

Date:- 29th May, 2021

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

The General Manager,
Department of Corporate Services,
BSE Ltd.,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers,
Dalal Street, Fort,
Mumbai – 400001

Dear Sir,

Sub:- Intimation for Annual General Meeting, Book Closure Notice and Regulation 34 – Electronic copy of the Notice of the 60th Annual General Meeting and Annual Report of the Company for the financial year 2020 – 2021

This is to inform you that the Sixtieth (60th) Annual General Meeting of the Members of the Company is scheduled to be held on Tuesday, the 22nd day of June, 2021 at 10:30 A.M. Indian Standard Time (“IST”), through Video Conferencing / Other Audio Visual Means (“VC/OAVM”) facility in compliance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with General Circular Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated 8th April, 2020, 13th April, 2020, 5th May, 2020 and 13th January, 2021 respectively issued by the Ministry of Corporate Affairs (“MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 as amended by Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 issued by the Securities and Exchange Board of India (“SEBI Circulars”).

Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and the Share Transfer Books of the Company will remain closed from 16th June, 2021 to 22nd June, 2021 (both days inclusive) for the purpose of the 60th Annual General Meeting of the Company for the financial year ended 31st March, 2021.

15th June, 2021 will be the Cut-Off date for the purpose of E-Voting. Those shareholders holding shares either in dematerialized form or in physical form, as on the close of business hours on 15th June, 2021 will be entitled to avail the facility of remote e-voting as well as voting at the AGM.

Pursuant to Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the electronic copy of the Notice of the 60th AGM and the Annual Report of the Company for the financial year ended 31st March, 2021 including the Audited Financial Statements for the financial year ended 31st March, 2021 (“Annual Report”) which is being sent only through electronic mode to the Members of the Company.

Phillips Carbon Black Limited
Corporate Office
RPSG House, 2/4 Judges Court Road,
4th Floor, Kolkata - 700 027, India.
T: +91 33 4087 0500/ 0600

Phillips Carbon Black Limited
Registered Office
Duncan House, 31 Netaji Subhas Road, Kolkata - 700001, India
T: +91 33 6625 1461-64. Fax: +91 33 2248 0140/ 2243 6681
E-mail: pcbl@rpsg.in. U: www.pcblltd.com
CIN: L23109WB1960PLCO24602

The Notice of the 60th AGM and the Annual Report are also being uploaded on the website of the Company at www.pcblltd.com .

You are requested to take the afore-mentioned information on record and oblige.

Thanking You,

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



K. Mukherjee
Company Secretary & Chief Legal Officer

Encl: Notice of the 60th AGM Notice and the Annual Report of the Company for FY 2020-2021



Expanding Horizons. Responsibly.

Touching lives in more ways than one

CONTENTS

2-7

WHO WE ARE

- 2 Corporate identity
- 4 Presence
- 6 Product applications

8-13

OUR PERFORMANCE

- 8 Chairman's communique
- 9 Managing Director's perspective
- 10 Financial review
- 11 Information technology
- 12 Key performance indicators

14-26

BUSINESS REVIEW

- 14 Business model
- 16 Manufacturing excellence
- 18 R&D focus
- 20 Human resource
- 24 Procurement
- 26 Sales and marketing

27-37

PROGRESSING RESPONSIBLY

- 27 ESG snapshot
- 28 Environment
- 32 Corporate social responsibility
- 34 Governance
- 35 Board of Directors
- 36 Leadership team
- 37 Corporate information

38-117

STATUTORY REPORTS

- 38 Notice
- 49 Board's report
- 56 Management discussion and analysis
- 80 Report on corporate governance
- 102 Business responsibility report

118-224

FINANCIAL STATEMENTS

- 118 Standalone
- 172 Consolidated
- 224 Form AOC-1

ABOUT RP-SANJIV GOENKA GROUP

With ₹48,500 crores of asset base and consolidated revenue of ₹26,400 crores, the RP-Sanjiv Goenka Group is among India's fastest growing conglomerates with a significant global presence. The Group companies have always embraced state-of-the-art and efficient technologies and have become leaders in the sectors that they operate in. The Group's businesses comprise power, carbon black, IT-enabled services, consumer and retail, media and entertainment, sports, education and infrastructure and plantations. The Group has an employee strength of 50,000+ and 500,000+ shareholders.

GROUP'S VISION

To be a dynamic conglomerate driven by sustainable growth, efficiency and innovation

CORE VALUES



Customer First

Keep customer at the core of every action



Execution Excellence

Strive to be the best in everything we do



Credibility

Instill trust, confidence and accountability with our actions



Agility

Move ahead of time quickly



Risk-Taking

Dare to go beyond



Humaneness

Be fair, respectful, transparent and sensitive

Expanding Horizons. Responsibly.

Over the past six decades, Phillips Carbon Black Limited has emerged as one of the key global players in the carbon black industry. As we move ahead, we are laying the foundation for the next decade of growth.

We are moving forward to emerge as a value-added products player aided by our research and innovation centres in Asia and Europe, helping us develop product solutions to meet the evolving needs of our global customers.

We are also investing in expanding our capacities which will help us in addressing the growing demands in the sector and reinforce our industry leadership.

While we continue to innovate and scale up, we are working relentlessly towards optimising our environmental footprint and adding value to the communities around us. We have built an organisation that is trusted for its ethics, transparency and empathetic outlook.

As we go forward, we will continue to expand our horizon, responsibly.



CORPORATE IDENTITY

Scale and innovation help us grow responsibly

Established in 1960, Phillips Carbon Black Limited (PCBL) is an integral part of RP-Sanjiv Goenka Group.

We commenced production at Durgapur with 14,000 MT of annual production capacity. Over the decades, we have built scale, expanded global footprint and set up world-class R&D facilities to address diverse customer requirements.

Today, we are the largest carbon black manufacturer in India (603,000 MT of annual production capacity) and a strong global player with a significant customer base in 45+ countries.



VISION

A trusted **G**lobal player providing cutting edge solutions to our **P**artners and an exciting workplace to our **P**eople

We have four strategically located state-of-the-art plants at Durgapur (West Bengal), Palej & Mundra (Gujarat) and Kochi (Kerala) along with R&D Centre in Asia and Innovation Centre in Europe. Our plant operations are accredited with the following certifications: IATF 16949:2016, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and 'WASH' (Work Place Assessment For Safety & Hygiene) linked with COVID-19 preparedness as an additional part of ISO 45001:2018 standard requirement. Our plant laboratories at Palej and Kochi are accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) for Research and Quality Control. Our products are REACH compliant.

We possess a production capacity of 603,000 MT per annum with a dedicated capacity for specialty black of 72,000 MT. We generate 76 MW of green power as a part of our commitment to responsible and sustainable growth.

We are an environmentally responsible company and take sustained efforts in optimising our environmental footprint. We are the world's first carbon black company to be awarded Carbon Credit under Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC).

Our future-facing technology adoption makes it possible to switch seamlessly between alternative feedstocks, make efficient use of resources, deliver a wide

selection of grades, and accomplish high-quality standards. Our IT infrastructure is on the cloud and that helped business continuity during lockdowns. Disaster recovery is also on the cloud based out of Singapore (different seismic zones). Moreover, our contemporary IT platforms such as SAP S4HANA ERP and related Fiori apps, SAP SuccessFactors app and portal provide advantages of speed, accessibility, data integrity and security. In accordance with ISMS: ISO 27001 – Data Confidentiality, Integrity Availability guidelines, we introduced the SAP Document Management System.

KEY NUMBERS

No.1

Exporter of carbon black from India

1st

Carbon black company to be awarded Carbon Credit under the Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC) in the world

7th

Global position among carbon black companies

60+

Years of experience

603,000 MTPA

Total carbon black manufacturing capacity

76 MW

Green power generating capacity

60+

Carbon black grades produced (rubber to specialty blacks)

100,000+

Number of shareholders

29+ years

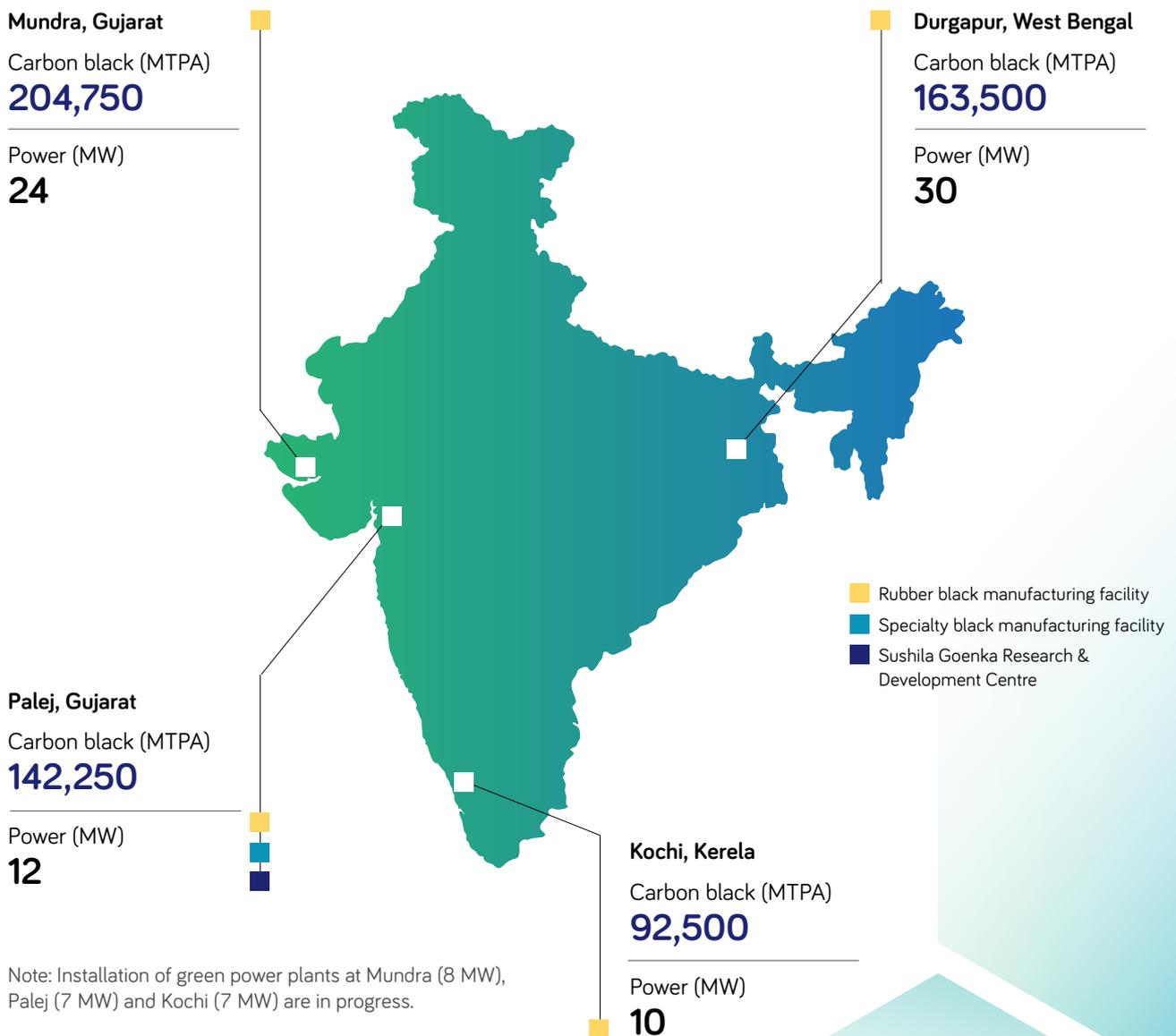
Average industry experience of the leadership team

PRESENCE

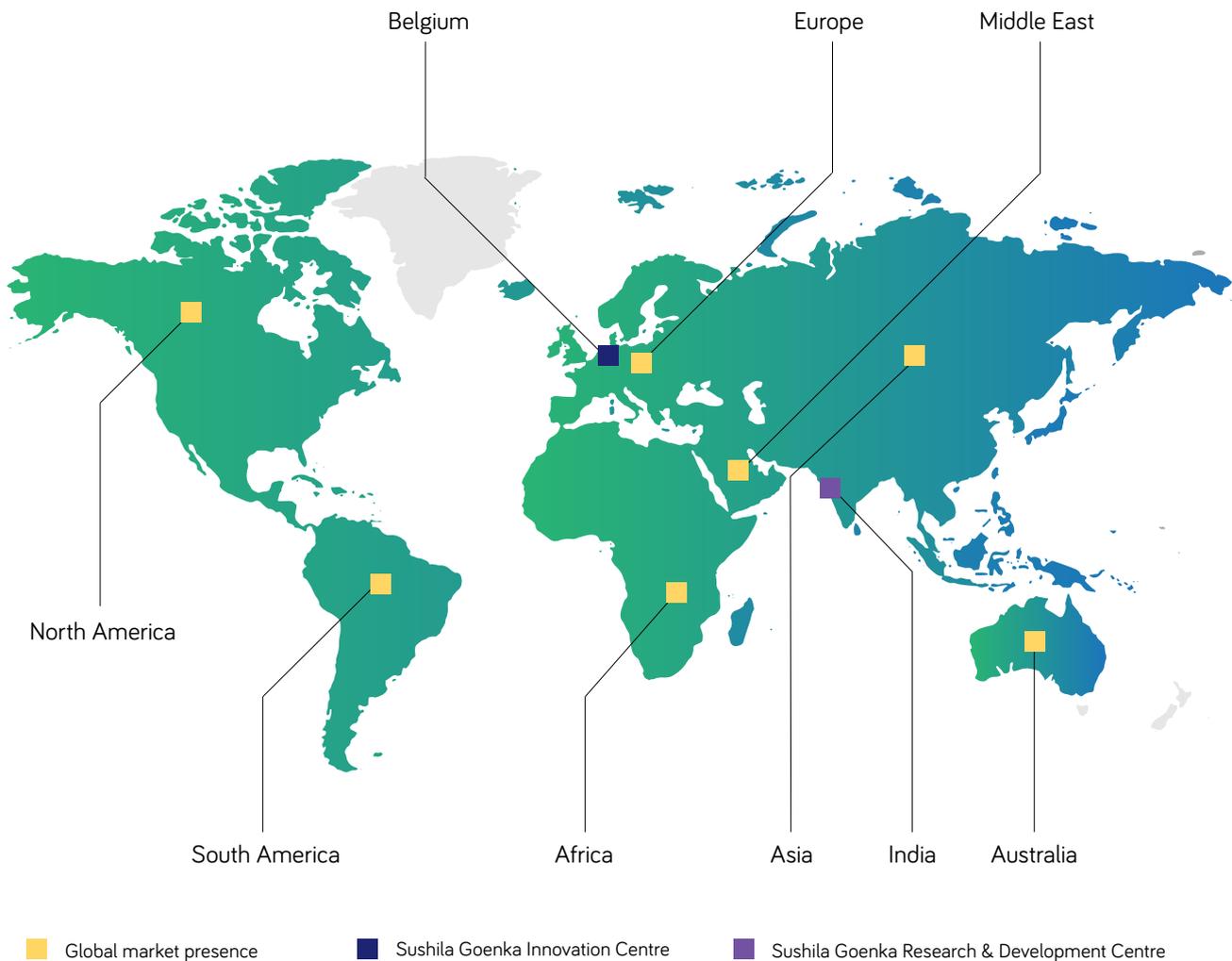
Addressing the needs of a large customer fraternity

We have offices in Japan, Germany, Belgium, China, South Korea and Vietnam among others. Our strong distribution network enables us to address the needs of a large customer fraternity worldwide.

MANUFACTURING CAPACITIES



GLOBAL FOOTPRINT



BIG NUMBERS

45+ countries

Where we are present



26%

Share of revenue from exports



6

Global offices



200+

Strategic supply chain partners



PRODUCT APPLICATIONS

Touching lives in more ways than one

RUBBER BLACK

We offer our rubber grades carbon black under the 'Orient Black' brand, which are manufactured in furnace process. Orient black is a prominent class of carbon black grade that is used in rubber compounds as reinforcing fillers in order to provide the rubber compound the utmost solution in tailoring specific rubber compound requirements. The enhancement in rubber properties is a function of the major physicochemical properties of carbon black, covering particle size, structure, aggregate distribution and surface characteristics.

Orient Black is the volume driver in our business and contributes almost 90% to the total sales volume.

OUR BRAND

We offer a comprehensive portfolio spanning multiple grades of rubber black as classified by the American Society for Testing and Materials (ASTM) standards, alongside customised high-performance products to cater to next generation business needs.

Meeting specific requirements in rubber products, this brand provides value addition to a wide range of tyres and rubber goods applications.

Rubber black finds different downstream applications in rubber industries under two primary utilities:

Technical and moulded rubber goods

- Conveyor belts
- Extrusions and profiles
- Hoses and ducting
- Power transmission belts (V belts)
- Moulded rubber goods
- Seals and gaskets

Tyres

- Passenger vehicle tyres
- Truck and bus tyres
- Off-the-road tyres
- Two-wheeler and three wheeler tyres



SPECIALTY BLACK

Carbon black products used for non-rubber applications are categorised as specialty blacks. We are consistently moving up the value chain to emerge among the few global companies with an elaborate specialty carbon black portfolio, which is used in fibres, pressure pipes, wire and cables, food contact plastics, engineering plastics, inks, paints and coatings, fertilisers and adhesives & sealants.

To further strengthen our specialty blacks foothold, two new lines of specialty black have been commissioned in FY 2020-21. With these two lines, we will have four dedicated lines for specialty black in Palej, Gujarat.

OUR BRAND

We market our specialty blacks under the brand name 'Royale Black'. To use carbon black in various food contact plastics, the specific grade of carbon black has to comply with stringent norms of the US FDA certification. The broader brand umbrella 'Royale Black' comprises two primary sub-brands, *Bleumina* and *NiTe*.



Bleumina, a series of medium and high-coloured carbon black (part of the 'Royale Black' brand umbrella), which is used in car exteriors and interiors to improve the aesthetic appeal and durability of the products.

NiTe is a new range in specialty blacks available in powder form. It is used for printing ink applications such as offset ink, liquid ink and inkjet, owing to its colour strength and gloss. *NiTe* series is also used in coatings, adhesives and sealants due to its low viscosity, good stability and dispersion.

Besides, we are among few of the world's leading companies in our industry that meet the stringent United States Food and Drug Administration (USFDA) requirements for direct/indirect food contact plastics applications such as plastic food trays and cutlery. We started supplying to leading global ink manufacturing companies.

Specialty black finds the following downstream applications:

- FDA & food contact plastics
- Fibre
- Wire and cables
- Film
- Engineering plastics
- Pipe
- Printing inks
- Paint/coatings
- Battery

CHAIRMAN'S COMMUNIQUE

Progressing with fortitude and optimism



Dear shareholders,
These are testing times and we need to stay strong and resilient until the impact of the pandemic gradually tapers off.

It is imperative for us to realise that the COVID induced pandemic is the greatest human tragedy in modern history, apart from the economic impact of it. Loss of lives as well as livelihood in the wake of the pandemic are the key challenges that the world is facing today. This is the moment for all of humanity to come together and face this adversity with our cumulative spirit and resilience. Empathy, fortitude and optimism is what the world needs right now.

The grit, determination and agility demonstrated by Team PCBL deserves to be lauded. Considering the constraints in the business environment, the team worked relentlessly to report a spirited performance.

Despite a 18% decline in revenue, from ₹3,243.54 crores in FY20 to ₹2,659.52 crores in FY21, PCBL reported a PBT and PAT of ₹390.36 crores and ₹312.27 crores, compared

to ₹350.84 crores and ₹283.49 crores in FY20, respectively.

In spite of overwhelming business challenges, our esteemed Board has declared an interim dividend of ₹120.64 crores (@350% i.e., ₹7 per equity share of ₹2 each) on 20th January, 2021 for the financial year ended 31st March, 2021 and was paid during the same quarter.

Against the backdrop of a challenging macro environment, bulk orders were cancelled, and the entire industry was severely impacted. Besides, various tyre and rubber manufacturing plants worldwide had to be shut down, as the pandemic raged on. Similarly, the automotive industry's nascent recovery at the beginning of FY21 was derailed due to tepid consumer sentiment and disrupted supply channels.

However, towards the second half of the year under review, the scenario improved significantly. Manufacturing plants started opening up in a phased manner and consumer sentiment improved which helped create new opportunities across the value chain.

Besides, our very own cost rationalisation initiatives, growing share of value-added products and specialty blacks through research and innovation and improved efficiency across all functions were supported by a resurgent automotive market. These facilitated our comeback journey.

We undertook people-centric initiatives to ensure the safety of our entire team and slowly, but steadily, resumed production in all our manufacturing facilities, maintaining the guidelines set by the Government.

Once the ground reality was under control, our operation resumed seamlessly, and the Greenfield and Brownfield projects were fast-tracked. In a bid to widen and strengthen our footprint and to ensure continued service to our international customers, our teams were active in our key international markets such as Japan, Korea, Vietnam, China, and Europe, among others.

During the year, we also took initiatives to further deleverage our balance sheet, and constantly monitored our liquidity position. Our priority was to protect our business and safeguard our stakeholders.

We have always placed great emphasis on research and innovation and have invested extensively in this regard. Our state-of-the-art Sushila Goenka Research & Development Centre in Asia and Sushila Goenka Innovation Centre in Europe, have emerged as the seeding ground

for product and process innovation, coupled with increased efficiencies in all our manufacturing units.

We have embedded sustainability as a part of our broad strategic pillars and place emphasis on sharpening our Environment, Social and Governance (ESG) focus. Guided by our Board of Directors, we are working relentlessly on these strategic pillars and implementation of our sustainability policy. Ensuring the highest standards of corporate governance is our priority. We have received the Corporate Governance rating of CGR2+, reflecting our strong commitment to good governance. We have also put in place targets that are a testimony of our continued commitment to sustainability. As we move through the new normal, our focus on sustainability and ESG remain strongest to the core.

While India battles the second wave of the virus, we, as a responsible corporate citizen, are committed to support our employees, business partners and communities. Our social responsibility goes beyond statutory obligations, it is embedded in our corporate culture. We have initiated several measures to help citizens in this nationwide crisis.

I thank you all for your faith and continued support in PCBL.

Let us put up our best efforts to combat the crisis together.

Yours sincerely,

Dr. Sanjiv Goenka
Chairman

MANAGING DIRECTOR'S PERSPECTIVE

Comeback from setback by being resilient



Dear shareholders,
The year under review had the pandemic as its backdrop and continues to be so in FY 2021-22. It was a litmus test of the organisation's resilience and I feel proud and delighted to report that we have emerged with flying colours.

Comeback from setback is possibly the most appropriate articulation of our performance in FY 2020-21.

PCBL's EBITDA in FY 2020-21 was ₹524 crores as against ₹488 crores in the previous FY. PAT for the year was ₹312 crores, which is around 1.10 times that of previous year's PAT of ₹283 crores, even with the backdrop of continued global recession in the automobile industry aggravated by the COVID-19 pandemic.

The growth in bottom line indicates the way in which we have efficiently allocated capital, managed our costs and protected our markets globally. Besides, our balance sheet is now stronger with debt-equity declining from 0.36 in FY 2019-20 to 0.31 in FY 2020-21.

Let me take this opportunity to share a snapshot of our journey in FY 2020-21. At PCBL, operations were in full swing, with the Greenfield project at Chennai in the process of being set-up. Further, human capital was getting deployed in key international markets such as Japan, Korea, Vietnam, China, Europe, etc. to strengthen the foothold. The Sushila Goenka Innovation Centre in Belgium was just inaugurated, which was emerging as the seeding ground of product and process innovation. Additionally, the capacity expansion initiative at Palej, our Brownfield Project, was also being configured and getting prepped-up for roll-out.

At this juncture, the catastrophe of coronavirus engulfed the entire world, propelling the global economy into a downward spiral. Operations came to a screeching halt at PCBL, with all the plants discontinuing production due to lockdown. This was followed by mass cancellation of orders by customers. The resultant business effect was insignificant sales in Q1 FY 2020-21 with a meagre PBT of ₹2 crores.

Our immediate realisation was that this pandemic more of a human catastrophe than an economic one, affecting the health and livelihood of millions all over the globe. The first priority was the safety and well-being of our people. We adopted all the necessary measures and initiatives to ensure that the pandemic was faced with a mix of agility, preparedness, caution, and safeguards. Taskforces were formed to create a holistic plan that maximised employee safety on one hand and facilitated the company's business on the other. An online COVID dashboard was developed, which was a database of all the details of the COVID-19 prevention checksheets from all our locations. We launched our 'connecting with people' initiative during the pandemic. Me, as well as the senior leadership team engaged regularly with the employees on virtual platforms, focusing on employee well-being, discussions around business realities and the company's prospects.

After setting the house in order, we embarked upon the comeback journey. At the core of the response was 4 step methodology comprising four 'R's.

1. Resolve: The first step of bouncing back was accepting the reality and having the belief and confidence that the organisation can overcome this setback.

2. Resilience: The organisation demonstrated stoic resilience in the face of adversity and the business objective was to ensure that cash flow was maintained, and costs were optimised. Agility and nimble footedness ensured that we were prepared to immediately resume operations when opportunity arrived, paving the way for a speedy recovery.

3. Return: The results of the implementations started to reflect in Q3 FY 2020-21 as the profitability saw a significant upward curve from ₹2 crores in Q1 to ₹125 crores in Q3, the organisation's highest ever PAT in its 60 years' history. The momentum was carried forward in Q4 as PCBL raised the benchmark of PAT to ₹127 crores.

4. Re-imagine: With the growth journey re-energised, we continued the pursuit of our vision to be a Global player by factoring in our key learnings from the battle with the pandemic while chartering the way ahead.

Difficult times are the best teachers. The pandemic has taught the world gratitude, adoptability, adaptability, and a lot of other lessons for life. In the carbon black category, customers are looking at a China + 1 strategy, creating an opportunity for us to step up and take up that available position. Another realisation that dawned upon us was the need of a business continuity plan in case of an unforeseen and Force Majeure incident, and we are already in the process of formulating the same. Additionally, the myths around the need of physical presence to facilitate work was shattered, paving the way for a possible hybrid work culture in the future. Further, the importance of being updated on the digital infrastructure front was also highlighted in the remote-working times. We also understood the need of accelerating our adoption of Machine Learning and Artificial Intelligence. This will be primarily reflected at our upcoming plant in Chennai, which will be at par with Industry 4.0 standards.

We have always been a socially conscious company and it is reflected through our ESG focus and sustainability initiatives. We are constantly in the process of reducing our emissions, waste and water consumption levels, which would lead to a significant reduction in our carbon footprint. Also, as a responsible corporate, we stepped up to do our bit in the country's battle against the coronavirus through various interventions in different geographies.

The battle against the once-in-a-century crisis is far from over. However, there is an overarching feeling of resilience and optimism. The journey to become a trusted Global player, providing cutting-edge solutions to our Partners and an exciting workplace to our People continues, fueled by zeal, enthusiasm and determination.

Warm regards,

Kaushik Roy
Managing Director

FINANCIAL REVIEW

Robust performance

Review of the Profit and Loss metrics

Total income for the year stood at ₹2,675.31 crores around 18% lower compared to FY 20, primarily on account of lockdown during the first quarter of the year as also due to lower crude price which has a direct impact on company's top line. However, with greater focus on operational efficiencies and strategic cost initiatives, we reported an EBITDA of ₹524 crores (previous year ₹488 crores). With reduction in debts and negotiation of lower interest rates on borrowings, overall finance cost reduced from ₹45.90 crores to ₹33.88 crores during the year under review. PBT for the year was ₹390.36 crores as against ₹350.84 crores during FY 20. We continue to enjoy tax benefits due to its investment in power generation assets, capex and R&D expenditure, resulting in an effective tax rate for the year of 20%. Consequently, PAT for the year was ₹312.27 crores as against ₹283.49 crores for FY 20.

With focussed investment in supply chain network over the last few years, we have been able to increase our presence globally, providing us with the flexibility of

changing geographical supply mix with agility based on demand supply situation in different countries. With improved R&D strength, we now have a large portfolio of grades and can provide customised solutions to strategic customers. The focus on customer priorities has helped us develop stronger ties with customers with support from them during tough periods. The cost optimisation drive during the year and improvement in process efficiencies have further supported the overall performance.

Strengthening our Balance Sheet during the year

With enhanced focus on working capital management, we managed to shorten the overall operating cycle, reducing investment in working capital. With a vision to reduce debt, we have been allocating a portion of our cash generation towards debt repayment every year. We are allocating around a third of our profits towards capital expenditure, a similar amount towards pay-out to shareholders and balance towards debt repayment.

We have adequate free cash and unutilised working capital limits to meet financial requirements during the lockdown and subsequent period. Our judicious receivables management helped in maintaining collection efficiency. Also, as a responsible corporate and a reliable business partner, we continue to provide liquidity to our small vendors to enable them to meet their obligations and stay afloat. However, on back of massive disruption in global supply-chains, overall raw material inventory level was increased during the first two quarters to avoid any possible raw material shortage situation.

Safeguarding during the pandemic

The key focus during the period was to maintain collection efficiency and optimise operating cost. Along with cost rationalisation drive, a close cash flow monitoring and management system was put in place which included weekly review of receivables, payables, and inventory position. Stricter controls were placed on all sorts of capital expenditure. We ensured adequate internal financial controls to safeguard all its fixed and moveable assets and took all necessary steps and precautionary measures to ensure smooth functioning of operations and safety and well-being of employees.

Outlook

The growth outlook for India has improved with recent changes in economic policies, the Government's vision of 'Atmanirbhar Bharat' and its focus on manufacturing sector. India could be one of the biggest beneficiaries of rapidly changing global trade relations. Also, with billions of dollar worth of investment lined up in auto and tyre industry globally and in India, the road ahead looks quite exciting for Indian carbon black industry. With a strong balance sheet, efficient supply chain network, improved R & D capability, greater focus on process efficiencies and an agile, experienced and committed team of professionals, we are attractively positioned to grow sustainably.



Kaushik Roy (MD-PCBL) recognised with the Management Excellence Award by CMA (Calcutta Management Association)

INFORMATION TECHNOLOGY

Making the organisation future-ready

The onset of the pandemic has accelerated digital adoption. We have continued our strategic focus on IT Security, Data Confidentiality and Data Availability. During the year under review, there has been no business, financial or reputational loss due to IT.



We helped in quick transition to work-from-home for our employees. All required stakeholders continued their business transactions in work-from-home environment by accessing the AWS cloud Servers through secure VPN from their office Laptops, which are protected and monitored remotely for threats.

Robust and modern IT Platforms like cloud-based SAP HANA ERP and related Fiori Apps, SAP SuccessFactors App and Portal continue to provide the cutting edge to business from anywhere, in terms of speed, accessibility, data-integrity and security.

Our internet and MPLS network bandwidth for the plants and HO are being upgraded and tuned to facilitate the increasing loads of multi-platform video conferences and online collaborations among internal and external stakeholders.

With the growing instances of cyber-attacks, data security has become a challenge. Confidential information has been enhanced by implementing one of the best-in-class Digital Document Management System (DMS) on top of our SAP HANA. The SAP DMS ensures safe and secure storage of very critical and confidential drawings and files with approval & workflow. All critical IT servers are protected with best-in-class firewalls (UTM), monitored and updated regularly.

To enhance visibility, a revamped Corporate Webpage (www.pcblltd.com) was launched with significantly improved theme, speed and ease of access for customers /stakeholders. The webpage has been built on the latest platform of Amazon Arora Serverless architecture in AWS Cloud.

Our IT strategy aims at adopting Cloud for all critical IT setups, and has resulted

in smooth availability of data even for work-from-home or remote users during COVID-19 related lockdown period – thus ensuring smooth continuity of critical business transactions, audit and other activities.

Our Disaster Recovery (DR) servers continue to be at Singapore AWS region. Periodic Disaster Recovery Drills ensure the effectiveness of the DR setup towards business-continuity.

COVID management in Plants and Offices was supported through quick in-house development and launch of COVID Intranet Portal, which tracks the sanitisation, quarantine and positive cases across locations.

All access to critical IT Servers, including SAP ERP, for home or remote users take place only through secure VPN (with two-factor authentication) tunnel. We have adopted one of the best-in-class cloud-based antivirus platforms – all official Laptops and Desktops are protected and monitored for virus/malware threats on daily basis by the SOC (Security Operation) team. Necessary update patches and security policies are pushed over internet to all computers of the company on daily basis, even if the user is at home or away from office. Deviations and alerts are monitored closely and corrective/preventive actions are implemented as per need.

