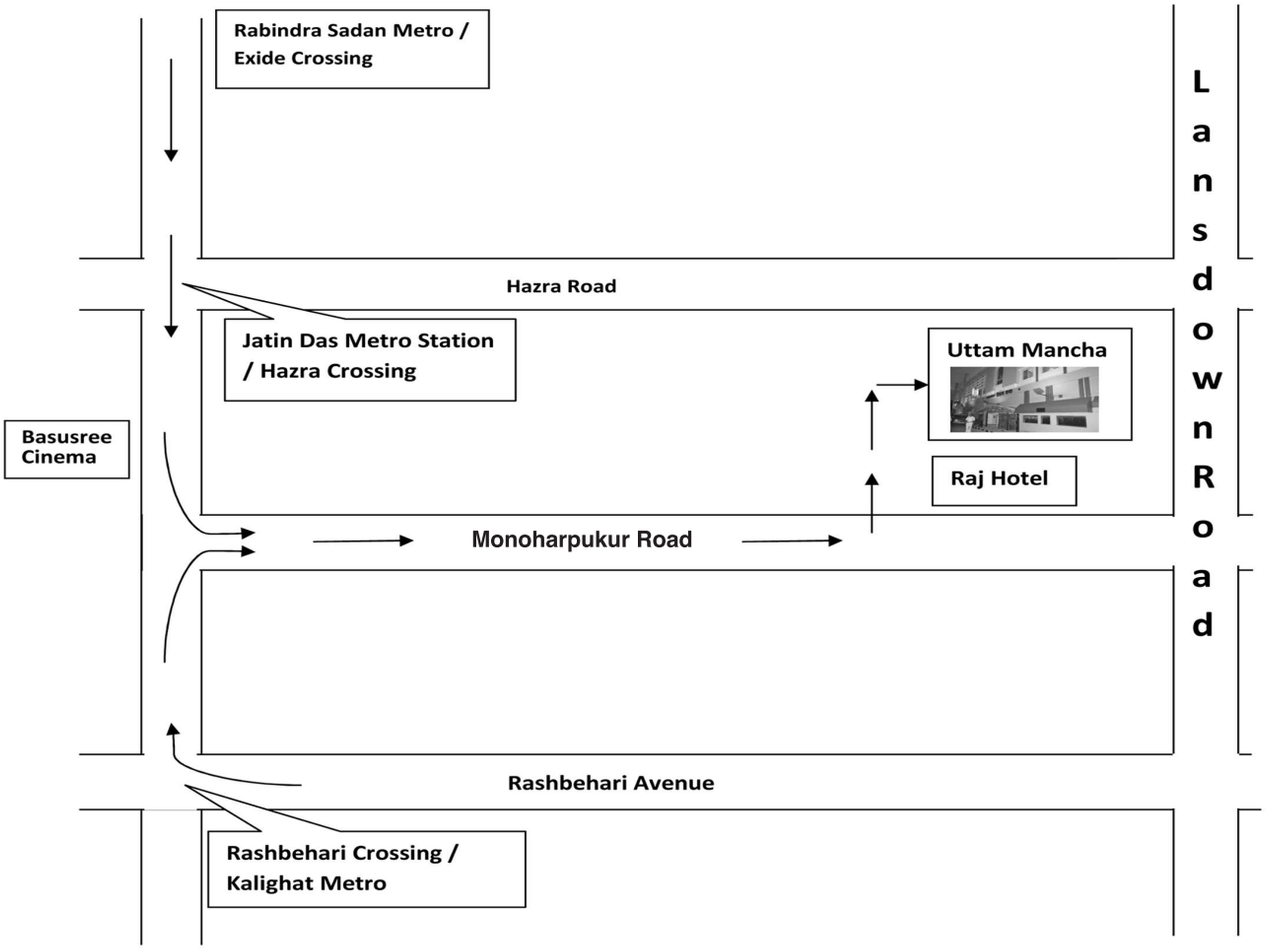
31, Netaji Subhas Road
Kolkata - 700 001

13th May, 2016

By Order of the Board

Kaushik Mukherjee
Company Secretary

ROUTE MAP — UTTAM MANCHA



⊙ Uttam Mancha

10/1/1, Monoharpukur Road, Hazra, Kalighat, Kolkata, West Bengal 700026

Boards' Report, Management Discussion and Analysis

The Directors have pleasure in presenting their fifty - fifth Annual Report on business and operations of Phillips Carbon Black Limited and the Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS

(**Rs. in crore)**

Year ended	**31.03.16**	**31.03.15**
Total Revenue	**1912.67**	**2484.61**
PBDIT	**230.19**	**210.21**
Less: Finance and hedging cost	**118.18**	138.35
PBDT	**112.01**	**71.86**
Less: Depreciation	**54.97**	57.53
PBT	**57.04**	**14.33**
Tax Expense	**34.18**	1.69
PAT	**22.86**	**12.64**
Balance brought forward	**176.74**	168.97
Less: Adjustment consequent to revision of useful life of certain assets pursuant to Schedule II of the Companies Act, 2013	**–**	**0.72**
Balance brought forward (net of adjustment)	**176.74**	168.25
Profit available for Appropriation	**199.60**	180.89
Proposed Dividend	**8.62**	3.45
Tax on aforesaid Dividend	**1.75**	0.70
Balance carried forward to Balance Sheet	**189.23**	176.74

DIVIDEND

Based on Company's performance, your Directors are happy to recommend a dividend of 25% i.e., @ Rs. 2.50/- per share which will absorb Rs. 8.62 crore, for approval of Members at the ensuing Annual General Meeting. The tax on aforesaid dividend, to be borne by the Company, will be Rs. 1.75 crore.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global economic recovery continues, but at an ever slowing and increasingly fragile pace. Major macroeconomic realignments are affecting prospects differentially across countries and regions. These include slowdown in China, a decline in oil price with sizable redistributive consequences across sectors and countries, slowdown in investment and trade activities, declining capital flows to emerging economies. These realignments together with noneconomic factors such as geopolitical tensions and political discord are generating uncertainty.

Amid this uncertain and differential growth, global automobile industry witnessed an estimated demand increase of almost 2% in FY16 which is less than FY15 estimated growth of 2.7%. Recovering automobile sales in major markets of Europe such as Spain, Italy, UK, France and Germany contributed to a growth of 8 - 9% in FY16. Increasing consumer spending, low gasoline prices and pent-up demand boosted automobile sales in US. Emerging markets of Eastern Europe, South America and Africa whose income are dependent on commodity prices, saw a sharp decline in auto sales with demand decreasing by as much as 30 to 40% for a few countries. Increased auto demand in Asia continued to be driven by China and South Asia at a slower pace of approx. 3.2%. As China is moving towards consumption driven economy model, the same is reflected in the increasing passenger car sales. Japan continues its degrowth in auto sales in a weak economy. Global demand for passenger car tyre grew by estimated 2% with improved demand in Western Europe, North America, China and India. Global demand for truck tyre declined by estimated 2% with OEM segment demand decreasing by estimated 7%. Tyre demand in emerging markets continued to decline.

Indian Automobile Industry's domestic market recorded an increase in passenger vehicle sales by 7%, commercial vehicle by 11% and muted growth of 1 - 3% in two and three wheeler segments in FY16. Low cost of ownership, improving demand from infrastructural activity and better than a normal monsoon should drive the FY17 growth across the segments. Auto exports grew by 1.9% on account of lower sales in two wheeler segment. Tyre Industry recorded lower production amid exports falling by 13-15% and increased imports by 12-14% in FY16. FY17 growth across segments is expected to improve with improving rural demand and increased infrastructural activity.

Global Carbon black industry continued to operate at capacity utilization of 75 – 80% in FY16 against demand supply imbalance. The need for local servicing to the customer and price competitiveness are prompting major players to rationalize and restructure their capacity across geographies. International Market is witnessing aggressive competitions from low cost carbon black manufacturers.

PERFORMANCE

Carbon Black

Your Company's EBITDA during FY16 was Rs. 230.19 crore as against Rs. 210.21 crore achieved in the previous year. This was mainly on account of higher capacity utilization. While global Carbon Black demand continued to grow by 4-5%, your Company achieved better growth. However, the impact of this volume growth was marginally offset by steady decline in crude price.

PBT for the year was Rs. 57.04 crore which is almost four times as that of previous year's PBT of Rs.14.33 crore.

Power

Your Company's power segment revenue (excluding inter segment revenue) was higher at Rs. 76.32 crore vis-à-vis Rs. 69.13 crore in the last year on account of higher volume.

Manufacturing

Production during FY16 was 3,32,038 MT as compared to 311,823 MT in the previous year.

Capacity utilization is expected to improve further this year with higher volume expected from the market and the rise in consumption trend of automobile sector. With the strategic location of its four plants, your Company is well poised to service the demand from various customers in India and overseas. The close vicinity of seaports to a couple of plants should facilitate logistics costs within India and abroad.

Research and Development

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

During the year your Company successfully - i) developed new grades of carbon black for domestic and international markets, ii) improved product characteristics to meet more stringent customer specifications, iii)continued recasting of Standard Operating Procedures, iv) established state of the art rubber application laboratory and v) modified reactor design operating conditions to improve yield.

Environment, Health, Safety and Social Responsibility

Your Company's commitment to Nature and Society leads to preservation and enrichment of environment by conducting all its operations in an environment-friendly and safe manner. We are tirelessly continuing to act upon the initiatives (environmental, health care projects and educational programs) that would enable the Company to touch the lives of the people based around its manufacturing units.

Each plant focuses on driving safe workplace initiatives, which has resulted in zero fatal accident at the plants. The Company ensures that it always adheres to all the environmental conformances.

Human Resource Development

Your Company has embarked upon a major transformational journey by focussing on building capabilities with a strong emphasis on people. While defining the vision, the Leadership team deliberated on how to create holistic experiences that the Company wants its key stakeholders to have with its product, service and culture. The Human Resources function has partnered with the business to drive this initiative, and has aligned the HR processes to realize its vision: "To become a trusted Global player providing cutting edge solutions to our Partners and an exciting workplace to our People".

Your Company focussed on translating the vision statement into reality by identifying the actions that could be taken – both individually and collectively – to achieve its vision. People capability building also forms an integral part of these interventions. Recently, a host of Learning and Development initiatives were introduced across PCBL. One such initiative, ''Nirantar Gyan Vardhan'' is aimed at creating organization-specific competencies that will provide competitive advantage. Also interventions like the Competency Based Interviews, aimed at creating an unified method for Talent acquisition across the organization. These are conducted as certification programs.

Keeping in mind the importance of communication within workplace, the Company has introduced two significant platforms of internal communication – 'Mypulse', the internal blogging space for employees and the 'Brown Bag Series' that is all about connecting and knowledge sharing.

The internal blogging system, 'Mypulse' is a platform for creative thinking, knowledge sharing and effective communication. It inculcates in people the habit of writing journals or blogs, which builds the skill of documentation.

'Brown Bag Series' is a platform where employees connect, think and talk business, broaden horizon and increase awareness. The sessions are attended simultaneously by the employees across the Head Office, Plants and Regional Offices. It is a monthly affair with diverse topics concerning business, global economy and carbon black industry. The Company is now on the social media platforms like Facebook and Linkedin as well.

Other initiatives include:

An Industry-Academia partnership with a Core Sector University, whereby managers teach students Carbon Black process and technology in their campus.

The effective implementation of Talent Review process aims at identification of Hi-potential talents and ensures their development for critical positions.

Automation of 'Travel Management' and 'New Joinee Onboarding' touchpoints on HR Connect, the employees' portal has been introduced. With an onboarding touchpoint, HR seeks feedback from new joinees over the period of 180 days. These automated processes have supported the HR team to provide consistent HR services across the Organisation.

Industrial Relations (IR) situation continues to be harmonious and even non managerial employees in various locations have shown great understanding of the business situation by accepting no wage settlement for four years. Not a single man-day was lost in this financial year.

There were 806 permanent employees on the rolls of the Company as on 31st March, 2016.

Internal Financial Control System and its Adequacy

Your Company has adequate Internal Financial Control systems in all areas of operation.Your Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the

accounting records and the timely preparation of reliable financial disclosures. Services of internal and external auditors are utilized from time to time, as also in-house expertise and resources. Your Company continuously upgrades these systems in line with the best available practices.

These reports and deviations are regularly discussed with Management Committee Members and actions are taken whenever necessary.

An Independent Audit Committee of the Board reviews the adequacy of Internal Financial Control.

Opportunities and Threats

Your Company is always on the lookout for opportunities that may arise while keeping tab on the likely threats to its business.

Opportunities

- Slow but steady recovery of advanced economies should raise the demand for automobile and tyre and therefore increase the demand for carbon black.
- In line with any capacity addition in Indian Auto Industry, the domestic tyre industry is also aligning accordingly to meet the growing demand from OEM and replacement market.
- Better than the normal monsoon, low cost of vehicle ownership and thrust on infrastructure development to drive the Indian Automobile industry growth shall raise the demand for tyre from the OEM segment.

Threats

- Increasing competition from low cost carbon black manufacturers such as Russia, China and South Korea.
- Sharp fall in Crude prices leading to inventory price risk.

Segment wise Performance

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

Risks and Concern

Raw material for your Company viz., Carbon Black Feedstock (CBFS) is a residue from the distillation process and is subject to daily volatility, whereas the selling price of finished carbon black is revised on monthly/quarterly basis. In the event the Company is unable to pass on the increase in CBFS cost then, it may have an adverse impact on profit.

In view of long transit time in import of CBFS, a sudden crash in the CBFS price may lead to loss of profit. Increase in import or drop in demand for carbon black may also have significant impact on the Company's bottom-line.

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

Major Expansion Plans

Projects are proceeding at a pace considered appropriate in view of the prevailing economic situation, global scenario and the Company's business strategy.

Subsidiary Companies

The Company has four subsidiaries as on 31st March, 2016. There are no associate companies or joint venture companies as per the Companies Act, 2013.

In accordance with the provisions of Section 129(3) of the Companies Act, 2013, the Company has prepared a Consolidated Financial Statement of the Company and all 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, in the form and manner as that of its own duly audited by M/s. Price Waterhouse, the auditors in compliance with the applicable accounting standards and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The Consolidated financial statements for the year 2015-16 forms a part of the Annual Report and Accounts and shall be laid before the Annual General Meeting of the Company while laying its financial statements under sub-section (2) of the said section. A Statement containing sailent features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

The Company does not have any material subsidiary in the immediately preceding accounting year. Howver as per revised SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, SEBI has made it mandatory for all listed companies to formulate a policy for determining "material subsidiaries". Accordingly, a policy on "material subsidiaries" was formulated by the Audit Committee of the Board of Directors and the same is also posted on the website of the Company and may be accessed at the link http://pcblltd.com/investorrelations/investorrelations.php.

FUTURE OUTLOOK

Carbon Black

Demand for carbon black in India is expected to grow @ 6-7% during the next couple of years. With its wide product portfolio basket and manufacturing units located strategically near to the customer location, your Company is well positioned to cater to increase in the demand.

Overseas demand for carbon black is expected to grow @4 - 4.5%. Your Company has well established supply chain

distribution network to ensure timely delivery, service to customers and widen its presence in the international market. This will continue to be a major thrust area for your Company in the coming years. Also, moving up the product value chain is one of the important pillars of your company's business strategy and therefore the Manufacturing and Technology team is working to add more high value products to its portfolio.

Steps in Manufacturing and Procurement

Your Company continues to focus on various initiatives to improve operational efficiencies like improving yield, exploring new geographies for feedstock sourcing as well as investing in technical capabilities for developing new grades particularly for non-rubber applications.

Share Capital

The paid up Equity Share Capital as on 31st March, 2016 was Rs. 34.47 crore. During the year under review, your Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on 31st March, 2016, none of the Directors of the Company hold shares or convertible instruments of the Company.

Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of annual return in the prescribed format is given in 'Annexure – A', which is annexed hereto and forms a part of the Boards' Report.

Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the 'Annexure – B', which is annexed hereto and forms a part of the Boards' Report.

Public Deposits

The Company does not have any Public Deposit Scheme and has repaid all Public Deposits that matured and were claimed by the depositors under the earlier Public Deposit Schemes. There is no outstanding balance as on 31st March, 2016.

Details of Significant and Material orders passed by the Regulators, Courts and Tribunals

No significant and material order has been passed by the regulators, courts and tribunals impacting the going concern status and company's operations in future.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial Statements.

Committees of the Board

Currently, the Board has four committees : the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee and the Corporate Social Responsibility Committee. A detailed note on the composition of the Board and its Committees is provided in the Corporate Governance Report Section of this Annual Report.

Corporate Social Responsibility

In accordance with Section 135 of the Companies Act, 2013 and the rules made thereunder, the Company has formulated a Corporate Social Responsibility Policy, a brief outline of which along with the required disclosures is given in 'Annexure - C', which is annexed hereto and forms a part of the Boards' Report.

The Company along with other companies of the Group has set up RP-Sanjiv Goenka Group CSR Trust, to carry out CSR activities.

The detail of the CSR Policy is also posted on the website of the Company and may be accessed at the link- http://pcblltd.com/investorrelations/investorrelations.php.

Vigil Mechanism /Whistle Blower Policy

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company has framed a Whistle Blower Policy / Vigil Mechanism for directors, employees and stakeholders for reporting genuine concerns about any instance of any irregularity, unethical practice and/or misconduct. The details of the Vigil Mechanism/ Whistle Blower Policy is also posted on the website of the Company and may be accessed at the link- http://pcblltd.com/investorrelations/investorrelations.php.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

In a separate meeting of Indepenedent directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was also discussed in the Board Meeting. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Remuneration Policy

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Related Party Transactions

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Hence, the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus, disclosure in Form AOC-2 is not required. Further, there are no materially significant Related Party Transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval.

The policy on Related Party Transactions as approved by the Board is also posted on the website of the Company and may be accessed at the link http://pcblltd.com/investorrelations/investorrelations.php.