IT team is equipped with one of the best-in-class Remote Support Software Tool to support business users remotely, either at home or office, international users – thus ensuring business continuity during lockdown and other challenges.

We continue our partnership with prominent IT Partners like IBM, Amazon AWS, SAP, Tata Communications, Dell, HP & others.

KEY PERFORMANCE INDICATORS

Resilience in our performance metrics

Revenues (₹ in crores)



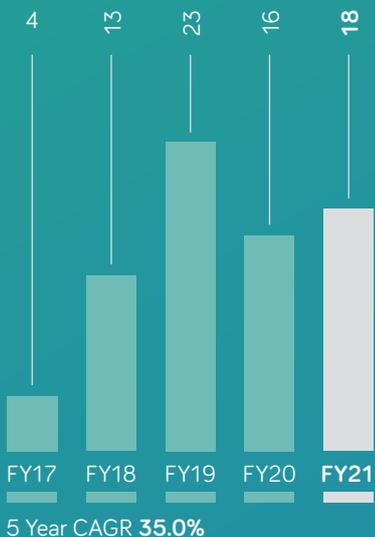
EBITDA (₹ in crores)



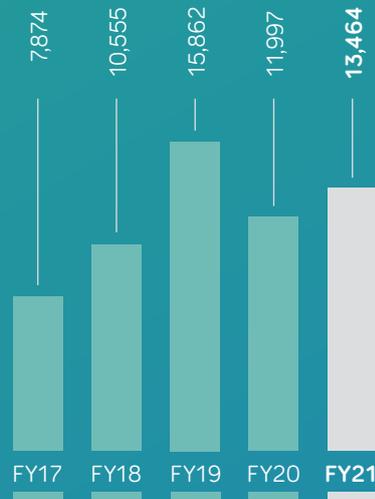
Profit after tax (₹ in crores)



Earnings per share (₹)



EBITDA per tonne (₹)



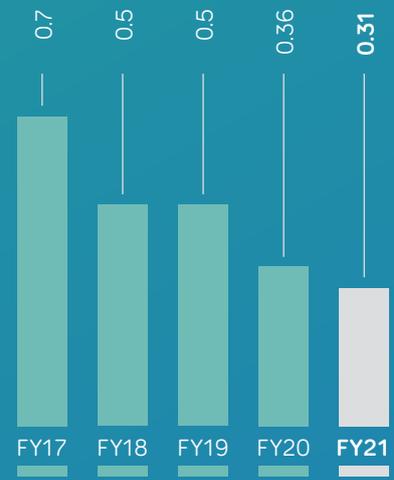
ROCE (%)



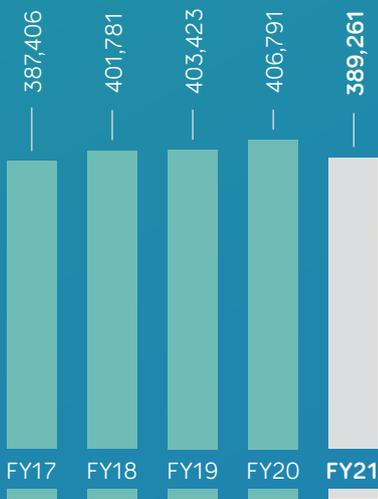
ROE (%)



Debt-Equity ratio



Sales volume (MT)



Revenue mix (FY 21) (%)



BUSINESS MODEL

Creating sustainable value

RESOURCES



Financial capital

Funding obtained from providers of capital, deployed to invest in our strategy and support business activities.

Revenue: ₹2,659.52 crores

EBITDA: ₹524.12 crores

PAT: ₹312.27 crores



Manufactured capital

Our physical infrastructure used to produce, store, sell and distribute our carbon black products.

Carbon black manufacturing facilities: **4** (Installed capacity: Rubber black **531,000** MTPA and Specialty black **72,000** MTPA)

Green power capacity: **76** MW



Intellectual capital

Repository of organisational knowledge, systems, protocols and intellectual property.

R&D Centre: **Asia**

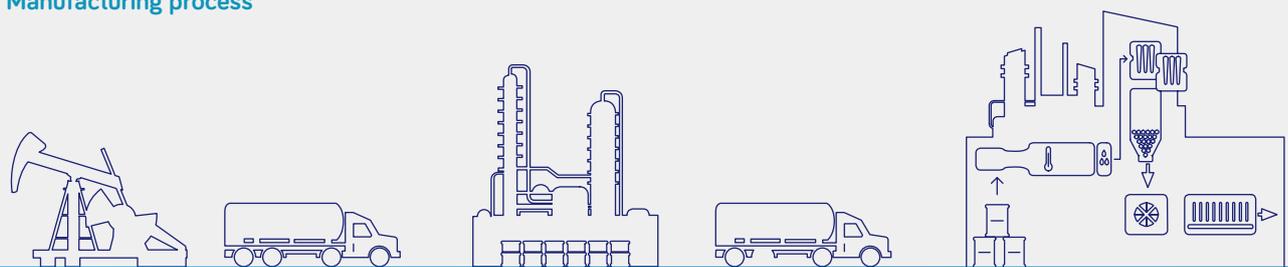
Innovation Centre: **Europe**

R&D and Technology talent pool: **45**

Number of patents filed (last three years): **4**

VALUE CREATION PARADIGM

Manufacturing process



Feeding feedstock oil to reactor

Processing air and hydrocarbons in the reactor with water quenching

Separation of carbon black from reactor tail gas

Conveying and pelletising of carbon black

GROWING WITH OUR STAKEHOLDERS

Shareholders and investors

We deliver consistent return for our shareholders and investors

₹7 per equity share
Dividend paid (face value of ₹2 each) in FY 2020-21

>90%
Of our revenue generated in FY 2020-21 was contributed by customers who are with us for five years or more

Supply chain partners

Our supply chain partners are helping run seamless operations across plants



Human capital

Our people and how we on-board, engage, develop and retain them.

Total employees: **1,025**

Employee remuneration: **₹132.17** crores



Social and relationship capital

Our role as a socially responsible corporate citizen and how we enrich our relationships with stakeholders, from suppliers to customers, regulators, investors and the communities where we operate.

CSR expenditure: **₹8.12** crores

Number of strategic supply chain partners: **200+**

Key industry associations: **8+**



Natural capital

Relates to natural resources on which we depend to create value and our role in promoting their conservation.

Water recycled or reused: **905** KLPD

Strategic priorities

- Partnering with customers and vendors
- Expanding presence across markets
- Scaling up research and innovation
- Increasing value-added products portfolio
- Driving capacity additions
- Accelerating digital transformation
- Continued focus on ESG parameters



Drying of finished products



Storing and packing the carbon black pellets



- Sales, marketing and distribution
- After-sales service

₹1,733 cr.
Total purchases in FY 2020-21

₹132.17 cr.
Employee remuneration in FY 2020-21

57,364
Total training hours in FY 2020-21

14+
Villages reached through our CSR programmes in FY 2020-21



MANUFACTURING EXCELLENCE

Our processes are globally benchmarked

OVERVIEW

To ensure our processes are at par with global standards, we have implemented the Total Quality Management framework (TQM) across all our verticals. This facilitates the deployment of multiple manufacturing excellence tools and techniques, along with the development of capability on methodologies and lean manufacturing tools such as DMAIC Methodology, Lean Fundamentals, Kaizen, Root Cause Analysis Daily Management Teams, Overall Equipment Effectiveness (OEE) and 5S Methodology. This has significantly helped strengthen cross-functionality and prudent deployment of human resources.



INITIATIVES UNDERTAKEN

Process

- Modified the Air Pre-Heater (APH) inlet design to control and moderate the smoke volume, along with reducing APH failures and improving the air outlet temperature
- Improved SFS burner design at Kochi unit
- Installed new design combustor reactors for yield improvement
- Implemented Condition Based Monitoring (CBM) for improved productivity and reliability
- Introduced new design additive burner to improve quality consistency

Quality

- Undertaken projects for K_2CO_3 and additives to improve the quality parameters such as DBP and C-DBP
- Optimised the sequence of Grade Change Over (GCO)
- Upgraded our warehouse in Palej to improve storage standards and eliminate product quality defects
- Initiated alternate oil usage trials to improve product quality over the foreseeable future
- Upgraded our quality laboratory in Durgapur with new nitrogen surface testing machine and two OAN testing machines to ensure overall quality improvement

OUTCOMES

The result of these initiatives, coupled with the implementation of the overall equipment effectiveness, resulted in significant improvement in performance, quality and availability. This resulted in higher capacity utilisation across all our plants.

CREDIBLE CERTIFICATIONS

Our plant operations are accredited with the following certifications:

- ISO 9001:2015 certification for Quality Management System in general
- IATF 16949:2016 certification for Quality Management System of Automotive Organisations
- ISO/IEC 17025:2017 certification of accreditation of QC and R&D Laboratories (Palej and Kochi) of Phillips Carbon Black Ltd. issued by NABL
- ISO 14001:2015 certification for Environment Management System
- ISO 45001:2018 certification for Occupational Health and Safety Management System
- WASH certification on Workplace Assessment for Safety and Hygiene linked with COVID-19 preparedness
- AEO certification validating our compliance with global supply chain standards, making us an Authorised Economic Operator

Our products ensure the best possible hygiene and safety standards, adhering to different global food contact regulations.

Some of these are listed below:

- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), a European Union regulation that addresses the production and use of chemical substances, and their potential impact on both human health and the environment
- Code of Federal Regulations (CFR) of the USFDA that certifies the use of colour additives in products, including product labelling confirming to 21 CFR-178.3297

- Commission Regulation of the European Union that monitors plastic materials and articles that intend to come into contact with food confirming to EC 10/2011
- European Standard EN 71 that specifies safety requirements for toys
- Indian Standard (Fourth Revision) that lays down requirements for high density polyethylene pipes used in buried water mains and services and for water supply above ground, both inside and outside building
- China's Hygienic Standards that prescribe the use of additives in food containers and packaging materials



R&D FOCUS

Our innovation delights discerning customers

OVERVIEW

We focus on continuous research and innovation to elevate the standards of our products to fulfill the changing priorities of our customers. Our Sushila Goenka Research & Development Centre in Asia is complemented by Sushila Goenka Innovation Centre in Europe to reinforce our commitment to innovation.

Our R&D team focuses on evolving new range of products, and unlocking the hidden potential of existing products for new applications. We also modify the existing raw materials and products to diversify their application potential, in the domains of carbon black, nano-structured carbonaceous materials and Carbon Black Feedstock (CBFS).

We conduct continuous competitive intelligence study, product portfolio analysis, patent portfolio analyses to identify our potential space for development and innovation, customer engagement, market-driven research, and intellectual property protection. Our R&D team collaborates with different functional teams, covering sales and marketing team, manufacturing team, process technology team and technical services team to align our offerings to the upcoming trends and demands of customers and markets.

Development of novel carbon black grades: We constantly focus on the rapid expansion of our carbon black product portfolio in the specialty business, including inks, coatings and plastics masterbatch segments, as well as customised/modified ASTM/ rubber grade carbon black products through the development of novel carbon black grades and improving the existing carbon black grades by adopting physical and chemical routes of modifications.

Modifications/improvement in process design: We evaluate the existing carbon black manufacturing processes and technologies to improve our process technology, product features and versatility, in order to produce cleaner carbon black grades. This enables us to enhance the carbon black manufacturing process, along with improving the reactor efficiency, productivity, yield and pellet quality, among others.

Carbon Black Feedstock (CBFS) Research: Our CBFS team analyses inbound feedstock to ensure their effectiveness for the manufacturing of carbon black. We evaluate the nature of the CBFS based on carbon black grade to be produced in the light of yield, quality, specified impurity level, process efficiency, conformation with diverse environmental and regulatory norms, among others. It also cooperates with the other departments like purchase and quality assurance teams to explore potential new vendors and suppliers to identify suppliers with the best quality products.

Tracking industry trends: We continuously monitor and analyse the industry trends and evolving market dynamics, which includes patents and competitive products analysis through effective analytical tools and molecular engineering approach.



INITIATIVES UNDERTAKEN



New infrastructure development

- Installed new carbon black reactors, which could be the pool for development of new grade carbon blacks



Manufacturing process

- Implemented newly designed pelletiser system to improve pellet quality, loadability and to save cost
- Improved make oil header to improve oil pre-heater performance
- Installed new design combustor for yield improvement
- Installed product cooler in downstream of carbon black manufacturing process to reduce the product temperature of packaging



Technology adoption

- Adopted hybrid filler(s) technology, which proved to be a revolutionary change in mechanical performance, dynamic mechanical performance, thermal performance, as well as the colour performance of carbon black
- Introduced post treatment of carbon black for radically improving the performance to design balanced magic triangle (rolling resistance, abrasion loss, and grip) for tyre applications
- Introduced novel modified carbon blacks for versatile ink applications



Trial run for new carbon black grades

- Series of customised ASTM carbon black grade for major tyre customers
- Developed carbon black grades for shoe sole, semi-con and ink applications



Carbon Black Feedstock research

- Identified new vendors for balanced quality CBFS supply suitable for specialty grade carbon black manufacturing
- Developed new methods to diminish impurities in CBFS



Patents applications

- Two provisional patent applications filed in Indian Patent Office
- Two complete specifications filed in Indian Patent Office and International Patent Office

KEY DEVELOPMENTS

- Developed a series of customised powder and post treated specialty blacks for inimitable applications in inks
- Initiated the development of a series of *Bleumina & N1Tone* grades
- Developed new grades for plastics masterbatch applications
- Embarked on the development of carbon black technologies that can lower heat development and balanced hysteresis in tyre
- Successful trial of new grades for tyre tread applications for improvement of abrasion loss

OUTCOME

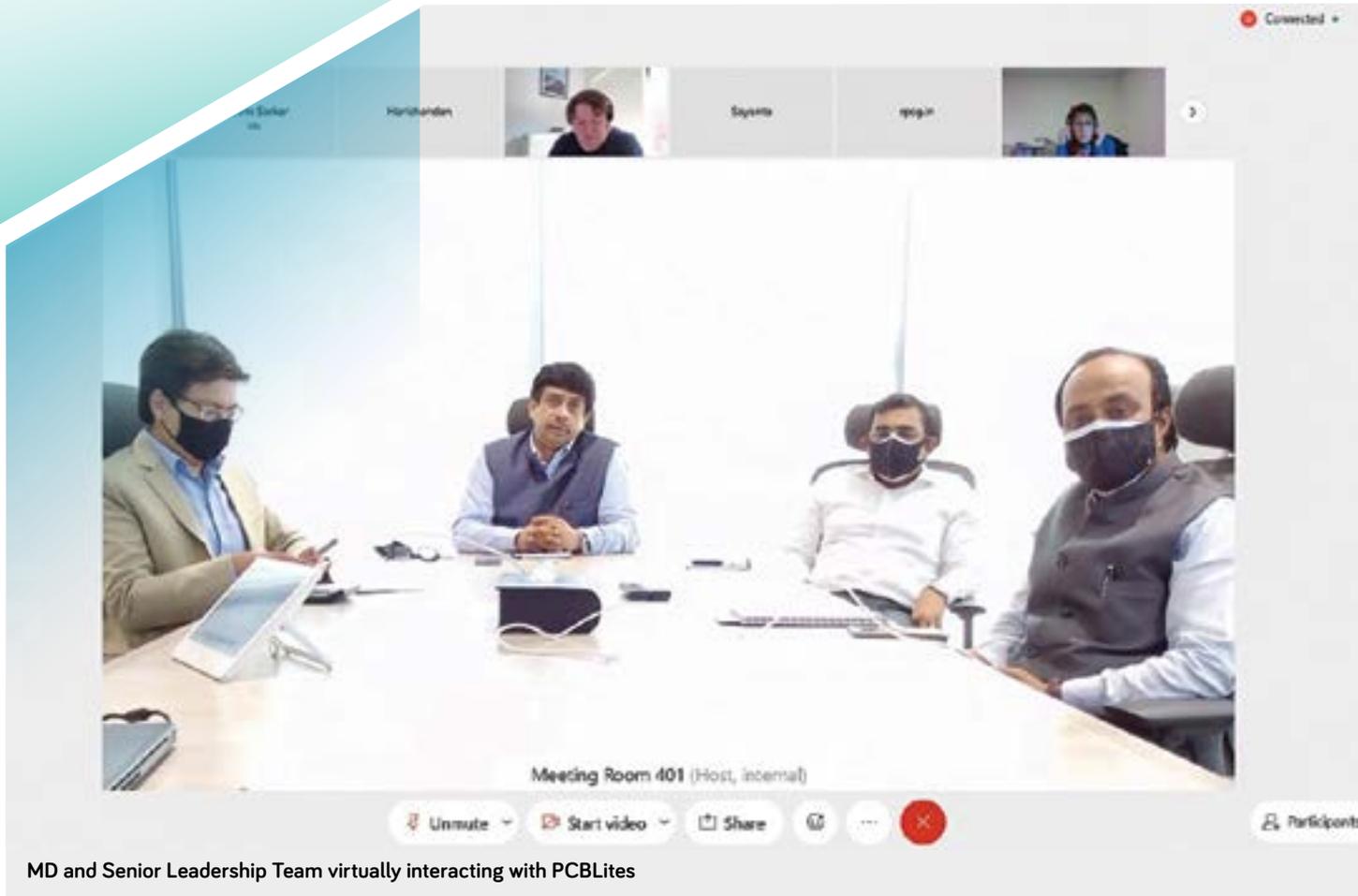
As a result of these initiatives, we were able to elevate our technical capabilities to sustain our competitive position in the marketplace and cater to the evolving requirements of customers. We will continue to focus on strengthening our technical programmes, skill-building initiatives and develop advanced technical capabilities and technology platforms to support our product plans, improve our manufacturing efficiencies and new applications.

HUMAN RESOURCE

Empowering our human assets

OVERVIEW

We have always believed that our people are our most important asset, which is validated by our philosophy of 3Ps – People, Planet and Profit. Our HR function always places great emphasis on employee engagement, capability building, leadership training and diversification. However, during this period of human tragedy, we realised that it was imperative to ramp up our efforts and prioritise the safety and well-being of our empowering our human assets.





GET training session in progress

Employee engagement

Leena AI: Our intelligent chatbot helps gauge employee wellbeing

During these unprecedented times and remote working environment, we had to significantly increase our employee engagement focus to ensure their well-being. With the adoption of Leena AI chatbot, we mapped employee emotions and moods through a corresponding score based on key drivers like manager behaviour, work team behaviour, workplace safety, career growth and employee development.

Sampark – Connect, Share & Grow: Connect from the top

Our digital townhall, Sampark, is a platform where all our internal stakeholders can connect, share information, recognise efforts, and address challenges.

Connecting with People series

During the lockdown, PCBL initiated the “Connecting with People” series wherein Leadership team virtually connected and interacted with the employees across locations understanding about their well-being, engaging them in meaningful discussion.

Leadership Development B2MOM: Grooming ideas

At PCBL, we focus on building a leadership pipeline, which is critical for long-term growth and sustainability of any organisation. We identify and nurture future leaders, who we believe, can contribute significantly to the growth of the organisation over the foreseeable

future. We are focusing on the leadership pillar by strengthening the Performance Management system (PMS), which is based on the B2MOM (Big Idea, Business Theme, Methods, Obstacle and Measures) concept, which empowers managers to drive team performance and development and inculcate coaching as an inherent trait and increases the leaders' ownership on reward.

Certified General Management Programme (CGMP) - Season 2: Empowering our leaders

We have also collaborated with IMI-Kolkata for a Certified Program in General Management (CGMP), to enhance leadership skills and increase business knowledge to catalyse the development of the participants into business leaders. About 17 participants from PCBL were shortlisted based on our Annual Talent Review Process in the second edition of the CGMP process.

Learning and Development Training Academy: Robust training culture

A batch of 22 GETs and 1 MT were onboarded at PCBL on 4th January, 2021 and entered the training programme based on 70:20:10 learning principle; classroom training comprises 10% of the training programme and helps in acquiring the technical knowledge about carbon black. 20% of the programme is on-the-job training which facilitates learning through observation and developing understanding of the practical execution of tasks. The major section of the training comprises project work and operational activities.

Nirantar Gyan Vardan Yojana: Learning from experts

We identify the training requirements based on the analysis through discussion with Unit Heads and Functional Heads, and upload the monthly unit training calendar on the Learning Management System (LMS), which is hosted on our Success Factor platform. The effectiveness of the training is gauged through the Reaction Level feedback received from the participants and the online test scores of pre- and post-training.

‘People Connect’ powered by Success Factors: Success Story at PCBL

In line with PCBL's vision of establishing ‘Global Practices’ across the organisation, Success Factor was implemented a year back, which has created an integrated HRMS platform of employee life cycle management, reward and learning. The platform has helped employees to access and update their personal and professional information in their respective online profile and empowering them with easy access to policies and processes. The platform has been designed focusing on employee self-service and manager self-service.

Equality and diversity

We have always been committed to create a work environment where all individuals are treated with respect and dignity and cultivating an atmosphere where individuals enjoy the right to work in a professional environment, devoid of any form of harassment. We provide equal employment opportunity to all qualified professionals without discrimination based on age, sex, race, being differently abled, marital status or religion.



COVID-19 protocol training in progress



CGMP Session in Progress



33 years

Average age of employees



57,364

Total training hours

HEALTH AND SAFETY

- Organised medical health check-ups for all our employees and contractors
- Provided certified first-aid training to 31 employees through Red Cross Society and St. John Ambulance
- Monitoring and action compliance for EHS Indicators (unsafe act, unsafe condition, near miss, emissions) for employee and plant safety
- Conducted mock drills and emergency preparedness activities
- Provided awareness on safety and health through tool box talks
- Prepared COVID-19 guidelines for maintaining workplace safety and hygiene
- Deployed COVID-19 task force in each unit with SHE Leads as the Task Force and Flu Manager to ensure adherence to the COVID-19 Guidelines at our manufacturing units
- Periodically sanitised all our plants
- Prepared area-wise guidelines to control unhealthy practices
- Controlled employee movement in plant premises and restrooms
- Installed a COVID-19 dashboard and organised discussion reviews for continuous monitoring and regulation
- Adhered to all State and Central Government guidelines and district healthcare audits for compliance with COVID-19 guidelines
- Organised COVID-19 testing and vaccination camps for employees and their family members
- Extended our support to local areas in and around our manufacturing units by creating awareness and providing resources for COVID-19 relief



Health check-up for employees



Hygiene protocol at plants

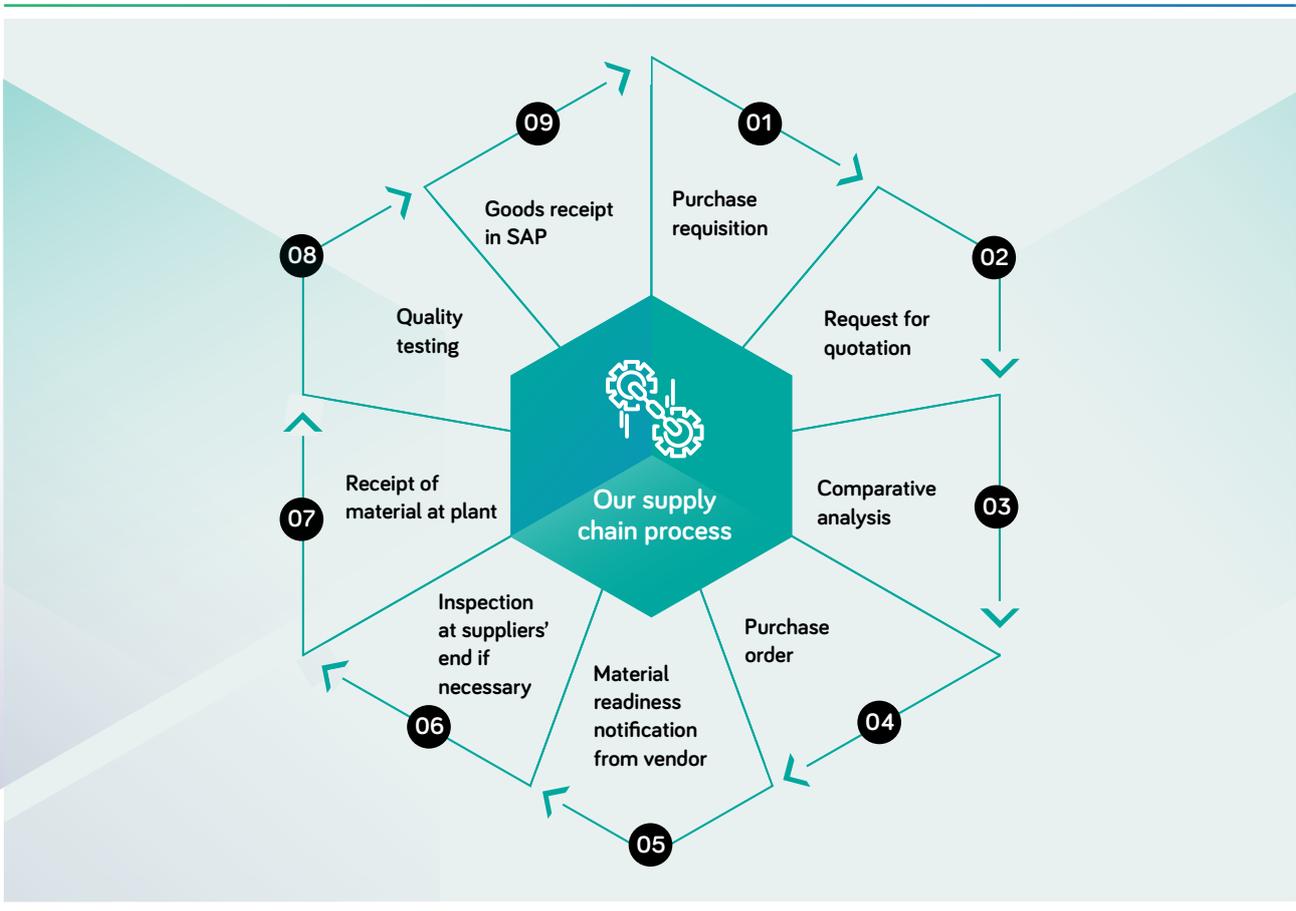
PROCUREMENT

Our supply chain partners help enhance business sustainability

To ensure business sustainability, it is necessary to have a deep connection with our supply chain partners. In this regard, we have strategically increased our engagement with our supply chain partners to ensure seamless operations. We have 200+ strategic suppliers across our value chain and have strategically diversified our vendor base. We have good and long-standing relationships with multiple vendors in India and worldwide.

Indian suppliers form 95% of the supply chain strength, accounting for 30% of the procurement cost whereas international suppliers account for 5% of the supply chain, accounting for 70% of the procurement cost. Our manufacturing facilities are located in proximity to ports, which facilitates switching over to alternative feedstocks depending on the production requirements and significant reduction of freight costs and uncertainty.

We also have a prudent inventory management mechanism in place, ensuring seamless operations across all our plants. We have successfully implemented sustainable procurement policy and Supplier's Code of Conduct and have stringent quality measures in place.



Supplier's Code of Conduct

- We are committed to maintaining the highest standards of ethical conduct and social and environmental responsibility. We expect our suppliers to adhere to these standards in their business operations, and to have their own policies and processes in place, ensuring an ethical and sustainable supply chain. To align the suppliers with the same ethical, social and environmental goals, we have created a 'Supplier Code of Conduct', which sets out the standards expected of any supplier engaged in business with us
- We have developed and implemented Sustainable Procurement Policy, with effect from 30th April, 2020, which is an extension of our values and is applicable to all our suppliers. We expect our suppliers to operate in accordance with the principles as outlined in this Policy and adhere to all applicable laws and regulations. This Policy goes beyond mere compliance with the law by drawing upon internationally recognised standards in order to identify and define best practices from across the globe
- The code of conduct is aligned with the principles of United Nations Global Compact, Carbon Disclosure Project, and aims to contribute to the SDGs
- We encourage our suppliers to implement best-in-class environmental and safety management practices

Quality checks

Domestic suppliers

- Quality check conducted at the supplier's end
- Dispatch is only approved after the Certificate of Analysis is shared with us
- All incoming raw material quality is tested at the manufacturing locations
- In some cases, quality tests are also conducted by our R&D lab in Palej and third-party inspection agency on case-to-case basis

International suppliers

- Cargo quality is tested by third-party labs before loading the cargo onto the vessel
- Vessel composite sample is tested upon its arrival at the discharge port in India
- All the samples are tested by our R&D lab in Palej
- Samples from the shore tanks are tested by third-party laboratories after completion of discharge operations at respective ports
- Raw material quality is again tested at the manufacturing facilities upon its arrival

Reducing in-transit losses

- Arranging transit insurance for all our shipments
- Recovering transit losses from vessel owners if it is beyond 0.5% as per maritime rules
- Collaborated with third-parties for loading supervision and quantity finalisation at load ports

- Recovering transit losses from road transporters beyond 30 kgs
- Regular updates from each manufacturing unit

Supplier engagement

- Regular interaction with suppliers over phone and email
- Physical meeting with overseas suppliers at least once a year
- Inviting major partners to our offices once a year for their inputs on the prevalent market situation, cost optimisation and improvement in quality and service
- Meeting suppliers in conferences, international fairs and seminars

Making supply chain sustainable

We focus on the following parameters:

Social

- Adopting robust and relevant management practices in order to comply with applicable health and safety laws, rules, regulations and industry standards
- Training supply chain stakeholders and encouraging them to conduct training and awareness activities for employees on health and safety
- Encouraging stakeholders to take reasonable actions to prevent accident and injuries by analysing and minimising risk exposure
- Encouraging supply chain stakeholders to engage with local community for their social and economic development

Environmental

- Awareness training of supply chain stakeholders to implement systems and processes for responsible use of natural resources
- Regular monitoring through audits for their fulfillment of environmental needs
 - a. Reduction in emissions
 - b. Reduction in use of any hazardous or toxic materials
 - c. Reduction in usage of power, water, paper etc.

Ethical Standards

- Ensuring business with supply chain stakeholders complying with all applicable laws and regulations within the country of operation and all other applicable international laws and regulations
- Encouraging suppliers to adopt free and fair trade practices and implementing anti-bribery policies
- Ensuring business with stakeholders:
 - a. who does not employ child labour
 - b. complying to labour laws such as minimum wages, overtime payment etc.
 - c. hiring workforce without any discrimination on basis of race, colour, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition etc.

OUTCOME

Our focus on improving our procurement process has resulted in longstanding relationships with our suppliers, optimisation of costs, increased operational efficiency and consistency in high-quality raw materials.



SALES & MARKETING

Addressing demand-supply dynamics with **prudence**



Initiatives undertaken

- Collaborated with our customers, agents and distributors to develop tools and methods that would facilitate growth even in the worst of scenarios
- Incorporated digitalisation to communicate with our customers as well as internal stakeholders
- Continued to fulfil the requirements of our major customers even during the pandemic
- Managed customer credits and debtors with prudence
- We got through the approval process for Bridgestone, Argentina, Yokohama, Thailand and Toyo, USA and also received annual contract from Petlas, Turkey
- We entered lesser penetrated markets in Latin America during the year
- We jointly developed couple of products for tyre, based on customer requirement. These are under plant trial

The suddenness of COVID-19 meant that physical interactions with customers had to be stopped temporarily. We were faced with two imminent challenges: requirements and challenges of the existing customers on one hand and regular business activities for increasing market share and penetration on the other. During the initial month of complete lockdown, we looked back and strategised our operations for the next quarters. This eventually paved the way for the whole year. We turned our focus on the basics and prioritised CARE (as our customers were impacted by the pandemic as well) and COMMUNICATE (with the macro environment becoming more volatile) regular updates helped strengthen the relationship.

Apart from India, our key international markets are divided into three regions – APAC, EU and North and South America.

Customer profile

We work with the leading tyre manufacturers in India as well as around the globe such as MRF, CEAT, JK Tyre & Industries, Apollo Tyres, Bridgestone, Goodyear, Michelin, Yokohama, TVS Group, Continental, Toyo, Nexen, Kumho, Contitech, Trelleborg, Camso and Petlas among others. Moreover, we cater to the specialty black needs of prominent Indian and global companies. We have strategic relationships with these esteemed customers, providing bespoke products and also jointly develop products for them.