Risk Management

Risk Management is the process of identification, assessment, and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the realisation of oppurtunities. The Company has laid a comprehensive Risk Assessment and Minimisation / Mitigation Procedure, which is reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defined framework.

Particulars of Employees

As required under provisions of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees concerned forms a part of the Boards' Report. Having regard to the provisions of Section 136 of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company.

Details relating to Remuneration of Directors, Key Managerial Personnel and Employees

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is marked as 'Annexure – D', which is annexed hereto and forms a part of the Boards' Report.

Corporate Governance

A separate Report on Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this Annual Report.

Number of meetings of Board of Directors

The details of the number of meetings of the Board of Directors held during the financial year 2015-16 forms a part of the Corporate Governance Report.

Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors to the best of their knowledge and belief confirm that:

i) In the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed and there are no material departures:

ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made 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 the profit and 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 Companies Act, 2013 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.

v) Internal financial controls laid down by the Directors have been followed by the Company and such internal financial controls are adequate and were operating effectively.

vi) Proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Setion 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulations 16(b) and 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. Price Waterhouse (Firm Registration No. 301112E), Chartered Accountants, were appointed as Statutory Auditors of the Company from the conclusion of the 53rd Annual General Meeting (AGM) of the Company held on 30th July, 2014 till the conclusion of 56th AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. Accordingly, a Resolution seeking Members ratification for their appointment is included at Item No. 4 of the Notice convening the Annual General Meeting.

Cost Audit

Pursuant to Section 148 of the Companies act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company relating to manufacture of Carbon Black and generation and transmission of electricity at the plants located at Durgapur, Kochi, Mundra and Palej of the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed Messrs Shome & Banerjee, to audit the cost accounts of the Company for the financial year 2016 -2017 on a remuneration of Rs. 4,50,000/- (Rupees Four lacs fifty thousand only). As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members ratification for the remuneration payable to Messrs Shome & Banerjee, Cost Auditors is included at Item No. 7 of the Notice convening the Annual General Meeting.

The Company submits its Cost Audit Report with the Ministry of Corporate Affairs within the stipulated time period.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Anjan Kumar Roy & Co., Company Secretaries (Membership No. FCS 5684) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the Financial Year ended 31st March, 2016 is marked as 'Annexure – E', which is annexed hereto and forms a part of the Boards' Report.

Directors

The Board deeply mourns the sad demise of Dr. Ram S Tarneja, who expired on 7th August, 2015 and places on record its appreciation for the services rendered by him as a Director.

Mr. Sanjiv Goenka retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

The Board of Directors of the Company at its Meeting held on 29th January, 2016 has re-appointed Mr. Kaushik Roy, as Managing Director of the Company for a further period of three years from 5th February, 2016, subject to the approval of the members and such other approvals as may be necessary.

As per Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. Paras K Chowdhary, as an Independent Director for three consecutive years for a term up to 21st July, 2019. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with prescribed deposit from a member of the Company signifying his intention to propose the candidature of Mr. Paras K Chowdhary for the office of an Independent Director of the Company. Details of the proposal for appointment of Mr. Paras K Chowdhary, as an Independent Director is mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 55th Annual General Meeting.

Green Initiatives

As in the previous years, this year too, we are publishing only the statutory disclosures in the print version of the Annual Report. Physical copies of the Notice of the 55th Annual General Meeting (AGM) have been sent to all the Members of the Company. Besides, the electronic copies of the Notice have also been sent to all the Members whose email IDs are registered with the Company's Registrar and Share Transfer Agent/ Depository Participants for communication purposes. The electronic copies of the Annual Report 2015-16 are being sent to all Members whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered their email addresses, physical copies of Annual Report are being sent in the permitted mode.

Forward - looking Statement

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

Acknowledgement

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

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN : 00074796)

Kolkata
13th May, 2016

Annexure A to the Boards' Report

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i) CIN :	L23109WB1960PLC024602
ii) Registration Date:	31/03/1960
iii) Name of the Company:	Phillips Carbon Black Limited
iv) Category / Sub-Category of the Company:	Public Company / Limited by shares
v) Address of the Registered office and contact details :	31, Netaji Subhas Road, Kolkata - 700 001 Telephone No. : 033-6625 1461-1464 Fax : 033-2248 0140 E-mail : pcbl@rp-sg.in
vi) Whether listed company :	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :	Link Intime India Pvt. Ltd **Address of Registered Office:-** C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Contact Details: 022-25946970 **Address of Branch Office:-** 59 – C, Chowringee Road, 3rd Floor, Kolkata - 700 020 Contact Details: 033 - 22890539/40

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Products/Service	% to total turnover of the company
1	Manufacturing of Carbon Black	2803	94.94 (approx)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held by the Company	Applicable Section
1	Phillips Carbon Black Cyprus Holdings Limited, 15 Demetriou Karatasou Street, Anastasio Building, 6th Floor, Office/Flat 601, 2024, Nicosia, Cyprus	N.A	Wholly Owned Subsidiary Company	100%	2(87)
2	PCBL Netherlands Holdings B.V., WTC Amsterdam, Tower C - 11, Strawinskylaan 1143, 1077 XX, Amsterdam, Netherlands	N.A	Wholly Owned Subsidiary of Phillips Carbon Black Cyprus Holdings Limited	100%	2(87)
3	Phillips Carbon Black Vietnam Joint Stock Company, Lot No. 04, My Xuan - A -Industrial Zone, Tan Thanh District, Ba-Ria Vung Tan Province, Vietnam	N.A	Subsidiary Company of PCBL Netherlands Holdings B.V.	80%	2(87)
4	Goodluck Dealcom Private Limited, 31, Netaji Subhas Road, Kolkata 700 001	U51909WB2010PTC149077	Wholly Owned Subsidiary Company	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) [As per records with the Registrar]

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	18,461,557	0	18,461,557	53.562	18,461,557	0	18,461,557	53.562	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	18,461,557	0	18,461,557	53.562	18,461,557	0	18,461,557	53.562	0
2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other….	0	0	0	0	0	0	0	0	0
Sub-total(A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	18,461,557	0	18,461,557	53.562	18,461,557	0	18,461,557	53.562	0
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	8,29,585	1,602	8,31,187	2.412	0	1,602	1,602	0.0046	-2.407
b) Banks / FI	19,368	1,352	20,720	0.060	1,56,018	1,352	1,57,370	0.456	-0.396
c) Central Govt./ State Govt(s)	4,67,900	0	4,67,900	1.358	4,67,900	0	4,67,900	1.358	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	21,26,086	0	21,26,086	6.168	23,62,503	0	23,62,503	6.854	+0.686
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	34,42,939	2,954	34,45,893	9.997	29,86,421	2954	29,89,375	8.673	-1.324
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	36,87,041	8,075	36,95,116	10.721	28,06,689	8,075	28,14,764	8.166	-2.555
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	55,02,837	7,85,408	62,88,245	18.244	57,84,859	7,67,148	65,52,007	19.010	+0.766
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	20,12,292	13,333	20,25,625	5.877	25,27,443	13,333	25,40,776	7.371	+1.494

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (Specify)	0	0	0	0	0	0	0	0	0
i) Clearing Member	1,83,121	58,984	2,42,105	0.702	1,51,202	0	1,51,202	0.439	-0.263
ii) NRIs (Repat)	1,92,457	64,665	2,57,122	0.746	1,69,691	63,859	2,33,550	0.678	-0.068
iii) NRNs (Non-Repat)	51,736	173	51,909	0.151	76,134	0	76,134	0.221	+0.07
iv) Trusts	0	0	0	0	1,79,225	0	1,79,225	0.520	+0.520
v) HUF	0	0	0	0	4,68,982	0	4,68,982	1.361	+1.361
Sub-total (B)(2)	11,629,484	9,30,638	12,560,122	36.440	12,164,225	8,52,415	13,016,640	37.765	+1.325
Total Public Shareholding(B) = (B) (1)+ (B)(2)	15,072,423	9,33,592	16,006,015	46.438	15,150,646	8,55,369	16,006,015	46.438	0
C) **Shares held by Custodian for GDRs & ADRs**	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**33,533,980**	**9,33,592**	**34,467,572**	**100**	**33,612,203**	**8,55,369**	**34,467,572**	**100**	**0**

(ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	% change in shareholding during the year
1	Dotex Merchandise Private Limited	11,55,000	3.351	0	11,55,000	3.351	0	0
2	Rainbow Investments Limited	1,72,16,074	49.949	0	1,72,16,074	49.949	0	0
3	STEL Holdings Limited	90,383	0.262	0	90,383	0.262	0	0
4	Saregama India Limited	100	0.000	0	100	0.000	0	0
	Total :	**18,461,557**	**53.562**	**0**	**18,461,557**	**53.562**	**0**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name	Shareholding at the beginning/end of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of shares of the Company				No. of shares	% of total shares of the company
1	Rainbow Investments Limited	**1,72,16,074** **1,72,16,074**	**49.95** **49.95**	**01.04.2015** **31.03.2016**	**0** **0**	Nil movement during the year	**1,72,16,074**	**49.95**
2	Dotex Merchandise Private Limited	**11,55,000** **11,55,000**	**3.35** **3.35**	**01.04.2015** **31.03.2016**	**0** **0**	Nil movement during the year	**11,55,000**	**3.35**
3	STEL Holdings Limited	**90,383** **90,383**	**0.26** **0.26**	**01.04.2015** **31.03.2016**	**0** **0**	Nil movement during the year	**90,383**	**0.26**
4	Saregama India Limited	**100** **100**	**0** **0**	**01.04.2015** **31.03.2016**	**0** **0**	Nil movement during the year	**100**	**0.00**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning/end of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning of the year (01.04.2015)/ end of the year (31.03.2016)	% of shares of the Company				No. of shares	% of total shares of the company
1	National Westminister Bank as Trustee of the Jupiter India Fund	**1,000,000**	**2.90**	**01.04.2015**	**0**	Nil movement during the year	**1,000,000**	**2.90**
		1,000,000	**2.90**	**31.03.2016**	**0**		**1,000,000**	**2.90**
2	Elara Capital PLC A/C Elara Global Funds-EL	**7,82,662**	**2.27**	**01.04.2015**	**0**	**—**	**7,82,662**	**2.27**
				15.05.2015	19,036	Acquired	8,01,698	2.33
				07.08.2015	55,000	Acquired	8,56,698	2.49
				08.01.2016	25,000	Acquired	8,81,698	2.56
				11.03.2016	20,000	Acquired	9,01,698	2.62
		9,01,698	**2.62**	**31.03.2016**	**0**	**—**	**9,01,698**	**2.62**
3	DSP Blackrock Balanced Fund #	**6,14,874**	**1.78**	**01.04.2015**	**0**	**—**	**6,14,874**	**1.78**
				15.05.2015	(91,702)	Disposed	5,23,172	1.52
				22.05.2015	(31,533)	Disposed	4,91,639	1.43
				29.05.2015	(4,437)	Disposed	4,87,202	1.41
				22.01.2016	(11,964)	Disposed	4,75,238	1.38
				29.01.2016	(99,804)	Disposed	3,75,434	1.09
				05.02.2016	(106,515)	Disposed	2,68,919	0.78
				19.02.2016	(73,671)	Disposed	1,95,248	0.57
				29.02.2016	(20,734)	Disposed	1,74,514	0.51
				11.03.2016	(95,683)	Disposed	78,831	0.23
				18.03.2016	(34,475)	Disposed	44,356	0.13
				22.03.2016	(40,310)	Disposed	4,046	0.01
				31.03.2016	(4,046)	Disposed	0	0.00
		0	**0**	**31.03.2016**	**0**	**—**	**0**	**0**
4	BNK Capital Markets Limited	**7,64,500**	**2.22**	**01.04.2015**	**0**	Nil movement during the year	**7,64,500**	**2.22**
		7,64,500	**2.22**	**31.03.2016**	**0**		**7,64,500**	**2.22**
5	Kerala State Industrial Development Corporation	**4,67,900**	**1.36**	**01.04.2015**	**0**	Nil movement during the year	**4,67,900**	**1.36**
		4,67,900	**1.36**	**31.03.2016**	**0**		**4,67,900**	**1.36**
6	Sachdeva Stocks Private Limited #	**3,40,000**	**0.99**	**01.04.2015**	**0**	**—**	**3,40,000**	**0.99**
				15.05.2015	(140,000)	Disposed	2,00,000	0.58
				19.06.2015	(170,403)	Disposed	29,597	0.09
				26.06.2015	(29,597)	Disposed	0	0.00
		0	**0**	**31.03.2016**	**0**	**—**	**0**	**0**
7	Chandra Singh Lodha	**3,28,200**	**0.95**	**01.04.2015**	**0**	**—**	**3,28,200**	**0.95**
				15.05.2015	34,480	Acquired	3,62,680	1.05
				22.05.2015	25,860	Acquired	3,88,540	1.13
				05.06.2015	(5,957)	Disposed	3,82,583	1.11
				12.06.2015	1,500	Acquired	3,84,083	1.11
				19.06.2015	(4,677)	Disposed	3,79,406	1.10
				30.06.2015	(40,000)	Disposed	3,39,406	0.98
		3,39,406	**0.98**	**31.03.2016**	**0**	**—**	**3,39,406**	**0.98**
8	Jupiter South Asia Investment Company Limited	**3,00,000**	**0.87**	**01.04.2015**	**0**	Nil movement during the year	**3,00,000**	**0.87**
		3,00,000	**0.87**	**31.03.2016**	**0**		**3,00,000**	**0.87**

Sl. No.	Name	Shareholding at the beginning/end of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning of the year (01.04.2015)/ end of the year (31.03.2016)	% of shares of the Company				No. of shares	% of total shares of the company
9	Kotak Mahindra Investments Limited#	**251,000**	**0.73**	**01.04.2015**	**0**	**—**	**251,000**	**0.73**
				01.05.2015	21,000	Acquired	272,000	0.79
				15.05.2015	(272,000)	Disposed	0	0
		0	**0**	**31.03.2016**	**0**	**—**	**0**	**0**
10	Ratnakar Suppliers Private Limited*	**0**	**0**	**01.04.2015**	**0**	**—**	**0**	**0**
				15.05.2015	200,000	Acquired	200,000	0.58
		200,000	**0.58**	**31.03.2016**	**0**	**—**	**200,000**	**0.58**
11	ICICI Bank Limited $	**0**	**0**	**01.04.2015**	**0**	**—**	**0**	**0**
				19.06.2015	264,464	Acquired	264,464	0.77
				30.06.2015	27,897	Acquired	292,361	0.85
				23.07.2015	(734)	Disposed	291,627	0.85
				07.08.2015	(15,000)	Disposed	276,627	0.80
				04.06.2015	(100)	Disposed	276,527	0.80
				27.11.2015	(65,000)	Disposed	211,527	0.61
				11.12.2015	(100,007)	Disposed	111,520	0.32
				25.12.2015	3,202	Acquired	114,722	0.33
				31.12.2015	(17)	Disposed	114,705	0.33
				19.02.2016	(435)	Disposed	114,270	0.33
				29.02.2016	13,250	Acquired	127,520	0.37
				11.03.2016	(4,796)	Disposed	122,724	0.36
				22.03.2016	(21)	Disposed	122,703	0.36
		122,703	**0.36**	**31.03.2016**	**0**	**—**	**122,703**	**0.36**
12	Kusum Lodha*	**0**	**0**	**01.04.2015**	**0**	**—**	**0**	**0**
				19.06.2015	202,351	Acquired	202,351	0.59
				30.06.2015	18,974	Acquired	221,325	0.64
				28.08.2015	1,965	Acquired	223,290	0.65
				22.01.2016	3,000	Acquired	226,290	0.66
				19.02.2016	4,000	Acquired	230,290	0.67
		230,290	**0.67**	**31.03.2016**	**0**	**—**	**230,290**	**0.67**
13	Arun Nahar*	**0**	**0**	**01.04.2015**	**0**	**—**	**0**	**0**
				07.08.2015	238,719	Acquired	238,719	0.69
				21.08.2015	(37,300)	Disposed	201,419	0.58
		201,419	**0.58**	**31.03.2016**	**0**	**—**	**201,419**	**0.58**
14	Kalpesh Kumar Verma*	**0**	**0**	**01.04.2015**	**0**	**—**	**0**	**0**
				29.02.2016	200,220	Acquired	200,220	0.58
				18.03.2016	780	Acquired	201,000	0.58
		201,000	**0.58**	**31.03.2016**	**0**	**—**	**201,000**	**0.58**

Ceased to be in the list of top 10 shareholders as on 31.03.2016. The same is reflected above, since the shareholder was one of the top 10 shareholders as on 01.04.2015.

* Not in the list of top 10 shareholders as on 01.04.2015. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31.03.2016.

$ Not in the list of top 10 shareholders as on 01.04.2015 and 31.03.2016. The same has been reflected above since the shareholder was one of the top 10 shareholders during the period from 01.04.2015 to 31.03.2016.

v) Shareholding of Directors and Key Managerial Personnel : NONE

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rupees in Lakhs)

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	90,063.15	31,910.74	0	1,21,973.89
ii) Interest due but not paid	0	0	0	247.16
iii) Interest accrued but not due	0	0	0	0
Total (i +ii+iii)	90,063.15	31,910.74	0	1,22,221.05
Change in indebtedness during the financial year				
• Addition	3,844.98	0	0	3,844.98
• Reduction	(12,639.83)	(11,031.77)	0	(23,671.60)
Interest due but not paid	0	0	0	(75.84)
Interest accrued but not due	0	0	0	0
Net Change	(8,794.85)	(11,031.77)	0	(19,902.46)
Indebtedness at the end of the financial year				
i) Principal Amount	81,268.30	20,878.97	0	1,02,147.27
ii) Interest due but not paid	0	0	0	171.32
iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	81,268.30	20,878.97	0	1,02,318.59

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of Managing Director	Total Amount (in Rs.)
		Kaushik Roy	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	3,37,38,870	3,37,38,870
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission - as % of profit - others, specify …	0	0
5.	Others, please specify	0	0
	Total: (A)	**3,37,78,470**	**3,37,78,470**
	Ceiling as per the Act	The remuneration is well within the limits in compliance with Schedule V of the Companies Act, 2013 after refund of Rs. 36,00,000/- out of Rs. 3,37,38,870/-, by Mr. Kaushik Roy to the Company.	