OUTCOME

Our digital focus enabled us to service our customers even in the most testing times, which helped us maintain our retention rate. Sustainability of operations is our focus for future.

PROGRESSING RESPONSIBLY

Emerging as long-term value creator through **ESG focus**



ENERGY MANAGEMENT

Installation of green power plants at Mundra (**8 MW**), Palej (**7 MW**) and Kochi (**7 MW**) are in progress.



WATER MANAGEMENT

Maintained water consumption within the limit of **3,250 KLPD**

Reduced our water consumption over the previous year



RENEWABLE ENERGY

Our energy requirements are addressed by renewable sources



EMISSION MANAGEMENT

Installed continuous emission monitoring system for measuring **SO_x**, **NO_x**, **H₂S** and **particulate matter** level in atmosphere



WASTE MANAGEMENT

Initiation of a focussed improvement project for solid waste reduction at source.

Installation of water treatment plant with zero liquid discharge



GREEN COVER

Planted 2,750 saplings in and around Durgapur, Palej, Kochi and Mundra units in FY 2020-21



CSR EXPENDITURE

₹8.12 crores towards CSR initiatives



COMMUNITIES

Reached 14+ villages through our CSR initiatives

PROGRESSING RESPONSIBLY

Widening the arc of environment protection

At PCBL, we are committed to environment sustainability across our business operations to ensure that resources are recycled and utilised judiciously. Our senior leadership closely monitors the Company's environmental footprint and drives long-term sustainability initiatives through technological innovation in our operations and products.



PCBL's enduring commitment to sustainability is deeply ingrained in our Environment, Health and Safety (EHS) policy, which acts as an overarching guidance manual for our stakeholders. We are conserving natural resources through our 4Rs – Reducing, Reusing, Recycling and Recovering.

We adopted lean energy (generated from waste gas), clean energy (preventing emissions of waste gas) and green energy (minimal usage of natural resources).



Kochi power plant

Energy management

- Embarked on the commissioning of a 7 MW green power plant at our Kochi Plant; it will generate power from tail gas, which reduces greenhouse gas (GHG) emissions by 2,6281 T CO₂ annually
- Decreased our ETP load by 10% through the installation of side stream filters in CPP and main process plant for cooling tower
- Heat recovered from reactor outlet hot gas by exchange of heat with the process air used for combustion in the reactor. The processed air is heated from ambient temperature to 800 degree centigrade. The use of this preheated air helps reduce the fuel consumption and improve the reaction temperature, which improves the efficiency in the reactor
- Utilised waste gas for power generation and incinerated excess gas through flare stacks
- Installed ~150 LED lights in place of sodium vapor bulbs in our Mundra plant
- Installed different in-line heat exchangers like APH, WHB and OPH for heat recovery
- Replaced 1-2 motors that are used in compressor and pin mixer with 1-3 motors, resulting in increased energy efficiency
- Modified the OPH design for improving the heat recovery system by increasing oil temperature for more heat recovery
- Removed high-rating sodium and halogen light fixtures with energy efficient LED lights which reduced energy consumption up to 80 KWH/day

Water management

- Increased OBR in DM plant from 20 hours to 80 hours by improving the quality of incoming water
- Reused the SWAS cooling water by diverting it into the recycling pond
- Installed venturi cooler in carcass stream, which resulted in reduction of water consumption by 5%
- Installed an in-line boiler in the carbon black stream, thereby reducing water consumption by ~25,000KLP. This also reduces the load on the filtering medium that ensures a pollution free safe operation which, in turn, helps in reducing overall emission volume
- Reused old OPH tubes as handrails, old DM water lines as mixer water line, old power cables for raw water pump and LDO pump relocation and old MCC in water pump house with revamped MCC panels
- Industrial waste water from boiler and cooling tower is reused after treatment in Water Treatment Plant (WTP)

905 KLPD

Total water recycled or reused across all plants

3,250 KLPD

Water consumption

3.14 KL/MT

Water consumption per MT of carbon black

493 Kwh/tonne

Energy Consumption



Emission management

- Introduced a flaring technology in Palej unit to reduce the emissions of hazardous gases in the atmosphere
- Installed continuous emission monitoring system for measuring SO_x, NO_x, H₂S and particulate matter in atmosphere
- Increased infrastructure for emission control through hi-tech PTFE membrane in smoke separators
- Selected raw materials feedstock with minimum sulphur content and other impurities in order to reduce SO_x and other gases
- Installed secondary bag filter system to control particulate matter, the first-of-its-kind in global carbon black industry
- Ensured that all vehicles used for transportation are PUG certified, which will lead to a decline in SO₂ and NO_x emissions in the area
- Installed ambient air monitoring facility for controlling and monitoring emissions and SPM
- Carried out Stack Sampling every month for all 9 stacks and 24 hours sampling to maintain the ambient air quality at three locations near Palej village, molasses tank and CPP building)

Effluent management

- Effluent from plant is treated in ETP and is reused for gardening purposes
- Installed a water treatment unit at Mundra to achieve zero liquid discharge. We have adopted one of the best technologies for WTP available globally; it is fully automatic, thereby having minimal possibility of water spillage and will result in the saving of substantial amount of water
- Sent additional ETP sludge beyond the limit of 40MT/year to RSPL Panoli or cement companies for co-processing; any additional sludge was disposed off at a TSDF site
- Domestic wastewater from bath house is treated in STP and reused for gardening purposes
- Ultra-filtration back wash water diverted to recycling pond and is reused in process
- Commissioning a 1,650 KL WTP, where ETP outlet water will serve as feed for WTP to process the RO and DM, which will then be used in our process for specialty CB and CPP Auxiliary
- Adding another 50KL STP, where the water will be used for gardening purposes



Zero

Liquid discharge across all plants



Fugitive emission management

- Used bitumen for the construction of internal roads of the plant
- Regular cleaning of roads and unit areas with vacuum cleaner in all our plants
- Connecting roads from plants to main roads have been concreted to minimise particulate matter during the transportation of final product
- Developed a green belt within the premise and along the roads in close proximity to control the fugitive emission from vehicular movement
- Carried out regular sprinkling of water on all exposed surfaces to suppress emission of dust
- Installed online stack monitoring system at Kochi plant to monitoring emissions

Other initiatives

- Reused the reverse side of A4 size paper for internal documentation and communication, along with encouraging the usage of soft media for communication, thereby resulting in 50% reduction in A4 size paper usage over a period of three years
- The reactor outlet gas is used as the heating medium. These gases are to be cooled before entry into the bag filters. This cooling is done by inline boiler and the generated steam is used for the plant requirements. The advantages are: water required for reducing the temperature is saved, steam requirement is achieved and calorific value of tail gas increases
- Carried out noise tests at 10 different locations during both day and night to keep it in control
- Discarded containers, barrels, liners, waste paper bags and plastic bag were sent for recycling
- Used oil is reused or sent to a registered re-processor and approved
- Disposable plastic water bottles were replaced by reusable permanent plastic bottles

- Advised the manufacturers and suppliers of major noise generating equipment like compressor turbines, generators take adequate measures to minimise the noise levels generated by machines through noise absorbing material for various enclosures or using appropriate design and technology for fabricating or assembling the machines
- Reduction in use of paper by reuse technique
- Fabricated a re-process tank with wire mesh (10mm) and started re-processing damaged and GOC bag materials, which reduced CB spillage at the packing and PB loading areas. The re-process tank is connected to carcass suction line and cleaning staff assigned to collect floor spillage and pass through 2 wire mesh (8mm) and magnetic bar. This machine can clean and store around 15 kg at time. After visual inspection same can be allowed to re-process

Green belt development

- Planted 2,750 saplings in and around Durgapur, Palej, Kochi and Mundra units in FY 2020-21
- Organised awareness programmes in all our units on the occasion of World Environment Day



Rainwater harvesting

- Installed a 1,600 KL rainwater collection tank at Kochi plant to harvest rainwater from the roof tops of DM plant and WH, which is then diverted to the recycling pond
- Collected storm water in the first bund wall, which is then diverted to the recycle pond for further use
- Collected tank farm area steam condensate and was sent to the recycle pond for further use

PROGRESSING RESPONSIBLY

Serving the community with diligence

At PCBL, Corporate Social Responsibility is integral to our organisational culture. Over the years, we have proactively worked towards the development of underprivileged communities. Our need-based strategic interventions focus on education, health and sanitation, environment sustainability and holistic community development.

Considering events that unfolded during the year, we knew, as a responsible corporate, it was our duty to help the nation combat one of the biggest challenges in living memory.



During the year under review, the Company allocated a total of ₹8.12 crores towards CSR initiatives. We knew we had to prioritise and do our bit in helping India battle the pandemic, but we ensured that we stayed committed to our other CSR initiatives as well.

We conducted periodic assessment of projects under the broad umbrella of CSR initiatives. The Committee of the Board of Directors formulates and recommends to the Board a CSR Policy. It indicates the activities to be undertaken by the Company, recommends the amount of expenditure to be incurred on account of CSR activities, monitors the CSR Policy, and reviews the implementation of projects and programmes undertaken by the Company during the year.

The country is going through one of the worst scenarios in recent times and it is imperative for responsible corporates to step up and aid the recovery. As a responsible corporate we donated to the PM Cares Fund. Additionally, we have initiated several measures to help citizens in this nationwide crisis.

₹8.12 crores
towards CSR initiatives



Caring for the community during the pandemic

The outbreak of the virus caused unemployment on a large scale and the daily wage labourers were left without any pay. Understanding the dire situation, we distributed essential food items like rice, pulses, potatoes and grains. We donated towards PM Cares Fund and other government-backed programs to help the community at large.

Besides, we helped in buying computers and other necessary equipment at health centres for seamless execution of the vaccination drive.

We have continuously engaged with the community to create awareness campaigns about safety precautions like wearing masks, washing hands and maintaining social distance to curb the spread of the virus.

Education

We continue to believe that education has the power to transform a community. Keeping this in mind we undertook various initiatives that included distribution of free study materials, school bags, uniforms and shoes to underprivileged students living in close vicinity to our plants, enhance infrastructure of various schools, provided aid in starting a school for disabled children among others.



Livelihood

We are committed to drive the holistic growth of our community and undertake initiatives that help in creating sustainable income generation opportunities for the community members. It includes distribution of sewing machines, embroidery machines and stitching kits to a tribal community to make them self-sufficient.



Community development

We have been supporting a number of infrastructure development projects in backward areas in the vicinity of our manufacturing units. It includes construction of toilets in slum areas to eradicate open defecation. We provided for rural street lights to help the commuters during night. We also invested in creating drinking water supply project in an area with drinking water scarcity. We ran various other projects to help the community lead a better life. We distributed guardrails in various locations to ensure road safety.

Awareness programme for environment protection

We also tried creating awareness about the need for protecting the environment. On World Environment Day, we planted saplings in and around the areas of our plant. Alongside this, we also conducted a rally with slogans to create community awareness and had banners displayed at both the gates.



The cumulative effort in the realm of CSR and sustainability has earned PCBL the Silver Medal as per rating by EcoVadis, a rating platform that assesses corporate social responsibility and sustainable procurement. As the saying goes, small drops make an ocean, PCBL continues to drive such initiatives and activities to provide giving value back to the society, in its journey to be a responsible corporate citizen.

GOVERNANCE

Bolstering business operations with good governance

Our brand reputation and legacy relies on the strong pillars of corporate governance. We have put in place a robust corporate governance framework to ensure long-term value creation for all stakeholders.

Our governance framework comprises our Independent Board of Directors and Committees of the Board. We strive to maintain the highest levels of transparency, accountability, awareness and equity in our operations.

Being a listed company, we comply with the applicable provisions of the Listing Regulations, as amended with respect to Corporate Governance, including the appointment of the Independent Directors and constitution of the committees. The Board of Directors function either as a full Board or through various committees formed to monitor specific operational areas. We continually focus on designing and improving the flow of activities in an effective manner, which ensures economic prosperity and long-term value creation for the organisation as well as for the stakeholders over the foreseeable future.

Our entire management is actively engaged and provides the Board of Directors with detailed reports on a timely basis for increased transparency and improved monitoring of functions. Professionalism and ethical values are embedded in all our employees, and the executives tasked with certain responsibilities have the necessary authority delegated to them and are also held accountable for their actions and responsibilities.

We also have internal as well as external auditors in place to ensure compliance with all the statutory regulations. In addition to this, we have embarked on our digitisation and automation journey, which will increase transparency and efficiency over the foreseeable future.

Our Board of Directors

We have a strong and active Board of Directors, who ensure the highest level of corporate governance with their experience and knowledge. Our Board of Directors comprise nine board members, including five Independent Directors. Our Board is diverse in terms of skills and expertise in the fields of global business, strategy & planning, leadership, legal and regulatory matters, finance, environment, social & governance, risk management and relevant technologies. The Board meets at least once a quarter to review our performance and provide their valuable insights.



BOARD OF DIRECTORS

Leading responsibly



Dr. Sanjiv Goenka
Chairman



Kaushik Roy
Managing Director



Preeti Goenka
Non-Executive Director



Shashwat Goenka
Non-Executive Director



O P Malhotra
Non-Executive Independent Director



KSB Sanyal
Non-Executive Independent Director



Paras K Chowdhary
Non-Executive Independent Director



Pradip Roy
Non-Executive Independent Director



Rusha Mitra
Non-Executive Independent Director

LEADERSHIP TEAM

| | | | |
|---|---|---|--|
| Kaushik Roy Managing Director | Raj Kumar Gupta Chief Financial Officer | Kaushik Mukherjee Company Secretary & Chief Legal Officer | Sabyasachi Bhattacharya Chief - HR & IT |
| Utpal Saha Chief - Project Commercial and Environment Compliance | Arun Batra Chief - Specialty Blacks | Jiten Keluskar Chief Procurement Officer | Vijay Joshi Chief - Operations |
| Girish Singh Chief - Projects, Specialty Process and Technology | Dr. Mosongo Moukwa Chief - Global R&D | Gautam Kalia Chief - International Markets (Rubber Blacks) | Mainackya Ghosh Head - National Markets (Rubber Blacks) |
| Sinjan Pal Majumdar Head - Business Development and Technical Services (Specialty Blacks) | Sudipto Kumar Ghosh Head - Projects | Saibal Neogy Head - Planning and Customer Service | Valerie Smits Head - Innovation Centre, Belgium |
| Soumyendra Mohan Lahiri Unit Head - Durgapur Head - Manufacturing Excellence and EHS | Naresh Parekh Unit Head - Mundra | Kingshuk Bose Unit Head - Palej | Kevin Simon Chittilappilly Unit Head - Kochi |

CORPORATE INFORMATION

Board of Directors

Dr. Sanjiv Goenka, Chairman
Kaushik Roy, Managing Director
Preeti Goenka
Shashwat Goenka
O P Malhotra
K S B Sanyal
Paras K Chowdhary
Pradip Roy
Rusha Mitra (w.e.f 8th April, 2021)

Company Secretary & Chief Legal Officer

Kaushik Mukherjee

Chief Financial Officer

Raj Kumar Gupta

Auditors

S R Batliboi & Co., LLP
Chartered Accountants

Solicitors

Khaitan & Co.

Bankers

Bank of Baroda
ICICI Bank
HDFC Bank
IDFC First Bank
Axis Bank
DBS Bank
HSBC
Standard Chartered Bank
CITI Bank
Kotak Mahindra

Registered Office

Phillips Carbon Black Limited
31, Netaji Subhas Road
Kolkata - 700 001
West Bengal, India
Phone: +91 33 6625 1443
Fax: +91 2230-6844 / 2243 6681
CIN: L23109WB1960PLC024602
Email: pcbl@rpsg.in

Corporate Office

Phillips Carbon Black Limited
RPSG House, 4th Floor
2/4 Judges Court Road
Kolkata - 700 027
West Bengal, India
Phone: +91 33 4087 0500/0600
Email: pcbl@rpsg.in

Manufacturing Units

Durgapur

Phillips Carbon Black Limited
27, R N Mukherjee Road
Dist: Paschim Burdwan
Durgapur - 713 201
West Bengal, India
Phone: +91 74790 37118
Email: pcbl.durgapur@phillipscarbon.com

Kochi

Phillips Carbon Black Limited
Brahmapuram, Karimugal
Kochi - 682 303
Kerala, India
Phone: +91 48427 88158 / 116
Email: pcbl.kochi@phillipscarbon.com

Mundra

Phillips Carbon Black Limited
Survey No. 47, SH- 46
Mokha
Mundra - 370421, Gujarat, India
Phone: +91 2838 283634 / 619201
Email: pcbl.mundra@phillipscarbon.com

Palej

Phillips Carbon Black Limited
National Highway No. 8
Palej - 392 220, Gujarat, India
Phone: +91 2642277902
Email: pcbl.palej@phillipscarbon.com

Regional Offices

Chennai

Level 5, Prestige Palladium Bayan
No. 129, Greams Road,
Chennai - 600 006
Tamil Nadu, India
Phone: (044) 4654 9316
Fax: (044) 2855 3257
Email: pcbl.chennai@phillipscarbon.com

Delhi

315, Third Floor, MGF Metropolis
M.G. Road, Gurgaon - 122 002
Haryana, India
Phone: (0124) 4031975/2352924
Email: pcbl.delhi@phillipscarbon.com

Mumbai

Unit No. 903, Dev Corpora
Cadbury Junction
Eastern Expressway
Thane (W) - 400 601
Maharashtra, India
Phone: (022) 4100 7765/84/85
Email: pcbl.mumbai@phillipscarbon.com

Branch Office

Phillips Carbon Black Limited
7822 Ghislenghien
Rue des Foudriers 1, Belgium
Phone: +32 6826 5800
Email: belgium.ic@phillipscarbon.com

Global R & D Centre

Sushila Goenka Research & Development
Centre
Phillips Carbon Black Limited
National Highway No - 8
Palej - 392 220, Gujarat, India
Phone: 91 90999 70256
Email: research.development@
phillipscarbon.com

Innovation Centre

Sushila Goenka Innovation Centre
Phillips Carbon Black Limited
7822 Ghislenghien,
Rue des Foudriers 1, Belgium
Phone: +32 6826-5800
Email: belgium.ic@phillipscarbon.com

Markets

National : pcbl.india@phillipscarbon.com

International

Global: pcbl.international@
phillipscarbon.com
Europe: pcbl.europe@phillipscarbon.com
Japan: adrian.koh@rpsg.in
USA: pcbl.usa@phillipscarbon.com
China: bin.qian@phillipscarbon.com
Vietnam: thuy.tran@rpsg.in

Specialty Blacks

pcbl.specialtyblack@phillipscarbon.com



Phillips Carbon Black Limited

CIN: L23109WB1960PLC024602
Regd. Office: 31, Netaji Subhas Road, Kolkata - 700 001
Tel: (033)-6625-1443; Fax: 033-2230-6844/2243-6681
E-mail: pcbl@rpsg.in; Website: www.pcblttd.com

NOTICE TO THE MEMBERS

Notice is hereby given that the Sixtieth Annual General Meeting (AGM) of the Members of Phillips Carbon Black Limited will be held on Tuesday, the 22nd day of June, 2021, at 10:30 A.M. Indian Standard Time ("IST"), through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") facility to transact following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2021 including Consolidated Audited Financial Statements for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividend @ 350%, (i.e. ₹ 7/- per equity share of ₹ 2/- each), already paid for the financial year ended 31st March, 2021.
3. To appoint a Director in place of Mrs. Preeti Goenka (holding DIN 05199069), who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

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

4. (As an Ordinary Resolution)

"Resolved that pursuant to the provisions of Sections 149, 150, 152, 161 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 to the Companies Act, 2013 and with Article 93(1) of the Articles of Association of the Company, Mrs. Rusha Mitra (DIN 08402204), who was appointed by the Board of Directors of the Company as an Additional Director of the Company

with effect from 8th April, 2021 and who holds office only up to the date of this Annual General Meeting and who is eligible for appointment and in respect of whom a notice has been received from a Member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as a Woman Director of the Company and be also appointed as a Non-Executive Independent Director of the Company for the first term, not liable to retire by rotation, for a period of five years with effect from 8th April, 2021.

Resolved further that the Board of Directors of the Company 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 the aforesaid Resolution."

5. (As an Ordinary Resolution)

"Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Shome & Banerjee, Cost Accountants, (Firm Registration No 000001), appointed as the Cost Auditors by the Board of Directors of the Company ('the Board') for the financial year ending 31st March, 2022 to conduct cost audits relating to cost records of the Company and that the said Cost Auditors be paid a remuneration of ₹ 5,50,000 (Rupees Five Lakhs Fifty Thousand only) plus applicable taxes.

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 the aforesaid Resolution."

Registered Office

31, Netaji Subhas Road
Kolkata - 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata

Date: 21st April, 2021

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

NOTES:

1. A Statement pursuant to Section 102 of the Companies Act, 2013, ("the Act") setting out material facts relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors of the Company at its Meeting held on 21st April, 2021 considered that the Special Business under Item Nos. 4 and 5, being considered unavoidable, be transacted at the 60th AGM of the Company.
 - (ii) Members who would like to ask questions during the Sixtieth AGM of the Company need to register themselves as a speaker by sending their requests preferably along with their questions mentioning their name, DP ID and Client ID number/folio number, email id, mobile number, to reach the Company's email address at pcbl.agm2021@rpsg.in latest by 4 p.m. (IST) on Friday, the 18th day of June, 2021.
2. **General instructions for accessing and participating in the 60th AGM through Video Conferencing (VC)/ Other Audio Visual Means (OVAM) Facility.**
 - A. i) In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs ("MCA Circulars") and all other relevant circulars issued from time to time and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 as amended by Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 ("SEBI Circulars") issued by the Securities and Exchange Board of India ('SEBI'), by virtue of which relaxations have been given to the companies, whose AGMs were due to be held in the year 2020 or would become due in the year 2021, to conduct their AGMs on or before 31st December, 2021, through VC/OAVM, the 60th AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of Members at a common venue. The deemed venue for the 60th AGM shall be the Corporate Office of the Company situated at 2/4 Judges Court Road, Alipore, Kolkata - 700027. Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the Meeting through VC/OAVM is annexed herewith (Refer Serial No. 29 of these Notes).
 - d) When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.
 - e) The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
 - B.) Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 60th AGM. However, in pursuance of Section 113 of the Act, the Body Corporates are entitled to appoint their authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting during the 60th AGM of the Company.
 - C) In line with the MCA Circulars and SEBI Circulars, the Notice of the 60th AGM of the Company has been uploaded on the website of the Company at www.pcbltd.com. The Notice can also be accessed from the websites of the Stock Exchanges, namely, National Stock Exchange (NSE) at www.nseindia.com, and Bombay Stock Exchange (BSE) at www.bseindia.com and the AGM Notice is also available on the website of National Securities Depository Limited (NSDL) (Agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com .
 - D) Since the AGM will be held through VC / OAVM Facility, the Route Map is not annexed to this Notice.
 - E) NSDL will be providing facility for voting through remote e - Voting, for participation in the 60th AGM through VC/ OAVM facility and e- Voting during the 60th AGM.
 - F) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 - G) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of the SEBI Listing Regulations read with MCA Circulars and SEBI Circulars, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 60th AGM and facility for those Members participating in the 60th AGM to cast vote through e-Voting system during
 - mentioning their name, DP ID and Client ID number /Folio No., email ID, mobile no. at pcbl.agm2021@rpsg.in till 4 p.m. (IST) on Friday, the 18th day of June, 2021.
- ii) **VC/OAVM – Major Guidelines:**
 - a) Members are requested to join the AGM through VC/OAVM mode not later than 10.15 am IST by following the procedures mentioned later in these Notes (Refer to Serial No. - 29). Facility for joining the VC/OAVM shall be kept open for the Members from 10.00 a.m. IST and may be closed at 10:45 a.m. IST or thereafter.
 - b) Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 60th AGM without any restriction on account of first-come-first-served principle.
 - c) (i) Members are requested to express their views/send their queries in advance



the 60th AGM. For this purpose, the Company has entered into an agreement with NSDL as the authorised agency for facilitating voting through electronic means. The facility of casting votes by a member using remote e-voting system as well as e-Voting on the date of the AGM will also be provided by NSDL.

H) The 60th AGM of the Company is being convened through VC/OAVM in compliance with the applicable provisions of the Act read with all the applicable MCA and SEBI Circulars.

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. 29 hereunder.

4. Pursuant to the MCA Circulars and SEBI Circulars, in view of the prevailing pandemic situation, owing to the difficulties involved in dispatching of the physical copies of the Notice of the 60th AGM and the Annual Report of the Company for the financial year ended 31st March, 2021 including therein the Audited Financial Statements for the year 2020-21, the afore-mentioned documents are being sent only by email to the Members. Therefore, Members whose email addresses are not registered with the Company or with their Registrar and Share Transfer Agent (RTA) or with their respective Depository Participant/s (DPs), and who wish to receive the Notice of the 60th AGM of the Company along with the Annual Report for the financial year 2020-21 and all other communications from time to time, can get their email addresses registered by following the steps as mentioned herein below:-

a.) For Members holding shares in physical form, please send a scanned copy of the signed request letter mentioning your Folio Number, Name of shareholder, complete address, mobile number, email address to be registered along with scanned self attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the RTA's email address – kolkata@linkintime.co.in .

b.) For the Members holding shares in demat form, please update your email address through your respective Depository Participant(s).

5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice of the 60th AGM of the Company and the Annual Report for the financial year 2020-21, inter alia, indicating the process and manner of e-voting will be available on the Company's website at www.pcblltd.com, the websites of the Stock Exchanges, namely, NSE and BSE respectively and also on the website of NSDL at www.evoting.nsdl.com for their download.

Taking into account the COVID-19 scenario, it is encouraged by the Company for its Members to view the full version of the AGM Notice along with the Annual Report of the Company for the Financial Year 2020-21 in electronic mode from the website of the Company, viz., www.pcblltd.com.

However, the copies of the aforesaid documents will also be available for inspection in the "Investor Relations" segment in the website of the Company at www.pcblltd.com.

6. The Register of Members and Share Transfer Books of the Company shall remain closed from the 16th day of June, 2021 to the 22nd day of June, 2021 (both days inclusive).

7. An interim dividend @ 350% (i.e. ₹ 7/- per equity share of ₹ 2/- each), was declared at the Meeting of the Board of Directors of the Company held on 20th January, 2021 to those Members whose names appeared on the Company's Register of Members, or appeared as beneficial owners at the close of business on 2nd February, 2021 ('Record Date') and the same was paid on and from 12th February, 2021.

8. Pursuant to the amendments in the Income Tax Act, dividend income is taxable in the hands of the shareholders from 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the RTA's email address – kolkata@linkintime.co.in or to the Company's email address at pcbll.investor@rpsg.in. For details, Members may refer to the Communication related to "Tax Deduction at Source (TDS) on Dividend" available in the "Investor Relations" Section on the website of the Company at www.pcblltd.com .

9. The dividend/s, if any, approved by the Members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depository Participants.

Further, in order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details/documents by email to the RTA's email address – kolkata@linkintime.co.in or to the Company's email address at pcbll.investor@rpsg.in:-

a. signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:

- i.) Name and Branch of Bank and Bank Account type;
- ii.) Bank Account Number allotted by your bank after implementation of Core Banking Solutions;
- iii.) 11-digit IFSC Code;

b. self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;

c. self attested scanned copy of the PAN Card; and

d. self attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member, as registered with the Company.

For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.

10. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the Bankers' cheques/ demand draft to such Member, as soon as possible.
11. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to the RTA's email address at kolkata@linkintime.co.in or to the Company's email address at pcbl.investor@rpsg.in. Further no tax shall be deducted on the dividend payable to a resident individual shareholder if the total amount of dividend to be received from the Company during the Financial Year does not exceed ₹ 5,000/-. Shareholders may note that in case PAN is not updated with the Depository Participant/Registrar and Share Transfer Agent of the Company, the tax will be deducted at a higher rate of 20%.
12. Non-resident shareholders can avail beneficial tax rates under Double Tax Avoidance Agreement [DTAA] i.e. tax treaty between India and their country of residence.
- For detailed disclosures and requirements, Members may refer to the Communication related to "Tax Deduction at Source (TDS) on Dividend" available in the "Investor Relations" Section on the website of the Company at www.pcbltd.com.
13. 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 as and when declared. 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 respective Depository Participants of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend(s) are requested to write to the Company.
14. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules') the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹ 2,62,186 (Rupees Two lakhs sixty two thousand one hundred and eighty six only) being the unpaid and unclaimed dividend amount pertaining to the Final Dividend for the Financial Year 2012-2013 on 29th September, 2020.
15. The Company has been sending reminders to Members having unpaid / unclaimed dividend before transfer of such dividend(s) to the Investor Education and Protection Fund (IEPF), set up by the Government of India. Details of the unpaid / unclaimed dividend are also uploaded as per the requirements, under "Investors Relations" section on the Company's website viz. www.pcbltd.com. The Company did not declare any Dividend during the Financial Year 2013-14. Accordingly, Members, who have not yet encashed their dividend pertaining to the Final Dividend for Financial Year 2014 -15 are advised to write to the Company immediately claiming dividends declared by the Company. The Final Dividend for the Financial Year 2014-15 is due to be transferred to the IEPF Fund immediately after 5th September 2022. In case valid claim is not received by that date, the Company will also proceed to transfer the respective shares to the Demat Account of the IEPF Authority ('IEPF Account') in terms of the IEPF Rules by following the prescribed procedure.
16. Pursuant to the provisions of IEPF Rules, all shares of the Company in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account') within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company transferred 75,000 Equity shares of the face value of ₹ 2/- each to the IEPF Account pertaining to the Financial Year 2012-13, on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 26th October, 2020 after following the prescribed procedure. In this regard, the Company has individually informed the Members concerned and also published notice in the newspapers as per the IEPF Rules. The details of such Members and shares transferred for the Financial Year 2012-13 are uploaded in the "Investors Relations" Section of the website of the Company viz. www.pcbltd.com.
17. Dividend and corresponding shares, as stated in Points 15 and 16 above, once transferred to IEPF by the Company, may be claimed only from the IEPF Authority by following the procedure prescribed under the IEPF Rules.
- Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer is the Nodal Officer of the Company for the purpose of verification of such claims.
18. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the website of the Company www.pcbltd.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Link Intime India Private Limited in case the shares are held in physical form.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Account No. by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN and Bank Account No. to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and Bank Account details to the Registrar and Share Transfer Agent/ Secretarial Department of the Company.
20. In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April, 2019. In view of the above,



Members are advised to dematerialize shares, if held by them in physical form.

21. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
22. Non-resident Indian Members are requested to inform Company's Registrar and Share Transfer Agent, Link Intime India Private Limited ('RTA'), 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.
23. 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 RTA/Depositories for receiving all communications including Annual Reports, Notices, Circulars etc. from the Company electronically.
24. Electronic copies of all the documents referred to in the accompanying Notice of the 60th AGM of the Company and in the Statement annexed to the said Notice shall be available for inspection in the "Investor Relations" section of the website of the Company at www.pcblltd.com.
25. During the 60th AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, upon using the login method explained at Point No. 29(A) "Access to NSDL e-Voting system. After successful login Members will be able to view the documents for inspection by clicking on the link available against the EVEN of Phillips Carbon Black Limited.
26. 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 holdings should be verified from time to time.
27. Details as required in sub-regulation (3) of Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI in respect of the Director seeking re-appointment at the Annual General Meeting, form an integral part of the Notice. Requisite declarations have been received from the Director for seeking re-appointment.
28. At the 56th AGM held on 21st September, 2017, Members approved the appointment of M/s. S R Batliboi and Co. LLP, as the Statutory Auditors of the Company having Registration No. 301003E/E300005, for an initial term of five consecutive years i.e, from the conclusion of the 56th AGM till the conclusion of the 61st AGM of the Company to be held in the year 2022, subject to ratification of their appointment by the Members at every AGM of the Company. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away with by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of the appointment of Statutory Auditors at the 60th AGM.

29. INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING AGM THROUGH VC/OVAM ARE AS UNDER:-

- i.) The remote e-voting period begins on 19th day of June, 2021 at 9:00 A.M. (IST) and ends on 21st day of June, 2021 at 5:00 P.M (IST). During this period, Members of the Company, holding shares in the physical or dematerialized form, as on the cut-off date of Tuesday, the 15th day of June, 2021, may cast their votes by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, the 15th day of June, 2021. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- ii.) A person who is not a Member as on the cut-off date should treat this Notice of the 60th AGM for information purpose only.