B. Remuneration to other directors :

Sl. No.	Particulars of Remuneration	Name of Directors									Total Amount (in Rs.)
		C.R. Paul	O.P. Malhotra	K.S.B. Sanyal	Dr. Ram S. Tarneja*	Pradip Roy	Sanjiv Goenka	Paras K Chowdhary	Shashwat Goenka	Kusum Dadoo	
	1. **Independent Directors**										
	a) Fee for attending board committee meetings	2,65,000	2,55,000	2,70,000	40,000	1,60,000	0	0	0	1,60,000	11,50,000
	b) Commission	0	0	0	0	0	0	0	0	0	0
	c) Others, please specify	0	0	0	0	0	0	0	0	0	0
	Total (1)	2,65,000	2,55,000	2,70,000	40,000	1,60,000	0	0	0	1,60,000	11,50,000
	2. **Other Non-Executive Directors**										
	a) Fee for attending board committee meetings	0	0	0	0	0	1,40,000	2,20,000	1,45,000	0	5,05,000
	b) Commission	0	0	0	0	0	0	0	0	0	0
	c) Others, please specify	0	0	0	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	0	0	0	0	0
	Total (B) = (1+2)	**2,65,000**	**2,55,000**	**2,70,000**	**40,000**	**1,60,000**	**1,40,000**	**2,20,000**	**1,45,000**	**1,60,000**	**16,55,000**
	Total Managerial Remuneration										**16,55,000**
	Ceiling as per the Act - The remuneration is well within the limits prescribed under the Companies Act, 2013.										

*Dr. Ram S. Tarneja expired on 7th August, 2015.

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (Kaushik Mukherjee)	CFO (Raj Kumar Gupta)	Total Amount (In Rs.)
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961		32,62,760	37,83,810	70,46,570
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		19,759	10,800	30,559
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0	0	0
2.	Stock Option	**Not Applicable**	0	0	0
3.	Sweat Equity		0	0	0
4.	Commission - as % of profit - others, specify …		0	0	0
5.	Others, please specify		0	0	0
	Total:		**32,82,519**	**37,94,610**	**70,77,129**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES : NONE

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN 00074796)

Kolkata
13th May, 2016

Annexure B to the Boards' Report

[Statement in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming a part of the Boards' Report for the year ended 31st March, 2016]

1.A. Conservation of Energy

(a) Energy conservation measures taken:

- The process of manufacture of Carbon Black results in generation of lean gases which has both sensible heat and low calorific value.

Instead of wasting the energy, PCBL has installed extremely specialised and state of the art 12 MW Co - generation Power Plant at Baroda, 30 MW Co- generation Power Plant at Durgapur,16 MW Co- generation Power Plant at Mundra, 10 MW Co-generation Power Plant at Kochi and 8 MW Co generation Power Plant at Mundra.

The entire lean gas is used to generate power for meeting the entire internal process reqirements for production of Carbon Black as well as to sell the surplus.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

—

(c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

To be realised in coming years.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto:

Form — A

Form for disclosure of particulars with respect to Conservation of Energy

	Current Year 31.03.2016	Previous Year 31.03.2015
A. Power and Fuel consumption :		
1. Electricity		
(a) Purchased units (KWH)	**13460483**	8390735
Total amount (Rs. in lakhs)	**1431**	1059
Rate per unit (Rs.)	**10.63**	12.62
(b) Own generation		
(i) Through diesel generators units (KWH)	**—**	—
Units per ltr. of diesel oil (KWH)	**—**	—
Cost per unit (Rs.)	**—**	—
(ii) Through steam/turbine generators units (KWH)	**—**	—
Units per ltr. of fuel/ gas oil (KWH)	**—**	—
Cost per unit (Rs.)	**—**	—
(iii) Through co-gen power plants (off-gas burning) units (KWH)	**145796799**	140652593
Units per ltr. of fuel oil (KWH)	**1159.00**	1071.00
Cost per unit (Rs.)	**0.08**	0.15
2. Coal (specify quality and where used)		
Quantity (tons)	**—**	—
Total Cost (Rs. in lakhs)	**—**	—
Average rate (Rs.)	**—**	—
3. Furnace Oil		
Quantity (K. ltr.)	**—**	—
Total Cost (Rs. in lakhs)	**—**	—
Average rate (Rs.)	**—**	—
4. Others/internal generation (process steam)		
Quantity (MT)	**1720262.00**	1626764.00
Total Cost (Rs. in lakhs)	**129.34**	59.26
Average rate (Rs.)	**7.52**	3.64
5. Consumption per unit of production :		
CARBON BLACK		
(i) Electricity (KWH/MT)	**325**	346
(ii) Furnace Oil (Ltr./MT)	**—**	—
(iii) Coal	**—**	—
(iv) Others – process steam (MT/MT)	**5.18**	5.22

B. Technology Absorption :

(a) Efforts made in technology absorption as per Form-B of the Annexure is given hereto:

Form – B

Form for disclosure of particulars with respect to absorption:

Research & Development (R&D)

1. Specific areas in which R&D has been carried out by the Company:

- The Company has successfully developed new grades for international and domestic markets.
- Improvement of product characteristics to meet more stringent customer specifications.
- Joint development projects with Strategic Business Partners for new Carbon Black grade development.

2. Technical Competence Center (TCC)

- TCC is guiding Plant Manufacturing team for existing product and process optimisation.
- Continuous recasting of Standard Operating Procedures for manufacturing efficiency improvement.
- Reactor design and operating conditions suitably modified to match international benchmarks.
- Reactor design optimisation using state of the art software modules.
- Technical support to customer at various levels of product development and manufacturing.
- Aligning the Company's processes with International Quality, Health & Safety requirements.
- Computerized Fluid Dynamic simulations were carried out for optimizing design and operating parameters of existing and new process equipment.
- New technology choke was designed and installed in Kochi & Palej unit - this is the first of its kind in India.
- Unique Oil homogenising system designed, developed and installed in Kochi, Mundra and Palej unit.
- Developing processes to improve product cost structure.

3. Benefits derived as a result of the above R&D and TCC:

- Improved sales in domestic and international market and entry into niche markets.
- Higher price realisation in markets.
- Customised grade development aligned with strategic partner's R&D projects for more business share.
- Improved equipment life and reliability.
- Quality consistency and improvement.
- Improved manufacturing efficiency and reduced costs.

4. Future Plan of Action:

- Development of more specialised grades for specific applications in conjunction with customers.
- Improved processes for higher yield.
- More focus on customised grade development aligning strategic business partner's manufacturing and product requirements.
- Enhancement of laboratory facilities for new product and customer development.
- Improved process operation, debottlenecking of various processes, equipment & quality related issues.
- Increased technical expertise to support customers and market development.
- Development of niche product portfolio for non rubber applications.
- Leveraging external R & D resources for Basic Research.
- Patent application for new product / process technologies.

5. Expenditure on R & D :

(Rs. in Lakhs)

		Current Year	Previous Year
(a)	Capital	**—**	**—**
(b)	Recurring	**393.64**	377.06
(c)	Total	**393.64**	377.06
(d)	Total R&D Expenditure as a percentage of total expenditure	**0.21**	0.15

Technology absorption, adaptation & innovation:

1. **Efforts in brief towards technology absorption,adaptation and innovation:**

   - The revision in Standard Operating Procedures resulted in improved yields.

2. **Benefits derived as a result of the above efforts:**

   – Improved quality of the product.

3. **Particulars of Imported Technology in the last 5 years:**

(a)	Technology Imported	:	Not applicable
(b)	Year of Import	:	Not applicable
(c)	Has the technology been fully absorbed?	:	Not applicable
(d)	If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	:	Not applicable

C. Foreign Exchange Earnings and Outgo :

(a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Various initiatives relating to improvement in quality and service, developing new markets, etc have resulted in exports of Rs. 43674.56 lakhs

(b) Total foreign exchange used and earned :

(Rs. in Lakhs)

	Current Year	Previous Year
Foreign Exchange used	**92195.52**	161566.35
Foreign Exchange earned	**43674.56**	62094.33

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN: 00074796)

Kolkata
13th May, 2016

Annexure C to the Boards' Report

REPORT ON CORPORATE SOCIAL RESPOSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-2016

[Pursuant to Section 135 of the Companies Act, 2013 & Rules made thereunder]

1. **A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

   In accordance with the provisions of Companies Act, 2013 and the rules made thereunder, the Company has framed its CSR Policy to carry out its CSR activities in accordance with Schedule VII of the Act. The Company has been undertaking community oriented programs for inclusive development of the deprived sections of the population. The Company's focus areas are concentrated on increasing access to health, education and holistic development with a focus on underprivileged people living around its manufacturing units and other establishments. The Company wishes to formalize and institutionalize its efforts made in the domain of Corporate Social Responsibility and this Policy shall serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the Policy. This Policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different sections of the society. The Company's CSR policy is posted on its website and the web-link for the same is http://pcblltd.com/investorrelations/investorrelations.php.

2. **The Composition of the CSR Committee:**

   The Composition of the CSR Committee of the Board is as follows:-

Mr. K S B Sanyal	Chairman
Mr. Kaushik Roy	Member
Mr. Shashwat Goenka	Member

3. **Average net profit of the Company for last three financial years:**

   Not applicable, as the Company had average net loss (after tax) of Rs. 31.53 crores during the last three financial years.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** Not applicable

   Despite having incurred average net losses over the preceding three financial years, the CSR initiatives continued to be focussed to touch the lives of communities in and around its manufacturing units. The Company leaves no stones unturned in preserving and enriching the environment while being a pioneer in the production of carbon black in the country. The Company is well adapted to the requirements of the communities where the Company's manufacturing set-ups are located, and takes initiatives to ensure that the employees align themselves to the needs of preserving the environment. These involve interactions between the Company and the community representatives in terms of contributing to the environmental, social and economic development, afforestation, rain water harvesting, recycling of waste, treatment of waste water, zero emission and spillage policy. The Company has woven numerous initiatives around its CSR philosophy with Health, Hygiene, Education and Environment as the focus areas.

   The Company provides free medical facility for diagnosis and consultation for the communities around its plants; gives financial assistance to the students and government schools, and for other social causes, provides evening tuition classes to the under-privileged children for the past several years around its Kochi Plant.

   The Company also provides educational and sanitation facilities at the localities around its Mundra Plant; and supports a computer literacy program for housewives and students of nearby communities around Durgapur Plant – an initiative that is being executed in association with the Rotary Club of Durgapur. In the recent past, the Company aided in the construction of roads of the Palej village.

   In the last financial year, the Company donated to both the Nepal and Chennai Relief Funds where its employees also came forward with their contributions in terms of a day's basic salary. Tree plantation is a continuous effort at all plant locations. The Company remembers to give back to the environment as much as it receives from it.

5. **Details of CSR spent during the financial year:** Not applicable. Refer para 3 above.

   (a) Total amount to be spent for the financial year 2015-2016: N.A.

   (b) Amount unspent, if any: N.A

   (c) Manner in which the amount spent during the financial year is detailed below: N.A

6. **In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report**: Not Applicable.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:**

   The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-
Kaushik Roy
Managing Director
(DIN: 06513489)

Sd/-
K S B Sanyal
Chairman of the CSR Committee
(DIN: 00009497)

Kolkata
13th May, 2016

Annexure D to the Boards' Report

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 are as under :

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2015-16 (Rs. in lacs)	% increase in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees
1.	Mr. Kaushik Roy, Managing Director	330.87	6.6%	67.11:1
2.	Mr. Raj Kumar Gupta, Chief Financial Officer (Appointed w.e.f. 1st February, 2015)	37.94	N.A	N.A
3.	Mr. Kaushik Mukherjee, Company Secretary & GM - Legal	32.82	15.93%	N.A

Note: No Director other than the Managing Director received any remuneration other than sitting fees during the financial year 2015-16.

ii) In the financial year, there was an increase of 5.3% in the median remuneration of employees.

iii) There were 806 permanent employees on the rolls of Company as on March 31, 2016.

iv) The average increase in the remuneration of management employees in the last financial year was 6%.

v) The remuneration of the Key Managerial Personnel put together is Rs. 401.63 lacs which increased by 16.3% from Rs. 345.34 lacs as against a increase of 298% in profit before tax in the Financial year 2015-2016.

vi) Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2015-16 was 5.89% whereas the increase in the managerial remuneration for the same financial year was 6%.

vii) The market capitalization of the Company as on 31st March, 2016 decreased by 27.47%, when compared to that of 31st March, 2015. The Company has not made any public offer in the recent past and accordingly comparison of public offer price and the current market price of the Company's shares will not be relevant.

viii) The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors and Senior Management Personnel.

ix) The Managing Director is the highest paid Director. No employee received remuneration higher than the Managing Director.

x) It is hereby affirmed that the remuneration paid during the year ended 31st March, 2016 is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN: 00074796)

Kolkata
13th May, 2016

Annexure E to the Boards' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
M/s Phillips Carbon Black Limited
31, Netaji Subhas Road
Kolkata 700 001

1. We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Phillips Carbon Black Limited** (hereinafter called '**the company**') during the financial year ended 31st March, 2016. Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of company's books, papers, minute books, forms and returns filed and other records maintained by the company, as shown to us during the said audit and also based on the information provided by the company, its officers, agents and authorized representatives during the conduct of the aforesaid secretarial audit, we hereby report that in our opinion and to the best of our understanding, the company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and the company also has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

3. We further report that compliance with applicable laws is the responsibility of the company and our report constitutes an independent opinion. Our report is neither an assurance for future viability of the company nor a confirmation of efficient management by the company.

4. (I) We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Phillips Carbon Black Limited** for the financial year ended on 31st March, 2016 according to the provisions of the following laws and as shown to us during our audit, as also referred in above paragraphs of this report;

   (i) The Companies Act, 2013 (the Act) and the rules made thereunder;

   (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder

   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-

      a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

      c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

      d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, to the extent as applicable.

   (II) We have also examined the secretarial compliance on test check basis of the books, papers, forms and returns, if any, filed and other records maintained by **M/s. Phillips Carbon Black Limited** for the financial year ended on 31st March, 2016, according to the provisions of the following laws specifically applicable to the company and as represented to us during our audit, as also referred in above paragraphs of this report;

      a) Petroleum Act, 1934.

      b) The Hazardous Waste (Management & Transboundary Movement) Rules, 2016.

      c) The Water (Prevention and Control of Pollution) Act, 1974.

      d) The Air (Prevention and Control of Pollution) Act, 1981.

      e) The Environment (Protection) Act, 1986.

      f) The Electricity Act, 2003.

      g) The Indian Boilers Act, 1923.

5. We have also examined compliance with the applicable clauses of the following:

   a) Secretarial Standards issued by ''The Institute of Company Secretaries of India'' under Section 118 of the Companies Act, 2013.

6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above in Paragraph 4(I), Paragraph 4(II) and Paragraph 5 of this report.

7. We have checked the compliance with the provisions of the Standard Listing Agreement entered by the Company with the following Stock Exchanges in India and also with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, during the period under review and to the best of our knowledge, belief and understanding, we are of the view that the Company has complied with the secretarial functions and board processes to comply with the applicable provision thereof, during the aforesaid period under review.

   (i) National Stock Exchange of India Limited (NSE)

   (ii) Bombay Stock Exchange Limited (BSE) and

   (iii) Calcutta Stock Exchange Limited (CSE)

8. We further report to the best of our understanding that,

a) The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There has been no change in the composition of the Board of Directors of the Company during the period under review, save and except, the cessation of Dr. Ram S. Tarneja, a Non-Executive Independent Director of the company who expired on 07.08.2015.

b) Adequate notices were given to all directors for the Board and Committee Meetings. Agenda and notes on agenda were sent in advance and further information and clarifications on the agenda items were provided for meaningful partificpation at the meeting.

c) All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and Committees of the Board, as the case may be.

9. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines generally applicable to the company such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to Company.

10. This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this Report.

For **Anjan Kumar Roy & Co.**
Company Secretaries

Anjan Kumar Roy
Proprietor
FCS No. 5684
CP. No. 4557

Place: Kolkata
Date: 13 May, 2016

Annexure A to the Secretarial Audit Report

To,
The Members
M/s Phillips Carbon Black Limited
31, Netaji Subhas Road
Kolkata 700 001

Our Secretarial Audit Report for the financial year ended 31/03/2016 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate board process and compliance management system, commensurate to the size of the company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers and agents of the company during the said audit.
2. We have followed the audit practices and processes as were appropriate, to the best of our understanding, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of compliance procedures on test basis. We would not be liable for any business decision or any consequences arising thereof, made on the basis of our report.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

For **Anjan Kumar Roy & Co.**
Company Secretaries

Anjan Kumar Roy
Proprietor
FCS No. 5684
CP. No. 4557

Place: Kolkata
Date: 13 May, 2016

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company continues to focus on good Corporate Governance, which aims to improve the Company's efficiency, effectiveness and social responsibility. The basic philosophy of Corporate Governance in the Company emphasizes on highest levels of transparency, accountability and equity, in all respects of its operations. The Company believes that the governance process should ensure economic prosperity and long term value creation for the enterprise and its shareholders keeping in view the needs and interests of all its stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company ensures that timely disclosures are being made regarding its performance and financials as well as its leadership team. The Company also respects the rights of its shareholders and other stakeholders to information on the performance of the Company based on highest professional, ethical and financial reporting standards.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"), the Company has executed fresh Listing Agreements with the Stock Exchanges.