A. How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 116030 user ID is 116030001*** |

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
 8. Now, you will have to click on “Login” button.
 9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join Annual General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join Annual General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and Annual General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the Annual General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Annual General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to Mr. Anjan Kumar Roy, the Scrutinizer by e-mail to akroyco@yahoo.co.in with a copy marked to evoting@nsdl.co.in.
2. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. Tuesday, the 15th day of June, 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA. 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” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Tuesday, the 15th day of June, 2021, may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”.

3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. 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 User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Senior Manager / Ms. Pallavi Mhatre, Manager, NSDL, Trade World, “A” Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 through Email at evoting@nsdl.co.in .

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the Company’s Registrar and Share Transfer Agent, Link Intime India Private Limited at kolkata@linkintime.co.in or the Company at pcbl.investor@rpsg.in .
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to the Company’s Registrar and Share Transfer Agent, Link Intime India Private Limited at kolkata@linkintime.co.in or the Company at pcbl.investor@rpsg.in .
3. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
4. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.



5. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

C. The instructions for Members for E-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

D. Instructions for Members for attending the AGM through VC/OVAM are as under [In addition to Note No. 2A (ii)]:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above in Point No. 29 under Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join Annual General Meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Annual General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via

Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 60th AGM of the Company through VC/OAVM facility.

Other Instructions:

- 30 i) The voting rights of the 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 Tuesday, the 15th day of June, 2021.
 - ii) 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 or casting vote through e-Voting system during the Meeting.
 - iii) Pursuant to the provision of Section 108 of the Act read with rules thereof, Mr. Anjan Kumar Roy, Practicing Company Secretary, (Membership No. FCS 5684) has been appointed as the Scrutinizer to scrutinize the Remote e-Voting process and casting vote through the e-Voting system during the Meeting in a fair and transparent manner.
 - iv) During the 60th AGM of the Company, the Chairman shall, after responding to the questions raised by the Members in advance or as a speaker at the 60th AGM, formally propose to the Members not having already cast their votes by following the remote e-voting process and participating through VC/OAVM facility, to vote on the resolutions as set out in the Notice of the 60th AGM of the Company.
 - v.) The Scrutinizer shall after the conclusion of e-Voting at the 60th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting system and shall make a consolidated Scrutinizer's Report.
 - vi.) The Results of voting will be declared within 48 hours from the conclusion of AGM. The declared results along with the Scrutinizer's Report will be available forthwith on the website of the Company www.pcblltd.com and on the website of NSDL. Such results will also be displayed on the Notice Board at the Registered Office of the Company as well and shall be forwarded to the National Stock Exchange of India Limited and BSE Limited.
31. Members desiring to have any information relating to the accounts are requested to write to the Company at the e-mail i.d. pcbd.agm2021@rpsg.in latest by Friday, the 18th day of June, 2021 by 4 P.M. (IST) so that the company can reply appropriately.

Registered Office

31, Netaji Subhas Road
Kolkata - 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata
Date: 21st April, 2021

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

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

ITEM NO. 4

As per the provisions of Section 149(1) of the Companies Act, 2013 ('the Act') and Regulation 17 of the SEBI Listing Regulations, the Company should have at least one Woman Director on its Board. Accordingly, pursuant to Sections 149, 150, 152, 161 and any other applicable provisions of the Act and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and read with Article 93(1) of the Articles of Association of the Company, Mrs. Rusha Mitra aged 35 years was appointed by the Board of Directors of the Company ('the Board') as an Additional Director of the Company with effect from 8th April, 2021. Mrs. Rusha Mitra holds office as a Director of the Company upto the date of this Annual General Meeting in terms of the provisions of Section 161 of the Act. The Company has received a notice in writing from a member proposing the candidature of Mrs. Rusha Mitra, for the office of Director of the Company, under the provisions of Section 160 of the Act, for an initial term of five consecutive years with effect from 8th April, 2021.

The Company has received from Mrs. Rusha Mitra, requisite consent, intimation and a declaration in connection with her appointment as an Independent Director.

Mrs. Rusha Mitra is a Law Graduate from W.B National University of Juridical Sciences, Kolkata. She is a partner in the Corporate & Commercial practice group in Khaitan & Co., Kolkata. Mrs. Mitra specializes in corporate restructuring, mergers, acquisitions, demergers, reconstructions, re-organisation and advises companies on wide range of corporate law, insolvency & bankruptcy related matters.

Presently, Mrs. Mitra is on the Board of the Companies namely, Lux Industries Limited, Harrisons Malayalam Limited, GKW Ltd, Texmaco Rail & Engineering Limited, GMMCO Limited and Rainbow Investments Limited. Mrs. Mitra does not hold by herself or for any other person on a beneficial basis, any shares in the Company. Mrs. Mitra is not related to any other director of the Company.

In the opinion of the Board, Mrs. Rusha Mitra is a person of integrity and possesses relevant qualifications, experience and expertise and fulfills the conditions specified in the Act and the rules made thereunder for her appointment as a Woman director and also as an Independent Director of the Company and she is independent

of the management. A copy of the draft letter for appointment of Mrs. Rusha Mitra as an Independent Woman Director setting out the terms and conditions would be available for inspection by the Members in the "Investor Relations" section on the website of the Company at www.pcblltd.com.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Rusha Mitra as an Independent Woman Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs. Rusha Mitra as an Independent Woman Director, for the approval by the shareholders of the Company.

Except Mrs. Rusha Mitra, being an appointee and her 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. 4 of the Notice. This Statement may also be regarded as a disclosure under Regulation 17 of the SEBI Listing Regulations entered into with the Stock Exchanges.

ITEM NO. 5

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee, has approved in their Meeting held on 21st April, 2021, the appointment and remuneration of M/s. Shome & Banerjee, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2022 at a remuneration of ₹ 5,50,000 (Rupees five lakhs fifty thousand only) plus applicable taxes.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), 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. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2022.

None of the Directors, Key Managerial Personnel, and their relatives are concerned or interested, financially or otherwise, in the aforesaid Resolution. The Board recommends passing of the Resolution as set out under Item No. 5 of the Notice for approval by the Members of the Company.



II. DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI LISTING REGULATIONS AND APPLICABLE SECRETARIAL STANDARDS 2 (SS-2) BY ICSI:

RE-APPOINTMENT OF MRS. PREETI GOENKA (ITEM NO. 3)

Mrs. Preeti Goenka, aged 58 years completed her schooling from Welhams Girls High School, Dehradun and later studied Interior Designing at South Delhi Polytechnic to secure a diploma.

Married to Dr. Sanjiv Goenka, Mrs. Preeti Goenka has vast experience in art and support creative talents in diverse fields.

A past President of the Ladies Study Group of Indian Chamber of Commerce, Kolkata, currently she is an Executive Committee Member of the Birla Industrial & Technological Museum, Kolkata. Mrs. Preeti Goenka is presently on the Board also of Saregama India Limited.

Mrs. Preeti Goenka does not hold by herself or for any other person in any manner, any shares in the Company. Mrs. Preeti Goenka is not related to any other director except Dr. Sanjiv Goenka and Mr. Shashwat Goenka.

Accordingly, the Board of Directors of the Company ('the Board') recommends the Resolution in relation to the appointment of Mrs. Preeti Goenka as a Director, for the approval of the shareholders of the Company by way of an Ordinary Resolution.

Except Mrs. Preeti Goenka being the appointee and Dr. Sanjiv Goenka and Mr. Shashwat Goenka, being related to Mrs. Preeti Goenka, none of the other 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 Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2) of ICSI.

Registered Office

31, Netaji Subhas Road
Kolkata – 700 001
CIN: L23109WB1960PLC024602

Place: Kolkata
Date: 21st April, 2021

By Order of the Board

Kaushik Mukherjee
Company Secretary
(Membership No: F5000)

BOARD'S REPORT

To the members,

Your Directors have pleasure in presenting the sixtieth Annual Report on the business and operations of Phillips Carbon Black Limited and the Audited Accounts for the financial year ended 31st March 2021.

FINANCIAL HIGHLIGHTS

| Particulars | (Amount in ₹ crores) | |
|---|------------------------|------------------------|
| | Year ended 31.03.21 | Year ended 31.03.20 |
| Revenue from operations | 2659.52 | 3243.54 |
| PBDIT | 524.12 | 488.03 |
| Less: Finance and hedging cost including foreign currency fluctuation (net) | 23.64 | 44.83 |
| PBDT | 500.48 | 443.20 |
| Less: Depreciation | 110.12 | 92.36 |
| PBT | 390.36 | 350.84 |
| Tax expense | 78.09 | 67.35 |
| PAT | 312.27 | 283.49 |
| Earnings Per Equity Share (EPS) (in ₹) | 18.12 | 16.45 |

The financial statements for the year ended 31st March 2021 have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, as amended ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015.

DIVIDEND

The Board of Directors of the Company at its Meeting held on Wednesday, 20th January, 2021 has declared an Interim Dividend @ 350 %, i.e. ₹ 7 /- per equity share on the face value of ₹ 2/- per equity share, for the financial year ended 31st March, 2021. The said Interim Dividend was paid on and from 12th February, 2021. The dividend recommendation is in accordance with the Dividend Distribution Policy of the Company which is annexed and forms part of the Annual Report and the same is available on the Company's website and can be accessed at <https://www.pcblltd.com/investor-relation/general-policies>. There has been no change in the policy during the year. The Notice convening the ensuing Annual General Meeting ("AGM") of the Members of the Company includes an item for confirmation of the said interim dividend.

PERFORMANCE OVERVIEW

Carbon Black

Your Company's FY21 EBITDA was ₹ 524 crore as against ₹ 488 crore in the previous year. PAT for the year was ₹ 312 crore, which is around 1.10 times that of previous year's PAT of ₹ 283 crore even in the backdrop of the continued global recession in the automobile industry further aggravated by the COVID-19 pandemic.

Power

Your Company's power segment revenue (excluding inter segment revenue) in FY'21 was at ₹ 67 crore, lesser by ₹ 19 crore, as

compared to ₹ 86 crore in FY 20, on the back of lower sales volume as well as lower realization.

A detailed review of the operations of the Company for the financial year ended 31st March 2021 is given in the Management Discussion and Analysis Report, which forms a part of this Report.

COVID 19

In view of the lockdown across the country due to the COVID-19 pandemic, manufacturing operations of the Company across all its locations were suspended temporarily during March and April-2020, in compliance with the directives/orders issued by the relevant authorities. The consolidated financial results for the year ended March 31, 2021 were impacted by disruptions owing to COVID 19. The Company has made an assessment of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current / non-current assets as of 31 March 2021 and on the basis of evaluation, has concluded that no material adjustments are required in the financial results. The Company is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. Given the criticalities associated with nature, condition and duration of COVID-19, the impact assessment on the Company's financial statements will be continuously made and provided for as required.

MANUFACTURING

Carbon Black production during FY21 is 3,84,786 MT as compared to FY20 4,07,887 MT in the previous year. Production reduction was observed due to lockdown imposed by the Government which was taken as a preventive measure of Corona Virus.

The Company has commissioned 2 (two) specialty black lines at Palej, Gujarat for production of a wide range of specialty black grades totalling about 32 KTPA to service growing needs of its



customers. The greenfield project of about 150 KTPA for the manufacturing of various grades of carbon black and green power plant, spread over 60 acres of land in Tamil Nadu, is progressing strategically. Green power plants in Kochi, Palej and Mundra are expected to be commissioned within FY 2022. With its strategically located four plants and seamless ability to switch between alternative feedstocks, thereby ensuring raw material flexibility, PCBL is well poised to service customers in India and the overseas. Plants' proximity to sea ports help keep down logistics costs both within India and abroad.

CREDIT RATINGS

During the year under review, the Company had received its credit ratings from CARE and ICRA. The Rating Committee of CARE Ratings Limited, after due consideration, reviewed the Credit Rating for Bank facilities and Commercial Paper (CP) issue aggregating to ₹ 500 crore. CARE Ratings have assigned the Rating of the Long term bank facilities amounting to ₹ 550 crores as CARE AA- (Double A minus; Outlook - Stable) and Long term / short term bank facilities amounting to ₹ 1850 crore as CARE AA-; Stable / CARE A1+ (Double A Minus; Outlook: Stable / A One Plus). Besides, CARE Ratings have assigned the Rating of Commercial Paper amounting to ₹ 500 crore as CARE A1+ (A One Plus). Furthermore, ICRA Limited, after due consideration, revised the Credit Rating of ₹ 400 crore Line of Credit of the Company from [ICRA] AA - (pronounced ICRA double A minus) to [ICRA] AA (pronounced ICRA double A ("Rating")). The outlook on the long-term rating is Stable.

INCORPORATION OF A NEW SUBSIDIARY

PCBL (TN) Limited, a wholly owned subsidiary of the Company for the purpose of setting up of a plant in the state of Tamil Nadu for manufacturing and sale of carbon black, power and related products, has been incorporated on 29th September, 2020 and its operations would commence in due course.

SUBSIDIARY COMPANIES

The Company has three subsidiaries as on date, namely, Phillips Carbon Black Cyprus Holding Limited, Phillips Carbon Black Vietnam Joint Stock Company and PCBL (TN) Limited. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Act.

The Company has prepared a Consolidated Financial Statement of the Company and of all the subsidiaries, namely, Phillips Carbon Black Cyprus Holding Limited, Phillips Carbon Black Vietnam Joint Stock Company and PCBL (TN) Limited in the form and manner as that of its own, duly audited by M/s. S R Batliboi & Co., LLP, the statutory auditors in compliance with the applicable accounting standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter referred to as the 'SEBI Listing Regulations.')

The Consolidated Financial Statements for the year 2020-21 form a part of the Annual Report and Accounts and shall be laid before the Members of the Company at the AGM while laying its financial statements under sub-section (2) of the said section. Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient 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 at www.pcblltd.com under the segment 'Investor Relations'. Shareholders desirous of obtaining the Accounts of the Company's subsidiaries may obtain the same upon request by email to the Company's email i.d. - pcb.investor@rpsg.in.

The Company does not have any material subsidiary in the immediately preceding accounting year. However, as per Regulation 16 of the SEBI Listing Regulations, the Company has adopted the policy for determining 'material' subsidiaries, which states that a 'material' subsidiary means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

A Policy on 'material subsidiaries' was formulated by the Audit Committee of the Board of Directors of the Company and the same is also posted on the Company's website and may be accessed at the link: www.pcblltd.com/investor-relation/general-policies.

DELISTING OF EQUITY SHARES FROM CALCUTTA STOCK EXCHANGE

The Board of Directors of the Company at its Meeting held on 16th October, 2020 approved, inter alia, a proposal for voluntary delisting of the Company's equity shares from Calcutta Stock Exchange ("CSE") only (Scrip Code: 26125) as there has been no trading in the Equity Shares of the Company listed on CSE for several years. CSE does not have nationwide trading terminal. Hence, such listing was serving no useful purpose. Accordingly, the Equity Shares of the Company were delisted from CSE w.e.f. 11th November, 2020 in response to the application made by the Company with CSE Limited for voluntary delisting of its equity shares pursuant to Regulations 6 and 7 of the SEBI (Delisting of Equity Shares) Regulations, 2009. The Equity Shares of the Company continue to remain listed on both NSE and BSE.

SHARE CAPITAL

Your Company's paid-up Equity Share Capital as on 31st March 2021 stood at ₹ 34.47 crore. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on 31st March 2021, none of the Directors of the Company hold shares or convertible instruments of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with Regulation 34 of the SEBI Listing Regulations, a separate section on the Management Discussion and Analysis, as approved by the Board of Directors, which includes details on the state of affairs of the Company is given in 'Annexure-A', which is annexed hereto and forms a part of the Board's Report.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2021 is available on the website of the Company at the link : <https://www.pcblltd.com/investor-relation/compliances-under-sebi-regulations/annual-general-meetings>.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PUBLIC DEPOSITS

The Company does not have any Public Deposits under Chapter V of the Act 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 2021.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company that have occurred between the close of the financial year ended 31st March 2021 and the date of this Board's Report.

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 the Company's operations in future.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A detailed section on the Company's internal financial controls with reference to financial statements and its adequacy is a part of the Management Discussion and Analysis Report, which forms a part of the Board's Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments are given in the notes to the financial statements.

COMMITTEES OF THE BOARD

Currently, the Board has six committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Independent Directors' Committee and the Risk Management Committee. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report section of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company's commitment to create significant and sustainable societal value is manifest in its Corporate Social Responsibility (CSR) initiatives and its sustainability priorities are deeply intertwined with its business imperatives. Over the period of its long existence, the Company has upheld its tradition of community service and tried to reach out to the underprivileged in order to empower their lives and provide holistic development. The Company's focus areas are concentrated on increasing access to health, education, environment sustainability, community development and holistic

development with a focus on underprivileged people living around its manufacturing units and other establishments. In accordance with Section 135 of the Act, as amended read with Notification issued by the Ministry of Corporate Affairs ('MCA') dated 22nd January, 2021 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 Board's Report.

The Company, along with other companies of the Group, has set up the RP-Sanjiv Goenka Group CSR Trust to carry out CSR activities. During the year 2020-21, the Company has undertaken the CSR initiatives in the fields of promoting education, promoting rural development, promoting healthcare, making available safe and clear drinking water, environment sustainability and community development thereby helping in the upliftment of the underprivileged and disadvantaged sections of the society. All the CSR activities fall within the purview of Schedule VII of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The detail of the CSR Policy is also posted on the Company's website and may be accessed at the link: www.pcblltd.com/investor-relation/general-policies.

The Company runs its own socio-economic development initiatives in and around its manufacturing units. The Company continues to do its best to support its communities during the current situation. The company's thoughts are with those directly affected by COVID-19 and with the healthcare professionals and frontline warriors whose role in combating this virus is wholeheartedly appreciated.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In compliance with the provisions of Section 177(9) of the Act and SEBI Listing Regulations, 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. Besides, as per the requirement of Clause 6 of Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations as amended by SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company ensures to make employees aware of such Whistle Blower Policy to report instances of leak of unpublished price sensitive information. The Vigil Mechanism provides for adequate safeguards against victimization of Directors or Employees or any other person who avail the mechanism and also provide direct access to the Chairperson of the Audit Committee. The details of the Vigil Mechanism / Whistle Blower Policy are also posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/responsibility/policy>.

BOARD EVALUATION

The Company has devised a formal process for annual evaluation of performance of the Board, its Committees and Individual Directors ("Performance Evaluation") which include criteria for performance evaluation of non-executive directors and executive directors as laid down by the Nomination and Remuneration Committee and the Board of Directors of the Company. It covers the areas relevant to the functioning as Independent Directors or other directors, member of the Board or Committee of the Board. The Independent Directors carried out annual performance evaluation of the Chairman and Executive Directors. The Board carried out annual performance evaluation of its own performance. The performance



of each Committee was evaluated by the Board, based on report on evaluation received from respective Committees. A consolidated report was shared with the Chairman of the Board for his review and giving feedback to each Director.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for the selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy and the details pertaining to the remuneration paid during the year are furnished in the Corporate Governance Section of the Annual Report.

The Remuneration Policy is also posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/investor-relation/general-policies>.

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 Act 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 its 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 duly approved by the Board of Directors of the Company is posted on the Company's website and may be accessed at the link: <https://www.pcblltd.com/investor-relation/general-policies>.

RISK MANAGEMENT

Risk Management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimise, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities. Risk Management Policy enables the Company to proactively manage uncertainties and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. The Company has laid down a comprehensive Risk Assessment and Minimisation Procedure in accordance with the requirements of the Act and the SEBI Listing Regulations, which is reviewed by the Risk Management Committee, and approved by the Board from time to time. This procedure is reviewed to ensure that the executive management controls risk through means of a properly defined framework. Detailed discussion on Risk Management is covered in the Management Discussion and Analysis Report ('Annexure - A') which forms a part of the Annual Report.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 197 of the Act 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 Board's Report. Having regard to the provisions of Section 136 of the Act, the Annual Report and Accounts, excluding the aforesaid information are being sent to the Members of the Company by e-mail. Any Member interested

in obtaining such particulars may write to the Company Secretary of the Company at pcb.agm2021@rpsg.in.

KEY MANAGERIAL PERSONNEL

During the year, there was no change in the Key Managerial Personnel 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 Act 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 Board's Report.

LISTING

The equity shares of the Company continue to be listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company has delisted its equity shares from Calcutta Stock Exchange Limited ('CSE'). The Company has paid the requisite listing fees to all the Stock Exchanges for FY 2021-22.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance as prescribed under the SEBI Listing Regulations, 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

During the year 2020-2021, the Board of Directors met four times. The details of the number of meetings of the Board of Directors held during FY 20-21 have been detailed in the Corporate Governance Section of the Annual Report.

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Act, 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 2021, 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 the financial year and of the profit and loss of the Company for the period;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis;

- v) Internal financial controls laid down by the Directors have been followed by the Company and such internal financial controls are adequate and are operating effectively; and
- vi) Proper systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declarations from each Independent Director under Section 149(7) of the Act, that he/she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations. The Board have taken on record these declarations after undertaking the due assessment of the veracity of the same.

STATUTORY AUDITORS AND AUDITOR'S REPORT

In terms of Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company in 56th Annual General Meeting held on 21st September, 2017, approved the appointment of M/s. S R Batliboi and Co. LLP, Chartered Accountants (ICAI Registration No-301003E/E300005), as the Statutory Auditors of the Company for an initial term of five consecutive years, i.e. from the conclusion of the 56th AGM till the conclusion of the 61st AGM of the Company to be held in the year 2022. The Statutory Auditors have confirmed they are not disqualified from continuing as Auditors of the Company.

The Report given by M/s. S R Batliboi and Co. LLP, Chartered Accountants on the financial statement of the Company for the year 20-21 is part of the Annual Report. The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

COST ACCOUNTS AND COST AUDITORS

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Audit records maintained by the Company relating to manufacturing of Carbon Black and generation and transmission of electricity at its plants located at Durgapur in West Bengal, Kochi in Kerala, Mundra and Palej in Gujarat, is required to be audited. Accordingly, the Directors of the Company had, on the recommendation of the Audit Committee of the Board of Directors of the Company, appointed Messrs Shome & Banerjee, to audit the cost accounts for the FY 21-22 at a remuneration of ₹ 5,50,000/- (Rupees Five Lakhs Fifty Thousand only). As required under the Act, 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 ratification of the Members for the remuneration payable to Messrs Shome & Banerjee, Cost Auditors is included at Item No. 5 of the Notice convening the AGM.

The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The Cost Auditors have confirmed they are not disqualified to be appointed as the Cost Auditors of the Company for the year financial year ending 31st March, 2022.

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

SECRETARIAL AUDITORS AND SECRETARIAL STANDARDS

The Secretarial Audit was carried out by M/s. Anjan Kumar Roy & Co., Company Secretaries (Membership No. FCS 5684) for the financial year ended on 31st March, 2021.

The Report given by the Secretarial Auditors is marked as 'Annexure -E' and forms a part of the Board's Report. The Secretarial Audit Report is self-explanatory and do not call for any further comments. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

During the Financial Year, your Company has complied with applicable Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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. The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013.

BUSINESS RESPONSIBILITY REPORT

A detailed Business Responsibility Report as required under Regulation 34 of the SEBI Listing Regulations is marked as 'Annexure - F', which is annexed hereto and forms a part of the Board's Report.

QUALIFICATION, RESERVATION OR ADVERSE REMARK IN THE AUDIT REPORTS

There is no qualification, reservation or adverse remark made by the Statutory or Cost or Secretarial Auditors in their Audit Reports issued by them.

DIRECTORS

Mrs. Preeti Goenka retires by rotation at the forthcoming AGM and being eligible, offers herself for re-appointment.

Details of the proposal of re-appointment of Mrs. Preeti Goenka is mentioned in the Statement u/s 102 of the Act of the Notice of the 60th AGM of the Company.

Mrs. Kusum Dadoo, a Non- Executive Independent Lady Director of the Company resigned from directorship w.e.f. 4th February, 2021 due to personal reasons. The Board has placed on record its deep appreciation for the invaluable support and guidance received from Mrs. Kusum Dadoo during her association since 2015 as a Non-Executive Independent Lady Director of the Company.

Mrs. Rusha Mitra, was appointed by the Board of Directors at its Meeting held on 8th April, 2021 as an Additional Non-Executive Independent Lady Director on the Board in place of Mrs. Kusum



Dadoo. Mrs. Rusha Mitra will hold office as an Additional Director of the Company upto the date of the ensuing Annual General Meeting.

The Company has received a notice u/s 160 of the Act from a Member of the Company signifying his intention to propose the candidature of Mrs. Rusha Mitra for the office of the Director of the Company.

The Policy on Directors' appointment and remuneration, including the criteria for determining the qualifications, positive attributes and independence of Directors forms a part of the Corporate Governance Section of the Annual Report.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of the business of the Company.

HUMAN RESOURCES

A detailed section on the Company's Human Resource Development is a part of the Management Discussion and Analysis Report, which forms a part of the Board's Report.

KEY FINANCIAL RATIOS

Key Financial Ratios for the financial year ended 31st March, 2021, are provided in the Management Discussion and Analysis Report given in "Annexure - A", which is annexed hereto and forms a part of the Board's Report.

GREEN INITIATIVES

As a responsible corporate citizen, the Company supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report etc. to shareholders at their e-mail address previously registered with the DPs and RTAs.

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

Pursuant to the MCA Circulars and SEBI Circulars, in view of the prevailing situation of the Pandemic, owing to the difficulties involved in dispatching of the physical copies of the Notice of the 60th AGM and the Annual Report of the Company for the financial year ended 31st March, 2021 including therein the Audited Financial Statements for the year 2020-2021, the afore-mentioned documents are being sent only by email to the Members.

ACKNOWLEDGEMENT

Your Company has been able to operate responsibly and efficiently because of the culture of professionalism, creativity, integrity, ethics, good governance and continuous improvement in all functions and areas as well as the efficient utilization of the Company's resources for sustainable and profitable growth.

The Directors hereby wish to place on record their appreciation of the efficient and loyal services rendered by each and every employee, more particularly during this challenging time, without whose whole-hearted efforts, the overall satisfactory performance would not have been possible. Your Directors also record their grateful appreciation for the encouragement, assistance and co-operation received from members, government authorities, banks, customers and all other stakeholders. Your Directors look forward to the long term future with confidence.

For and on behalf of the Board

Place: Kolkata
Date: 21st April, 2021

Dr. Sanjiv Goenka
Chairman
(DIN 00074796)

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

The Equity shares of Phillips Carbon Black Limited (the 'Company' or PCBL) are listed with National Stock Exchange of India Ltd and BSE Limited. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulation'), as amended, all listed companies are required to formulate a Dividend Distribution Policy. The Policy has to be disclosed in the Company's Annual Report and on its website.

OBJECTIVE

The objective of the Dividend Distribution Policy of the Company is to reward shareholders by sharing a portion of the available profits, after ensuring that sufficient funds are retained for the future business requirements of the Company.

EFFECTIVE DATE

This Policy is effective from the financial year 2017-18.

Definitions

- **'Act'** means the Companies Act, 2013 and Rules made thereunder, including any amendments or modifications thereof.
- **'Board of Director' or 'Board'** means the collective body of the Directors of the Company.
- **'Company'** mean Phillips Carbon Black Limited.
- **'Policy' means**, the 'Dividend Distribution Policy'.

Guidelines for Distribution of Dividend

- The Company shall pay dividend (including interim dividend) in compliance with the provisions of Section 123 of the Act and Companies (Declaration and Payment of Dividend) Rules, 2014.

- The Board shall recommend dividend when, according to the Board's opinion, it is financially prudent to do so, especially considering the need to preserve resources.
- While recommending any dividend for payment by the Company, the Board shall consider the following:
 - Current year's profits, future outlook, with due consideration of internal and external environment.
 - Operating cash flows and treasury position
 - Possibilities of alternative usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders.
 - Providing for unforeseen events and contingencies with financial implications.
 - Other factors that may be considered relevant from time to time
- The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the annual general meeting of the Company.
- Dividend distribution shall be in accordance with the applicable provisions of the Act and Rules framed thereunder, SEBI Regulations and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

Amendments

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.



(Annexure 'A' to the Board's Report)

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMIC OVERVIEW

The global economy was majorly hit by the health crisis and resultant complexities caused by COVID-19 in 2020. The coronavirus infected close to 150 million and caused the death of approximately 3 million people worldwide by end April 2021. For several months, uncertainties and panic paralyzed economic activities in both developed and developing economies. Manufacturing, trade and tourism came to standstill, while job and output losses caused enormous hardship. Governments around the world responded rapidly to curb the contagion and its economic impact through fiscal and monetary stimulus packages.

As per the World Bank's January 2021 report, the global gross domestic product (GDP) contracted 4.3% in 2020, the sharpest contraction in recent decades. The pandemic clearly hit the developed economies the hardest, given the strict lockdown measures that many countries in Europe and several states of the United States of America imposed early on during the outbreak. The crisis disrupted global trade, restricted cross-border travel, stalled international production networks and depressed demand worldwide. Overall, global trade in goods and services is estimated to have declined by 7.6% in 2020, a slightly smaller contraction than during the global financial crisis. The fiscal outlays from the developed countries represented nearly 80% of the total fiscal stimulus provided by governments worldwide, with US, Japan & Germany accounting for more than 50% of all the fiscal stimulus worldwide. After trade flows collapsed in the early stages of the pandemic, merchandise trade has been recovering, led by China and other Asian economies that were relatively successful in containing the spread of the virus and experienced a faster-than-expected rebound in economic activities. The World Bank expects global economy to expand 4% in 2021, provided vaccine rollout is widespread. Meanwhile, output in developed economies, which shrunk by 5.4% in 2020, is projected to recover by 3.3% in 2021.

As per World Bank, the emerging markets and developing countries experienced a relatively less severe contraction of 2.6% in 2020 and is projected to grow by 5% in 2021. On the back of China's quick and robust recovery (GDP growth forecast of 7.9% in 2021), the East Asian economies are supposed to grow by 7.5% in 2021. International Monetary Fund (IMF) April'21 report pegs the global economy growth to 6% in 2021 and have increased the growth estimates for all geographies. A repeat infection wave, however, has set off new lockdown measures in various parts of the world since early 2021, dampening the prospects of a quick economic recovery. Downside risks prevail, including the possibility of a further increase in the spread of the virus, delays in vaccine procurement and distribution, and financial stress triggered by high debt levels and weak growth.

Across the globe, COVID-19 has created a rapidly growing demand for digital services, accelerating the ongoing digital transformation of businesses. With lockdowns and movement restrictions in place, operating digitally has been the only viable option for many companies in order to ensure business continuity. Digital processes are becoming embedded in production and trade as information and communication technology (ICT) services are increasingly controlling business processes and facilitating transactions

within networks and between firms and customers. Moreover, digitalization and emerging technologies, including artificial intelligence and machine learning, are also transforming service delivery worldwide. Organizations across the world are adopting these digital technologies to be responsive towards customer needs and to retain their competitive edge.

GLOBAL REAL GDP GROWTH TREND (%)

| | 2019 | 2020 | 2021f |
|-----------------------------------|------|------|-------|
| World Output | 2.3 | -4.3 | 4.0 |
| Advanced Economies | 1.6 | -5.4 | 3.3 |
| United States | 2.2 | -3.6 | 3.5 |
| Euro Area | 1.3 | -7.4 | 3.6 |
| Emerging and developing economies | 3.6 | -2.6 | 5.0 |
| Russia | 1.3 | -4.0 | 2.6 |
| China | 6.1 | 2.0 | 7.9 |
| India | 4.2 | -8.0 | 10.1 |
| Brazil | 1.4 | -4.5 | 3.0 |
| South Africa | 0.2 | -7.8 | 3.3 |

Source: World Bank Jan'21 & April'21 report

GLOBAL AUTOMOBILE AND TYRE INDUSTRY ROUNDUP

Global automobile and tyre industries were severely impacted by the pandemic in 2020. With restricted mobility throughout the year and only partial recovery in the later part of the year, auto and tyre industries faced depressed demand across all regions. Automotive demand in North America declined by an estimated 18% while the European market demand decreased by an estimated 21%. The Chinese economy's quicker recovery from the pandemic vis-à-vis the rest of the world, resulted in minimal impact on auto sales and therefore witnessed a demand de-growth of ~3%. Facing lack of demand from original equipment manufacturers (OEMs) and a muted replacement segment, tyre industry too suffered a decline globally. Tyre demand de-grew by an estimated 9% in North America and 13% in Europe. China's economic recovery supported both OEM and replacement tyre segments, resulting in a relatively lesser impact of the pandemic; the tyre demand in China is estimated to have de-grown by ~2%.

Global economic recovery picked up in the later half of 2020 amid the development of vaccination programs and their rollout across all geographies by early 2021, which have boosted growth projections for 2021. The automobile demand is estimated to recover by 6-9% across advanced economies. China's auto industry is expected to grow by an estimated 4-6%. Following green shoots in the automobile sector, the global tyre industry is estimated to grow by 5-7% across major geographies. However, the onset of multiple waves of COVID-19 in almost all geographies and renewed lockdown and restrictions on movement imposed by the government in various parts of the world might prove detrimental to these growth estimates.

INDIAN AUTOMOBILE AND TYRE INDUSTRY REVIEW

India is one of the countries most affected by the coronavirus pandemic. The government imposed a nationwide lockdown in late March 2020 to combat the spread of the virus. The lockdown restrictions were lifted in a phased manner but the shutdown took a toll on the country's economy. Various industries including travel and hospitality, automobile and apparel industries were the worst affected due to restrictions on mobility. The automobile industry was significantly impacted in Q1 FY21, although it witnessed gradual recovery from September 2020 with the pickup in domestic demand. The recovery gained momentum with the rollout of vaccines in early 2021. However, the renewed lockdown in many states of the country amid the increasing number of infections might put brake on the recovery momentum.

Indian automobile market growth in FY21

| | YoY % |
|--------------------|-------|
| Passenger Vehicle | -2 % |
| Commercial Vehicle | -21 % |
| Three-wheeler | -66 % |
| Two-wheeler | -13% |

Source: SIAM

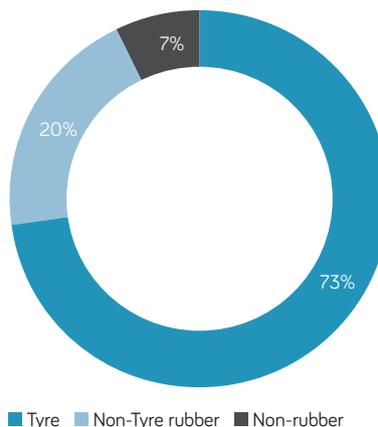
CARBON BLACK INDUSTRY

OVERVIEW

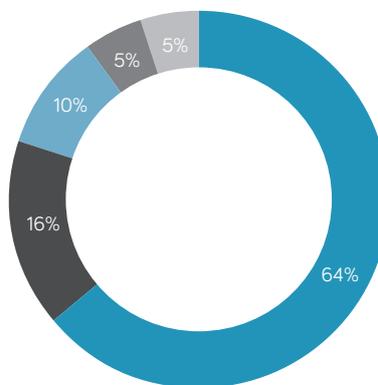
The global carbon black industry is sustained by economic growth, which boosts growth in infrastructure, construction, automobile, consumer durable goods and so on. This, in turn, creates demand for carbon black. Carbon black consumption is predominantly driven by tyres and other rubber goods while its non-rubber application commands a relatively small share. Carbon black used in high-end non-rubber applications is commonly known as 'Specialty blacks', which impart specific characteristics such as high-quality pigmentation, UV protection, dispersion, viscosity control and electrical conductivity. These blacks find application in plastics, inks, paints and coatings and batteries used across industries such as automobile, electronics, textiles, construction, packaging etc. Plastics application is the major growth driver accounting for almost two-third of the volume share of the specialty black market.

The global carbon black industry is concentrated, with 10 players accounting for almost 60% of the global production capacity. The end-use application in rubber goods is a fiercely competitive segment, with price and reliable service determining success in most geographies. The specialty black segment is dominated by a few global players with access to technologies that enable production of technically sophisticated products for wider applications.

Carbon Black Demand



Specialty Black application



In recent years, the supply-demand dynamics has played an important role in the new capacity addition by existing and new Carbon Black manufacturers.

OUTLOOK

COVID-19 impacted the carbon black industry the same way it affected its user industries such as automobile and tyre. Demand reduced significantly during the first quarter of FY21, with most of the major players keeping their manufacturing units shut or operating at a very low capacity utilization. Monetary and fiscal stimulus announced by various governments and central banks across the world provided support to the global economy. Both auto and tyre industries registered steady recovery, improving prospects for carbon black demand towards the end of the year. Industry recovery improved even further with vaccine availability and their rollout across geographies. However, concerns over the second &



third wave of infection in many advanced economies of Europe, US, Asia as well as in some states of India have reduced the optimism.

ABOUT PHILLIPS CARBON BLACK LIMITED (PCBL)

PCBL is a part of the RP-Sanjiv Goenka Group, one of India's youngest business groups. This Group is a large conglomerate with interests in Power, Carbon Black, IT-enabled services, Consumer and Retail, Media and Entertainment, Sports, Education and Infrastructure and Plantations.

With a proud legacy of over 60 years, PCBL is the largest carbon black producer in India and the seventh largest in the world. The Company was commissioned in association with Phillips Petroleum, a US-based company, in 1960. PCBL commenced commercial production in December 1962. It was in a technical collaboration with Columbian Chemical for about a decade. In 1996, the Company acquired the Carbon Black Division of Gujarat Carbon Limited. In 1996-97, Carbon and Chemicals India Limited was amalgamated with the Company.

The Company inherits the Group's core values of customer first, execution excellence, credibility, agility, risk taking and humaneness, which serve as guiding principles for its vision and strategy. PCBL redefined its business by establishing green power plants in each manufacturing facility using the off gas generated from the carbon black manufacturing process, thereby strengthening its environment responsibility. During the year under review, the Company operated manufacturing facilities across four locations - Durgapur in West Bengal, Mundra and Palej in Gujarat and Kochi in Kerala. The Company commissioned new production lines at the Palej plant. The current manufacturing capacity across all four plants combined is 6,03,000 MT per annum.

PCBL's wide portfolio of customized, high-performance products, certified by American Society for Testing and Materials (ASTM), address specific customer requirements. The Company has progressively climbed the value chain, expanding its portfolio of high-performance value-added grades for rubber and specialty black applications.

PCBL has sustained a strong focus on Research and Development (R&D). The Company works closely with customers to understand their demanding technical requirements, with the objective to develop different carbon black grades. This research commitment has empowered it to focus on the manufacturing of high-performance non-rubber carbon black and specialty carbon black. By leveraging R&D efficiency, the Company has developed

a seamless capability in the use of multiple feedstocks like Carbon Black Feed Stock (CBFS), Carbon Black Oil (CBO), Anthracene Oil (ATO) and Ethylene Bottom Oil (EBO) for the manufacture of carbon black. To enhance its R&D capability, the Company has commissioned a state-of-the-art R&D centre at Palej in Gujarat, India and an Innovation Centre in Belgium, Europe.

MANUFACTURING UNITS

PCBL has four manufacturing units located in strategic proximity to customer locations and ports in Durgapur (Eastern India), Cochin (Southern India), and Palej and Mundra (Western India).

| | Carbon Black | Power |
|----------|--------------|-------|
| Durgapur | 1,63,500 MT | 30 MW |
| Kochi | 92,500 MT | 10 MW |
| Palej | 1,42,250 MT | 12 MW |
| Mundra | 2,04,750 MT | 24 MW |
| Total | 6,03,000 MT | 76 MW |

The Company has strengthened its competitiveness by growing its global presence, diversifying its product portfolio and consistently delivering a spirited performance.

GLOBAL PRESENCE

Leveraging an efficient supply chain and distribution network, PCBL has carved out a presence in 45+ countries. The Company ensures timely delivery of products through decanting stations and warehouses in proximity to customer locations. Its customers comprise some of the best-known global tyre majors. Besides, the Company has established its mark as a key player in the specialty black segment the world over.

DIVERSIFIED PRODUCT PORTFOLIO

PCBL offers a wide portfolio of carbon black grades to address the requirements of its global customers across tyres and niche applications. The rubber black portfolio caters to all renowned global tyres and industrial rubber goods customers, reinforcing the physical properties of their products. The Company's portfolio addresses non-rubber high-margin applications, plastic being globally the largest by market size. The specialty portfolio addresses more than 90% of the plastic market by product segment in various industries worldwide. PCBL possesses deep capabilities in the areas of engineering plastics, fibres, US Food and Drug Administration (FDA)-approved food contact grades, conductors and cables, among others. The Company also intends to build its capabilities in ink, paint and coating applications.

RUBBER APPLICATIONS

Tyres



Present in complete tyre applications across all segments, including:

- Passenger vehicle tyres
- Truck and bus tyres
- Off-the-road tyres
- Two-wheeler and Three wheeler tyres

Technical and Moulded Rubber Goods



Present in industrial rubber applications, including:

- Conveyor belts
- Extrusions and profiles
- Hoses and ducting
- Power Transmission belts (V belts)
- Moulded rubber goods
- Seals and gaskets

NON-RUBBER APPLICATIONS



Applications:

- FDA & Food contact plastics
- Fibre
- Wire and Cables
- Film
- Engineering Plastics
- Pipes
- Printing inks
- Paints/ coatings
- Battery

PERFORMANCE

Carbon Black

PCBL's FY21 EBITDA was ₹ 524 crore as against ₹ 488 crore in the previous year. Profit against Tax (PAT) for the year was ₹312 crore, which is around 1.10x that of previous year's PAT of ₹ 283 crore even in the backdrop of the continued global recession in the automobile industry, further aggravated by the COVID-19 pandemic.

Power

The Company's power segment revenue (excluding inter-segment revenue) stood at ₹ 67 crore, less by ₹ 19 crore, as compared to ₹ 86 crore in FY20, on the back of lower sales volume as well as lower realisation.



CALCULATIONS AND EXPLANATION OF MAJOR RATIOS.

| Sl. No. | Particulars | Standalone | | Consolidated | |
|---------|--|------------|-----------|--------------|-----------|
| | | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| (a) | Debtors Turnover Ratio - Days Refer Note 2 Below (Total Sales = Sales of Finished Goods+Sale of Power) | 69 | 61 | 69 | 61 |
| (b) | Inventory Turnover Ratio - Days Refer Note 2 Below Inventories = Raw Materials + Finished Goods + Stores and spares parts (including packing material). Reason for variance : During the 1st qtr, the Company had to shut down its operation due to Covid related lock down leading to high level of inventory days. | 59 | 39 | 59 | 39 |
| (c) | Interest Coverage Ratio [Earning before Interest and Tax (EBIT) / Finance Costs] Note : EBIT = Profit Before Tax + Finance Costs Finance Costs = Interest expenses on debts and borrowings + Other borrowing costs + net loss/(gain) on foreign currency transaction / translation - Notional Interest on Lease rent Reason for Variance : Mainly on account of reduction in overall finance cost and changes in foreign currency translation rate during the year. | 32 | 11 | 32 | 11 |
| (d) | Current Ratio (Total Current Assets / Current Liabilities) Note : (Total Current Assets = Inventories + Current Financial Assets + Other Current Assets) (Current Liabilities = Total Current Liabilities - Current borrowings) | 1.70 | 1.58 | 1.73 | 1.64 |
| (e) | (i) Long term Debt Equity Ratio (Non-current borrowings / Total Equity) Note : Non-current borrowings includes Current maturities of Long Term Debt Total Equity = Equity share capital + other equity. For ratios for consolidated financial statements, total equity does not include non-controlling interest | 0.18 | 0.17 | 0.18 | 0.17 |
| | (ii) Debt Equity Ratio (Total Debt/Total Equity) Note : Total Debt = Non-current borrowings + Current maturities of Long Term Debt + Current Borrowings Refer above for Total Equity For ratios for consolidated financial statements, total equity does not include non-controlling interest | 0.31 | 0.36 | 0.31 | 0.36 |
| (f) | Operating Profit Margin (%) (Operating Profit / Revenue from Operations) Operating Profit = Profit before tax + Depreciation and Amortisation expense including Ind AS 116+ Finance Costs + Net loss/(gain) on foreign currency transactions/ translations + Loss on disposal of property, plant and equipment's - Other Income - Payment to lease liability Reason for Variance : on account of lower raw material cost improved margins | 18% | 14% | 18% | 14% |
| (g) | Net Profit Margin (%) [Profit for the year/ Revenue from Operations] Reason for Variance : on account of operational efficiency, lower raw material cost improved margins | 12% | 9% | 12% | 9% |
| (h) | Return on Net worth (%) [Profit for the year/ Total Equity] Refer above for Total Equity | 16% | 17% | 16% | 17% |

Notes :

1. All the Calculation of ratios have been rounded off to the nearest numbers/ two decimal places where applicable.
2. The Company's turnover is highly sensitive to the changes in crude prices which may fluctuate widely between quarters. The Company, therefore, believes that the Debtors and Inventory turnover days computed on the basis of simple average of the turnover days for each of the four quarters of the year will be more appropriate and reflective of company's operations. The turnover days for each quarter is derived by dividing the quarter-end outstanding debtors / inventory balance with sales for the respective quarter.

Numbers for the previous year have also been recalculated accordingly.
3. Figures used for calculation of ratios for consolidated financial statements, include share of non-controlling interest wherever applicable.

RESEARCH AND INNOVATION FOCUS

At PCBL, Research and Innovation are a critical driver of technical and business growth. Over the last few years, the Company has deepened its research commitment by making forward-looking investments in the development of infrastructure, human resources and processes, which has strengthened the Company's capabilities in product application, process efficiency and product customisation.

The Company has been leveraging its Competitive Intelligence Study to identify the scope and opportunities for customer engagement, white space mapping, market-driven research, innovation and intellectual property protection.

The R&D practices of PCBL stand out for their strategic innovations that have catalysed the Company's 'New Product Development Roadmap' across carbon black, nano-structured carbonaceous materials and CBFS. The innovation focus empowered the Company in the design of a competitive product portfolio that has accelerated sustainable business growth.

The Company's R&D mechanism, focused on market/business needs and involving cutting-edge technology solutions, has strengthened the performance of existing grades and deepened its understanding of CBFS features, which, in turn, has helped it create quality products. PCBL has also harnessed partner knowledge and capabilities and used intra- and inter-organisational technology collaboration to leverage applications research.

Apart from strategically located R&D centres at its four plants, PCBL has also set up Sushila Goenka Innovation Centre at Ghislenghien, Belgium. Its R&D centres located in the plants are recognised by the Department of Scientific and Industrial Research (DSIR), Government of India.

The R&D activities of PCBL are supported by a pool of experienced and qualified product and process scientists and engineers, along with comprehensive infrastructure, equipment and facilities for feedstock and new carbon black development. Research is also directed at evaluation of colloidal properties, morphological characteristics, elemental and microscopic analysis of carbon blacks; assessing the physio-chemical, rheological, thermal, mechanical, dynamic and mechanical properties, and colour performances of rubber compounds, plastics compounds, inks and coatings.

The R&D team focuses on the development of new products and technologies in line with the demanding processing, application, and environmental standards preferred by customers.

BUSINESS REVIEW

The global carbon black industry was already experiencing low growth when the pandemic struck, worsening the demand and supply imbalance. Many manufacturers shut down their production or operated at a low capacity in first quarter of FY21. Vaccine development towards the end of 2020 raised hopes of economic recovery and increased growth prospects for the industry in FY21. However, the increasing number of COVID-19 cases in India and other parts of the world can reduce the chances of growth recovery.

Over the years, through its journey of transformation, PCBL has built up its resilience by undertaking organization-wide initiatives to increase its operational excellence, build capability through R&D and develop a rich talent pool while emphasizing on customer-centricity, a value-added product portfolio, and developing specialty blacks. The Company's production capacity has been expanding with new production lines that has enabled it to develop more value-added products in rubber and specialty black applications. Following the pandemic's impact on the global supply chain, PCBL has taken the lead in digitalizing its business processes that would enable it to retain its competitive edge over its peers.

OPPORTUNITIES AND THREATS**Opportunities**

Per capita low penetration of motor vehicles in developing economies, growing industrialization in emerging economies, personal mobility preference in the wake of COVID-19, older vehicle scrappage policy in India provide wider opportunities for growth of the carbon black sector.

Threats

Entry of new carbon black manufacturers that would increase competition in the domestic market.

RISKS AND CONCERNS

CBFS is one of the raw materials consumed by the Company. The feedstock material is a residue derived from distillation and is subject to price volatility. In the case of extreme price volatility, and if the Company is unable to pass on an increase in CBFS costs, there will be an adverse impact on profit.

COVID-19 pandemic has caused widespread damage to the global economic growth in 2020. Vaccine development across the world has raised the recovery optimism. However, further spread of virus could slowdown the momentum impacting the market demand for carbon black.

Geopolitical conflicts and trade wars between major economies could impact global automobile demand and tyre production, leading to a decline in carbon black demand.

Any sharp hike in raw material costs arising out of geopolitical conflicts could stretch working capital requirements and increase short-term borrowings, impacting the Company's finance costs.

The Company is exposed to fluctuation in the value of the Indian rupee vis-à-vis other currencies, but this exposure has been fully hedged.



EXPANSION PLANS

The Company has commissioned 2 (two) specialty black lines at Palej, Gujarat for production of a wide range of specialty black grades totalling about 32 KTPA to service growing needs of its customers. The greenfield project of about 150 KTPA for the manufacturing of various grades of carbon black and green power plant, spread over 60 acres of land in Tamil Nadu, is progressing strategically. Green power plants in Kochi, Palej and Mundra are expected to be commissioned within FY 2022. With its strategically located four plants and seamless ability to switch between alternative feedstocks, thereby ensuring raw material flexibility, PCBL is well poised to service customers in India and the overseas. Plants' proximity to sea ports help keep down logistics costs both within India and abroad.

MANUFACTURING AND PROCUREMENT INITIATIVES

PCBL continues to focus on initiatives that improve operational efficiencies. These include initiatives for the improvement of yield, exploring new geographies for feedstock sourcing and investment in technical capabilities for the development of new grades of high-performance rubber and non-rubber applications.

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

PCBL has adequate internal financial control systems in all areas of operation. The Board of Directors has adopted policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, ensuring accuracy and completeness of the accounting records and timely preparation of reliable financial information. The services of internal and external auditors are utilised from time to time, as also in-house expertise and resources. The Company continuously upgrades these systems in line with industry best practices.

Reports and deviations are regularly discussed with the Management Committee members and action taken whenever necessary.

An Independent Audit Committee of the Board reviews the adequacy of the internal financial control.

INFORMATION TECHNOLOGY

PCBL has continued its strategic focus on IT security, data confidentiality and data availability. During FY21, there has been no business, financial or reputational loss due to IT.

The Company did not incur any major additional expense or need to change any IT setup in order to handle the COVID-19 related disruptions and lockdown. All the stakeholders concerned continued their business transactions in a work-from-home environment by accessing Amazon Web Services (AWS) cloud servers through a secure VPN from their office laptops that are protected and monitored remotely for threats.

Robust and modern IT platforms such as cloud-based SAP HANA ERP and related Fiori apps, SAP SuccessFactors app and portal continue to provide the edge to business from anywhere, in terms of speed, accessibility, data integrity and security.

To adapt to restrictions on travel during the pandemic and greater online collaboration among employees, customers and vendors, the internet and Multiprotocol Label Switching (MPLS) network bandwidth for the plants and the head office are being upgraded and

tuned to accommodate the increased load of video-conferencing and online meetings, webinars and trainings.

Data security of critical and confidential information has been enhanced by implementing the best-in-class digital Document Management System (DMS) on top of SAP HANA. The SAP DMS ensures safe and secure storage of critical and confidential drawings and files with the required approval and workflow.

To enhance the corporate image of the Company, a revamped corporate webpage (www.pcblltd.com) has been launched with significantly improved theme, speed and ease of access for customers/stakeholders. The webpage has been built on the latest platform of Amazon Arora Serverless architecture in AWS cloud.

The futuristic IT strategy of the Company, which is facilitating the adoption of cloud for all critical IT setups instead of on-premise servers, has made possible easy accessibility of data even for those working remotely from during the lockdown, thus ensuring smooth continuity of critical business transactions, audit and other activities.

PCBL's DR (Disaster Recovery) servers continue to be stationed at the Singapore AWS region. Periodic DR drills ensure the effectiveness of the DR setup for business continuity.

Management of operations at plants and offices during the lockdown was supported by the quick in-house development and launch of the COVID Intranet Portal, which tracks sanitisation, quarantine and COVID-positive cases across locations.

The Company is aware about the current elevated levels of cybersecurity risks across the globe. All critical IT servers are protected with best-in-class firewalls (UTM), which are monitored and updated regularly.

All access to critical IT servers, including SAP ERP, for those working remotely, are allowed through secure VPN (with two-factor authentication) tunnel. The Company has adopted the best-in-class cloud-based antivirus platforms. All office computer systems – laptops and desktops – are protected and monitored for virus/malware threats on a daily basis by the Security Operation (SOC) team. Necessary update patches and security policies are pushed over the internet to all computers of the Company on a daily basis, even if the user is at home or away from office. Deviations and alerts are monitored closely and corrective/preventive actions are implemented as per need.

The IT team of the Company is equipped with best-in-class remote support software tool to support business users remotely, either at home or office, and international users – thus ensuring business continuity during the lockdown and other challenges.

The Company continues its partnership with prominent IT partners such as IBM, Amazon AWS, SAP, Tata Communications, Dell, HP and others.

ENVIRONMENT, HEALTH & SAFETY AND SOCIAL RESPONSIBILITY

PCBL recognises that its operations can have a potential environmental impact. In view of this, the Company has implemented several initiatives to moderate its carbon footprint, recycle waste and optimise resource utilisation. The Company has been focusing on renewable energy, waste management, harvesting rainwater and creating green belts where it operates. Its emphasis on co-generated power from the tail gas of the carbon black process is helping it decarbonize its operations. The Company is also paying sufficient attention to reusing wastewater and zero discharge from its operations.

During the year under review, PCBL improved its environmental compliance with initiatives such as the implementation of a state-of-the-art Continuous Air Monitoring system across all its greenfield and brownfield projects to minimise emissions. The commissioning of a Zero Liquid Discharge (ZLD) water treatment plant in water-starved Gujarat represents a major initiative towards ensuring sustainability. PCBL also continues its greening drive inside and outside its factory premises.

PCBL is committed to ensuring the welfare of its internal and external stakeholders. It is attentive to the well-being of its employees and undertakes customised risk-based training programmes to enhance safety.

Cognisant of the needs, aspirations and expectations of the communities in places where the Company operates, PCBL provides necessary support to education, art, healthcare, sports, environmental sustainability and conservation measures in these areas. The Company provides financial assistance to schools in the vicinity of its facilities in addition to contributing to infrastructure development, computer literacy, tuitions for children and in providing materials to aid school education and school uniforms to underprivileged students. As part of its CSR initiatives, the Company is helping build individual household toilets under the Swachh Bharat Abhiyan and helping develop rural infrastructure. PCBL also focuses on infrastructure development and livelihood generation in backward areas.

The Company continues to do its best to support its communities during the current situation. A responsible corporate citizen, it has been engaged in the airlifting of oxygen concentrators into India and has contributed towards the infrastructure development of vaccination centres. We have initiated vaccinations for all our employees and their family members. At this critical hour facing the nation, PCBL stands by those who have been deeply affected by the pandemic and sends out its gratitude for healthcare professionals, frontline warriors and support staff who are combating the pandemic from the frontlines.

HUMAN RESOURCE DEVELOPMENT

In the backdrop of the largest human tragedy in modern history, it became imperative for the Company to take utmost care of its people. As a people company, it has always given due attention to building the capability of its workforce, create opportunities for the personal and professional growth of its people and provide them a supportive, enabling work environment.

During a time when remote working has become the norm, PCBL has enhanced its engagement levels with its employees to ensure their well-being. Using Leena AI chatbot, the Company has been keeping track of employee emotions and moods. A corresponding score-based system maps manager behaviour, work team behaviour, workplace safety, career growth and employee development. Based on the chats received, employees are assessed by their leaders to understand their perspective and keep them engaged.

Sampark is a platform where all the internal stakeholders of the organisation connect, share information, recognise efforts, and address challenges. In these socially distant times, digital platforms have become the primary vehicle to remain connected. In keeping with the needs of the time, the HR team at PCBL has organised Sampark townhall for every quarter.

An integrated human capital management platform called 'People Connect', powered by Success Factors, helps enhance employee experience and empowers them through continuous learning. The Learning Management System portal, in line with the Company's commitment to building the capability of its people, enables employees to access self-learning content online and scan the monthly training calendar across locations.

Capability building is one of the fundamental pillars of PCBL's value system. A manifestation of this commitment is the Company's collaboration with International Management Institute, Kolkata for a Certified Program in General Management (CGMP). The objective of CGMP is to enhance leadership skills, sharpen business acumen, and help, develop and programme participants into tomorrow's business leaders. After the success of the first season, the second season of CGMP was kickstarted on February 10, 2020, at IMI-Kolkata. The 17 participants from PCBL were shortlisted on the basis of the Company's annual talent review process. Under the guidance of the academicians of IMI-Kolkata, the Indian Institutes of Management, and professionals from the industry, the participants are being exposed to a curriculum that involves classroom lectures, case study analysis, discussions and simulations, assignments through digital platforms, projects, quizzes, and end-term examinations. This 400-hour course, comprising 15 subjects, is spread over five quarters. The second quarter of CGMP Season 2 commenced on March 8, 2021. Apart from the classroom sessions by IMI-Kolkata faculty, a series of sessions with industry experts were also organised.

A batch of 22 Graduate Engineer Trainees (GETs) and one management trainee was onboarded at PCBL on January 4, 2021. They come from diverse backgrounds, skillsets, different parts of the country and various academic institutions. The structured training programme for GETs and MTs spans over a year. The training is designed based on 70:20:10 learning principle. Classroom training comprises 10% of the training programme and it builds technical knowledge about carbon black through classroom sessions, field visits and group presentations; 20% of the programme is on-the-job training, which facilitates learning through observation and develops understanding of practical side of the job. The major section of the training consists of project work and operational activities. This includes experiential learning through hands-on activities and working on a capstone project.

The Company has identified subject matter experts for different functional areas and entered into multiple collaborations to create online training modules.

The Company's industrial relations continued to be harmonious; not a single person-day was lost during this financial year on account of disrupted industrial relations.

On March 31, 2021, there were 1,025 permanent employees on the Company rolls.

RISK MANAGEMENT

Strengthening our safeguards

A robust risk-management framework enables us to proactively manage risks emanating from the internal and external environment. As a result, we have been able to consistently create value for all our stakeholders, despite industry cycles and economic headwinds.

According to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company must educate the Board members on risk assessment and mitigation strategies. The Board is deemed responsible for framing, executing and monitoring of the risk-management plan for the company.

Risk-mitigation plan

The Board takes the following steps as a part of its risk management and mitigation plan:

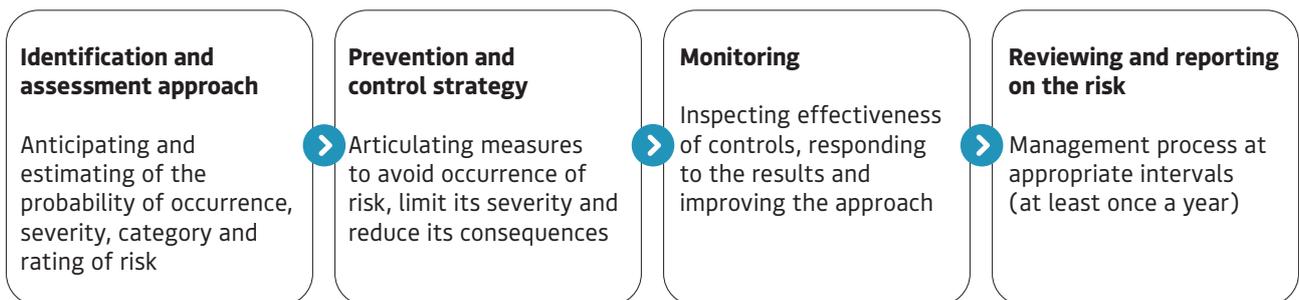
- Defines the roles and responsibilities of the Risk Management Committee
- Participates in major decisions affecting the organisation's risk profile
- Integrates risk-management reporting with the Board's overall reporting framework

Risk Management Committee comprises the following members:

| Name | Position held | Nature of Directorship |
|-----------------------|---------------|------------------------------------|
| Kaushik Roy | Chairman | Managing Director |
| Paras Kumar Chowdhary | Member | Non-Executive Independent Director |
| Pradip Roy | Member | Non-Executive Independent Director |



Risk-Management



Identification and assessment approach

Anticipating and estimating of the probability of occurrence, severity, category and rating of risk



Prevention and control strategy

Articulating measures to avoid occurrence of risk, limit its severity and reduce its consequences



Monitoring

Inspecting effectiveness of controls, responding to the results and improving the approach



Reviewing and reporting on the risk

Management process at appropriate intervals (at least once a year)

Economic

| Definition | Mitigation strategy |
|--|---|
|  Economic risk <p>Prolonged slowdown in the global and Indian economy may adversely impact our business prospects.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> • Our senior leadership team maps emerging trends, changes in regulations and economic environment to course-correct business strategies • Impact assessment studies are conducted, whenever considered necessary |
|  Country risk <p>Risks associated with investment in any country arising out of uncertainty in political, economic, exchange rate or technological investments may result in losses.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We evaluate country risk ratings by accredited agencies • We conduct detailed study on the economic, political, social and structural factors prevailing in the country • There are detailed discussions and deliberations in the senior leadership team and Board of Directors |
|  Investment risk <p>Timely completion of projects and ensuring projects do not overshoot the budget capex that may impact cash flows or increase debt burden.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We undertake detailed project planning and feasibility study before initiating a project • We organise frequent review meetings on the update of such projects and schedule the key events properly to streamline the projects • We hire trained people to oversee the project; and leverage cutting-edge technologies to ensure timely deliveries |
|  Supply chain risk <p>Disruption in supply of materials from the major suppliers would adversely affect operations. Further, volatility in crude prices may affect both raw material prices and end product prices, impacting profitability.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We maintain strong and enduring relationship with our suppliers and maintain alternative sources in case of exigencies • The senior management develops the weekly production plan and maintenance of a reasonable stock of Class A materials also helps cushion the risk • We offset the raw material price escalation by increasing non-contract sales price and undertaking specific cost-reduction initiatives • A significant portion of our volume is sold based on formula driven price adjustment mechanism, which allows for recovery of the changed raw material cost from customers |
|  Downstream risk <p>Any slowdown in downstream industries may jeopardise the Company's growth.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> • We mitigate the risk by diversifying our product portfolio, ensuring a widespread geographic footprint and a large customer base |
|  Rate risk <p>Sale of power also contributes a significant proportion to our total revenues; and any change in power tariff may affect our profitability as well.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We foster strategic bilateral power purchase agreements for short, medium and long term |
|  Competition risk <p>Competition from industry peers pose a threat to our market share and profitability.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • Customer feedback and review meetings help us ensure their satisfaction • We are strengthening market intelligence and product differentiation |