The Company is in compliance with the requirements specified in the Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations, with regard to Corporate Governance.

II. COMPOSITION OF THE BOARD OF DIRECTORS AS ON 31ST MARCH, 2016.

(a) The Board of Directors of the Company comprises:

- 3 Non-Executive Directors
- 5 Non-Executive Independent Directors
- 1 Executive Director who is the Managing Director.

The composition of the Board satisfies the requirements of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations.

The names and categories of Director, the number of Directorships and Committee positions held by them in other companies and also the shareholdings in the Company are given below:

Name of the Director	Category of Director	No. of Directorships in other Public Limited Companies incorporated in India #1	No. of Committee Membership(s)/ Chairmanship(s) held in other Public Limited Companies #3	No. of Shares and Convertible Instuments held in the Company
Mr. Sanjiv Goenka	Non-Executive (Chairman)	7	3 (including 2 as Chairman)	NIL
Mr. Shashwat Goenka	Non-Executive	3	–	NIL
Mr. C. R. Paul	Non-Executive & Independent	–	–	NIL
Mr. O. P. Malhotra	Non-Executive & Independent	2	–	NIL
Dr. Ram S. Tarneja #6	Non-Executive & Independent	9	7 (including 3 as Chairman)	NIL
Mr. K. S. B. Sanyal	Non-Executive & Independent	4	3 (including 2 as Chairman)	NIL
Mr. Paras K. Chowdhary	Non-Executive	2	1	NIL
Mr. Pradip Roy	Non-Executive & Independent	7	6 (including 1 as Chairman)	NIL
Ms. Kusum Dadoo	Non-Executive & Independent	3	1	NIL
Mr. Kaushik Roy	Managing Director	3	–	NIL

Notes:

1. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a Member of more than ten committees or Chairman of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2016 have been made by the Directors. None of the Directors are related to each other, except for Mr. Sanjiv Goenka and Mr. Shashwat Goenka.
2. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
3. Other directorships do not include directorships of Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act. Chairmanships/ Memberships of the Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.
4. The Company has proper systems to enable the Board of Directors to periodically review compliance reports of all laws applicable to the Company.
5. During the year 2015-2016, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.
6. Dr. Ram S. Tarneja expired on 7th August, 2015.

(b) Attendance Record of the Directors at the Board Meetings held on 6th May, 2015, 31st July, 2015, 2nd November, 2015 and 29th January, 2016 and Annual General Meeting held on 31st July, 2015 are as given below:

Name of the Director	Board Meetings		Attendance at the last Annual General Meeting
	Held during tenure	Attended	
Mr. Sanjiv Goenka	4	4	No
Mr. Shashwat Goenka	4	4	No
Mr. C. R. Paul	4	4	Yes
Mr. O. P. Malhotra	4	4	Yes
Dr. Ram S. Tarneja*	2	1	No
Mr. K. S. B. Sanyal	4	4	Yes
Mr. Paras K. Chowdhary	4	4	Yes
Mr. Pradip Roy	4	4	Yes
Ms. Kusum Dadoo	4	4	Yes
Mr. Kaushik Roy	4	4	Yes

* Dr. Ram S. Tarneja expired on 7th August, 2015.

III. AUDIT COMMITTEE

1. Terms of Reference

The Company has an Audit Committee and the terms of reference are in conformity with the powers as stipulated in Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act.

The role of the Audit Committee of the Company include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and Auditors report before submission to the Board for approval, with particular reference to :
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub- section 3 of Section 134 of the Act.
   b) Changes, if any, in accounting policies and practices and reasons for the same.
   c) Major accounting entries involving estimates based on the exercise of judgement by maganement.
   d) Significant adjustments made in the financial statements arising out of audit findings.
   e) Compliance with listing and other legal requirements relating to financial statements.
   f) Disclosure of any related party transactions.
   g) Qualifications in the draft audit report, if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Investigating into any matter in relation to the items specified in the terms of reference and reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post – audit discussion to ascertain any area of concern.
11. Reviewing the Company's risk management policies.
12. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Auditors and the Key Managerial Personnel have a right to be heard in the meetings of the Audit Committee when it considers the Auditor's Report.

The Audit Committee is also empowered, pursuant to its terms of reference, to :

a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.
b) Obtain professional advice from external sources to carry on any investigation and have full access to information contained in the records of the Company.
c) Discuss any related issues with the internal and statutory auditors and the management of the Company.
d) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
e) Approve subsequent modification of transactions of the Company with related parties.
f) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
g) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors.
h) Scrutinize the inter-corporate loans and investments and evaluate internal financial controls and risk management systems.
i) Oversee the vigil mechanism/whistle blower policy of the Company.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant realted party transactions (as defined by the Audit Committee), submitted by Management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal Audit Reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditor.

Whenever applicable, monitoring end use of funds raised through public issues, right issues, preferential issues by major category (capital expenditure, sales and marketing, working capital etc.), shall form a part of the quarterly declaration of financial results.

In addition, the Audit Committee of the Board is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies, in view of the requirements under Regulation 24 of the SEBI Listing Regulations. No person has been denied access to the Committee. The minutes of the meetings of the Board of Directors of the unlisted subsidiary companies are periodically placed before the meeting of the Audit Committee of the Board of Directors of the Company.

2. Composition

The Audit Committee comprises 4 Directors out of which 3 are Non - Executive Independent Directors and 1 is a Non-Executive Director. The composition of the Audit Committee, meetings held and attendance thereof are as below:

Name of the Director	Position held	No. of Meetings	
		Held during tenure	Attended
Mr. K. S. B. Sanyal (Non-Executive & Independent)	Chairman	4	4
Mr. C. R. Paul (Non-Executive & Independent)	Member	4	4
Mr. O. P. Malhotra (Non-Executive & Independent)	Member	4	4
Dr. Ram S. Tarneja* (Non-Executive & Independent)	Member	2	1
Mr. Paras K. Chowdhary (Non-Executive)	Member	4	4

* Dr. Ram S Tarneja expired on 7th August, 2015.

3. Meetings

- Audit Committee Meetings were held on 6th May, 2015, 31st July, 2015, 2nd November, 2015 and 29th January, 2016. The necessary quorum was present for all the meetings. The Annual Accounts for the year ended 31st March, 2015 was reviewed by the Audit Committee at its meeting held on 6th May, 2015. The Audit Committee also reviewed the Audited Financial Results for the year ended 31st March, 2015 and Unaudited Financial Results for the quarters ended 30th June, 2015, 30th September, 2015 and 31st December, 2015 before recommending their adoption to the Board.

- Audit Committee Meetings were also attended by the Managing Director, Chief Financial Officer, Internal Auditor, Statutory Auditors and Cost Auditors of the Company.
- The Company Secretary acts as Secretary to the Audit Committee.
- Members of the Audit Committee are eminent persons in their fields having expertise in Finance and Accounting.
- The Chairman of the Audit Committee Mr. K S B Sanyal attended the last Annual General Meeting of the Company held on 31st July, 2015.

IV. NOMINATION AND REMUNERATION COMMITTEE

1. Terms of Reference

The Company has a Nomination and Remuneration Committee and the terms of reference are in conformity with the provisions of Regulation 19 of the SEBI Listing Regulations, read with Section 178 of the Act.

The role of the Committee inter alia includes the following:

- Identify persons qualified to become directors or hold senior management positions and advise the Board for such appointments/removals where necessary.
- Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees.
- Evaluate the performance of independent directors and the board of directors and to decide whether to continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Devise a policy on Board diversity.

In accordance with the recommendation of the Committee, the Company has since formulated a Remuneration Policy for directors, key managerial personnel and other employees of the Company. The Committee is responsible for recommending the fixation and periodic revision of remuneration of the Managing Director. The Committee also decides on payment of commission to non-executive Directors and other senior managerial personnel. The performance evaluation criteria for non-executive including independent directors laid down by Committee and taken on record by the Board includes-

a. Attendance and participation in the Meetings.

b. Preparedness for the Meetings.

c Understanding of the Company and the external environment in which it operates and contributes to strategic direction.

d. Raising of valid concerns to the Board and constructive contribution to issues and active participation at meetings.

e. Engaging with and challenging the management team without being confrontational or obstructionist.

The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who are subject to evaluation had not participated.

2. Composition

The Nomination and Remuneration Committee comprises 3 Directors, all of whom are Non - Executive Independent Directors. The composition of the Nomination and Remuneration Committee, meetings held and attendance thereof are as below:

Name of the Director	Position held	No. of Meetings	
		Held during tenure	Attended
Mr. K. S. B. Sanyal	Chairman	3	3
Mr. C. R. Paul	Member	3	3
Mr. O. P. Malhotra	Member	3	3

3. Meetings

During the year ended 31st March, 2016, the Nomination and Remuneration Committee met thrice on 6th May, 2015, 31st July, 2015 and 29th January, 2016.

4. Remuneration Policy –

Payment of remuneration to the Managing Director is governed by the agreement executed between him and the Company and are also governed by Board and Shareholders' resolutions. The remuneration structure comprises salary, variable pay, perquisites and allowances and retirement benefits in the forms of superannuation and gratuity. The Company does not have any Employee Stock Option Scheme.

The details of the remuneration paid or payable to the Non-Executive Directors and the Executive Director have been given below.

I. Details of Sitting Fees/ Remuneration

A. Sitting Fees / Commission paid to the Non - Executive Directors

The Non-Executive Directors are paid remuneration based on their contribution and current trends. The sitting fees for the Board and the Committee Meetings and Commission paid to the Non-Executive Directors during the year ended 31st March, 2016 are as follows:-

Mr. Sanjiv Goenka – Sitting Fee Rs. 1,40,000/-, Mr. Shashwat Goenka – Sitting Fee Rs. 1,45,000/-, Mr. C R Paul – Sitting Fee Rs. 2,65,000/- , Mr. K S B Sanyal – Sitting Fee Rs. 2,70,000/, Mr. O P Malhotra – Sitting Fee Rs. 2,55,000/-, Dr. Ram S Tarneja – Sitting Fee Rs. 40,000/-, Mr. Paras K Chowdhary – Sitting Fee Rs. 2,20,000/-, Mr. Pradip Roy – Sitting Fee Rs.1,60,000/- and Ms. Kusum Dadoo-Sitting Fee Rs.1,60,000/-.

No commission was paid to the Non- Executive Directors during the year ended 31st March, 2016. The Company also reimburses the out of pocket expenses incurred by the Directors for attending the meetings.

B. Remuneration paid to the Executive Director

Executive Director	Business relationships with the Company, if any	All elements of remuneration package, i.e. salary, benefits, bonuses, pension etc. for the year ended 31st March, 2016	
		Description	Amount (Rs. in lakhs)
Mr. Kaushik Roy*	Managing Director	Salary and Allowances,	289.75**
		Contribution to Provident Fund, Gratuity and Superannuation Funds,	26.27
		Perquisites	14.85
		Total	**330.87**

* Service Contract : For a period of three years w.e.f 5th February, 2016

* Notice Period : Ninety days notice from either side

* Severance Fees : Ninety days salary in lieu of notice

* Stock Options : None

** Mr. Kaushik Roy refunded Rs. 36,00,000/- to the Company, in compliance with Schedule V of the Companies Act, 2013.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Terms of Reference

The Company has a Stakeholders' Relationship Committee and the terms of reference of the Stakeholders' Relationship Committee are in conformity with the provisions of Regulation 20 of the SEBI Listing Regulations, read with Section 178 of the Act. The Stakeholders' Relationship Committee specifically looks into the redressal of grievances of shareholders and other security holders such as transfer/transmission of shares, issue of duplicate share certificates, recording dematerialization

/rematerialisation of shares, non-receipt of Annual Report, non-receipt of declared dividends and other related matters.

2. Composition

The Stakeholders' Relationship Committee of the Board of Directors under the Chairmanship of a Non-Executive Independent Director, Mr. C. R. Paul, meets at regular intervals and specifically looks into redressal of grievances of shareholders and other security holders. The composition of the Stakeholders' Relationship Committee, meetings held and attendance thereof are as below:

Name of the Director	Position held	No. of Meetings	
		Held during tenure	Attended
Mr. C. R. Paul	Chairman	2	2
Mr. K. S. B. Sanyal	Member	2	2

Name and designation of Compliance Officer: Mr. Kaushik Mukherjee, Company Secretary & General Manager (Legal)

3. Status of Shareholders' Complaints

Number of complaints received during the year ended 31st March, 2016 as per records of the Company	Number of complaints resolved during the year ended 31st March, 2016	Number of complaints pending as on 31st March, 2016
2	2	NIL*

* The Company has received confirmations from National Stock Exchange of India Limited, Bombay Stock Exchange Limited and The Calcutta Stock Exchange Ltd. that no investor complaints are pending against the Company as on 31st March, 2016.

4. Share Transfer

Mr. Kaushik Roy, Managing Director, Mr. Raj Kumar Gupta, Chief Financial Officer, and Mr. Kaushik Mukherjee, Company Secretary & General Manager (Legal) are severally authorized to approve share transfers in physical mode.

5. Meetings

During the year ended 31st March, 2016, the Stakeholders' Relationship Committee met twice on 31st July, 2015 and 29th January, 2016, which was attended by all the members.

VI . Corporate Social Responsibility (CSR) Committee

1. Terms of Reference

The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act.

The role of Committee inter alia includes the following :-

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act.
- Recommend the amount of expenditure to be incurred on the activities referred to in the above point.
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

2. Composition

The Corporate Social Responsibility Committee comprises 3 Directors out of which 1 is a Non - Executive Independent Director, 1 is a Non-Executive Director and 1 is an Executive Director. The composition of the Corporate Social Responsibility Committee, meetings held and attendance thereof are as below:

Name of the Director	Position held	No. of Meetings	
		Held during tenure	Attended
Mr. K. S. B. Sanyal (Non-Executive & Independent)	Chairman	1	1
Mr. Shashwat Goenka (Non-Executive)	Member	1	1
Mr. Kaushik Roy (Managing Director)	Member	1	1

3. Meetings

- Corporate Social Responsibility Committee Meeting was held on 29th January, 2016.
- The Company Secretary acts as a Secretary to the Corporate Social Responsibility Committee.

VII. Independent Directors Meeting

During the year under review the Independent Directors met on 29th January, 2016, interalia to review the performance of non-independent directors including that of the Chairman taking into account the views of the executive and non – executive directors; assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties and other related matters. All the five Independent Directors attended the said meeting.

The details of the familiarisation programme for Independent Directors is posted on the website of the Company and may be accessed at the link http://pcblltd.com/investorrelations/investorrelations.php.

VIII. GENERAL BODY MEETINGS

1. Location and time of the last 3 Annual General Meetings (AGM) held :

AGM	Date	Venue	Time	Special Resolution Passed
54th	31st July, 2015	"Uttam Mancha"	10.30 A.M.	Yes
53rd	30th July, 2014	"Uttam Mancha"	10.30 A.M.	Yes
52nd	26th July, 2013	"Vidya Mandir"	10.30 A.M.	Yes

Neither any resolution was put through postal ballot last year nor any resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting.

2. Disclosures regarding appointment or re-appointment of Directors in accordance with Regulation 36(3) of the SEBI Listing Regulations has been provided in the Notice convening the Annual General Meeting of the Company.

IX. DISCLOSURES

1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large :

No such transactions took place during the year ended 31st March, 2016.The Board has approved a policy for related party transactions which has been posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php.

2. Disclosure by Senior Management in accordance with Regulation 26(5) of the SEBI Listing Regulations:

The Senior Management of the Company has confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions entered into with the Company that may have a potential conflict with the interests of the Company at large.

3. Disclosures on Compliance of Law :

The Company has complied with the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures were imposed by SEBI, Stock Exchanges, or any statutory authorities on any matter related to capital markets during the last three years.

4. Vigil Mechanism / Whistle Blower Policy

The Company has a Whistle Blower Policy / Vigil Mechanism which is posted on the website of the Company for its directors, employees and stakeholders for reporting genuine concerns about any instance of any irregularity, unethical practice and/or misconduct. No personnel has been denied any access to the Audit Committee.

5. Code for Prevention of Insider Trading Practices

In compliance with the SEBI Regulation on Prevention of Insider Trading, the Company has in place a comprehensive code of conduct for its Directors and Senior Management Officers. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company. The code clearly specifies, among other matters, that Directors and specified employees of the Company can trade in the shares of the Company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

The policy relating to Code of Conduct on Insider Trading has been posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php.

Mr. Kaushik Mukherjee, Company Secretary & General Manager (Legal), is the Compliance Officer who also acts as the Chief Investor Relations Officer.

6. Details of compliance with mandatory requirements and adoption of non mandatory requirements

All mandatory requirements have been complied with and the non-mandatory requirements are dealt with at the end of the Report.

7. Policy for determining 'material subsidiaries'

The Company has also adopted a Policy for determining 'material subsidiaries' and the same is posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php.

8. Commodity price risk or foreign exchange risk and hedging activities

The foreign exchange exposure during FY 2015-2016 was fully hedged in accordance with the policy.

The Company is, in an industry where the price movement of its Raw Materials and Finished Product move to a great extent in line with crude oil prices for which no hedging is done at present.

9. Certificate from the Managing Director and the Chief Financial Officer

Certificate from Mr. Kaushik Roy, Managing Director and Mr. Raj Kumar Gupta, Chief Financial Officer, in terms of Regulation 17(8) of the SEBI Listing Regulations for the financial year ended 31st March, 2016 was placed before the Board of Directors of the Company in its meeting held on 13th May, 2016.

10. Code of Conduct

A new code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel which suitably incorporates the duties of Independent Directors as laid down in the Act, has been adopted by the Board, in supersession of the earlier one, to bring it in line with the SEBI Listing Regulations. The Code of Conduct for Board Members and Senior Management Personnel of the Company has been posted on the Company's website at the following link: http://pcblltd.com/investorrelations/investorrelations.php.