Risk Management

| Definition | Mitigation strategy |
|---|---|
|  <p>Operational risk</p> <p>Owing to high automation in the production process, any breakdown in a machine could affect the entire operation.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> To be in full control of the manufacturing process, we monitor the entire operations and have implemented predictive and preventive maintenance programme and overhauling for equipment |
|  <p>Financial risk</p> <p>Fluctuation in interest rate impacts our profitability. Further, inability to manage working capital effectively and ensuring adequate liquidity is yet another risk. We are also subject to non-payment risks from our debtors, adversely impacting profitability. Further, failure of complying with the conditions of our borrowing arrangements could impact our credit ratings.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> To cushion ourselves from the interest rate risk, we maintain an optimal mix of fixed and floating borrowing rates. We regularly monitor the liquidity position and the cash in hand to ensure operational fund requirements are met The surplus cash generated over and above the operational fund requirements is invested in bank deposits, marketable debt securities and debt mutual fund schemes, which are highly liquid in nature To mitigate credit risk, we have put in place policies and procedures for every customer, based on their credit profiles and any change in their credit rating, regulatory changes, industry outlook and payment history is vigilantly monitored We also take different payment security modes for protecting ourselves against the payment from sale of power. Further, to avoid defaulting on any of our payments, we monitor our key debt covenants very carefully |
|  <p>Currency risk</p> <p>Depreciation of the Indian rupee against foreign currencies impact profitability.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> We maintain an optimal mix of domestic and international sales to cushion ourselves from currency fluctuation risk To control this currency risk better, we hedge our foreign currency exposure through forward contracts and cross currency interest rate swaps |
|  <p>Product development risk</p> <p>Forays into new products in which we have limited experience and expertise may affect successful implementation and adversely affect business performance.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> Our R&D capabilities are assessed, and product gaps identified. After these we invest and proceed further on a product development project We conduct regular testing of the products at the customer site early on to ensure that the product meets the customer requirement and helps the customer Before developing the product, informal market research is carried out to estimate the demand |
|  <p>Technology risk</p> <p>The risk of technology obsolescence puts us at a risk of not being able to comply with quality standards and efficiency.</p> <p>Likelihood of occurrence: Medium/low</p> | <ul style="list-style-type: none"> The management and the technical team keep updating themselves with the latest technological upgradations and qualified personnel are appointed to review the technology in use |
|  <p>IT risk</p> <p>Disruptions in the information technology space coupled with network failures can lead to security breaches and unapproved dissemination of sensitive proprietary information.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> We use best-in-class software and hardware to ensure less bottlenecks and improved security. A 24x7 monitoring of critical IT systems and frequent technology upgradation ensure smooth operations To mitigate connectivity loss, data-card and VPN-based access are given to core SAP systems for most critical transaction points like logistics and billing, among others We also monitor security and keep enhancing them at all internet gateways Further, we implement robust Intrusion Prevention System (IPS) engine at all gateways to protect ourselves from security breaches To educate and create awareness among our employees on security breaches, we conduct e-learning programmes about e-mails and other information technologies, and also conduct internal audits At the Company-level, we are also trying to counter targeted cyberattacks by strengthening the ability to identify suspicious emails and monitor website security |

Environment

| Definition | Mitigation strategy |
|--|--|
|  Substitute risk <p>Risk of carbon being substituted with environment-friendly products like silica would have an adverse impact on our profitability. CBFS is derived from crude, which is very economical at the moment. However, if crude prices rise and alternatives like CBFS from coal tar become more economical, it will affect operations and profitability.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • Our research team conducts market research, feasibility study and gap analysis to identify product needs before moving ahead with the production of a particular carbon black grade • In case carbon black is moved to a coal tar-based CBFS, the new input material would be tested for reliability, and the process would be modified as and when required |
|  Regulatory risk <p>Failure to comply with stringent regulatory norms can adversely impact operations. Certain legal proceedings can adversely impact the continuity of plant operations. Further, changes in environmental norms may mandate implementing Flue Gas Desulphurisation (FGD), which would again require capital expenditure, and a recurring operating cost.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We monitor our regulatory compliance through Management Information System (MIS) • We also identify the applicable acts, directives and regulatory requirements for manufacturing, employee health and safety, environment and governance to have a clear idea of the norms which are a mandate for us • Further, to be ahead of the legalities, we maintain a list of pending legal cases, monitor them closely and make provisions wherein we feel there is a chance of an adverse impact on operations • If the FGD mandate comes in, we would carry out an impact assessment study for the impending changes and help a smooth transition |
|  Environment impact risk <p>Negative impact on environment may hamper operational sustainability.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • Using the process emission (off-gas) for power generation • Preventive measures to arrest leakage • Adherence to ISO14001:2015 (Environment Management System standard) • Increasing awareness through regular trainings |

Social

| Definition | Mitigation strategy |
|---|--|
|  Health risk <p>The COVID-19 pandemic has brought in disruptions and impacted our operations.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • Strict adherence to SOPs for following the highest level of health and hygiene, protecting the spread of the pandemic in our manufacturing units, regional offices and corporate office |
|  Safety risk <p>Any incident at the plant premises would again affect operations.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • To be on top of accidental losses or mishaps, we have a dedicated hazard identification and risk analysis team for each process and also the entire suite of fire hydrant system, smoke detectors and CCTVs installed across the plants • We also create safety awareness among our employees through learning events. • We have a comprehensive insurance cover for fire at office, warehouse and factories, theft at office and factories, medical benefit for employees and transit insurance |

Risk Management

| Definition | Mitigation strategy |
|---|--|
|  <p>Human resource risk</p> <p>Inability to attract and retain top talent could adversely affect our operations. We might also face labour disruption and other planned and unplanned outages, adversely impacting operations. Relying on contractors for recruitment of contractual labourers can make us liable towards labourers under applicable Indian laws.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We have a robust recruitment process, which is transparent and fair, helping in hiring the right candidate for the right job • To ensure remuneration is at par with industry trends, we undertake salary benchmarking and motivate employees with incentives to align the organisational goals with that of the employees • Our employees are required to sign a 'non-compete' agreement with us, ensuring higher retention • Bi-annual talent review and succession planning also motivates our employees and ensures higher retention • A continuous feedback and monitoring are in place to ensure less planned outages, especially from the labour union • Further, we also design proper agreements, which outline our rights and obligations |

Governance

| Definition | Mitigation strategy |
|---|--|
|  <p>Compliance risk</p> <p>Inability to adopt the fast-evolving laws and regulation affect business operations.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • Capturing regulatory requirements of different countries and complying with international regulations and norms • Engaging an expert agency as 'ONLY REPRESENTATIVE' to help in REACH registration and meeting regulatory requirements for export of carbon black to European countries • Emphasising continuously on updating domain knowledge, analysing and highlighting implications and staying ahead of the compliance curve |

Disclaimer: The management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. The management is not an expert in assessment of risk factors, risk mitigation measures and the management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

CAUTIONARY STATEMENT

The financial statements appearing above are in conformity with the accounting principles generally accepted in India. The statements in the Management Discussion and Analysis Report, which may be considered 'forward-looking statements', within the meaning of applicable laws and regulations, have been based upon the current expectations and projection about future events. The actual results could differ from those expressed or implied. Important factors that could influence the Company's operations include global geopolitical shifts, economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as industrial relations. The management cannot, however, guarantee that these forward-looking statements will be realised or achieved.

(Annexure 'B' to the Board's Report)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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 part of the Boards' Report for the year ended 31st March, 2021

1. A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The process of manufacture of Carbon Black results in generation of lean gases which have both sensible heat and calorific value. This heat energy is utilized in generation of power in extremely specialised and state of the art

30 MW Green Power Plant at Durgapur,

24MW Green Power Plant at Mundra,

12 MW Green Power Plant at Palej and

10 MW Green Power Plant at Kochi

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

Excess heat generated during production is transferred in various heat exchangers like Waste Heat Boiler(WHB) for steam generation, in Air

Pre-Heater (APH) and Oil Pre-Heater(OPH) for heating atmospheric air and Oil Feed stock which are used as input to carbon black manufacturing process and thereby improving the process efficiency.

(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:

Reflected in the improved financial performance of the Company.

(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 31.03.2021 | Previous Year 31.03.2020 |
|---|----------------------------|-----------------------------|
| A. Power and Fuel consumption | | |
| 1. Electricity | | |
| Purchased units(KWH) | 20,40,930 | 21,32,375 |
| (a) Total amount(₹ in crores) | 7.27 | 8.33 |
| Rate per unit(₹) | 35.62 | 39.07 |
| (b) Own generation | | |
| (i) Through diesel generators units (KWH) | - | - |
| Units per ltr. of diesel oil (KWH) | - | - |
| Cost per unit (₹) | - | - |
| (ii) Through steam/turbine generators units (KWH) | - | - |
| Units per ltr. of fuel/gas oil (KWH) | - | - |
| Cost per unit (₹) | - | - |
| (iii) Through green power plants | | |
| (off-gas burning) units (KWH) | 186593140 | 195675532 |
| Units per ltr. of fuel oil (KWH) | 1000 | 1,454 |
| Cost per unit (₹) | 0.03 | 0.03 |
| 2. Coal(specify quality and where used) | Quantity(tonnes) | - |
| Total Cost(₹ in crores) | - | - |
| Average rate(₹) | - | - |



| | | Current year 31.03.2021 | Previous Year 31.03.2020 |
|----|---|----------------------------|-----------------------------|
| 3. | Furnace Oil | Quantity(K.ltr) | - |
| | Total Cost (₹ in crores) | - | - |
| | Average rate(₹) | - | - |
| 4. | Others/internal generation(process steam) | Quantity(MT) | 2058532 |
| | Total Cost(₹ in crores) | 0.91 | 1.13 |
| | Average rate(₹) | 4.42 | 5.19 |
| 5. | Consumption per unit of production | | |
| | Carbon Black: | | |
| | i) Electricity (KWH/MT) | 368 | 359 |
| | ii) Furnace Oil (Ltr./MT) | - | - |
| | iii) Coal | - | - |
| | iv) Others-process steam (MT/MT) | 5.35 | 5.34 |

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:

1. Specific areas in which Research and Innovation carried out by the Company:

- Development of new and/or novel carbon black grades for international and domestic markets.
- Development of advanced filler and advanced filler technology.
- Expand product portfolio of specialty business with new carbon black grades.
- Improvement of carbon black characteristics to meet stringent customer specifications.
- New vendor development of Carbon Black Feedstock (CBFS) to improve the yield, productivity and to satisfy environmental compliance
- Purification of CBFS for optimization of product quality, productivity.
- Novel methods of modifications and processing carbon blacks.
- Reverse engineering for investigative research and customer complaint addressal.
- Data generation to establish performance matrix of PCBL carbon black grades.
- Investigation of product stewardship and regulatory events of carbon black.

2. Technical Services (TS)

- Customer engagement and inter-organizational collaboration.
- Identification of Customer Specific Requirement (CSR) for business development.
- Optimization of packaging and loadability.
- Extended Producer Responsibility (EPR) and regularity affairs for carbon black.

- Evaluation of laboratory/equipment proficiency.
- Development of new carbon black grade.
- Enable customer supply, bulk trial sample submission, grade approval.

3. Process Technology(PT)

- Improvement in hard black and soft black reactor design to improve vaporization of feedstock and better utilization of available energy in the reactor and thereby Improvement in yield and quality as per international benchmarks.
- Modification of pelletizer design to improve the stability of carbon black pellets and to improve the weight to volume ratio for increasing packing quantity without increasing bag dimension.
- Optimization of Manufacturing Process conditions to improve yield, productivity and quality.
- Use of Computerized Fluid Dynamics (CFD) for simulating operating conditions to optimise design and operating parameters of equipment for better output.
- Developing new grades of carbon black in rubber as well as specialty segment, increasing the number of grades in PCBL's portfolio.
- Imparting high level of technical knowledge throughout the organisation.

4. Benefits derived as a result of the above R&D:

- Implement the 'proof of concept' in 'plant level' to manufacture unique carbon black grades.
- Expansion of the specialty business.
- Improved sales in domestic and international market and entry into niche markets.
- Customised grade development aligned with strategic partners for more business share.
- Quality consistency and cost effectiveness.
- Improved manufacturing efficiency and reduced costs.
- Gaining trust and confidence of customers on PCBL.
- Intellectual property protection.

5. Future Plan of Action:

- Identify emerging carbon black technologies with new applications
- Development of specialised rubber grade carbon blacks for specific applications.
- Improvement of PCBL product portfolio by developing new grades for non tire rubber applications.
- Enrich the product portfolio of specialty grade carbon blacks.
- Improvement in processes for higher yield and better quality.
- Focus on customised grade development aligning strategic business partner's manufacturing and product requirements.
- Enhancement of R&D laboratory facilities and capability for new product and customer development.
- Increased technical expertise to support customers and market development.
- Patent application for new product / process technologies.
- More customer engagement

6. Expenditure on R & D:

| | (₹ in crores) | |
|--|---------------|---------------|
| | Current year | Previous Year |
| (a) Capital | 6.52 | 0.20 |
| (b) Recurring | 17.79 | 11.18 |
| (c) Total | 24.31 | 11.38 |
| (d) Total R&D Expenditure as a percentage of total expenditure | 1.06% | 0.39% |

Technology absorption, adaptation & innovation:

1. Efforts in brief towards technology absorption, adaptation & 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 : Not applicable
has not taken place, reasons thereof
and future plans of action.

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 ₹ 678.40 crores.

(b) Total foreign exchange used and earned:

| | (₹ in crores) | |
|--------------------------|---------------|---------------|
| | Current year | Previous Year |
| Foreign Exchange used* | 2,358.36 | 2,490.01 |
| Foreign Exchange earned* | 1,884.86 | 1,534.48 |

*includes repayment of loan in foreign currency

*includes receipt of loan in foreign currency

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN 00074796)

Place: Kolkata
Date: 21st April, 2021

(Annexure 'C' to the Board's Report)

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

For the financial year 2020-2021

[Pursuant to Section 135 of the Companies Act, 2013, as amended read with Notification issued by the Ministry of Corporate Affairs dated the 22nd of January, 2021 & Rules made thereunder]

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY:

In accordance with the provisions of the Companies Act, 2013, as amended read with the Notification issued by the Ministry of Corporate Affairs dated the 22nd of January, 2021 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, is one of the pioneers of the Carbon Black industry in India. Through the values and principles inherent within the Group, the Company strives to positively impact the community by promoting inclusive growth in the areas of education, art, healthcare, sports, environmental sustainability and conservation etc. Along with sustained economic performance, environmental and social stewardship is also a key factor for holistic business growth. Over the period of its long existence, the Company has upheld its tradition of community service and tried to reach out to the underprivileged in order to empower their lives and provide holistic development. The Company's focus areas are concentrated on increasing access to health, education, environment sustainability, community development and

holistic development with a focus on underprivileged people living around its manufacturing units and other establishments. The Company's CSR Policy also focuses on leveraging the full range of the Company's resources to broaden access to the basic facilities for the underserved population. 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. The Company also partners with non-government organizations (NGOs) to make a difference among local communities. The Company's focus has always been to contribute to the sustainable development of the society and environment and to make our planet a better place for future generations. 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 revised CSR policy is placed on its website and the web-link for the same is <https://www.pcblltd.com/investor-relation/general-policies>.

2. THE COMPOSITION OF THE CSR COMMITTEE:

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

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|---------------------|--------------------------------------|--|--|
| 1 | Mr. Kaushik Roy | Chairman | 2 | 2 |
| 2 | Mr. K S B Sanyal | Member | 2 | 2 |
| 3 | Mr. Shashwat Goenka | Member | 2 | 2 |

NB:- The CSR Committee of the Board of Directors of the Company met 2 times during the financial year ended 31st March, 2021, on 23rd June, 2020 and 30th March, 2021 respectively.

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

The web-link of the Company where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed is <https://www.pcblltd.com/investor-relation/general-policies>.

4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE:

Not Applicable.

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY:

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (₹ In crores) | Amount required to be set-off for the financial year, if any (₹ In crores) |
|--------------|----------------|---|--|
| 1 | 2020-2021 | 5.05* | 5.05* |
| Total | | 5.05 | 5.05 |

*NB:- ₹ 5.05 crores have been set off against the contribution made by the Company to the PM Cares Fund during the financial year 2019-20 pursuant to the appeal sent by the Secretary of MCA dated 30th March, 2020 (D.O No. 05/1/2020-CSR-MCA).

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5):

The average net profit of the Company for the last three financial years is ₹ 396.27 crores.

7. (A) TWO PERCENT OF AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5):

The prescribed CSR expenditure @ 2% of the average net profits for the last three financial years is ₹ 7.93 crores.

(B) SURPLUS ARISING OUT OF THE CSR PROJECTS OR PROGRAMMES OR ACTIVITIES OF THE PREVIOUS FINANCIAL YEARS:

₹ 5.05 crores

(C) AMOUNT REQUIRED TO BE SET OFF FOR THE FINANCIAL YEAR, IF ANY:

₹ 5.05 crores.

(D) TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR:

₹ 7.93 crores

8. (A) CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR 2020 - 2021:

| Total Amount Spent for the Financial Year 2020 - 2021 (₹ in crores) | Amount Unspent (in ₹) | | | | |
|---|--|------------------|--|---------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. (₹ in crores) | Date of transfer | Name of the Fund | Amount. | Date of transfer |
| 8.12 (3.07 + 5.05) | 1.50 | 28th April, 2021 | - | - | - |

(B) DETAILS OF CSR AMOUNT SPENT AGAINST ONGOING PROJECTS FOR THE FINANCIAL YEAR 2020 - 2021:

| (1) Sl. No. | (2) Name of the Project. | (3) Item from the list of activities in Schedule VII to the Act | (4) Local area (Yes/No). | (5) Location of the project. | | (6) Project Duration | (7) Amount allocated for the project (₹ in crores) | (8) Amount spent in the current financial Year (in ₹ In crores). | (9) Amount transferred to the Unspent CSR Account for the project as per Section 135(6) (₹ In crores) | (10) Mode of Implementation (Yes No) | (11) Mode of Implementation - Through Implementing Agency | |
|----------------|---|--|-----------------------------|---------------------------------|----------|---|---|---|--|---|--|-------------------------|
| | | | | State | District | | | | | | Name | CSR Registration Number |
| 1 | Setting up of an IB School in Kolkata with most modern facilities | Promoting Education | Yes | West Bengal | Kolkata | Expected to be Completed by the end of financial year 2022-23 | - | - | 1.50 | Through Implementing Agency | RP-SANJIV GOENKA GROUP CSR TRUST | CSR00002382 |
| Total | | | | | | | | | 1.50 | | | |

(C) DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR 2020- 2021:

| (1) Sl. No. | (2) Name of the Project | (3) Item from the list of activities in schedule VII to the Act. | (4) Local area (Yes/ No). | (5) Location of the project. | | (6) Amount spent for the project (in ₹). | (7) Mode of implementation-Direct (Yes/No). | (8) Mode of implementation - Through implementing agency | |
|----------------|--|---|--|---------------------------------|-----------|---|--|---|--------------------------|
| | | | | State. | District. | | | Name. | CSR Registration number. |
| | | | | | | | | | |
| 1 | Promotion of Sports for children | Promoting Education | National Highway No. - 8, Palej - 392220 | Gujarat | Bharuch | 82,190 | Direct | - | - |
| 2 | Computer Training to the underprivileged Students | Promoting Education | 27, R.N. Mukherjee Road, Durgapur - 713201 | West Bengal | Burdwan | 2,38,636 | Direct | - | - |
| 3 | Facilitating and Imparting Education among the underprivileged students | Promoting Education | National Highway No. - 8, Palej - 392220 | Gujarat | Bharuch | 14,10,000 | Direct | - | - |
| 4 | Providing Sewing machines to Santhal Women | Promoting Rural Development | 27, R.N. Mukherjee Road, Durgapur - 713201 | West Bengal | Burdwan | 65,000 | Direct | - | - |
| 5 | Providing clear drinking water to people | Making available safe drinking water | Karimugal, Brahmapuram, Kochi - 682303 | Kerala | Ernakulam | 34,61,550 | Direct | - | - |
| 6 | Contribution of Ration among the underprivileged people | Promoting Rural Development | Survey No. - 47, SH-46, Vill: Mokha, (Near Vadala), Mundra | Gujarat | Kutch | 1,96,133 | Direct | - | - |
| 7 | Construction of houses in slum areas and contribution toward irrigation work | Promoting Rural Development | National Highway No. - 8, Palej - 392220 | Gujarat | Bharuch | 21,98,375 | Direct | - | - |
| 8 | Contribution towards cow fodder and developing green belt outside the plant premises and the surrounding village areas | Environmental Sustainability | Survey No. - 47, SH-46, Vill: Mokha, (Near Vadala), Mundra | Gujarat | Kutch | 9,11,000 | Direct | - | - |
| 9 | Civil Work and development of nearby village | Community Development | National Highway No. - 8, Palej - 392220 | Gujarat | Bharuch | 10,00,000 | Direct | - | - |
| 10 | Contribution toward upliftment of underprivileged person and their medical aid | Community Development | Kolkata, West Bengal | West Bengal | Kolkata | 3,40,000 | Direct | - | - |
| 11 | Development of the surrounding village areas in and around the Plant | Community Development | 27, R.N. Mukherjee Road, Durgapur - 713201 | West Bengal | Burdwan | 39,10,519 | Direct | - | - |
| 12 | Development of roads and beautification of the surrounding areas in and around the Plant | Community Development | Survey No. - 47, SH-46, Vill: Mokha, (Near Vadala), Mundra | Gujarat | Kutch | 14,05,122 | Direct | - | - |
| 13 | Development of the surrounding slum area in and around the Plant | Community Development | National Highway No. - 8, Palej - 392220 | Gujarat | Bharuch | 5,00,000 | Direct | - | - |
| Total | | | | | | 1,57,18,525 | | - | - |

(D) AMOUNT SPENT IN ADMINISTRATIVE OVERHEADS:

Nil

(E) AMOUNT SPENT ON IMPACT ASSESSMENT, IF APPLICABLE:

Not applicable

(F) TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR 2020 – 2021:

₹ 8.12 Crores.

(G) EXCESS AMOUNT FOR SET OFF, IF ANY:

| Sl. No. | Particular | Amount (₹ in crores) |
|---------|---|-------------------------|
| (i) | Two percent of average net profit of the company as per Section 135(5) | 7.93 |
| (ii) | Total amount spent for the Financial Year | 8.12 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 0.19 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii-iv)] | 0.19 |

9 (A) DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---------|--------------------------|--|--|--|----------------|------------------|--|
| | | | | Name of the Fund | Amount (in ₹). | Date of Transfer | |
| NIL | | | | | | | |

(B) DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR FOR ONGOING PROJECTS OF THE PRECEDING FINANCIAL YEAR (S):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------|-------------|----------------------|--|-------------------|--|---|--|--|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in ₹). | Amount spent on the project in the reporting Financial Year (in ₹). | Cumulative amount spent at the end of reporting Financial Year. (in ₹) | Status of the project - Completed / Ongoing. |
| NIL | | | | | | | | |

10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET WISE DETAILS) –

Nil

11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5) –

Not applicable

Sd/-

Kaushik Roy

Chairman of the CSR Committee

(DIN: 06513489)

Sd/-

K S B Sanyal

Member of the CSR Committee

(DIN: 00009497)

Place: Kolkata

Date: 21st April, 2021



(Annexure 'D' to the Board's Report)

PARTICULARS OF REMUNERATION

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

- (1) The ratio of the remuneration (including sitting fees) of the Directors – Mr. Kaushik Roy, Dr. Sanjiv Goenka, Mrs. Preeti Goenka, Mr. Shashwat Goenka, Mr. O P Malhotra, Mr. K S B Sanyal, Mr. Paras K Chowdhary, Mr. Pradip Roy and Mrs. Kusum Dadoo to the median remuneration of employees of the Company for the financial year 2020 – 2021 is 132.88:1, 66.15:1, 1.16:1, 66.16:1, 1.45:1, 1.47:1, 1.45:1, 1.45:1 and 1.21:1 and the percentage increase/decrease in their remuneration during the said financial year is -11.29%, -67%, 0.00%, 5548.90%, , 14.72%, - 0.87%, 0.00 %, 0.00% and 0.53% respectively. The increase/decrease in remuneration of the Chief Financial Officer (CFO) and the Company Secretary and Chief Legal Officer during the said financial year was -4.61 % and -3.92 % respectively. During the said financial year, there was an increase of 6.73 % in the median remuneration of employees on the rolls as at 31st March, 2021. There were 1025 permanent employees on the rolls of Company as on 31st March, 2021.
- (2) During the financial year 2020- 21, the average increase in the remuneration was 8%.
- (3) The average % increase in the salaries of the employees on roll as at 31.03.2021 other than the managerial personnel was 8 % in 2020 -21 whereas the increase in the managerial remuneration for the same financial year was 11%.
- (4) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Place: Kolkata
Date: 21st April, 2021

Dr. Sanjiv Goenka
Chairman
(DIN 00074796)

(Annexure 'E' to the Board's Report)**SECRETARIAL AUDIT REPORT****Form No. MR-3****For the financial year ended on 31st March, 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To,
The Members,
M/s. Phillips Carbon Black Limited
31 Netaji Subhas Road,
Kolkata - 700001

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 (here in after to be referred as 'the Company') for and during the financial year ended 31st March, 2021. 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 provided to us during the said audit over Email and telephone and also based on the information provided by the Company, its officers, agents and authorized representatives over Email and telephone 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, 2021, complied with the statutory provisions listed hereunder and also the Company 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 on test check basis of 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, 2021 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;
- (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, as amended;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended; {to the extent applicable to the Company during the year under review}
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - Not Applicable during the period under review.
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable during the period under review.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (ii) We have also examined the secretarial compliance on test check basis of the records maintained by M/s. Phillips Carbon Black Limited for the financial year ended on 31st March, 2021, with the provisions of the following laws specifically applicable to the Company and as shown to us during our audit;
 - a) Petroleum Act, 1934.



- b) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
 - 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 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, as amended, 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 provisions thereof, during the aforesaid period under review.
 - i. Bombay Stock Exchange Limited (BSE)
 - ii. The National Stock Exchange of India Limited (NSE)
 8. We further report that,
 - a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
 - b) Adequate notices are given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance.
 - c) Majority decision is carried through and recorded as part of the minutes.
 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.
 10. This Report is to be read with our letter of even date which is annexed herewith as Annexure A, forming an integral part of this Report.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684C000113176

Place: Kolkata
Date: 21st April, 2021

“Annexure A”

TO THE SECRETARIAL AUDIT REPORT OF M/S. PHILLIPS CARBON BLACK LIMITED

For the financial year ended 31st March, 2021

To,
The Members,
M/s. Phillips Carbon Black Limited
31 Netaji Subhas Road,
Kolkata – 700001

Our Secretarial Audit Report for the financial year ended 31st March, 2021 of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is limited to expressing an opinion on existence of adequate board process and compliance management system, commensurate to the size of the Company, based on the 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.
- 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 check as to whether correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion. Due to COVID 19 pandemic, the aforesaid Audit has been conducted partially physically and partially through electronic communication in the best possible manner in the prevailing situation.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc. and we have relied on such representation, in forming our opinion.
- 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.
- 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
UDIN: F005684C000113176

Place: Kolkata
Date: 21st April, 2021

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance framework of the Company is based on an effective Independent Board of Directors, separation of the supervisory role of the Board of Directors from the executive management team and constitution of the committees of the Board of Directors, as required under applicable laws. The Company strongly believes in ensuring and implementing good Corporate Governance across the entire organization with a view to sustain and improve, with each passing day, the Company's efficiency, effectiveness and social responsibility. The basic philosophy of Corporate Governance in our organization emphasizes on highest levels of transparency, accountability, awareness and equity in all respect of its operations. As a listed company, we are in compliance with the applicable provisions of the Listing Regulations, as amended pertaining to Corporate Governance, including the appointment of the Independent Directors and constitution of Committees. The Board of Directors function either as a full Board or through various committees constituted to oversee specific operational areas. Our Company's management provides the Board of Directors with detailed reports on a periodic basis. Our continuous endeavour aims at designing and improving the flow of activities in an effective manner and ensuring economic prosperity and long term value creation for the enterprise as well as the stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices. The Board of Directors of the Company have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole.

The Company is fully in compliance with the requirements specified in Regulation 17 to 27 and Clauses (b) to (j) of Sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including any statutory modifications or re-enactments thereof (hereinafter referred to as the "SEBI Listing Regulations").

II. THE BOARD OF DIRECTORS

A. COMPOSITION AND CATEGORY OF DIRECTORS

The Board of Directors of the Company (referred to as "The Board") is entrusted with the implementation of the activities of the Company in an effective and efficient manner as well as it is bestowed with the ultimate responsibility of the Management. The Board of Directors of the Company, being at the core of its Corporate Governance Practice, have the ultimate responsibility for the management, direction, performance, long-term success of the business as a whole and protection of the interests of all its stakeholders.

The Board of the Company consists of a mix of Executive as well as Non-Executive Directors with women directors present on its Board.

B. TERMS OF REFERENCE

The composition of the Board satisfies the requirements of Regulation 17 of the SEBI Listing Regulations read with Schedule II Part A and Section 149 of the Companies Act, 2013, ("hereinafter referred to as "the Act").

C. COMPOSITION OF THE BOARD OF DIRECTORS OF THE COMPANY AS ON 31ST MARCH, 2021

The Board comprises:-

| Category | No. of Directors | % of total no. of Directors |
|---|------------------|-----------------------------|
| Non-Executive Promoter Directors | 3 | 37.50 |
| Executive Director, who is the Managing Director of the Company | 1 | 12.50 |
| Non-Executive Independent Directors* | 4 | 50 |
| Total | 8 | 100 |

*One of the Non-Executive Independent Directors, named Mrs. Kusum Dadoo, has tendered her resignation as an Independent Director from the Board of Directors of the Company w.e.f. 4th February, 2021 owing to personal reasons. Subsequently, Mrs Rusha Mitra was appointed as an Additional Non-Executive Independent Lady Director of the Company w.e.f. 8th April, 2021 for a tenure of 5 years, subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

“At PCBL, we believe in earning the right to grow through efficiency, values and integrity. We lead from the front in thought and action. We follow the highest standards of corporate governance and are very mindful of the environment”

– Dr. Sanjiv Goenka, Chairman

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

| Name of the Director | Category of the Director | Number of Directorships held in other Public Limited Companies incorporated in India | Number of Committee Memberships/ Chairmanships held in other Public Limited Companies incorporated in India | | Directorship in other listed entity (Category of Directorship) ³ | No. of Shares and Convertible Instruments held in the Company |
|---|---------------------------------------|--|---|-----------------------|---|---|
| | | | Director ¹ | Chairman ² | | |
| Dr. Sanjiv Goenka (DIN: 00074796) | Promoter, Non-Executive (Chairman) | 8 | 4 | 2 | 1. Saregama India Limited (Non-Executive, Non-Independent) 2. CESC Limited (Non-Executive, Non-Independent) 3. Firstsource Solutions Limited (Non-Executive, Non-Independent) 4. RPSG Ventures Limited (Non-Executive, Non-Independent) 5. Spencer's Retail Limited (Non-Executive, Non-Independent) | Nil |
| Mrs. Preeti Goenka (DIN: 05199069) | Promoter, Non-Executive | 1 | - | - | 1. Saregama India Limited (Non-Executive, Non-Independent) | Nil |
| Mr. Kaushik Roy (DIN: 06513489) | Managing Director | 3 | - | - | 1. Harrisons Malayalam Limited (Non-Executive, Non-Independent) 2. Stel Holdings Limited (Non-Executive, Non-Independent) | Nil |
| Mr. Shashwat Goenka (DIN: 03486121) | Promoter, Non-Executive | 5 | 0 | 3 | 1. CESC Limited (Non-Executive, Non-Independent) 2. Firstsource Solutions Limited (Non-Executive, Non-Independent) 3. RPSG Ventures Limited (Non-Executive, Non-Independent) 4. Spencer's Retail Limited (Non-Executive, Non-Independent) | Nil |
| Mr. K S B Sanyal (DIN: 00009497) | Non-Executive & Independent | 2 | 2 | - | 1. IFGL Refractories Limited (Non-Executive, Independent) | Nil |
| Mr. O P Malhotra (DIN: 00009086) | Non-Executive & Independent | - | - | - | - | Nil |
| Mr. Paras Kumar Chowdhary (DIN: 00076807) | Non-Executive & Independent | 3 | 1 | 2 | 1. CEAT Limited (Non-Executive, Independent) | Nil |
| Mr. Pradip Roy (DIN: 00026457) | Non-Executive & Independent | 3 | - | 3 | 1. Precision Wires India Limited (Non-Executive, Independent) 2. Firstsource Solutions Limited (Non-Executive, Independent) | Nil |
| Mrs. Kusum Dadoo* (DIN: 06967827) | Non-Executive & Independent | 1 | - | 2 | 1. Bhiwani Vanaspati Limited (Non-Executive, Independent) | Nil |

*Mrs. Kusum Dadoo has tendered her resignation as an Independent Director from the Board of Directors of the Company w.e.f. 4th February, 2021 owing to personal reasons.