All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Managing Director in terms of SEBI Listing Regulations forms a part of this Annual Report.

11. Sexual Harassment Policy

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of ''The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013'' covering all employees of the Company. Internal Complaints Committee set up for the purpose did not receive any complaints for redressal during the year.

X. MEANS OF COMMUNICATION

1. The Company sends the Quarterly/Half yearly/Annual Audited Results to the Stock Exchanges. Results are also published in the newspapers such as Business Standard (All Editions) and Aajkal (Kolkata).
2. The results are also posted on the Company's website at www.pcblltd.com.
3. Whenever the Company issues any press release, it is sent to the Stock Exchanges as well as posted on the Company's website. Presentations made to the Investors as well as the Investor Updates are also posted on the Company's website after the declaration of the Quarterly/Half yearly/ Annual Results.
4. Management Discussion and Analysis forms a part of the Boards' Report.

XI. GENERAL SHAREHOLDER INFORMATION

- **Annual General Meeting Date, Time and Venue:**

  Date: 22nd July, 2016 at 10.30 A.M. to be held at "Uttam Mancha", 10/1/1, Monoharpukur Road, Kolkata - 700026.

- **Financial Year:** 1st April, 2016 to 31st March, 2016.
- **Book Closure:** 15th July, 2016 to 22nd July, 2016 (both days inclusive).
- **Dividend payment date:** Dividend , if declared, at the ensuing Annual General Meeting will be paid on and from 26th July, 2016.
- **Listing on Stock Exchanges and Stock Codes:**

  a) The Calcutta Stock Exchange Ltd. - 10026125
  7, Lyons Range,
  Kolkata – 700 001

  b) Bombay Stock Exchange Limited - 506590 (B2)
  Phiroze Jeejeebhoy Towers,
  Dalal Street, Mumbai – 400 001

  c) National Stock Exchange of India Ltd. - PHILIPCARB
  Exchange Plaza, Bandra Kurla Complex,
  Bandra (E), Mumbai – 400 051

  Listing Fees for all the above Stock Exchanges for the Financial Year 2016 - 2017 have been paid.

- **Market Price high, low, close during each month from April, 2015 to March, 2016 (in Rs.) (as available from the website of National Stock Exchange of India Limited and Bombay Stock Exchange Limited)**

Month	High		Low		Close	
	NSE	BSE	NSE	BSE	NSE	BSE
Apr. '15	147.40	147.30	118.65	118.00	131.60	130.50
May'15	142.60	142.70	101.10	107.90	108.75	108.70
June'15	120.50	120.50	102.20	102.20	115.55	115.10
July'15	155.50	155.40	113.10	113.70	132.95	132.50
August'15	138.80	138.50	106.00	101.30	114.10	114.50
Sept'15	122.90	123.90	110.10	110.00	112.35	112.10
Oct'15	146.00	146.00	112.95	113.00	131.75	130.90
Nov'15	144.05	144.80	120.00	120.40	139.95	139.80
Dec'15	142.00	142.00	118.90	118.70	129.30	128.60
Jan'16	135.65	135.50	103.30	103.50	106.95	107.00
Feb'16	111.85	111.80	80.00	80.10	82.75	81.70
March'16	99.70	100.00	81.00	81.00	95.45	95.45

Monthly Comparison Chart of the Share Prices (in Rs.) with the NSE Nifty and BSE SENSEX along with the No. of Shares traded during the period April, 2015 to March, 2016.

Month	Nifty/Sensex (Close)		Share Price (Close) (Rs.)		No. of Shares Traded	
	NSE	BSE	NSE	BSE	NSE	BSE
April'15	8181.50	27011.31	131.60	130.50	3238144	961518
May'15	8433.65	27828.44	108.75	108.70	3624700	951247
June'15	8368.50	27780.83	115.55	115.10	2144291	551079
July'15	8532.85	28114.56	132.95	132.50	5451116	1481030
August'15	7971.30	26283.09	114.10	114.50	2076243	543133
Sept'15	7948.90	26154.83	112.35	112.10	922010	275108
Oct'15	8065.80	26656.83	131.75	130.90	3527462	845385
Nov'15	7935.25	26145.67	139.95	139.80	3042646	750710
Dec'15	7946.35	26117.54	129.30	128.60	3173897	1094833
Jan'16	7563.55	24870.69	106.95	107.00	1598366	435490
Feb'16	6987.05	23002.00	82.75	81.70	1178773	295592
March'16	7738.40	25341.86	95.45	95.45	2051485	516409

- **Registrar and Share Transfer Agent:**
  Link Intime India Pvt. Ltd.
  59-C Chowringhee Road
  3rd Floor
  Kolkata 700 020
  Telephone No: (033) 2289 0539/40
  Fax – 033- 2289 0539
  E - Mail: kolkata@linkintime.co.in

- **Share Transfer Process**

  The shares in physical form for transfer should be lodged at the office of the Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd., Kolkata or at the Registered Office of the Company. The transfers are processed within 10 days from the date of receipt of such request for transfer, if technically found to be in order and complete in all respects. As per directives issued by SEBI it is compulsory to trade in securities of any Company's equity shares in dematerialized form.

- **Dematerialisation**

  The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerializing the shares, the shareholders should open a demat account with a Depository Participant (DP). He/She is required to submit a Demat Request Form duly filled up along with the share certificates to his/her DP. The DP will allocate a demat request number and shall forward the request physically as well as electronically, through NSDL/CDSL, to the Registrar and Share Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialised and an electronic credit of shares is given in the account of the shareholder.

- **Distribution of Shareholding as on 31st March, 2016:**

Shareholding Pattern – Size of Holdings	No. of Shares	Percentage (%) to Share Capital	No. of Shareholders	Percentage (%) to Total holders
1 – 500	3137032	9.1014	30442	91.1219
501 – 1000	1248266	3.6216	1575	4.7144
1001 – 2000	1065875	3.0924	706	2.1133
2001 – 3000	568791	1.6502	221	0.6615
3001 – 4000	387746	1.1250	107	0.3203
4001 – 5000	461889	1.3401	98	0.2933
5001 – 10000	994285	2.8847	136	0.4071
10001 & above	26603688	77.1847	123	0.3682
TOTAL	**34467572**	**100.00**	**33408**	**100.00**

- **Shareholding Pattern as on 31st March, 2016**

No. of holdings	No. of Shareholders	No. of Shares	Percentage of Holdings
Non Resident Indians	789	309684	0.90
Institutional Investors	40	2989375	8.67
Promoter* * Includes Persons acting in concert	4	18461557	53.56
Bodies Corporate	609	3145191	9.12
Resident Individuals	31966	9561765	27.74
TOTAL	**33408**	**34467572**	**100.00**

- **Dematerialisation of shares :**

	Shares	%
NSDL	29857051	86.6236
CDSL	3755152	10.8947
TOTAL	**33612203**	**97.5183**

- **ISIN NO. INE 602A01015**

- **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

  Nil

- **Plant Locations**

  The Company's plants are located at Durgapur, Kochi, Mundra and Palej. The detailed addresses of the Company's plants have also been given separately in the Annual Report.

- **Address for correspondence :**

1) Registrar and Share Transfer Agent :

(For share and dividend related queries)
Link Intime India Pvt. Ltd.
59-C, Chowringhee Road, 3rd Floor
Kolkata - 700 020
Telephone : (033) 2289-0539/40
Fax : (033) 2289-0539
E-mail : kolkata@linkintime.co.in

2) Company

(For any other matter and unresolved complaints)

Mr. Kaushik Mukherjee
Company Secretary

Phillips Carbon Black Limited
31, Netaji Subhas Road, Kolkata - 700 001
Phones : (033) 6625 1500, 2242 0839
Fax : (033) 2248 0140
E-mail : kaushik.mukherjee@rp-sg.in

This Corporate Governance Report of the Company is in compliance with the requirements of the SEBI Listing Regulations.

XII. STATUS OF ADOPTION OF THE NON MANDATORY REQUIREMENTS

The Company has duly fulfilled the following discretionary requirements as prescribed in sub – regulation (1) of Regulation 27 of the SEBI Listing Regulations as follows:

a. **Modified opinion(s) in Audit Report:** The Company already has a regime of un-qualified financial statements.

b. **Separate posts of chairperson and chief executive officer:** Mr. Sanjiv Goenka is the Chairman of the Company and Mr. Kaushik Roy is the Managing Director of the Company.

c. **Reporting of Internal Auditor:** Internal Auditors of the Company make presentations to the Audit Committee on their reports and has direct access to the Audit Committee.

Other Items

- The rest of the Non Mandatory Requirements will be implemented by the Company as and when required and/or deemed necessary by the Board.

For and on behalf of the Board

Sanjiv Goenka
Chairman
(DIN : 00074796)

Kolkata
13th May, 2016

DECLARATION BY THE MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT UNDER REGULATION 26(3) OF THE SEBI LISTING REGULATIONS

I, Kaushik Roy, Managing Director of Phillips Carbon Black Limited declare that all the Members of the Board of Directors and Senior Management Personnel have complied with the Company's Code of Conduct for Board Members and Senior Management Personnel for the year ended 31st March, 2016 in terms of the SEBI Listing Regulations.

Kaushik Roy
Managing Director
(DIN : 06513489)

Kolkata
13th May, 2016

Auditors' Certificate

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of

Phillips Carbon Black Limited

We have examined the compliance of conditions of Corporate Governance by Phillips Carbon Black Limited, for the year ended March 31, 2016, as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner

Membership Number - 57572

Kolkata
13th May, 2016

Independent Auditors' Report

To the Members of Phillips Carbon Black Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Phillips Carbon Black Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectivesness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position in its standalone financial statements – Refer Note 31 to the financial statements;

        ii. The Company has long-term contracts and derivative contracts as at March 31, 2016 for which there were no material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
May 13, 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph10(f) of the Independent Auditors' Report of even date to the members of Phillips Carbon Black Limited on the standalone financial statements for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub -section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited (''the Company'') as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for esnsuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ''Guidance Note'') and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limited of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial conrols over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Charatered Accountants of India.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
May 13, 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Phillips Carbon Black Limited on the standalone financial statements as of and for the year ended March 31, 2016

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 12 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explantions given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 in respect of the loans and investments made and guarantees and security provided by it, as applicable.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148 (1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees state insurance, income tax, service tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, sales tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	212.76	2012-13	Additional Commissioner
Central Sales Tax Act, 1956	Central Sales Tax	9.40	2012-13	Deputy Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	61.46	2010-11	Joint Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	138.61	2007-08	Senior Joint Commissioner of Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	660.68	2003-04, 2004-05, 2005-06, 2006-07, 2008-09, 2009-10, 2010-11 & 2011-12	West Bengal Commercial Taxes Appelllate & Revisional Board
Central Sales Tax Act, 1956	Central Sales Tax	190.50	1994-95, 1995-96 and 1999-00	High Court of Calcutta
Central Sales Tax Act, 1956	Central Sales Tax	267.62	2000-01	High Court of Calcutta*
West Bengal Sales Tax Act, 1994	Sales Tax	67.46	2003-04	West Bengal Commercial Taxes Appelllate & Revisional Board
West Bengal Sales Tax Act, 1994	Sales Tax	55.43	1994-95,1995-96, 1999-00 and 2004-05	West Bengal Taxation Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax	37.29	2000-01	West Bengal Taxation Tribunal*
West Bengal Value Added Tax Act, 2003	Value Added Tax	6.83	2012-13	Additional Commissioner
West Bengal Value Added Tax Act, 2003	Value Added Tax	78.31	2007-08	Senior Joint Commissioner Commercial Taxes
West Bengal Value Added Tax Act, 2003	Value Added Tax	57.60	2006-07, 2009-10 2010-11 and 2011-12	West Bengal Commercial Taxes Appellate & Revisional Board

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
West Bengal Value Added Tax Act, 2003	Value Added Tax	28.16	2005-06 2014-15	West Bengal Taxation Tribunal
Gujarat Value Added Tax Act, 2006	Value Added Tax	22.57	2006-07	Gujarat Value Added Tax Tribunal
Gujarat Value Added Tax Act, 2006	Value Added Tax	118.64	2010-11	Joint Commissioner of Commercial Taxes Commissioner
Central Excise Act, 1944	Excise Duty	485.15	1997-98, 1998-99, 2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	4222.66	1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.77	2004-05	High Court at Kerala
Central Excise Act, 1944	Excise Duty	3.08	2009-10	Ministry of Finance
Customs Act, 1962	Customs Duty	0.67	2012-13	Commissioner (Appeals)
Customs Act, 1962	Customs Duty	38.30	2006-07, 2007-08, 2008-09, 2009-10 and 2010-11	Deputy Commissioner of Custom
Customs Act, 1962	Customs Duty	35.17	2004-05, 2005-06 2006-07, 2007-08 2009-10 and 2012-13	Customs Excise and Service Tax Appellate Tribumal
Customs Act, 1962	Customs Duty	11.79	2008-09 and 2009-10	Supreme Court
Finance Act 1994	Service Tax	80.43	2009-10	Customs Excise and Service Tax Appellate Tribumal
Finance Act 1994	Service Tax	100.50	2008-09, 2009-10 2010-11 and 2011-12	Customs Excise and Service Tax Appellate Tribumal*
Income Tax Act 1961	Income Tax	38.13	2010-11	Commissioner (Appeals)

* To be filed

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders, as applicable, as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the monies raised by way of commercial paper and term loans have been applied on an overall basis for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer and any other further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act other than remuneration of Rs. 17.73 lakhs for which shareholder's approval by way of special resolution is proposed to be obtained by the Company in the ensuing Annual General Meeting as set out in Note 47 to the financial statements.

xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3 (xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
May 13, 2016

Balance Sheet as at 31st March, 2016

	Note	As at 31st March, 2016 Rupees in Lakhs	As at 31st March, 2015 Rupees in Lakhs
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	**3,446.73**	3,446.73
Reserves and surplus	3	**48,830.12**	47,581.01
		52,276.85	51,027.74
NON-CURRENT LIABILITIES			
Long-term borrowings	4	**20,492.91**	32,743.68
Deferred tax liabilities (Net)	5	**4,908.84**	2,779.94
Other Long term liabilities	6	**58.50**	59.40
Long-term provisions	7	**422.40**	365.17
		25,882.65	35,948.19
CURRENT LIABILITIES			
Short-term borrowings	8	**70,399.42**	77,586.21
Trade payables	9		
a) Total outstanding dues of micro enterprises and small enterprises		**4.42**	4.90
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**28,110.32**	14,688.84
Other current liabilities	10	**14,169.09**	15,795.76
Short-term provisions	11	**2,010.21**	1,239.41
		114,693.46	109,315.12
TOTAL		**192,852.96**	196,291.05
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12		
Tangible assets		**79,936.37**	81,982.24
Intangible assets		**13.33**	63.96
Capital work-in-progress		**7,333.63**	7,346.24
		87,283.33	89,392.44
Non-current investments	13	**7,236.83**	7,236.83
Long-term loans and advances	14	**2,435.29**	2,933.27
Other non-current assets	15	**5,389.13**	5,389.13
		102,344.58	104,951.67
CURRENT ASSETS			
Current Investments	16	**9,800.00**	–
Inventories	17	**24,422.24**	29,683.99
Trade receivables	18	**43,899.08**	52,141.98
Cash and Bank Balances	19	**5,060.66**	1,149.52
Short-term loans and advances	20	**6,567.67**	6,776.92
Other current assets	21	**758.73**	1,586.97
		90,508.38	91,339.38
TOTAL		**192,852.96**	196,291.05

The Notes are an integral part of these Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 13 May, 2016

For and on behalf of Board of Directors

Kaushik Roy	K. S. B. Sanyal	C. R. Paul
Managing Director	Director	Director
(DIN: 06513489)	(DIN: 00009497)	(DIN: 00009056)

Kaushik Mukherjee	Raj Kumar Gupta
Company Secretary	Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March, 2016

	Note	Year ended 31st March, 2016 Rupees in Lakhs	Year ended 31st March, 2015 Rupees in Lakhs
Income :			
Revenue from operations (Gross)	22	**211,609.66**	271,139.17
Less: Excise Duty		**22,137.79**	24,119.94
Revenue from operations (Net)		**189,471.87**	247,019.23
Other income	23	**1,794.78**	1,441.71
Total Revenue		**191,266.65**	248,460.94
Expenses :			
Cost of materials consumed	24	**129,145.86**	186,441.05
Purchase of Stock-in-trade (Carbon Black Feed Stock)		**1,748.17**	3,294.37
Changes in inventories of finished goods	25	**3,560.81**	4,309.16
Employee benefits expense	26	**7,334.91**	7,016.46
Finance costs	27	**7,091.01**	9,480.13
Depreciation and amortisation expense	12	**5,497.07**	5,753.14
Other expenses	28	**31,184.70**	30,733.64
Total expenses		**185,562.53**	247,027.95
Profit before tax		**5,704.12**	1,432.99
Tax expense :			
Current tax		**1,289.00**	336.00
Deferred tax - Charge/(Credit)		**2,128.90**	(167.46)
Profit for the Year		**2,286.22**	1,264.45
Earning per Equity Share :	29		
[Nominal Value per share - Rs. 10/- (Previous year - Rs.10/-)]			
Basic (Rs.)		6.63	3.67
Diluted (Rs.)		6.63	3.67

The Notes are an integral part of these Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 13 May, 2016

For and on behalf of Board of Directors

Kaushik Roy	K. S. B. Sanyal	C. R. Paul
Managing Director	Director	Director
(DIN: 06513489)	(DIN: 00009497)	(DIN: 00009056)

Kaushik Mukherjee	Raj Kumar Gupta
Company Secretary	Chief Financial Officer

Cash Flow Statement for the year ended 31st March, 2016

		Year ended 31st March, 2016		Year ended 31st March, 2015
		Rupees in Lakhs		Rupees in Lakhs
A.	**Cash Flow From Operating Activities**			
	Net Profit before taxation	**5,704.12**		1,432.99
	Adjustments for:			
	Depreciation and amortisation expense	**5,497.07**	5,753.14	
	(Gain)/Loss on Disposal of Fixed Assets/Fixed Assets Scrapped (net)	**(425.77)**	7.98	
	Unrealised (gain) / loss (net) on foreign currency transaction/ translation	**(59.83)**	1,051.66	
	Income from Dividend	**(1.15)**	(0.81)	
	Interest Income	**(901.95)**	(763.99)	
	Profit on sale of Current Investments	**(161.95)**	–	
	Finance Costs	**7,091.01**	9,480.13	
	Provision for Doubtful Advances	**117.50**	28.80	
	Provision for Doubtful Advances written back	**(43.68)**	–	
	Provision for Diminution on Long term Investments written back	**(1.37)**	–	
	Provision for Mark to Market losses on Derivative contracts (net)	**217.40**	364.24	
	Balance with Government Authorities written off	**193.37**	–	
	Liabilitites no longer required written back	**(98.24)**	(384.19)	
		11,422.41		15,536.96
	Operating Profit before Working Capital Changes	**17,126.53**		16,969.95
	Adjustments for:			
	Inventories	**5,261.75**	13,189.51	
	Trade and Other Receivables	**9,005.43**	(664.70)	
	Trade and Other Payables	**12,139.72**	(30,028.86)	
		26,406.90		(17,504.05)
	Cash Generated from/(used in) Operations	**43,533.43**		(534.10)
	Direct Taxes (Paid)/Refunded (Net) (including Tax Deducted at Source)	**(1,118.35)**		(117.08)
	Net Cash from/(used in) Operating Activities	**42,415.08**		(651.18)
B.	**Cash Flow from Investing Activities**			
	Purchase of Fixed Assets	**(3,894.28)**	(3,430.56)	
	Sale proceeds of Fixed Assets	**465.69**	87.52	
	Advance to Subsidiary	**–**	(2.99)	
	Purchase of Current Investment	**(109,901.40)**	–	
	Proceeds from Sale of Current Investments	**100,263.35**	–	
	Proceeds from Sale of Long Term Investments	**1.37**	–	
	Dividend received from Long Term Investment	**1.15**	0.81	
	Inter Corporate Deposits given	**(9,015.00)**	(8,406.00)	
	Inter Corporate Deposits realised	**9,015.00**	8,406.00	
	Interest Received	**901.95**	763.99	
	Net Cash (used in) Investing Activities	**(12,162.17)**		(2,581.23)
C.	**Cash Flow from Financing Activities**			
	Arrear Allotment money received	**–**	0.08	
	Repayment of deposits	**–**	(0.45)	
	Proceeds from Long Term Borrowings	**–**	5,000.00	
	Proceeds from Short Term Borrowings	**1,96,012.98**	212,335.78	
	Repayment of Long Term Borrowings	**(11,644.20)**	(7,523.14)	
	Repayment of Short Term Borrowings	**(202,472.95)**	(195,024.12)	
	Increase/(decrease) in Cash Credit facilities from banks	**(666.99)**	(1,906.50)	
	Dividends paid [including Tax on Dividend **Rs. 70.17 lakhs** (Previous Year - Rs NIL)]	**(422.99)**	(7.14)	
	Interest paid	**(6,620.87)**	(9,211.54)	
	Applicable net loss on foreign currency transactions/ translations (to the extent as adjustment to Interest cost)	**(371.95)**	(152.10)	
	Other Borrowing Costs paid	**(154.53)**	(148.95)	
	Net Cash from/(used in) Financing Activities	**(26,341.50)**		3,361.92
	Net increase/(decrease) in Cash and Cash Equivalents	**3,911.41**		129.51
	Opening Cash and Cash Equivalents	**1,010.05**		880.54
	Closing Cash and Cash Equivalents	**4,921.46**		1,010.05

Notes:

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) 3 'Cash Flow Statement'.
2. Cash and Cash Equivalents (Refer Note 19 to financial statements) include Unpaid Dividend Account not available for use by the Company. **62.72** 71.01
3. Previous year's figures have been regrouped or rearranged, where considered necessary.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 57572

Kolkata
Date : 13 May, 2016

For and on behalf of Board of Directors

Kaushik Roy	K. S. B. Sanyal	C. R. Paul
Managing Director	Director	Director
(DIN: 06513489)	(DIN: 00009497)	(DIN: 00009056)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer

Notes to Financial Statements for the year ended 31st March, 2016

1. Significant Accounting Policies:

1.1. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis except for certain tangible fixed assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with accounting standards notified under section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

1.2. Fixed Assets

Fixed assets are stated at revalued amounts (for items revalued)/ cost of acquisition/construction (for items not revalued) less accumulated depreciation/ amortization, impairment loss, if any and inclusive of borrowing cost, where applicable, and adjustments for exchange difference referred to in Note 1.7 below. Cost includes inward freight, non refundable duties/ taxes and incidental expenses directly related to acquisition/ installation. Computer Software is capitalized in the period in which the software is implemented for use, where it is expected to provide future enduring economic benefit; such capitalization costs include license fees and cost of implementation/ system integration services.

1.3. Impairment

The Carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e., higher of net selling price and value in use).

1.4. Borrowing Cost

Borrowing costs attributable to acquisition/ construction of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

1.5. Depreciation/ Amortization

Depreciation on the incremental amount added on revaluation in respect of revalued items is calculated on straight line method at rates considered applicable by valuers and technical evaluation carried out in 2014-15 by the Company's expert.

Aforesaid technical evaluation carried out in 2014-15 have been revisited by the Company's management during the year and no change considered necessary.

Computer Software capitalized are amortized on a straight line basis over a period of three years from the date of capitalization.

In case of certain assets, depreciation is provided on a pro rata basis on the straight line method over the estimated useful lives of the assets which are different than the rates prescribed under the Schedule II to the Companies Act 2013. In order to reflect the actual usage of the assets; in the following cases the estimates of useful lives of the assets are based on technical evaluation carried out in 2014-15 by the Company's expert.

Assets	Useful life
Plant & Equipments and Electrical Installations (Other than certain revalued items mentioned above)	18 to 20 Years

Depreciation on original cost of other fixed assets is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013 which is in line with the technical evaluation carried out in 2014-15 by the company's expert.

Aforesaid technical evaluation carried out in 2014-15 have been revisited by the Company's management during the year and no change to the evaluated life considered necessary.

1.6. Government Grants

Grants of Capital nature (not related to specific fixed assets) are credited to Capital Reserve. Grants related to revenue are credited to related expense account.

1.7. Foreign Currency Transaction as applicable under Accounting Standard 11 on 'The effect of changes in Foreign Exchange Rates'

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/ losses (other than relating to reporting of long-term foreign currency monetary items) arising out of settlement of foreign currency transaction or from year end restatement are recognized in the Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long–term foreign currency monetary items (i) relating to acquisition of depreciable capital assets are adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary item Translation Difference Account' (to be adjusted over the balance period of the related long term monetary asset/ liability). Premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of contract.

1.8. Investments

Investments that by nature are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less write down for any diminution, other than temporary, in carrying amount, as determined by the Board of directors based on periodical review. Current investments are carried at lower of cost and fair value.

1.9. Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined on weighted average basis. Cost includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable.

1.10. Revenue

Revenue from sales is recognized on transfer of risks and rewards of ownership to customers based on the contract with the customer for delivery. Sales include excise duty and are net of sales returns, discounts and exclude sales tax/ value added tax where applicable.

1.11. Employee Benefits

a. Short term

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

b. Post-employment

Post-employment benefits comprise of Provident Fund, Superannuation Fund, Gratuity and Post Retirement Medical Benefit which are accounted for as follows:

i) Provident Fund

This is a defined contribution plan for certain employees and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized

in the Statement of Profit and Loss. Actuarial gains/ losses are recognized immediately in the Statement of Profit and Loss as income/ expense.

ii) Superannuation Fund

This is a defined contribution plan. The Company contributes a certain % of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

iii) Gratuity

This is a defined benefit plan. The Company's scheme is administered by LIC. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/ expense.

iv) Post Retirement Medical Benefit

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit] are extended to certain employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and are recognized as a charge on accrual basis. This is a defined benefit plan. Actuarial gains / losses are recognized immediately in the Statement of Profit and loss as income / expenses.

c. Other Long term

Other long term employee benefits represent compensated absence (defined benefit plan) which is provided for based on year end actuarial valuation using Projected Unit Credit Method. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss as income/expense.

d. Termination benefits

Termination benefits represent compensation towards Voluntary Retirement Scheme which is expensed on accrual of liability.

1.12. Research and Development

Revenue expenditure on research and development is charged off during the period in which it is incurred. Capital expenditure on development is capitalized on compliance of conditions in keeping with Accounting Standard 26 on 'Intangible Assets'.

1.13. Derivative Contracts

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/ losses on settlement and mark to market loss relating to outstanding contracts as at the Balance Sheet date is recognised in the Statement of Profit and Loss. Refer Note 1.7 above for forward exchange contracts covered under Accounting Standard 11 on "The effects of Changes in Foreign Exchange Rates."

1.14. Taxes on Income

Current tax is provided as the amount of tax payable in respect of taxable income for the year measured using applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual/ reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax in excess of the MAT during the specified period.

1.15 Provision and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provision are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

1.16. Use of Estimates

The Preparation of financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affects the reported amount of assets and liabilities as at the balance sheet date, the reported amount of revenue and expenses for the periods and disclosure of contingent liabilities at the balance sheet date. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of financial statements. Actual results could differ from estimates.

		As at 31st March, 2016 Rupees in Lakhs	As at 31st March, 2015 Rupees in Lakhs
2 SHARE CAPITAL			
AUTHORISED			
50,000,000	(31.03.2015 - 50,000,000) Equity Shares of Rs. 10/- each	**5,000.00**	5,000.00
ISSUED, SUBSCRIBED AND PAID UP			
34,467,572	(31.03.2015 - 34,467,572) Equity Shares of Rs. 10/- each fully paid up	**3,446.77**	3,446.77
	Less : Allotment Money receivable	**0.04**	0.04
		3,446.73	3,446.73

2a. Reconciliation of Shares outstanding at the beginning and at the end of the reporting year

	Number	Rupees in lakhs	Number	Rupees in lakhs
Shares at the beginning of the year	**34,467,572**	**3,446.73**	34,467,572	3,446.72
Add: Arrear Allotment Money received	**–**	**–**	–	0.01
Outstanding at the end of the year	**34,467,572**	**3,446.73**	34,467,572	3,446.73

No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the company during the last five years.

2b(i) Detail of shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2016		As at 31st March, 2015	
	Number	**Holding**	Number	Holding
Equity Shares of Rs.10/- each				
Rainbow Investments Limited	**17,216,074**	**49.95%**	**17,216,074**	**49.95%**

2b(ii) The Company became a subsidiary of Rainbow Investments Limited (RIL) pursuant to a Scheme of Amalgamation and Arrangement between Rainbow Investments Limited and certain companies and their respective shareholders as sanctioned by the Hon'ble High Court at Calcutta vide order passed during the previous year. The certified copy of the aforesaid order had been filed with the Registrar of Companies on July 8, 2014 (effective date of the aforesaid Scheme). Effective September 23, 2014, the holding of RIL in the Company became 49.95%.

2c. Terms/ Rights attached to Equity Shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2d. Allotment of 1823 shares is pending against Rights Issue made during 1993-94.

2e. 48 Shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India.

3 RESERVES AND SURPLUS	**As at 31st March, 2016 Rupees in Lakhs**		As at 31st March, 2015 Rupees in Lakhs	
Capital Reserve		**156.81**		156.81
Securities Premium Account				
Balance as at the beginning of the year	**22,411.60**		22,411.53	
Add: Received during the year #	**–**		0.07	
Balance as at the end of the year		**22,411.60**		22,411.60
General Reserve				
Balance as at the beginning and end of the year		**7,338.43**		7,338.43
Surplus in the Statement of Profit and Loss				
Balance as at the beginning of the year	**17,674.17**		16,897.51	
Adjustment consequent to revision of useful life of certain assets pursuant to Schedule II of the Companies Act, 2013 (Net of Deferred Tax of Rs. 37.56 lakhs) (Refer Note 45)	**–**		(72.94)	
Profit for the year	**2,286.22**		1,264.45	
Less: Appropriations				
Proposed Dividend on Equity Shares for the year [Re. 2.50 per share (Previous year Rs. 1 per share)]	**861.69**		344.68	
Dividend distribution tax on Proposed dividend on Equity Shares	**175.42**		70.17	
Balance as at the end of the year		**18,923.28**		17,674.17
		48,830.12		47,581.01

 # Rs Nil (Previous year Rs. 0.07 lakhs) received against realisation of arrear allotment money.

4 LONG -TERM BORROWINGS	**As at 31st March, 2016 Rupees in Lakhs**		As at 31st March, 2015 Rupees in Lakhs	
SECURED LOANS				
Term Loans				
From Banks	**31,747.85**		44,387.68	
Less: Current maturities of Long Term Debt referred to in Note 10	**11,254.94**		11,644.00	
		20,492.91		32,743.68
		20,492.91		32,743.68

a. Nature of Security and terms of repayment for Secured Borrowings availed from the Banks

Nature of Security	Terms of Repayment
Term loan from banks excluding adjustment for foreign exchange difference amounting to Rs. 2,029.89 lakhs (31.03.2015: Rs.6,089.68 lakhs) are secured by way of pari-passu first charge created on all the immovable properties of the Company situated in Durgapur in West Bengal, Palej and Mundra in Gujarat and Kochi in Kerala and also on the Company's movable Plant and Machinery, Machinery Spares, Tools and Accessories and other movable properties both present and future. The above term loan from bank is also secured by pari-passu second charge on the Company's existing and future stock of Raw Materials, Finished and Semi Finished Goods, Consumables Stores and Spares, including Stock in transit and in the possession of any third party, present and future Book debts, Monies Receivable, Claims etc held by any third party to the order of the disposition of the Company excluding those relating to 30MW co-generation power plant at Durgapur in West Bengal.	Loan availed Rs. 24,358.72 lakhs (till previous year Rs. 24,358.72 lakhs) is repayable in 12 equal semi-annual installments, first installment being due at the end of 30 months from the first drawdown date of the facility i.e. on March 29, 2011 and at the end of every six months there after.
Term Loan from bank amounting to Rs. 5,714.29 lakhs (31.03.2015 : Rs. 8571.43 lakhs) is secured by way of first pari-passu charge over all the immovable and movable properties of the Company. The above term loan from bank is also secured by second charge by way of hypothecation of the Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal), both present and future, in a form and manner satisfactory to the bank, ranking pari-passu with other participating banks.	Loan availed of Rs. 10,000 lakhs (till previous year Rs. 10,000 lakhs) is repayable in 14 equal quarterly installments. First installment being due at the end of 21st month from the first drawdown date of the facility i.e. on November 26, 2014.
Term Loan from bank amounting to Rs. 8,636.36 lakhs (31.03.2015 Rs. 10,000 lakhs) is secured by way of first pari passu charge over all the immovable and movable properties of the Company. The above term loan from bank is also secured by second charge by way of hypothecation of the Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables (excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal) both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating banks.	Loan availed of Rs. 10,000 lakhs (till previous year Rs. 10,000 lakhs) is repayable in 22 equal quarterly installments. First installment being due at the end of 21st month from the first drawdown date of the facility i.e on July 30, 2015.
Term Loan from bank amounting to Rs. 6,000 lakhs (31.03.2015 Rs. 8,000 lakhs) is secured by way of first charge on the Fixed Assets both present and future, of the Company by way of mortgage on pari-passu basis.	Loan availed of Rs.10,000 lakhs (till previous year Rs. 10,000 lakhs) is repayable in 20 equal quarterly installments. First installment being due on June 30, 2014.
Term Loan from bank amounting to Rs. 8,636.36 lakhs (31.03.2015 Rs. 10,000 lakhs) is secured by way of first charge on Fixed Assets both present and future, of the Company by way of hypothecation and mortgage on pari-passu basis with other term lenders. Second Charge on all current assets (present & future) of company on pari passu basis excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal.	Loan availed of Rs.10,000 lakhs (till previous year Rs. 10,000 lakhs) is repayable in 22 equal quarterly installments. First installment being due after a moratorium period of 18 months from the date of disbursement i.e. on August 21, 2015.

		As at 31st March, 2016	As at 31st March, 2015
		Rupees in Lakhs	Rupees in Lakhs
5	**DEFERRED TAX LIABILITIES (NET)**		
	Deferred Tax Liability on account of -		
	- Depreciation	**11,677.51**	11,410.33
		11,677.51	11,410.33
	Deferred Tax Asset on account of -		
	- Items allowable for tax purpose on payment/adjustments	**353.73**	517.94
	- Unabsorbed Depreciation/Business Loss[@]	**6,134.75**	7,834.60
	- Others	**280.19**	277.85
		6,768.67	8,630.39
		4,908.84	2,779.94

[@]Considered based on future taxable income against which it can be realised.