Notes:-

- Directorships held by Directors in the afore-mentioned Table do not include Private Limited Companies, Foreign Companies, Section 8 Companies, Alternate Directorships and One Person Companies. All the Public Limited Companies, whether listed or not, have been considered in the afore-mentioned Table.
- Memberships / Chairmanships of only the Audit Committee and the Stakeholders' Relationship Committee of the public limited companies, whether listed or not, have been considered. All other companies including private limited companies, foreign companies and companies under Section 8 of the Act have been excluded.
- The names of the Listed Entities where the person is a Director and the Category of Directorship have been depicted in the table as per the new requirement of Schedule V Part C of the SEBI Listing Regulations.
- Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Board Meetings and Committee Meetings in FY 2020-2021 were held through Video Conferencing.
- None of the Directors are related to each other, except for Dr. Sanjiv Goenka, Mr. Shashwat Goenka and Mrs. Preeti Goenka.



6. The Independent Directors have confirmed that they meet the criteria of independence u/s 149(6) of the Act and Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations and are independent of the management. Necessary confirmations have also been taken from the Directors in compliance with Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, which has come into force with effect from 1st December, 2019.
7. The Company has proper systems to enable the Board of Directors to periodically review the compliance reports of all laws applicable to the Company.
8. During the year 2020-2021, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.
9. The Company has in place, plans for orderly succession for appointment to the Board of Directors and Senior Management.
10. The Company also, has in place, procedures to inform Members of the Board of Directors about the risk assessment and minimization. The Company has in place a Risk Management Policy which was taken up for discussion at the Risk Management Committee Meeting of the Company held on 20th January, 2021.
11. The Chairman of our Company is a Non-Executive Director and is not related to the Managing Director of the Company.
12. The maximum no. of Directorships held by all our Directors are well within the limit of 7 listed entities and none of the Directors of our Company serve as an Independent Director in more than 7 listed entities. Besides, the Managing Director of our Company does not serve as an Independent Director in any of the listed entities.
13. The maximum no. of Committee Memberships held by all our Directors are well within the limit of 10 Committees and in case of Chairmanship, our Directors do not act as Chairman in more than 5 listed entities.

D. BOARD MEETINGS:-

The Board generally meets at least 4 times a year, with 1 meeting being held in every quarter. The intervening period between two Board Meetings is well within the maximum time gap of one hundred and twenty days as prescribed under the SEBI Listing Regulations. This financial year 2020-2021 witnessed four Board Meetings. The Board Meeting dates are fixed well in advance and necessary intimations and disclosures take place. The notice of the Board meeting is given well in advance to all the Directors. The Agenda of the Board / Committee Meetings is set up by the Company Secretary and includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. All the statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of Shareholders. The Agenda for the Board and Committee Meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable.

E. BOARD AGENDA AND CIRCULATION:-

Keeping in view the underlying objective of the Company to impart and enhance the implementation of Green Initiatives across the organisation and with a view to leverage technology and reduce paper consumption, the Company has adopted a practice of making electronic presentation of the Agendas of Board Meeting and other Committee Meetings in the form of a power point presentation. The Agendas are mailed to all the Directors well in advance. However, as and when requests are received from Directors, the Agenda Papers are also circulated in hard copies well before the Board Meeting and other Committee Meetings.

F. DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2020-2021:-

The Board of Directors met 4 times during the financial year ended 31st March, 2021, details of which are depicted below:-

| Sl. No. | Date | Board Strength | No. of Directors present |
|---------|--------------------|----------------|--------------------------|
| 1 | 23rd June, 2020 | 9 | 9 |
| 2 | 25th August, 2020 | 9 | 9 |
| 3 | 16th October, 2020 | 9 | 9 |
| 4 | 20th January, 2021 | 9 | 9 |

Attendance at Board Meetings and at Annual General Meetings held during the Financial Year 2020-2021:-

The Attendance Record of the Directors at the Board Meetings held on 23rd June, 2020, 25th August, 2020, 16th October, 2020 and 20th January, 2021 are captured herein below:-

| Name of the Director | Board Meetings | | Attendance at the last Annual General Meeting held through Video Conference |
|------------------------|--------------------|----------|---|
| | Held during tenure | Attended | |
| Dr. Sanjiv Goenka | 4 | 4 | Yes |
| Mrs. Preeti Goenka | 4 | 4 | Yes |
| Mr. Shashwat Goenka | 4 | 4 | Yes |
| Mr. O.P. Malhotra | 4 | 4 | Yes |
| 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 |

Note:-

1. Necessary Quorum, as per Regulation 17(2A) of the SEBI Listing Regulations was present for all the Meetings.

G. COMPLIANCE WITH THE CODE OF CONDUCT

The Company has adopted the "Code of Conduct for Board Members and Senior Management Personnel". The Code of Conduct contains the duties of the Independent Directors as laid down in the Act. The Code is available on the website of the Company at www.pcblltd.com.

All the Directors including the Chairman, the Managing Director and the Senior Management Personnel of the

Company have given a declaration of compliance with the Company's Code of Conduct in accordance with Regulation 26(3) of the SEBI Listing Regulations during the year ended 31st March, 2021.

H. POST BOARD MEETING FOLLOW-UP SYSTEM

The Governance processes in the Company include an effective post-meeting follow-up and review and reporting process for actions taken / pending on the decisions of the Board and the Committees of the Board.

III. COMMITTEES OF THE BOARD

The Board has currently established the following Statutory & Non Statutory Committees. The Board Committees play a crucial role in the Governance Structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry clearly defined roles which are considered to be performed by the Members of the Board, as part of Good Corporate Governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committees inform the Board about the summary of the discussion held in the Committee Meetings. The Minutes of the Meeting of all the Committees are placed before the Board for review.

Currently, there are six Committees of the Board – the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee, the Corporate Social Responsibility Committee, the Independent Directors Committee and the Risk Management Committee. The terms of reference of these Committees are determined by the Board from time to time. The composition, name of Members and attendance and the meetings of these Committees are enumerated below:

A. 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 read with Schedule II Part C of the SEBI Listing Regulations and Section 177 of the Act.

The role of the Audit Committee of the Company includes 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, appointment, remuneration and terms of appointment of the auditors.
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 judgment by management.
 - 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) Modified opinion(s) 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 and monitoring the auditor's independence and performance, and effectiveness of the audit process.
7. Approval or any subsequent modification of transactions of the Company with related parties.
8. Valuation of undertakings or assets of the listed entity, wherever necessary.
9. Evaluation of internal financial controls and risk management systems.
10. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
11. 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.
12. Discussion with internal auditors any significant findings and follow up thereon.
13. 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 system of a material nature and reporting the matter to the Board.
14. 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.
15. Reviewing the Company's Risk Management Policies.
16. Valuation of undertakings or assets of the Company, wherever it is necessary.
17. 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.
18. Reviewing the compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended at least once in a financial year and verifying that the systems for internal control are adequate and are operating effectively.
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.



20. Reviewing the utilization of loans and / advances from / investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

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) Scrutinize the inter-corporate loans and investments and evaluate internal financial controls and risk management systems.
- h) Oversee the vigil mechanism/whistle blower policy of the Company.
- i) Approval of appointment of chief financial officer after assessing the qualifications, experience and background etc. of the candidate.

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 related 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 of the Audit Committee as on 31st March, 2021:-

The Audit Committee comprises 4 Directors, all of whom are Non-Executive Independent Directors. The members of the Audit Committee are, Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary and Mr. Pradip Roy. The Chairman of the Audit Committee, Mr. Paras K Chowdhary, is a Non-Executive Independent Director.

3. Details of Audit Committee Meetings Held During The Financial Year 2020 - 2021:-

The Audit Committee met 4 times during the financial year ended 31st March, 2021, details of which are depicted below:-

| Sl. No. | Date | Committee Strength | No. of Members present |
|---------|--------------------|--------------------|------------------------|
| 1 | 23rd June, 2020 | 4 | 4 |
| 2 | 25th August, 2020 | 4 | 4 |
| 3 | 16th October, 2020 | 4 | 4 |
| 4 | 20th January, 2021 | 4 | 4 |

Attendance at Audit Committee Meetings held during the Financial Year 2020 - 2021:-

The names of Members and Chairman of the Audit Committee, Meetings held and attendance thereof during the Financial Year -2020 - 2021 is as given below:-

| Name of the Director | Position held | No. of Committee Meetings | |
|--|---------------|---------------------------|----------|
| | | Held during tenure | Attended |
| Mr. Paras K. Chowdhary (Non-Executive & Independent) | Chairman | 4 | 4 |
| Mr. O.P.Malhotra (Non-Executive & Independent) | Member | 4 | 4 |
| Mr. KSB Sanyal (Non-Executive & Independent) | Member | 4 | 4 |
| Mr. Pradip Roy (Non-Executive & Independent) | Member | 4 | 4 |

4. Meetings

- Audit Committee Meetings were held on 23rd June, 2020, 25th August 2020, 16th October, 2020 and 20th January, 2021 respectively. The intervening period between two Audit Committee Meetings is well within the maximum time gap of one hundred and twenty days as prescribed under the SEBI Listing Regulations. The necessary quorum was present for all the meetings. The Annual Accounts for the year ended 31st March, 2020 was reviewed by the Audit Committee at its meeting held on 23rd June, 2020. The Audit Committee also reviewed the Audited Financial Results for the year ended 31st March, 2020 and Unaudited Financial Results for the quarters ended 30th June, 2020, 30th September, 2020 and 31st December, 2020 before recommending their adoption to the Board.

- Mr. Paras K Chowdhary, the Chairman of the Audit Committee attended the Fifty-ninth Annual General Meeting of the Company held on 30th July, 2020 to answer the shareholder's queries.
- The Managing Director, Chief Financial Officer, Head of Internal Audit and the representatives of the Statutory Auditors and Cost Auditors of the Company are invited by the Audit Committee to its Meetings. The Auditors are heard in the meetings of the Audit Committee when it considers the financial results of the Company and auditors' views thereon are taken into consideration.
- The Company Secretary acts as Secretary to the Audit Committee.
- All Members of the Audit Committee are financially literate and have accounting and related financial management expertise.

5. Role of Internal Auditor

The Internal Audit has a well laid internal audit methodology, which assesses and promotes strong ethics and values within the organization and facilitates in managing changes in the business and regulatory environment. It encompasses all the aspects of business such as operational, financial, information systems, risk management and all the regulatory compliances are reviewed periodically. The Internal Auditor makes presentations and reports to the Audit Committee of the Board of Directors of the Company on a quarterly basis pertaining to the key internal audit findings and the action plan agreed with the Management.

B. 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 read with read with Schedule II Part D of the SEBI Listing Regulations and 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
- Recommend to the Board, all remuneration, in whatever form, payable to senior management
- Specify the manner for effective evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

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 Directors including Independent Directors laid down by Committee and taken on record by the Board includes -

- Attendance and participation in the Meetings.
- Preparedness for the Meetings.
- Understanding of the Company and the external environment in which it operates and contributes to strategic direction.
- Raising of valid concerns to the Board and constructive contribution to issues and active participation at meetings.
- Engaging with and challenging the management team without being confrontational or obstructionist.

The evaluation of Independent Directors shall be done by the entire Board of Directors which shall include -

- performance of the Directors; and
- fulfilment of the independence criteria as specified in the SEBI Listing Regulations and their independence from the management:

Provided that in the afore-said evaluation, the Directors who are subject to evaluation shall not participate.

2. Composition of the Nomination and Remuneration Committee as on 31st March, 2021*:-

The Nomination and Remuneration Committee comprises 2 Directors, all of whom are Non - Executive Independent Directors. The Members of the Nomination and Remuneration Committee are Mr. O P Malhotra and Mr. K S B Sanyal. The Chairman of the Nomination and Remuneration Committee, Mr. O P Malhotra, is a Non-Executive Independent Director.

*NB:- Mrs. Kusum Dadoo, one of the Members of the Nomination and Remuneration Committee of the Board of Directors of the Company resigned w.e.f. 4th February, 2021 owing to personal reasons. Subsequently, Mrs. Rusha Mitra was appointed as an Additional Non-Executive Independent Lady Director of the Company w.e.f. 8th April, 2021 for a tenure of 5 years subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

3. Details of Nomination and Remuneration Committee Meetings Held During the Financial Year 2020 - 2021:-

The Nomination and Remuneration Committee met 5 times during the financial year ended 31st March, 2021, details of which are depicted below:-

| Sl. No. | Date | Committee Strength | No. of Members present |
|---------|--------------------|--------------------|------------------------|
| 1 | 23rd June, 2020 | 3 | 3 |
| 2 | 30th July, 2020 | 3 | 3 |
| 3 | 25th August, 2020 | 3 | 3 |
| 4 | 16th October, 2020 | 3 | 3 |
| 5 | 1st February, 2021 | 3 | 3 |



Attendance at Nomination and Remuneration Committee Meetings held during the Financial Year 2020 - 2021:-

The names of Members and Chairperson of the Nomination and Remuneration Committee, Meetings held and attendance thereof during the Financial Year 2020 - 2021 is as given below:-

| Name of the Director | Position held | No. of Committee Meetings | |
|--|---------------|---------------------------|----------|
| | | Held during tenure | Attended |
| Mr. O P Malhotra (Non-Executive Independent Director) | Chairman | 5 | 5 |
| Mr. K S B Sanyal (Non-Executive Independent Director) | Member | 5 | 5 |
| Mrs. Kusum Dadoo (Non-Executive Independent Director) | Member | 5 | 5 |

4. Meetings

- During the year ended 31st March, 2021, the Nomination and Remuneration Committee met 5 times on 23rd June, 2020, 30th July, 2020, 25th August, 2020, 16th October, 2020 and 1st February, 2021 respectively.
- Necessary Quorum as per Regulation 19(2A) of the SEBI Listing Regulations, was present for all the Meetings.
- The Chairman of the Nomination and Remuneration Committee, Mr. O P Malhotra was present at the Fifty-ninth Annual General Meeting of the Company held on 30th July, 2020 to answer the shareholders' queries.
- The Company Secretary is in attendance at the Nomination and Remuneration Committee Meetings.

5. Remuneration Policy -

In compliance with the requirements of Act and Rules made thereunder and pursuant to Regulation 19 of the SEBI Listing Regulations read with Schedule II Part D to the said Regulations, the Board of Directors has a Nomination and Remuneration Policy for its Directors, Key Managerial Personnel, Functional Heads and other employees of the Company.

• Non - Executive Directors

The Non-Executive Directors are paid remuneration based on their contribution and current trends. The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee decides the remuneration of the Non-Executive Directors.

The remuneration paid to the Non-Executive Directors by way of sitting fees is ₹ 1,00,000/- per Meeting for the Board Meetings, ₹ 50,000/- per Meeting for the Audit Committee Meetings, ₹ 20,000/- per Meeting for the Independent Directors' Committee Meetings and ₹ 5000/- per Meeting each for the Nomination and Remuneration Committee Meetings, Stakeholders Relationship Committee Meetings, Corporate Social Responsibility Committee Meetings and Risk Management Committee Meetings.

In addition to the afore-mentioned remuneration being paid by way of sitting fees, Commission was also paid to the Non-Executive Directors for the financial year 2019-20 during the financial year 2020-21.

THE DETAILS OF THE REMUNERATION PAID TO THE NON - EXECUTIVE DIRECTORS HAVE BEEN ENUMERATED BELOW:-

I. Details of Sitting Fees/ Remuneration

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

The sitting fees for the Board and the Committee Meetings and Commission paid to the Non-Executive Directors during the year ended 31st March, 2021 are as follows:-

Dr. Sanjiv Goenka - Sitting Fees ₹ 4,00,000/- and Commission ₹ 5,10,00,000/-, Mr. Shashwat Goenka - Sitting Fees ₹ 4,05,000/- and Commission ₹ 5,10,00,000/-, Mrs. Preeti Goenka - Sitting Fees ₹ 4,00,000/- and Commission ₹ 5,00,000/-, Mr. K S B Sanyal - Sitting Fees ₹ 6,45,000/- and Commission ₹ 5,00,000/-, Mr. O P Malhotra - Sitting Fees ₹ 6,30,000/- and Commission ₹ 5,00,000/-, Mr. Paras K Chowdhary - Sitting Fees ₹ 6,25,000/- and Commission ₹ 5,00,000/-, Mr. Pradip Roy - Sitting Fees ₹ 6,25,000/- and Commission ₹ 5,00,000/- and Mrs. Kusum Dadoo - Sitting Fees ₹ 4,40,000/- and Commission ₹ 5,00,000/-.

The Company also reimburses the out of pocket expenses incurred by the Directors for attending the Meetings.

• Executive Director

Payment of remuneration to the Managing Director, who is the Executive Director of the Company, is governed by the agreement executed between him and the Company and are also governed by the 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.

| 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, 2021 | |
|--------------------|---|--|----------------------|
| | | Description | Amount (₹ in crores) |
| Mr. Kaushik Roy* | Managing Director | Salary and Allowances, | 9.01 |
| | | Contribution to Provident, Gratuity and Superannuation Funds | 1.09 |
| | | Perquisites | 0.22 |
| | | Total | 10.32 |

*Service Contract: For a period of three years w.e.f 5th February, 2019. The Board of Directors at its Meeting held on 30th October, 2018 approved the re-appointment of Mr. Kaushik Roy as the Managing Director of the Company for a further period of 3 years w.e.f. 5th February, 2019 and the same was also approved by the shareholders by way of Postal Ballot and E-voting on 9th March, 2019.

*Notice Period: Ninety days notice from either side

* Severance Fees: Ninety days salary in lieu of notice

*Stock Options: None

6. Succession Policy

Succession Planning is a process of ascertaining the need for filling positions at the Board, senior management and other key positions. It involves identification for the said roles, assessment of their potential and developing next generation

of leaders as potential successors for key leadership roles in the Company. The Company has in place a Succession Policy and the Board of Directors of the Company reviews and monitors the implementation of the Policy on an annual basis to ensure its effectiveness and to satisfy that plans are in place for orderly succession for appointments to the Board and to the Senior Management. The Company recognises that Succession Planning is a continuous process rather than a onetime event and hence, intends to put in place this Policy that aligns talent management with the said objective and endeavours to mitigate the critical risks such as Vacancy, Readiness and Transition risk. The Board of Directors of the Company has given the authority to Nomination and Remuneration Committee of the Board of Directors of the Company for implementing this Policy and its related procedures. The afore-said Policy is available on the website of the Company and may be accessed at the link: <https://www.pcblltd.com/investor-relation/general-policies>.

C. 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 read with Schedule II Part D of the SEBI Listing Regulations and Section 178 of the Act. The Stakeholders' Relationship Committee specifically looks into the various aspects of interest of shareholders, debenture holders and other security holders.

The role of the Committee inter alia includes the following:

- Resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

2. Composition of the Stakeholders' Relationship Committee as on 31st March, 2021*:-

The Stakeholders' Relationship Committee comprises 2 Directors, out of which 1 Director is a Non - Executive Independent Director and 1 Director is an Executive Director of the Company. The Members of the Stakeholders' Relationship Committee are Mr. K S B Sanyal and Mr. Kaushik Roy. The Stakeholders' Relationship Committee of the Board of Directors meets at regular intervals and specifically looks into the various aspects of interests of the shareholders and other security holders.

*NB:- Mrs. Kusum Dadoo, one of the Members of the Stakeholders' Relationship Committee of the Board of Directors of the Company resigned w.e.f. 4th February, 2021 owing to personal reasons. Subsequently, Mrs. Rusha Mitra was appointed as an Additional Non-Executive Independent Lady Director of the Company w.e.f. 8th April, 2021 for a tenure of 5 years subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

3. Details of Stakeholders' Relationship Committee Meetings Held During the Financial Year 2020 - 2021:-

The Stakeholders Relationship Committee met 2 times during the financial year ended 31st March, 2021, details of which are depicted below:-

| Sl. No. | Date | Committee Strength | No. of Members present |
|---------|--------------------|--------------------|------------------------|
| 1 | 25th August, 2020 | 3 | 3 |
| 2 | 20th January, 2021 | 3 | 3 |

Attendance at Stakeholders' Relationship Committee Meetings held during the Financial Year 2020 -2021:-

The names of Members and Chairperson of the Stakeholders Relationship Committee, Meetings held and attendance thereof during the Financial Year 2020 - 2021 is as given below:-

| Name of the Director | Position held | No. of Committee Meetings | |
|--|---------------|---------------------------|----------|
| | | Held during tenure | Attended |
| Mrs. Kusum Dadoo (Non-Executive & Independent) | Chairperson | 2 | 2 |
| Mr. K S B Sanyal (Non-Executive & Independent) | Member | 2 | 2 |
| Mr. Kaushik Roy (Managing Director) | Member | 2 | 2 |

Name and designation of Compliance Officer: Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer.

Name and designation of the Nodal Officer for IEPF related matters: Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer.

4. Meetings

- During the year ended 31st March, 2021, the Stakeholders' Relationship Committee met twice on 25th August, 2020 and 20th January, 2021.
- The Chairperson of the Stakeholders Relationship Committee, Mrs. Kusum Dadoo was present at the Fifty-ninth Annual General Meeting of the Company held on 30th July, 2020 to answer the queries of the security holders.
- The Company Secretary is in attendance at the Stakeholders' Relationship Committee Meetings.
- The Company has a User ID and Password in place for logging into the SEBI Complaints Redressal System - 'SCORES' and can view the complaints which have been lodged by the shareholders. The Company ensures that timely redressals are made against any complaints raised by the shareholders relating to registration of share transfers, issue of new share certificates, sub-division or consolidation of shareholdings etc.



5. Status of Shareholders' Complaints

| Number of complaints received during the year ended 31st March, 2021 as per records of the Company | Number of complaints resolved during the year ended 31st March, 2021 | Number of complaints pending as on 31st March, 2021 |
|--|--|---|
| 2 | 2 | Nil |

*The Company has received confirmations from National Stock Exchange of India Limited, Bombay Stock Exchange Limited and from our Registrar Link Intime India Pvt. Ltd. that no investor complaints are pending against the company as on 31st March, 2021.

NB:- The Equity Shares of the Company have been delisted w.e.f. 11th November, 2020 from Calcutta Stock Exchange pursuant to Regulations 6 and 7 of the SEBI (Delisting of Equity Shares) Regulations, 2009. Accordingly, the confirmation from Calcutta Stock Exchange was not required to be obtained for the quarters ended 31st December, 2020 and 31st March, 2021.

6. Share Transfer

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

D. RISK MANAGEMENT COMMITTEE

1. Terms of Reference

The Company has a Risk Management Committee and the terms of reference of the Risk Management Committee are in conformity with the provisions of Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee looks into the monitoring and reviewing of the risk management plan and such other functions, as it may deem fit and such function specifically covers cyber security.

Pursuant to the provisions of the Act, a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company have also been dealt with in the Board's Report.

2. Composition of the Risk Management Committee as on 31st March, 2021:-

The Risk Management Committee comprises 3 Directors, out of which 1 Director is an Executive Director and the other 2 Directors are the Non-Executive Independent Directors. This composition is in line with the requirement of Regulation 21 of the SEBI Listing Regulations. The Members of the Risk Management Committee are Mr. Kaushik Roy, Mr. Paras K Chowdhary and Mr. Pradip Roy. Under the Chairmanship of the Executive Director, who is the Managing Director of our Company, Mr. Kaushik Roy, the Risk Management Committee of the Board of Directors meets at least once in a financial year to inform the Board Members about the risk assessment and minimization procedures and adoption of requisite risk mitigation measures and their implementation thereof.

3. Details of Risk Management Committee Meeting Held During the Financial Year 2020 - 2021:-

The Risk Management Committee met once during the financial year ended 31st March, 2021, details of which are depicted below:-

| Sl. No. | Date | Committee Strength | No. of Members present |
|---------|--------------------|--------------------|------------------------|
| 1 | 20th January, 2021 | 3 | 3 |

Attendance at Risk Management Committee Meeting held during the Financial Year 2020 -2021:-

The names of Members and Chairperson of the Risk Management Committee, Meetings held and attendance thereof during the Financial Year 2020 - 2021 is as given below:-

| Name of the Director | Position held | No. of Committee Meetings | |
|--|---------------|---------------------------|----------|
| | | Held during tenure | Attended |
| Mr. Kaushik Roy (Managing Director) | Chairman | 1 | 1 |
| Mr. Paras K Chowdhary (Non-Executive Independent Director) | Member | 1 | 1 |
| Mr. Pradip Roy (Non-Executive Independent Director) | Member | 1 | 1 |

4. Meetings

- During the year ended 31st March, 2021, the Risk Management Committee met once on 20th January, 2021.
- The Chairman of the Risk Management Committee is the Managing Director of the Company.
- The Company Secretary is in attendance at the Risk Management Committee Meeting.
- The Risk Management process involves the identification, evaluation/assessment, prevention and control of the risks, determining the cost of risk likely to be and ensuring that adequate financial resources are available for implementing the selected technique, measuring and monitoring effectiveness of controls and reviewing and reporting the Risk Management process at appropriate intervals, at least annually.

E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has a Corporate Social Responsibility Committee and the terms of reference are in conformity with the provisions of Section 135 read with Schedule VII of the Act and the Rules framed thereunder. The CSR Committee monitors the implementation of CSR projects or programmes undertaken by the Company.

The role of the 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 in areas or subject, 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 of the Corporate Social Responsibility Committee as on 31st March, 2021:-

The Corporate Social Responsibility Committee comprises 3 Directors out of which 1 is an Executive Director, 1 is a Non - Executive Independent Director and 1 is a Non-Executive Director. The Chairman of the Committee is Mr. Kaushik Roy, an Executive Director, who is also the Managing Director of the Company. The Members of the Corporate Social Responsibility Committee are, Mr. Kaushik Roy, Mr. K S B Sanyal and Mr. Shashwat Goenka.

3. Details of Corporate Social Responsibility Committee Meetings Held During the Financial Year 2020 - 2021:-

The Corporate Social Responsibility Committee met 2 times during the financial year ended 31st March, 2021, details of which are depicted below:-

| Sl. No. | Date | Committee Strength | No. of Members present |
|---------|------------------|--------------------|------------------------|
| 1 | 23rd June, 2020 | 3 | 3 |
| 2 | 30th March, 2021 | 3 | 3 |

Attendance at Corporate Social Responsibility Committee Meetings held during the Financial Year 2020 - 2021:-

The names of Members and Chairperson of the Corporate Social Responsibility Committee, Meetings held and attendance thereof during the Financial Year 2020 - 2021 is as given below:-

| Name of the Director | Position held | No. of Committee Meetings | |
|---|---------------|---------------------------|----------|
| | | Held during tenure | Attended |
| Mr. Kaushik Roy (Managing Director) | Chairman | 2 | 2 |
| Mr. K S B Sanyal (Non-Executive and Independent) | Member | 2 | 2 |
| Mr. Shashwat Goenka (Non-Executive) | Member | 2 | 2 |

4. Meetings

- During the year Corporate Social Responsibility Committee met twice on 23rd June, 2020 and 30th March, 2021 respectively.
- The Company Secretary is in attendance at the Corporate Social Responsibility Committee.

- The Corporate Social Responsibility Policy of the Company is posted on the website of the Company at the link: <https://www.pcblltd.com/investor-relation/general-policies>.
- The details of CSR expenditure spent during the financial year 2020-21 have been elaborated in 'Annexure - C' to the Board's Report.

F. INDEPENDENT DIRECTORS' COMMITTEE

1. Terms of Reference

The Board of Directors of the Company has an Independent Directors' Committee and the terms of reference are in conformity with the provisions of Section 149 read with Schedule IV to the Act and the Rules framed thereunder and Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations. Necessary confirmations have also been taken from the Directors in compliance with Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, which has come into force with effect from 1st December, 2019. The statutory role of the Independent Directors' Committee of the Board of Directors is encapsulated herein below:-

- To review the performance of Non-Independent Directors and the Board as a whole;
- To review the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- To assess the quality, quantity and timeliness of flow of information between the Company Management and Board that is necessary for the Board to effectively and reasonably perform their duties.

Familiarization Programme of the Independent Directors

In accordance with the Code of Conduct for Independent Directors specified under the Act and the SEBI Listing Regulations, the Company has in place a familiarization programme for all its Independent Directors. Such familiarization programmes help the Independent Directors to understand the Company's strategy, business model, operations, markets, organization structure, risk management etc. and such other areas as may arise from time to time.

The policy on the familiarization programmes imparted to the Independent Directors is posted on the website of the Company and may be accessed at the link: <https://www.pcblltd.com/investor-relation/general-policies>.

Dr. Sanjiv Goenka, Chairman, steers the deliberations of the Board with inputs from independent and non-independent directors. Mr. Kaushik Roy, Managing Director of the Company, is a well qualified professional with rich corporate level experience.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company's business which are currently available with the Board.

| | |
|--|--|
| Global Business | Understanding of global business dynamics across various geographical markets, industry verticals and regulatory jurisdictions. |
| Strategy and Planning | Appreciation of long – term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments. |
| Governance | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values. |
| Organisational Capacity Building | Acumen to evaluate organisational capacity and readiness across relevant parameters and provide guidance on bridging gaps in capacity building. Ability to understand the talent market and the Company's talent quotient so as to help finetune strategies to attract, retain and nurture competitively superior talent. |
| Risk Management and Compliance | Ability to appreciate key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation & compliance management and review and refine the same periodically. |
| Financial Expertise | Proficiency in financial management and reporting processes, capital allocation and understanding of the financial policies. |
| Policy Evaluation | Ability to comprehend the Company's governance philosophy and contribute towards its refinement periodically. Ability to evaluate policies, systems and processes in the context of the Company's businesses, and review the same periodically. |
| Environment, Social and Governance (ESG) | Experience in leading the Sustainability and Environment, Social and Governance visions of the organization to be able to integrate these into the strategy of the Company. |

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

All the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and they are all independent of Management. The Board of Directors of the Company have taken on record the declarations and confirmations submitted by the Independent Directors under Regulation 16(1)(b) read with 25(8) of the SEBI Listing Regulations after undertaking the due assessment of the veracity of the same.

2. Composition of the Independent Directors' Committee as on 31st March, 2021*:-

The Independent Directors' Committee comprises all 4 Independent Directors. The Members of the Independent

Directors' Committee are Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary and Mr. Pradip Roy. The Chairman of the Committee is Mr. Paras K Chowdhary, a Non-Executive Independent Director.

*NB:- Mrs. Kusum Dadoo, one of the Members of the Independent Directors' Committee of the Board of Directors of the Company resigned w.e.f. 4th February, 2021 owing to personal reasons. Subsequently, Mrs. Rusha Mitra was appointed as an Additional Non-Executive Independent Lady Director of the Company w.e.f. 8th April, 2021 for a tenure of 5 years subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

3. Details of Independent Directors' Committee Meeting Held During the Financial Year 2020-2021:-

The Independent Directors' Committee met once during the financial year ended 31st March, 2021, details of which are depicted below:-

| Sl. No. | Date | Committee Strength | No. of Members present |
|---------|--------------------|--------------------|------------------------|
| 1 | 20th January, 2021 | 5 | 5 |

Attendance at Independent Directors' Committee Meeting held during the Financial Year 2020- 2021:-

The names of Members and Chairperson of the Independent Directors' Committee Meeting held and attendance thereof during the Financial Year 2020 – 2021 is as given below:-

| Name of the Director | Position held | No. of Committee Meeting | |
|---|---------------|--------------------------|----------|
| | | Held during tenure | Attended |
| Mr. Paras K Chowdhary (Non-Executive & Independent) | Chairman | 1 | 1 |
| Mr. O P Malhotra (Non-Executive & Independent) | Member | 1 | 1 |
| Mr. K S B Sanyal (Non-Executive & Independent) | Member | 1 | 1 |
| Mr. Pradip Roy (Non-Executive & Independent) | Member | 1 | 1 |
| Mrs. Kusum Dadoo (Non-Executive & Independent) | Member | 1 | 1 |

4. Resignation of Mrs. Kusum Dadoo, an Independent Woman Director of the Company

Mrs. Kusum Dadoo, an Independent Director of the Company, was associated with the Company as an Independent Director since 1st April, 2015. She tendered her resignation as an Independent Woman Director of the Company w.e.f. 4th February, 2021 due to personal reasons. Furthermore, the Company also received the confirmation from Mrs. Kusum Dadoo that there are no other material reasons for her resignation except the one stated herein.