		As at 31st March, 2016 Rupees in Lakhs	As at 31st March, 2015 Rupees in Lakhs
6	**OTHER LONG TERM LIABILITIES**		
	Security Deposits	**58.50**	59.40
7	**LONG-TERM PROVISIONS**		
	Provisions for Employee Benefits		
	Provision for compensated absences	**358.57**	311.07
	Provision for post retirement medical liability / Others	**63.83**	54.10
		422.40	365.17
8	**SHORT-TERM BORROWINGS**		
	SECURED LOANS FROM BANKS		
	Loans repayable on demand	**4,211.02**	6,878.01
	Other Loans	**45,309.43**	38,797.46
		49,520.45	45,675.47
	UNSECURED LOAN FROM BANKS	**20,878.97**	31,910.74
		70,399.42	77,586.21

Balance outstanding as at 31st March, 2016 in respect of Commercial Paper was Rs. Nil (Previous Year Rs. Nil). Maximum amount outstanding at any time during the year was Rs. 25,000 Lakhs (Previous Year Rs. 7,500 Lakhs)

Nature of Security on Secured Borrowings availed from the Banks

Secured by a first charge by way of hypothecation of all the company's current assets, namely all the stock of raw material, stock in process, finished goods, semi finished goods and finished goods, consumable stores and spares not relating to plant and machinery (consumable and spares) both present and future, bills receivable, bills whether documentary or clean, outstanding monies, receivable, book debts and all other current assets of the Company both present and future excluding current assets relating to 30MW co-generation power plant at Durgapur in West Bengal, ranking pari passu without any preference or priority of one over the others and also by second charge on the company's immovable and movable fixed assets, both present and future excluding those immovable and movable fixed assets pertaining to 30MW co-generation power plant at Durgapur, West Bengal ranking pari passu without any preference or priority of one over the others.

		As at 31st March, 2016 Rupees in Lakhs		As at 31st March, 2015 Rupees in Lakhs	
9	**TRADE PAYABLES**				
	a) Total outstanding dues of micro enterprises and small enterprises [Refer Note 9.1 below]	**4.42**		4.90	
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	**28,110.32**		14,688.84	
			28,114.74		14,693.74
			28,114.74		14,693.74

9.1 Information relating to Micro, Small and Medium Enterprises (MSME)s:

(i)	The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
	Principal	**0.21**	1.09
	Interest	**–**	–
(ii)	The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to suppliers beyond the appointed day during the year		
	Principal	**–**	–
	Interest	**–**	–
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		
	Principal	**27.96**	–
	Interest	**0.40**	–
(iv)	The amount of interest accrued and remaining unpaid at the end of the year [including Rs. 3.81 Lakhs (Previous year Rs. 3.81 lakhs)] being interest outstanding as at the beginning of the accounting year.	**4.21**	3.81
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**0.40**	–

	As at 31st March, 2016 Rupees in Lakhs		As at 31st March, 2015 Rupees in Lakhs	
10 OTHER CURRENT LIABILITIES				
Current maturities of long term debt (Refer Note 4)		**11,254.94**		11,644.00
Interest accrued but not due on borrowings		**171.32**		247.16
Unpaid dividends [Refer Note (a) below]		**62.72**		70.86
Other Payables:				
Advance from Customer	**116.96**		272.27	
Security Deposit	**120.05**		1.16	
Employee Benefits payable	**417.36**		238.50	
Capital Creditors	**806.98**		632.15	
Statutory dues including provident fund and tax deducted at source	**946.31**		1,252.69	
Liability for Export Obligation	**272.45**	**2,680.11**	1,436.97	3,833.74
		14,169.09		15,795.76

a. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

11 SHORT TERM PROVISIONS				
Provisions for Employee Benefits				
Provision for gratuity		**244.99**		360.16
Provision for compensated absences		**103.46**		92.94
Provision for post retirement medical liability/others		**4.48**		7.22
Other Provisions				
Provision for Income Tax (Net of Advance Tax **Rs. 12,968.25 Lakhs**)		**38.53**		–
Provision for Mark-to-Market losses on derivatives		**581.64**		364.24
Provision for Proposed Dividend on Equity Shares	**861.69**		344.68	
Provision for Dividend Distribution Tax on proposed Dividend	**175.42**		70.17	
		1,037.11		414.85
		2,010.21		1,239.41

12 FIXED ASSETS (Rupees in Lakhs)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
DESCRIPTION	Original/ Revalued cost of Assets as at April 1, 2015	Additions during the year at cost	Adjustments during the year: Exchange Differences (Refer Note 1.7 above)	Disposal Adjustment during the year	Total Original /Revalued cost as at March 31, 2016	Depreciation as at April 1, 2015	Depreciation during the year	Adjustment of Depreciation on disposal	Adjustment Consequent to revision of useful life pursuant to schedule II of Companies Act, 2013 (Also refer Note 45)	Depreciation as at March 31, 2016	Balance as at March 31, 2016	Balance as at March 31, 2015
TANGIBLE ASSETS												
Freehold Land	2,709.97	–	–	–	**2,709.97**	–	–	–	–	**–**	**2,709.97**	2,709.97
Leasehold Land Acquisition and Development Expenses	818.62	–	–	–	**818.62**	–	–	–	–	**–**	**818.62**	818.62
Buildings (a)	7,284.40	68.82	–	–	**7,353.22**	2,187.79	224.03	–	–	**2,411.82**	**4,941.40**	5,096.61
Non-Factory Buildings and Flats	3,966.43	400.09	–	47.58	**4,318.94**	611.60	72.47	12.86	–	**671.21**	**3,647.73**	3,354.83
Plant and Equipment	108,192.48	3,797.96	(995.63)	–	**110,994.81**	40,736.08	4,773.60	–	–	**45,509.68**	**65,485.13**	67,456.40
Furniture and Fixtures	518.45	28.43	–	9.87	**537.01**	398.70	27.95	6.21	–	**420.44**	**116.57**	119.75
Office Equipments	911.74	117.81	–	0.46	**1,029.09**	690.38	133.67	0.26	–	**823.79**	**205.30**	221.36
Vehicles	162.60	6.98	–	17.87	**151.71**	136.98	15.77	16.53	–	**136.22**	**15.49**	25.62
Electrical Installations	4,126.68	16.03	–	121.36	**4,021.35**	1,948.21	198.95	121.36	–	**2,025.80**	**1,995.55**	2,178.47
Railway Sidings	89.62	–	–	–	**89.62**	89.01	–	–	–	**89.01**	**0.61**	0.61
	128,780.99	4,436.12	(995.63)	197.14	**132,024.34**	46,798.75	5,446.44	157.22	–	**52,087.97**	**79,936.37**	81,982.24
Previous Year	126,876.04	2,866.81	(622.45)	339.41	**128,780.99**	41,229.66	5,702.50	243.91	110.50	**46,798.75**	**81,982.24**	
INTANGIBLE ASSETS												
Computer Software-Acquired	358.93	–	–	–	**358.93**	294.97	50.63	–	–	**345.60**	**13.33**	63.96
	358.93	–	–	–	**358.93**	294.97	50.63	–	–	**345.60**	**13.33**	63.96
Previous Year	358.93	–	–	–	**358.93**	244.33	50.64	–	–	**294.97**	**63.96**	–
Capital Work-in-Progress											**7,333.63**	7,346.24

(a) Cost and accumulated depreciation include Rs. 3,997.03 lakhs (31.03.2015 - Rs. 3,966.34 lakhs) and Rs. 1,690.07 lakhs (31.03.2015 - Rs. 1,573.13 lakhs) respectively in respect of Buildings on Leasehold Land.

(b) Title deed of the above immovable properties are held in the name of Phillips Carbon Black Limited

12.1 FIXED ASSETS

(Rupees in Lakhs)

DESCRIPTION	GROSS BLOCK						DEPRECIATION				NET BLOCK	
			Adjustments during the year									
	Original/ Revalued cost of Assets as at April 1, 2014	Additions during the year at cost	Borrowing Cost	Exchange Differences (Refer Note 1.7 above)	Disposal Adjustment during the year	Total Original /Revalued cost as at March 31, 2015	Depreciation as at April 1, 2014	Depreciation during the year (Also refer Note 47)	Adjustment of Depreciation on disposal	Adjustment Consequent to revision of useful life pursuant to schedule II of Companies Act, 2013 (Also refer Note 47	Depreciation as at March 31, 2015	Balance as at March 31, 2015
TANGIBLE ASSETS												
Freehold Land	2,709.97	–	–	–	–	**2,709.97**	–	–	–	–	**–**	**2,709.97**
Leasehold Land Acquisition and Development Expenses	818.62	–	–	–	–	**818.62**	–	–	–	–	**–**	**818.62**
Buildings (a)	7,268.15	16.25	–	–	–	**7,284.40**	1,964.16	223.63	–	–	**2,187.79**	**5,096.61**
Non-Factory Buildings and Flats	3,144.68	821.75	–	–	–	**3,966.43**	552.48	59.12	–	–	**611.60**	**3,354.83**
Plant and Equipment	106,974.35	1,840.58	–	(622.45)	–	**108,192.48**	35,695.84	5,040.24	–	–	**40,736.08**	**67,456.40**
Furniture and Fixtures	516.22	24.12	–	–	21.89	**518.45**	327.74	41.62	8.64	37.98	**398.70**	**119.75**
Office Equipments	803.12	117.40	–	–	8.78	**911.74**	521.76	104.02	5.14	69.74	**690.38**	**221.36**
Vehicles	263.65	41.39	–	–	142.44	**162.60**	167.57	31.39	64.76	2.78	**136.98**	**25.62**
Electrical Installations	4,287.66	5.32	–	–	166.30	**4,126.68**	1,911.10	202.48	165.37	–	**1,948.21**	**2,178.47**
Railway Sidings	89.62	–	–	–	–	**89.62**	89.01	–	–	–	**89.01**	**0.61**
	126,876.04	2,866.81	–	(622.45)	339.41	**128,780.99**	41,229.66	5,702.50	243.91	110.50	**46,798.75**	**81,982.24**
INTANGIBLE ASSETS–												
Computer Software-Acquired	358.93	–	–	–	–	**358.93**	244.33	50.64	–	–	**294.97**	**63.96**
	358.93	–	–	–	–	**358.93**	244.33	50.64	–	–	**294.97**	**63.96**

	As at 31st March, 2016 Rupees in Lakhs		As at 31st March, 2015 Rupees in Lakhs	
13 NON-CURRENT INVESTMENT				
Unquoted unless otherwise stated				
Long Term				
Other than Trade Investment				
Investment in Equity Instruments - At cost unless otherwise indicated				
In Subsidiaries				
18,118 Fully paid Equity Shares of Euro 1/- each in Phillips Carbon Black Cyprus Holdings Limited		**3,022.40**		3,022.40
8,390,000 Fully Paid Equity Shares of Rs. 10/- each in Goodluck Dealcom Private Limited		**4,195.00**		4,195.00
In Others				
35,930 Fully paid Equity Shares of Rs. 2/- each in Bank of Baroda (Quoted)	**16.53**		16.53	
11,400 Fully paid Equity Shares of Rs.10/- each in Indian Overseas Bank (Quoted)	**2.74**		2.74	
380,000 (Previous Year 600,000) Fully paid Equity Shares of Rs.10/- each in Norplex Oak India Ltd (Quoted)* [220,000 shares sold during the year]	**38.00**		60.00	
765,000 (Previous Year 1,910,000) Fully paid Equity Shares of Rs.10/- each in Maple Circuits Ltd (Quoted)* [1,145,000 shares sold during the year]	**76.50**		191.01	
1,600 Fully Paid Equity Shares of Rs. 10/- each in Apeejay Charter Private Ltd.	**0.16**		0.16	
		133.93		270.44

	As at 31st March, 2016 Rupees in Lakhs		As at 31st March, 2015 Rupees in Lakhs	
13 NON-CURRENT INVESTMENT (Contd.)				
Investment in preference shares-				
At cost unless otherwise indicated				
50 Fully paid Preference Shares of Rs.100/- each in Norplex Oak India Ltd.*	**0.05**		0.05	
50 Fully paid Preference Shares of Rs.100/- each in Maple Circuits Ltd.*	**0.05**		0.05	
		0.10		0.10
		7,351.43		7,487.94
Less: *Provision for diminution in carrying amount of Investments in Norplex Oak India Ltd. and Maple Circuits Ltd.		**(114.60)**		(251.11)
		7,236.83		7,236.83
Notes: (a) Aggregate amount of Quoted Investments		**133.77**		270.28
(b) Aggregate amount of Unquoted Investments		**7,217.66**		7,217.66
(c) Aggregate provision for diminution in value of investments		**(114.60)**		(251.11)
		7,236.83		7,236.83
(d) Market value of Quoted Investments (excluding Norplex Oak India Ltd. and Maple Circuits Ltd. in absence of any current quotation)		**56.27**		63.57
14 LONG TERM LOANS AND ADVANCES				
Unsecured Considered Good (Unless otherwise stated)				
Capital Advances				
Considered Good :		**333.56**		682.86
Considered Doubtful :	**10.62**		15.72	
Less : Provision for doubtful advances	**10.62**	–	15.72	–
Security Deposits		**1,221.44**		1,120.82
Advances given to related parties				
Phillips Carbon Black Cyprus Holdings Limited (Subsidiary)		**619.42**		619.42
Other Loans & Advances				
Loans to Employees #		**92.15**		125.99
Advance to Employee		**–**		0.61
Prepaid expenses		**168.72**		383.57
		2,435.29		2,933.27

Loans to Employees includes Rs. 0.01 lakh (31.03.2015 - Rs. 0.08 lakh) due by an officer of the Company.

15 OTHER NON-CURRENT ASSETS		
MAT Credit Entitlement	**5,389.13**	5,389.13
	5,389.13	5,389.13
16 CURRENT INVENTORIES		
At cost or fair value whichever is less :		
Investments in Mutual Funds (Unquoted)		
Principal Cash management Fund - Direct Plan Growth **339,298.20 Units** (Previous Year Nil) of face value 1000/- each	**5,000.00**	–
Taurus Liquid Fund - Direct Plan - Super Institutional Growth **6,0952.90 Units** (Previous Year Nil) of face value Rs.1000/- each	**1,000.00**	–
ICICI Prudential Liquid - Direct Plan Growth **1,695,731.35 Units** (Previous Year Nil) of face value Rs.100/- each	**3,800.00**	–
	9,800.00	–
Aggregate amount of Net Assets Value	**9,808.25**	–

Notes to Financial Statements for the year ended 31st March, 2016

		As at 31st March, 2016 Rupees in Lakhs		As at 31st March, 2015 Rupees in Lakhs
17 INVENTORIES (Valued at lower of cost and net realisable value)				
Raw Materials [including in transit **Rs. 7725.60** lakhs (31.03.2015: Rs. Nil)]		**15,540.64**		17,458.26
Finished Goods [including in transit **Rs. Nil** (31.03.2015: Rs. 53.31 lakhs)]		**5,140.98**		8,701.79
Stores and Spares (including packing materials)		**3,740.62**		3,523.94
		24,422.24		29,683.99
18 TRADE RECEIVABLES				
Unsecured				
Outstanding for a period exceeding 6 months from the date they are due for payment				
Considered Good		**758.96**		2,336.32
Considered Doubtful	**809.55**		809.55	
Less : Provision for doubtful debts	**809.55**		809.55	
		–		–
		758.96		2,336.32
Other Debts - Considered Good		**43,140.12**		49,805.66
		43,899.08		52,141.98
19 CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Cash in Hand		**5.03**		3.83
Remittances in Transit		**974.03**		866.67
Balances with Banks				
- On Current Accounts		**3,879.68**		68.54
- On Unpaid Dividend Accounts*		**62.72**		71.01
Total (A)		**4,921.46**		1,010.05
Other bank balances				
- On Margin Money Account against Guarantee (with maturity more than 3 months and less than 12 months)		**139.20**		139.47
Total (B)		**139.20**		139.47
Total (A+B)		**5,060.66**		1,149.52
*earmarked for payment of unpaid dividend only.				
20 SHORT TERM LOANS AND ADVANCES				
Unsecured Considered Good (unless otherwise stated)				
Advances to Suppliers/ Service providers				
Considered Good :		**930.87**		1,207.88
Considered Doubtful :	**16.18**		54.76	
Less : Provision for doubtful advances	**16.18**	**–**	54.76	–
Balances with statutory/government authorities				
Considered Good :		**4,796.06**		4,525.06
Considered Doubtful :	**117.50**		–	
Less : Provision for doubtful advances	**117.50**	**–**	–	–
Advance payment of Taxes, etc.				
[Net of Provision for Taxation (31.03.2015 Rs. 11,698.28 lakhs)]		**–**		151.62
Loans to Employees#		**63.78**		83.18
Advances to Employees##		**136.21**		83.44
Prepaid Expenses		**640.75**		725.74
		6,567.67		6,776.92

#Loans to Employees includes Rs. 0.06 lakhs (31.03.2015 - Rs 0.06 lakh) due by an officer of the Company.

##Advance to Employees includes Rs. 0.12 lakhs (31.03.2015 - Rs Nil) due by an officer of the Company. Advance to employee includes Rs. 36.00 lakhs (31.03.2015 - Rs Nil) held in trust by Managing Director of the Company which has been subsequently refunded to the Company.

21 OTHER CURRENT ASSETS				
Unsecured Considered Good				
Export Benefit Receivables		**758.73**		1,586.97
		758.73		1,586.97

Notes to Financial Statements for the year ended 31st March, 2016

		Year ended 31st March, 2016 Rupees in Lakhs		Year ended 31st March, 2015 Rupees in Lakhs
22 REVENUE FROM OPERATION				
Sales of Products				
Finished Goods				
Carbon Black	**202,022.76**		260,504.02	
Less : Excise Duty	**22,137.79**		24,119.94	
		179,884.97		236,384.08
Power		**7,631.71**		6,912.90
Traded Goods (Carbon Black Feed Stock)		**1,748.17**		3,427.13
Other Operating Revenues				
Scrap Sale		**207.02**		295.12
		189,471.87		247,019.23
23 OTHER INCOME				
Interest Income				
On Inter Corporate Deposit	**901.95**		763.99	
On Overdue Invoices	**56.91**		36.28	
		958.86		800.27
Dividend from Long Term Investments		**1.15**		0.81
Profit on Sale of Current Investments		**161.95**		–
Profit on Sale of fixed assets		**425.77**		–
Liability no longer required written back		**98.24**		384.19
Provision for doubtful advances written back		**43.68**		–
Provision for Diminution on Long term Investments written back		**1.37**		–
Miscellaneous Income		**103.76**		256.44
		1,794.78		1,441.71
24 Cost of Materials Consumed				
Opening Stock		**17,458.26**		26,919.16
Add : Purchases		**127,228.24**		176,980.15
		144,686.50		203,899.31
Less : Closing Stock		**15,540.64**		17,458.26
		129,145.86		186,441.05
24.1 Details of Raw Materials consumed				
Carbon Black Feed Stock		**122,617.32**		179,460.06
Others		**6,640.19**		7,297.19
		129,257.51		186,757.25
Less: Consumption through Research and Development				
- Carbon Black Feed Stock		**103.05**		293.97
- Others		**8.60**		22.23
		129,145.86		186,441.05
24.2 Details of Raw Material Inventory				
Carbon Black Feed Stock		**15,127.96**		16,323.23
Others		**412.68**		1,135.03
		15,540.64		17,458.26

24.3 Raw material purchase is net of Rs. 1,882.13 lakhs (Previous year Rs. 2,099.96 lakhs) being benefits under duty exemption/benefit scheme pertaining to exports.

24.4 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORE AND SPARE PARTS CONSUMED* :

	Year ended 31st March, 2016		Year ended 31st March, 2015	
Raw Materials	**%**	**Rupees in lakhs**	%	Rupees in lakhs
Imported	**78.85**	**101,828.12**	92.04	171,598.97
Indigenous	**21.15**	**27,317.74**	7.96	14,842.08
Total	**100.00**	**129,145.86**	100.00	186,441.05
Stores and Spares including packing material				
Imported	**2.95**	**211.50**	5.45	351.15
Indigenous	**97.05**	**6,962.71**	94.55	6,088.05
Total	**100.00**	**7,174.21**	100.00	6,439.20

* Excluding raw material consumption for Research and Development

VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED FOR RESEARCH AND DEVELOPMEN:

	Year ended 31st March, 2016		Year ended 31st March, 2015	
Raw Materials	**%**	**Rupees in lakhs**	%	Rupees in lakhs
Imported	**70.57**	**78.79**	60.04	189.86
Indigenous	**29.43**	**32.86**	39.96	126.34
Total	**100.00**	**111.65**	100.00	316.20

		Year ended 31st March, 2016	Year ended 31st March, 2015
		Rupees in Lakhs	Rupees in Lakhs
25	**CHANGES IN INVENTORIES OF FINISHED GOODS**		
	Closing Stock (Carbon black)	**5,140.98**	8,701.79
	Less: Opening Stock (Carbon Black)	**8,701.79**	13,010.95
		3,560.81	4,309.16
26	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and Wages	**5,934.90**	5,817.14
	Contribution to Provident and Other Funds	**514.16**	610.45
	Staff Welfare Expense	**885.85**	588.87
		7,334.91	7,016.46
27	**FINANCE COSTS**		
	Interest expense	**6,564.53**	9,179.08
	Other borrowing costs	**154.53**	148.95
	Applicable net loss on foreign currency transactions and translations (to the extent regarded as adjustment to interest cost)	**371.95**	152.10
		7,091.01	9,480.13
28	**OTHER EXPENSES**		
	Consumption of Stores and Spares parts	**2,856.64**	2,495.31
	Consumption of Packing Materials	**4,317.57**	3,943.89
	Power and Fuel	**2,016.27**	1,608.75
	Water Charges	**186.21**	207.92
	Rent	**507.93**	448.80
	Rates and Taxes	**208.84**	138.91
	Repairs and Maintenance :		
	- Buildings	**276.38**	313.04
	- Plant and Machinery	**884.23**	611.83
	- Others	**245.27**	195.45
		1,405.88	1,120.32
	Insurance	**132.89**	178.77
	Travelling and Transport Expenses	**1,056.55**	984.27
	Subscriptions and Donations	**19.55**	30.22
	Freight Outward	**4,330.87**	4,822.20
	Commission to Selling Agents	**2,535.47**	2,504.52
	Directors' Fees	**16.55**	11.20
	Research and Development Expenses	**393.64**	377.06
	Hedging cost	**4,726.50**	4,355.27
	Net (gain)/loss on foreign currency transaction/translation	**(1,131.81)**	880.20
	Loss on Disposal of Fixed Assets/Fixed Assets Scrapped (net)	**–**	7.98
	Balance with Government authorities written off	**193.37**	–
	Provision for Doubtful Advances	**117.50**	28.80
	Miscellaneous Expenses	**7,294.28**	6,589.25
		31,184.70	30,733.64

		Year ended 31st March, 2016	Year ended 31st March, 2015
28.1	**PAYMENT TO AUDITORS**	**Rupees in Lakhs**	Rupees in Lakhs
	Auditors' Remuneration:		
	Audit Fees for Standalone Financial Statements	**37.00**	30.00
	Audit Fees for Consolidated Financial Statements	**5.00**	5.00
	Tax Audit Fees	**5.75**	5.75
	Others (Certification etc.) [including **Rs. Nil Lakhs** (Previous Year Rs. 0.78 Lakhs) relating to prior year]	**19.75**	18.09
	Reimbursement of Expenses	**1.46**	1.21
		68.96	60.05

28.2 Miscellaneous expenses includes Rs. (410.87 lakhs) (Previous year Rs.222.92 lakhs) being the difference between excise duty on opening and closing stock of finished goods.

29	**EARNING PER SHARE**		
	Basic and Diluted		
	(i) Number of Equity Shares at the beginning of the year	**34,467,572**	34,467,572
	(ii) Number of Equity Shares at the end of the year	**34,467,572**	34,467,572
	(iii) Weighted average number of Equity Shares outstanding during the year	**34,467,572**	34,467,572
	(iv) Face value of each Equity Shares (Rs.)	**10.00**	10.00
	(v) Profit after Tax available for Equity Shareholders (Rs. in lakhs)	**2,286.22**	1,264.45
	(vi) Basic and Diluted Earning Share (Rs.) [(v)/(iii)]	**6.63**	3.67
30	**PROPOSED DIVIDEND**		
	On Equity Shares of Rs. 10 each		
	Amount of dividend proposed	**861.69**	344.68
	Dividend per Equity Share	**2.50**	1.00
31	**CONTINGENT LIABILITIES**		
	Contingent Liabilities for :		
	(a) (i) Claims against the Company not acknowledged as debts :		
	Income-tax matters under dispute	**42.27**	42.27
	Excise Duty matters under dispute	**350.89**	310.27
	Custom Duty matters under dispute	**–**	57.12
	Sales Tax matters under dispute	**12.78**	–
	Service Tax Matters under Dispute	**0.98**	–
	(ii) Others		
	Excise Duty matters under dispute	**156.52**	156.52
	Entry Tax matter under dispute	**2,027.50**	1,605.77
	(b) Outstanding Bank Guarantees etc.	**1,050.95**	911.70
	(c) Guarantees or Counter Guarantees or Counter Indemnity given by the Company :		
	On behalf of bodies corporate and others		
	- Limit	**9.00**	9.00
	- Outstanding	**9.00**	9.00
32	**CAPITAL COMMITMENTS AND OTHER COMMITMENTS**		
	Capital Commitments	**396.93**	832.61
	Other Commitments:		
	Export commitments in lieu of imported capital goods under the Export Promotion Capital Goods scheme	**2,358.28**	98.70

(Rupees in Lakhs)

		Total	Durgapur	Kochi	Palej	Mundra
		Year ended 31st March, 2016				
33	**RESEARCH AND DEVELOPMENT EXPENSES**					
	Raw Materials Consumed	**111.65**	**59.85**	**27.54**	**24.26**	**–**
		(316.20)	(99.63)	–	(216.57)	–
	Salaries Wages and Bonus	**246.73**	**88.25**	**48.90**	**78.59**	**30.99**
		(48.62)	(11.47)	–	(37.15)	–
	Contribution to Provident and Other Funds	**19.08**	**6.87**	**3.75**	**5.95**	**2.51**
		(4.81)	(1.13)	–	(3.68)	–
	Staff Welfare Expense	**7.53**	**1.75**	**2.80**	**2.65**	**0.33**
		(1.90)	(0.45)	–	(1.45)	–
	Miscellaneous Expenses	**8.65**	**2.25**	**1.53**	**3.91**	**0.96**
		(5.53)	–	–	(5.53)	–
	Total	**393.64**	**158.97**	**84.52**	**115.36**	**34.79**
		(377.06)	(112.68)	–	(264.38)	–

Note: Figures in brackets indicate previous years figures.

34 RELATED PARTY DISCLOSURES

(In accordance with Accounting Standard-18 notified under Section 211(3C) of the Companies Act, 1956.)

i) Related Parties

Name	Relationship
a) Where control exists	
Name of Related Parties	
Phillips Carbon Black Cyprus Holdings Limited	Wholly Owned Subsidiary Company
PCBL Netherlands Holdings B.V.	Wholly Owned Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited
Phillips Carbon Black Vietnam Joint Stock Company	Subsidiary Company of PCBL Netherlands Holdings B.V.
Goodluck Dealcom Private Limited (GDPL)	Wholly Owned Subsidiary Company
Rainbow Investments Limited [(Refer Note 2b(ii)]	Holding Company and an enterprise related to the Company in terms of Para 3 (e) of Accounting Standard - 18 [From 8th July 2014 till 22nd September, 2014]
b) Others with whom transactions have taken place	
Mr. Kaushik Roy, Managing Director	Key Management Personnel
Mr. Altaf Jiwani	Key Management Personnel (Effective 1st April 2014 till 30 January 2015)
Mr. Sanjiv Goenka [From 8th July 2014]	Chairman
Mr. Shashwat Goenka [From 8th July 2014]	Relative of Mr. Sanjiv Goenka
c) Investment party in respect of which the Company is an Associate and an enterprise related to the Company in terms of Para 3(e) of Accounting Standard -18	Rainbow Investments Limited [Effective 23rd September 2014, also Refer Note 2b(ii)]

ii) Particulars of Transactions during the year ended 31st March, 2016

	Year ended 31st March, 2016 Rupees in Lakhs	Year ended 31st March, 2015 Rupees in Lakhs
A) Holding Company and an enterprise related to the Company in terms of Para 3 (e) of Accounting Standard - 18		
a) Rent Paid	–	1.75
b) Interest Income on Loan	–	24.39
B) Subsidiary Companies		
a) Advances given to Phillips Carbon Black Cyprus Holdings Limited	–	2.99
b) Loan given to GDPL	**4,375.00**	4,156.00
c) Loan recovered from GDPL	**4,375.00**	4,156.00
d) Interest Income on loan given to GDPL	**430.33**	213.64
C) Investment party in respect of which the Company is an Associate and an enterprise related to the Company in terms of Para 3 (e) of accounting Standard-18		
a) Rent paid	**8.28**	4.31
b) Reimbursement of expenses	**0.37**	–
c) Loan Recovered	–	1,250.00
d) Interest Income on loan	–	59.87
e) Dividend Paid	**172.16**	–
f) Recovery of Security deposit	**604.00**	–
D) Key Management Personnel		
a) Directors' Remuneration		
Mr. Kaushik Roy	**330.87**	310.35
Mr. Altaf Jiwani	–	155.46
E) Chairman and his relative		
Sitting Fees		
Mr. Sanjiv Goenka	**1.40**	0.60
Mr. Shashwat Goenka	**1.45**	0.45

iii) Balance Outstanding at the year end

	As at 31st March, 2016 Rupees in Lakhs	As at 31st March, 2015 Rupees in Lakhs
A) Subsidiary Companies		
Advances		
Phillips Carbon Black Cyprus Holdings Limited	**619.42**	619.42
Investments		
Phillips Carbon Black Cyprus Holdings Limited (Refer Note 13 above)		
Goodluck Dealcom Pvt. Limited (Refer Note 13 above)		
B) Investment party in respect of which the Company is an Associate and an enterprise related to the Company in terms of Para 3 (e) of accounting Standard-18		
Security Deposit reveivable	–	604.00
Short Term Loans and Advances	**69.12**	69.12
Payable on account of Rent expense	**9.32**	1.86
Recoverable on account of Reimbursement of expenses	**0.06**	–
C) Key Management Personel Advance		
Mr. Kaushik Roy (Since refunded to the Company) (Also refer remark on Note 20)	**36.00**	–

	Year ended 31st March, 2016 Rupees in Lakhs	Year ended 31st March, 2015 Rupees in Lakhs
35 CIF VALUE OF IMPORTS		
(a) Raw Materials	**88,059.60**	155,003.70
(b) Stores and Spares	**204.21**	92.66
(c) Capital Equipment	**1,354.25**	237.91
(d) Stock-in-trade (Carbon Black Feed Stock)	–	3,294.37
36 EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF		
(a) Commission on Export Sales	**591.19**	505.63
(b) Interest	**488.30**	533.47
(c) Professional and Consultancy Fees	**317.37**	302.11
(d) Others	**1,180.60**	1,596.50
37 EARNINGS IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF		
Sales (F.O.B. Value)		
- Carbon Black	**43,674.56**	58,667.20
- Carbon Black Feed Stock (Traded)	–	3,427.13

38 SEGMENT REPORTING

a Information relating to the two business segments, being Carbon black and Power has been disclosed as Primary Segment.

b Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external Sources.

c Segment Revenues, Results and other information:

Business Segment **(Rupees in Lakhs)**

		Year ended 31st March, 2016		
		Carbon Black	**Power**	**Total**
(i)	**Segment Revenue**			
	External Sales	**181,840.16**	**7,631.71**	**189,471.87**
	Inter-segment Sales	**—**	**5,336.33**	**5,336.33**
		181,840.16	**12,968.04**	**194,808.20**
(ii)	**Segment Results**			
	Profit before interest and tax	**9,269.61**	**9,013.25**	**18,282.86**
	Unallocated expenses (net)	**—**	**—**	**(6,014.22)**
	Interest	**—**	**—**	**(6,564.52)**
	Profit before tax			**5,704.12**
(iii)	**Segment Assets**	**132,394.45**	**30,274.44**	**162,668.89**
	Unallocated	**—**	**—**	**30,184.07**
				192,852.96
(iv)	**Segment Liabilities**	**30,978.96**	**38.67**	**31,017.63**
	Unallocated	**—**	**—**	**109,558.48**
				140,576.11

Business Segment (Rupees in Lakhs)

Year ended 31st March, 2015		
Carbon Black	Power	Total
240,106.33	6,912.90	247,019.23
—	4,916.95	4,916.95
240,106.33	11,829.85	251,936.18
7,306.21	7,795.92	15,102.13
—	—	(4,490.06)
—	—	(9,179.08)
		1,432.99
148,541.49	31,274.60	179,816.09
—	—	16,474.96
		196,291.05
18,545.73	166.89	18,712.62
—	—	126,550.69
		145,263.31

Business Segment (Rupees in Lakhs)

		Year ended 31st March, 2016		
		Carbon Black	Power	Total
(v)	Capital Expenditure	3,082.09	718.99	3,801.08
(vi)	Depreciation/Amortization	3,208.98	2,127.50	5,336.48
(vii)	Non Cash Expense other than Depreciation	310.87	—	310.87

Business Segment (Rupees in Lakhs)

Year ended 31st March, 2015		
Carbon Black	Power	Total
1,908.95	341.34	2,250.29
3,620.21	1,965.94	5,586.15
28.80	—	28.80

Geographical Segment (Rupees in Lakhs)

		Year ended 31st March, 2016		
		Within India	Outside India	Total
(i)	Segment Revenue	145,797.31	43,674.56	189,471.87
(ii)	Capital Expenditure	3,801.08	—	3,801.08
(iii)	Segment Assets	154,670.84	7,998.05	162,668.89

Geographical Segment (Rupees in Lakhs)

		Year ended 31st March, 2015		
		Within India	Outside India	Total
(i)	Segment Revenue	184,924.90	62,094.33	247,019.23
(ii)	Capital Expenditure	2,250.29	—	2,250.29
(iii)	Segment Assets	167,875.48	11,940.61	179,816.09

39A POST EMPLOYMENT DEFINED BENEFIT PLANS

I. Gratuity and Post retirement medical benefits

Gratuity

In keeping with the Company's gratuity scheme, eligible employees are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement / death/ incapacitation/ termination etc. Also refer Note 1.11 (b) (iii) for accounting policy related to gratuity.

Post retirement medical benefits

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit] are extended to certain employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and are recognized as a charge on accrual basis. This is a defined benefit plan.

39A.1 Reconciliation of opening and closing balances of the present value of defined benefit obligations –

(Rupees in Lakhs)

	Funded		Unfunded	
	Gratuity		Medical	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Opening balance	1,165.64	1,038.03	25.65	55.02
Current Service Cost	64.46	57.52	–	—
Interest cost	89.64	83.24	1.98	4.86
Actuarial loss / (gain)	70.45	213.05	2.19	(32.21)
(Benefits paid)	(61.96)	(226.20)	(1.15)	(2.02)
Closing balance	1,328.23	1,165.64	28.67	25.65

39A.2 Reconciliation of opening and closing balances of the fair value of plan assets –

(Rupees in Lakhs)

	Gratuity	
	As at 31st March, 2016	As at 31st March, 2015
Opening balance	805.48	942.37
Expected return on Plan Asset	72.73	66.00
Actuarial (loss) / gain	(2.21)	22.35
Company's contribution	269.20	0.96
(Benefits paid)	(61.96)	(226.20)
Closing balance	1,083.24	805.48

The expected return on plan assets is determined after taking into consideration composition of plan assets held, assessed risks of asset management, historical results of return on plan assets, company's policies for plan asset management and other relevant factors.

39A.3 Actual Return on Plan

(Rupees in Lakhs)

	Gratuity	
	Year ended 31st March, 2016	Year ended 31st March, 2015
Actual Return on Plan Assets	70.52	88.35

39A.4 Plan assets for gratuity is funded with Life Insurance Corporation of India.