IV. SUBSIDIARY COMPANIES

The Company has 3 unlisted subsidiaries as on date, namely, Phillips Carbon Black Cyprus Holdings Limited, Phillips Carbon Black Vietnam Joint Stock Company and PCBL (TN) Limited. PCBL (TN) Limited, a wholly owned subsidiary of the Company for the purpose of setting up of setting up of a Plant in Tamil Nadu for manufacturing and sale of carbon black, power and related products, has been incorporated on 29th September, 2020 and its operations would commence in due course. The Minutes of Meetings of the Board of Directors of the unlisted subsidiary companies are placed before the Meetings of the

Board of Directors of the Company and the review of the financial statements, in particular, the investments made by the unlisted subsidiaries are taken on record and discussed at the Board Meeting of the Company. The Company does not have any material subsidiary. The Company's Policy for determination of a material subsidiary, as approved by the Board, may be accessed on its website at the link: <https://www.pcblltd.com/investor-relation/general-policies>.

V. GENERAL BODY MEETINGS

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

| AGM | Date | Venue | Time | Special Resolution Passed |
|------|-----------------|----------------------------------|------------|---------------------------|
| 59th | 30th July, 2020 | Through video conferencing | 10.30 A.M. | No |
| 58th | 19th July, 2019 | "Dr. R P Goenka Auditorium", IMI | 10.30 A.M | Yes |
| 57th | 27th July, 2018 | "Dr. R P Goenka Auditorium", IMI | 10.00 AM | Yes |

2. Details of Special Resolutions passed last year through Postal Ballot:-

During the year under review, neither any Special Resolution was passed through Postal Ballot last year nor any Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

3. Disclosure 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.

VI. 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, 2021. The Board has approved the policy on materiality of related party transactions and on dealing with related parties including clear threshold limits duly approved by the Board of Directors of the Company and such policy is reviewed by the Board of Directors once in every three years and updated accordingly. The Policy is posted on the Company's website at the following link: <https://www.pcblltd.com/investor-relation/general-policies>.

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

For the financial year ended 31st March, 2021, the Senior Management Personnel of the Company have 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 at the link: <https://www.pcblltd.com/responsibility/policy> for its Directors and Employees to report their concerns about the Company's working or about any violation of its policies. The vigil mechanism provides for adequate safeguards against victimization of Director (s) or Employee (s) or any other person who avail the mechanism and also provide direct access to the Chairperson of the Audit Committee. No personnel have been denied any access to the Audit Committee. Besides, as per the requirement of Clause 6 of Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations as amended, our Company ensures to make employees aware of such Whistle-Blower Policy to report instances of leak of unpublished price sensitive information.

5. Code for Prevention of Insider Trading Practices

In compliance with the SEBI Regulation on Prohibition of Insider Trading, the Company has in place a comprehensive Code of Conduct to Regulate, Monitor and Report Trading by Insiders, 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 Designated Persons of the Company, as defined in the Code, 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 other material events as per the Code. The intimation of the closure of Trading Window, as per the SEBI Regulations on Prohibition of Insider Trading, is given to the Stock Exchanges before the end of every quarter with effect from the 1st day of the month immediately succeeding the end of every quarter till 48 hours after the declaration of financial results of the Company to the Stock Exchanges. The same is intimated to the Designated Persons as well. These afore-mentioned Codes are posted on the website of the Company at the link: <https://www.pcblltd.com/investor-relation/general-policies>. Annual Declarations containing the annual disclosures of holding of securities have been obtained from all the Directors and the Designated Persons of the Company for the financial year ended 31st March, 2021. Besides, a declaration has also been obtained from the Managing Director of the Company ensuring compliance with Regulation 9 Sub regulations 1 and 2 of the SEBI (Prohibition of Insider Trading) Regulations as amended. Annual Declarations containing the annual disclosures of holding of securities have been obtained from all the Directors and the Designated Persons of the Company for the financial year ended 31st March, 2021.

An awareness film on Prohibition of Insider Trading Regulations which has been designed to sensitise the employees of the Company about the recent trends of Insider Trading and its potentially damaging impact on individuals as well as the Company, has been posted on the website of the Company at the following link: <https://www.pcblltd.com/investor-relation/general-policies>.



The film intends to spread awareness about trading in the Company's shares by "Insiders", including directors, employees and other persons connected to the Company while in possession of Unpublished Price Sensitive Information (UPSI).

Mr. Kaushik Mukherjee, Company Secretary & Chief Legal Officer, 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 adopted a Policy on Material Subsidiary in line with the requirements of the Listing Regulations. The objective of this Policy is to lay down criteria for identification and dealing with material subsidiaries. The policy on Material Subsidiary is available on the website of the Company at the following link: <https://www.pcblltd.com/investor-relation/general-policies>.

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

1. Risk Management Policy of the Company with respect to the Commodities and Forex:

Commodities form a major part of the raw materials required for the Company's products portfolio and hence commodity price risk is one of the important market risks for the Company. Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of company's cost of sales. The Company endeavours to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Company's own requirements. Further, a significant portion of Company's volume is sold based on formula driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Company also endeavours to offset the effects of increases in raw material costs through price increases in its non - contract sales, productivity improvement and other cost reduction efforts. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

The Company operates in International markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Company's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Company's foreign currency transactions are in USD while the rest are in Euro, JPY and GBP. The risk is measured through forecast of highly probable foreign

currency cash flows. The Company's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contract and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates. The details of foreign exchange exposures as on 31st March, 2021 are disclosed in Notes to the Standalone Financial Statements.

2. Exposure of the Listed Entity to commodity and commodity risks faced by the entity throughout the year:

The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

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) and the quarterly certificate from Mr. Kaushik Roy, Managing Director and Mr. Raj Kumar Gupta, Chief Financial Officer, in terms of Regulation 33(2A) of the SEBI Listing Regulations for the financial year ended 31st March, 2021 was placed before the Board of Directors of the Company in its Meeting held on 21st April, 2021.

10. Code of Conduct

A 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 Companies Act, 2013, has been adopted by the Board. The Code of Conduct for Board Members and Senior Management Personnel of the Company is posted on the Company's website at the following link: <https://www.pcblltd.com/investor-relation/share-information/code-of-conduct>.

All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis for the financial year ended 31st March, 2021. A declaration to this effect signed by the Managing Director in terms of SEBI Listing Regulations forms a part of this Annual Report.

11. Declaration by Independent Directors under Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations and Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019

During the financial year ended 31st March, 2021, the Company received declarations in terms of the provisions of Section 149(6) of the Act and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI Listing Regulations from the following Independent Directors namely, Mr. K S B Sanyal, Mr. O P Malhotra, Mr. Paras K Chowdhary and Mr. Pradip Roy. Necessary confirmations were also taken from the aforementioned Independent Directors in compliance with Rule 6 Sub Rule 3 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 which has come into force with effect from 1st December, 2019.

12. 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. The Internal Complaints Committee (ICC) is set up for the purpose of providing protection against the sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. The status of complaints is as given below:

| No. of complaints filed during the financial year | No. of complaints disposed of during the financial year | No. of complaints pending as on the end of the financial year |
|---|---|---|
| Nil | Nil | Nil |

13. Dividend Distribution Policy

The Company has formulated a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI Listing Regulations. The policy has been detailed in the Board's Report and is posted on the Company's website at the following link: <https://www.pcblltd.com/investor-relation/general-policies>.

14. Utilization of funds raised through preferential allotment or qualified institutions placement

No funds were raised by the Company through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

15. Certificate from a Company Secretary in practice

The Company has obtained a Certificate from a Company Secretary in practice dated 21st April, 2021 stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other such statutory authority.

16. Acceptance of recommendations of any Committee of the Board

All the recommendations made by any Committee of the Board during the financial year 2020-2021 have been duly accepted and taken on record by the Board of Directors of the Company.

17. Fees paid on a consolidated basis to the statutory auditor

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity in which the statutory auditor is a part for the financial year 2020-21 is ₹ 71,91,741.

18. Directors and Officers Insurance ('D and O Insurance')

The Company has in place D and O Insurance Policy for all its Independent Directors of such quantum and covering all such risks as may be determined by the Board of Directors of the Company.

19. Anti-Bribery Policy

The Company has formulated an Anti-Bribery Policy which explains the Company's individual responsibility to comply with anti-bribery and anti-corruption laws around the world and to ensure that any third parties that the Company engages to act on its behalf, do the same. The policy is posted on the Company's website at the following link: <https://www.pcblltd.com/responsibility/policy>.

21. Secretarial Audit Report

The Company has undertaken Secretarial Audit for the financial year 2020-21 which, inter-alia, includes audit of compliance with the Act, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by SEBI, Secretarial Standards issued by the Institute of Company Secretaries of India and other allied laws. The Secretarial Audit Report forms a part of this Annual Report.

22. Annual Secretarial Compliance Report

The Company has undertaken an Annual Secretarial Compliance Audit for the financial year 2020-21 for all applicable compliances as per SEBI Regulations and Circulars/Guidelines issued thereunder.

Accordingly, the Annual Secretarial Compliance Report for the financial year ended 31st March, 2021 will be submitted to the Stock Exchanges within the prescribed timeline.

23. Delisting of Equity Shares

The Board of Directors of the Company at its Meeting held on 16th October, 2020 approved, inter alia, a proposal for voluntary delisting of the Company's equity shares from Calcutta Stock Exchange ("CSE") only (Scrip Code: 26125) as there has been no trading in the Equity Shares as the Company listed on CSE for several years. CSE does not have nationwide trading terminal. Hence, such listing was serving no useful purpose. Accordingly, the Equity Shares of the Company were delisted from CSE only w.e.f. 11th November, 2020 in response to the application made by the Company with CSE Limited for voluntary delisting of its equity shares pursuant to Regulations 6 and 7 of the SEBI (Delisting of Equity Shares) Regulations, 2009. The Equity Shares of the Company continue to remain listed on both NSE and BSE.

24. Credit Ratings obtained by the Company

During the year under review, the Company had received its credit ratings from CARE and ICRA. The Rating Committee of CARE Ratings Limited, after due consideration, reviewed the Credit Rating for Bank facilities and Commercial Paper (CP) issue aggregating to ₹ 500 crore. CARE Ratings have assigned the Rating of the Long term bank facilities amounting to ₹ 550 crores as CARE AA- (Double A minus; Outlook – Stable) and Long term / short term bank facilities amounting to ₹ 1850 crore as CARE AA-; Stable / CARE A1+ (Double A Minus; Outlook: Stable / A One Plus). Besides, CARE Ratings have assigned the Rating of Commercial Paper amounting to ₹ 500 crore as CARE A1+ (A One Plus). Furthermore, ICRA Limited, after due consideration, revised the Credit Rating of ₹ 400 crore Line of Credit of the Company from [ICRA] AA – (pronounced ICRA double A minus) to [ICRA] AA (pronounced ICRA double A ("Rating")). The outlook on the long-term rating is Stable.



VII. MEANS OF COMMUNICATION

1. The quarterly results of the Company were announced within due time as per the statutory requirements and were sent to the Stock Exchanges. These results were also published in the leading English newspapers, such as Business Standard (All Editions), and in Bengali newspapers in Aajkal (Kolkata).
2. The results are also posted on the Company's website: www.pcblltd.com.
3. Whenever the Company issues any press release, it is immediately sent to the Stock Exchanges as well as posted on the Company's website. The Company also puts forth the key information about the Company and its performance, including quarterly results, official news releases and presentations made to institutional investors or analysts and credit ratings, on its website - www.pcblltd.com regularly for the benefit of its shareholders and the public at large. The intimations are also given to the Stock Exchanges simultaneously.
4. This Annual Report has a detailed chapter on Management Discussion and Analysis.

Place: Kolkata
Date: 21st April, 2021

VIII. GENERAL SHAREHOLDER INFORMATION

Provided in the 'General Shareholder Information' Section of the Annual Report and Accounts

IX. 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 Part E of Schedule II of the SEBI Listing Regulations as follows:

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.

X. CONFIRMATION OF COMPLIANCE

- The Statutory Auditors' Certificate states that the Company has complied with the conditions of Corporate Governance and the same is annexed hereto.

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN 00074796)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

The Members of
Phillips Carbon Black Limited

1. The Corporate Governance Report prepared by Phillips Carbon Black Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, 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, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2021 as required by the Company for annual submission to the Stock exchange .

MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITORS RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations .
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SOC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance

of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

- i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
- ii. Obtained and verified that the composition of the Board of Directors with respect to Executive and Non-Executive Directors has been met throughout the reporting period;
- iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
- iv. Obtained and read the minutes of the following committee meetings/ other meetings held April 1, 2020 to March 31, 2021:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee;
 - (g) Corporate Social Responsibility Committee
- v. Obtained necessary declarations from the directors of the Company.
- vi. Obtained and read the policy adopted by the Company for related party transactions .
- vii. Obtained the schedule of related party transactions during the year and balances at the year - end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
- viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.



OPINION

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

OTHER MATTERS AND RESTRICTION ON USE

10. This report 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.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or in to whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S. R. Batliboi & Co. L LP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Kamal Agarwal**

Partner

Membership Number: 058652

UDIN: 21058652AAAABH5451

Place: Kolkata

Date: 21st April, 2021

GENERAL SHAREHOLDER INFORMATION

- **Annual General Meeting: Date, Time and Venue:** 22nd June, 2021 at 10:30 A.M. The Company is conducting its Annual General Meeting through Video Conferencing (VC) / Other Audio Visual Means (OAVM) pursuant to the MCA and SEBI Circulars as already elaborated in the Notice of the Annual General Meeting of the Company.
- **Financial Year:** 1st April, 2020 to 31st March, 2021
- **Book Closure:** 16th June, 2021 to 22nd June, 2021 (both days inclusive)
- **Interim Dividend Payment Date:** The Board of Directors of the Company at its Meeting held on Wednesday, 20th January, 2021 has declared an Interim Dividend @ 350 %, i.e. ₹ 7 /- per equity share of ₹ 2/- each, for the financial year ended 31st March, 2021 and fixation of Tuesday, 2nd February, 2021 as the Record Date for the purpose of payment of the aforementioned Interim Dividend. The said Interim Dividend was paid on and from 12th February, 2021.

- **Listing on Stock Exchanges and Stock Codes: (*)**

- a) Bombay Stock Exchange Limited - 506590
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001
- b) National Stock Exchange of India Ltd. - PHILIPCARB
Exchange Plaza,
Bandra Kurla Complex
Bandra (E), Mumbai - 400051

*NB:- The Equity Shares of the Company have been delisted from the Calcutta Stock Exchange (CSE) w.e.f 11th November, 2020 in response to the application made by the Company with CSE Ltd., for voluntary delisting of its equity shares from the CSE Ltd. Pursuant to Regulations 6 and 7 of the SEBI (Delisting of Equity Shares) Regulations, 2009.

Listing Fees for all the above Stock Exchanges for FY 2020 - 2021 have been paid.

- **Market Price high, low, close during each month from April, 2020 to March, 2021 (in ₹) (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 |
| April'20 | 88.5 | 88.55 | 62.80 | 62.85 | 79.7 | 79.75 |
| May'20 | 78.7 | 78.75 | 68.20 | 68.35 | 72.35 | 72.20 |
| June'20 | 103.75 | 103.70 | 72.70 | 73.35 | 88.45 | 88.55 |
| July'20 | 118.10 | 119.00 | 87.05 | 87.10 | 96.20 | 96.15 |
| August'20 | 134.80 | 134.80 | 94.50 | 94.65 | 115.75 | 115.75 |
| September'20 | 135.95 | 135.95 | 111.10 | 111.10 | 131.75 | 131.55 |
| October'20 | 155.00 | 154.90 | 124.35 | 124.55 | 141.25 | 141.30 |
| November'20 | 173.70 | 173.60 | 137.05 | 136.90 | 166.85 | 166.85 |
| December'20 | 178.35 | 178.15 | 143.25 | 143.20 | 174.10 | 174.00 |
| January'21 | 209.40 | 209.15 | 169.20 | 169.35 | 191.00 | 190.95 |
| February'21 | 212.50 | 212.40 | 183.05 | 183.05 | 196.85 | 196.80 |
| March'21 | 217.70 | 217.65 | 175.00 | 176.00 | 190.80 | 191.00 |

Monthly Comparison Chart of the Share Prices (in ₹) with the NSE Nifty and BSE SENSEX along with the No. of Shares traded during the period April, 2020 to March, 2021:-

| Month | Nifty / Sensex (Close) | | Share Price (Close) (₹) | | No. of Shares Traded | |
|--------------|------------------------|----------|-------------------------|--------|----------------------|---------|
| | NSE | BSE | NSE | BSE | NSE | BSE |
| April'20 | 9859.9 | 33717.62 | 79.7 | 79.75 | 10115708 | 1283868 |
| May'20 | 9580.3 | 32424.1 | 72.35 | 72.2 | 7309722 | 736149 |
| June'20 | 10302.1 | 34915.8 | 88.45 | 88.55 | 38987935 | 4642245 |
| July'20 | 11073.45 | 37606.89 | 96.20 | 96.15 | 60319249 | 5574432 |
| August'20 | 11387.5 | 38628.29 | 115.75 | 115.75 | 50423844 | 4152802 |
| September'20 | 11247.55 | 38067.93 | 131.75 | 131.55 | 29345119 | 2105455 |
| October'20 | 11642.4 | 39614.07 | 141.25 | 141.3 | 32850461 | 2279560 |
| November'20 | 12968.95 | 44149.72 | 166.85 | 166.85 | 26851232 | 2544418 |
| December'20 | 13981.75 | 47751.33 | 174.10 | 174 | 26834637 | 3154907 |
| January'21 | 13634.6 | 46285.77 | 191.00 | 190.95 | 44405793 | 5586886 |
| February'21 | 14529.15 | 49099.99 | 196.85 | 196.8 | 42675563 | 4478581 |
| March'21 | 14690.70 | 49509.15 | 190.80 | 191.00 | 31067935 | 2967415 |



- **Registrar and Share Transfer Agent:**

Link Intime India Pvt. Ltd.
Vaishno Chamber, 5th Floor,
Room No: 502 & 503
6, Brabourne Road, Kolkata – 700001
Telephone No: (033) 4004 9728, Fax No: (033) 4073 1698
Website: www.linkintime.co.in
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.

As per the requirement of Regulation 40(9) of the SEBI Listing Regulations, the Company has obtained the half yearly certificates from the Company Secretary in practice for due compliance of the share transfer formalities, which, is then submitted to the Stock Exchanges within a period of 30 days from the end of each half-year.

- **Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

The Company Secretary in practice conducts the Audit every quarter and issues us the Report which, is then submitted to the Stock Exchanges within a period of 30 days from the end of each quarter.

- **Compliance Certificate certifying Compliance under Regulation 7(2) of the SEBI Listing Regulations**

Pursuant to Regulation 7(3) of the SEBI Listing Regulations, the Company obtains a Compliance Certificate duly signed by both the Compliance Officer of the Company and the Authorised representative of the Registrar and Share Transfer Agent, namely Link Intime India Pvt. Ltd confirming that all the activities in relation to the share transfer facility are maintained by the Company's Registrar and Share Transfer Agent, which is a SEBI approved category-1 Registrar having Registration Number: INRO00004058.

As per the requirement of Regulation 7(3) of the SEBI Listing Regulations, the Company has obtained the half yearly certificates signed by both the Compliance Officer and its Registrar and Share Transfer Agent for due compliance of the provisions of this Regulation, which, is then submitted to the Stock Exchanges within a period of 30 days from the end of each half-year.

- **Intimation of loss of share certificates pursuant to Regulation 39(3) of the SEBI Listing Regulations**

Pursuant to Regulation 39(3) of the SEBI Listing Regulations, the Company intimates the loss of share certificates to the Stock Exchanges, as and when received, within a period of 2 days from the date of receipt of such intimation.

- **Statement on Investors' Complaints pursuant to Regulation 13(3) of the SEBI Listing Regulations**

Pursuant to Regulation 13(3) of the SEBI Listing Regulations, the Company obtains a Statement on Investors' Complaints on a quarterly basis from its Registrar and Share Transfer Agent, which, is then submitted to the Stock Exchanges within a period of 21 days from the end of each quarter.

- **Certificate in the matter of Regulation 74(5) of the SEBI (Depositories and Participants) Regulations, 2018**

Pursuant to Regulation 74(5) of the SEBI (Depositories and Participants) Regulations, 2018, the Company obtains a Certificate in compliance to the captioned subject on a monthly basis from its Registrar and Share Transfer Agent, stating that the securities received from the depository participants for dematerialisation during the month, were confirmed to the depositories by the Registrar and the securities comprised in the said certificates have been listed on the Stock Exchanges where the earlier issued securities were listed. This certificate, so obtained by the Company, is then submitted to the Stock Exchanges within the stipulated time period from the end of every month.

- **Dematerialization**

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 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.

- **Policy on Preservation and Utilisation of Stationery**

Pursuant to the requirement of SEBI Circular No. – SEBI/HO/MIRSD/DOP1/CIR/P2018/73 dated 20th April, 2018 relating to strengthening of guidelines and raising industry standards for RTA, Issuer Companies and Banker to an Issue, the Registrar and the Share Transfer Agent (RTA) of the Company has in place a written policy on the preservation and utilisation of stationery and both the Company and its RTA ensure strict control on the stationery including blank certificates and warrants and also ensure periodical check by physical verification.

Distribution of Shareholding as on 31st March, 2021:-

| Shareholding Pattern – Size of Holdings | No. of Shares | Percentage (%) to share capital | No. of Shareholders | Percentage (%) to Total holders |
|---|------------------|---------------------------------|---------------------|---------------------------------|
| 1 - 500 | 11727372 | 6.8049 | 101725 | 87.4625 |
| 501 - 1000 | 5728672 | 3.3241 | 7161 | 6.157 |
| 1001 - 2000 | 5633499 | 3.2689 | 3739 | 3.2148 |
| 2001 - 3000 | 3697630 | 2.1456 | 1461 | 1.2562 |
| 3001 - 4000 | 2081574 | 1.2078 | 580 | 0.4987 |
| 4001 - 5000 | 2359407 | 1.3691 | 498 | 0.4282 |
| 5001 - 10000 | 4619978 | 2.6808 | 638 | 0.5485 |
| 10001 & above | 136489728 | 79.1989 | 505 | 0.4342 |
| Total | 172337860 | 100 | 116307 | 100 |

- Shareholding Pattern as on 31st March, 2021:-**

| Nature of holdings | No. of Shares | % of Holdings |
|-----------------------------|------------------|---------------|
| Non Resident Indians | 1958114 | 1.136 |
| Institutional Investors | 20360664 | 11.814 |
| Promoters | 92307785 | 53.562 |
| Bodies Corporate | 10328309 | 5.993 |
| Resident Individuals | 47159988 | 27.365 |
| Alternative Investment Fund | 223000 | 0.139 |
| Total | 172337860 | 100 |

- Dematerialisation of shares:**

| Nature of holdings | Shares | % |
|--------------------|------------------|------------|
| NSDL | 150034725 | 87.06 |
| CDSL | 20485299 | 11.89 |
| Physical | 1817836 | 1.05 |
| Total | 172337860 | 100 |

- ISIN NO.** INE602A01023
- 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 in West Bengal, Kochi in Kerala, Palej and Mundra in Gujarat. The detailed addresses of the Company's plants have also been given separately in the Annual Report.

- Address for correspondence:**

- Registrar and Share Transfer Agent:**

(For share and dividend related queries)
Link Intime India Pvt. Ltd.
Vaishno Chamber, 5th Floor,
Room No: 502 & 503
6, Brabourne Road, Kolkata – 700001
Telephone No: (033) 4004 9728, Fax No: (033) 4073 1698
Website: www.linkintime.co.in
E -Mail: kolkata@linkintime.co.in

- Company**

(For any other matter and unresolved complaints)
Mr. Kaushik Mukherjee
Company Secretary
Phillips Carbon Black Limited
Registered Office: 31, Netaji Subhas Road
Kolkata – 700 001
Phone No. : (033) 6625 1461-1464
Fax : (033) 2230-6844/ 2243-6681

Corporate Office: RPSG Gouse,
2/4 Judges Court Road, 4th Floor,
Kolkata – 700027
Phone No.: (033) 4087 0500 / 0600
E – Mail : kaushik.mukherjee@rpsg.in

For and on behalf of the Board

Dr. Sanjiv Goenka
Chairman
(DIN 00074796)

Place: Kolkata
Date: 21st April, 2021



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, 2021 in terms of the SEBI Listing Regulations.

Place: Kolkata

Date: 21st April, 2021

Kaushik Roy

Managing Director

(DIN: 06513489)

CERTIFICATE OF DISQUALIFICATION / NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V, Para C, Clause 10(i) of the
Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members of
Phillips Carbon Black Limited
31, Netaji Subhas Road,
Kolkata – 700 001

- This certificate is issued in accordance with the terms of our engagement letter dated 12th April, 2021.
- We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Phillips Carbon Black Limited having CIN: L23109WB1960PLC024602 and having its Registered Office at 31, Netaji Subhas Road, Kolkata – 700 001 [hereinafter referred to as 'the Company'], produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para - C, sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In our opinion and to the best of our information and according to the verifications (including status of Directors Identification Number(s) [DIN] at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|------------------------------|----------|--------------------------------|
| 1. | DR. SANJIV GOENKA | 00074796 | 30/10/1986 |
| 2. | MRS. PREETI GOENKA | 05199069 | 27/07/2018 |
| 3. | MR. KAUSHIK ROY | 06513489 | 05/02/2013 |
| 4. | MR. SHASHWAT GOENKA | 03486121 | 01/09/2014 |
| 5. | MR. KANWAR SATYABRATA SANYAL | 00009497 | 23/02/1995 |
| 6. | MR. OM PARKASH MALHOTRA | 00009086 | 21/12/1989 |
| 7. | MR. PARAS KUMAR CHOWDHARY | 00076807 | 24/12/1999 |
| 8. | MR. PRADIP ROY | 00026457 | 31/01/2011 |

- Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.
- This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **D. DUTT & CO..**
Company Secretaries
UNIQUE CODE NUMBER: I2001WB209400

(DEBABRATA DUTT)
Proprietor
FCS-5401
C.P. No. 3824

Place: Kolkata
Date: 21st April, 2021

UDIN No.: F005401C000152702

(Annexure 'F' to the Board's Report)

BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations]

INTRODUCTION:

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2021, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (referred to as the "SEBI Listing Regulations"). The Company has earlier also published a Comprehensive Sustainability Report.

The Business Responsibility disclosures in this Report illustrate the Company's efforts towards creating enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary

Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs. This report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in National Voluntary Guidelines. The details on these various aspects discussed in this Report are available in the Company's Sustainability Report. The Board of Directors have approved the Sustainability Policy of the Company, and the Sustainability Report is available on the Company's website at <https://www.pcblltd.com/responsibility/policy>. The Company is presently in the process of publishing Sustainability Report 2021 in accordance with globally renowned Global Reporting Initiative (GRI) framework.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | |
|---|--|
| 1. Corporate Identity Number | L23109WB1960PLC024602 |
| 2. Name of the Company | Phillips Carbon Black Limited |
| 3. Registered Office Address | 31, N. S. Road, Kolkata - 700001 |
| 4. Corporate Office Address | RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata - 700027 |
| 5. Website | www.pcblltd.com |
| 6. Email | pcb@rpsg.in |
| 7. Financial year reported | 2020- 2021 |
| 8. Sectors engaged in | NIC Code - 1920 - Manufacturing of Carbon Black |
| 9. Key products/services the Company manufactures | Manufacturing of Carbon Black and Power Generation |
| 10. Locations where business activities are undertaken by the Company | The Company's businesses and operations are spread across the country. The Company's plants are located at Durgapur in West Bengal, Kochi in Kerala, Palej and Mundra in Gujarat. The detailed addresses of the Company's plants have also been given separately in the Annual Report. |
| 11. Markets served by the Company | All over India and 45+ international markets |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | |
|---|--|
| 1. Paid-up Capital (₹ in crores) | 34.47 |
| 2. Total Income (₹ in crores) | ₹ 2659.52 (Standalone Basis) |
| 3. Total Profit after Tax (₹ in crores) | ₹ 312.27 (Standalone Basis) |
| 4. Total Spending on Corporate Social Responsibility (CSR) as % of profit after tax | This is detailed in 'Annexure - C' to the Board's Report, which forms a part of this Annual Report |
| 5. List of activities in which CSR expenditures have been incurred | The list of CSR activities are detailed in 'Annexure - C' to the Board' Report, which forms a part of this Annual Report |

SECTION C: OTHER DETAILS

| | |
|--|---|
| 1. Details on subsidiary companies | The Company has 3 subsidiaries as on 31st March 2021, namely:- 1. Phillips Carbon Black Cyprus Holdings Limited, 2. Phillips Carbon Black Vietnam Joint Stock Company 3. PCBL (TN) Limited w.e.f. 29th September , 2020 |
| 2. Participation of subsidiary companies in the Business Responsibility (BR) initiatives of the parent Company | The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. It also addresses key BR issues like Quality and Customer value, Corruption and Bribery, Health & Safety, Environment, Human Rights and Employee well-being. |
| 3. Participation of other entities (suppliers, contractors, etc.) in the BR initiatives of the Company | Suppliers and distributors are independent businesses that are not within the circle of influence of PCBL, but function as independent entities. Our suppliers and distributors are not involved in our BR initiatives. |

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

| | |
|--|--|
| 1. Details of Director/Directors responsible for BR | The Business Responsibility (BR) functions are inter alia, monitored by the CSR Committee of the Board of Directors of the Company, formed in terms of Section 135 of the Companies Act, 2013, as amended |
| (a) Details of Director/Directors responsible for the implementation of the BR policy/policies | <p>The CSR Committee of the Board of Directors, functions under the Chairmanship of Mr. Kaushik Roy, Managing Director of the Company. The CSR Committee also comprises Mr. Shashwat Goenka, a Non-Executive Director and Mr. K S B Sanyal, a Non-Executive Independent Director, as Members.</p> <p>The details of the Directors responsible for the implementation of the BR policies are as follows:</p> <p>DIN : 06513489 Name : Kaushik Roy, Designation : Managing Director</p> <p>DIN : 03486121 Name : Shashwat Goenka Designation : Non-Executive Director</p> <p>DIN : 00009497 Name : K S B Sanyal Designation : Non-Executive Independent Director</p> |
| (b) Details of the BR Head | <p>Mr. Kaushik Roy, Managing Director and a Member of the CSR Committee of the Board of Directors of the Company, has the overall responsibility for the BR activities and his details are as follows:-</p> <p>DIN : 06513489 Name : Kaushik Roy Designation : Managing Director Telephone No. : 033- 4087 0500/0600 Email ID : pcbl.investor@rpsg.in</p> |

2. PRINCIPLE-WISE BR POLICIES-AS PER NATIONAL VOLUNTARY GUIDELINES

Although the Company's business strategy evolves with industry realities and a changing marketplace, sustainability remains integral to the Company's foundational values, defining not only what the Company does, but also how the Company does it. The seeds of being environmentally and socially responsible are sowed deep into the Company's foundation and culture and all the activities of the Company are performed with the aim to contribute to the business sustainability, with every passing day, while creating value for the stakeholders.

The National Voluntary Guidelines provide the following nine principles as encapsulated herein below:-

| | | |
|---|--|--|
| PRINCIPLE 1 | PRINCIPLE 2 | PRINCIPLE 3 |
| Corporate Governance for Ethics, Transparency and Accountability [P1] | Sustainability of Products & Services across Life-cycle [P2] | Employee Well-being [P3] |
| PRINCIPLE 4 | PRINCIPLE 5 | PRINCIPLE 6 |
| Stakeholder Engagement [P4] | Human Rights [P5] | Protection and Restoration of the Environment [P6] |
| PRINCIPLE 7 | PRINCIPLE 8 | PRINCIPLE 9 |
| Regulatory Policy [P7] | Supporting Inclusive Growth and Equitable Development [P8] | Providing Value to Customers and Consumers [P9] |



(a) Details of compliance [Reply in Y/N]

| Sl. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|--|---|----|----|----|----|----|----|----|----|
| 1. | Do you have policy/policies for.....? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy/policies been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy/policies conform to any national/international standards? If yes, specify? | The policies of the Company generally conform to the Principles of the National Voluntary Guidelines (NVGs) on Social, Environment and Economic Responsibilities of Business, issued by the Ministry of Corporate Affairs (MCA), Government of India in July, 2011. | | | | | | | | |
| 4. | Has the policy/policies been approved by the Board? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5. | Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy/policies to be viewed online. | The policies are uploaded on the website of the Company at www.pcblltd.com under the segment 'Investor Relations' and "Sustainability". | | | | | | | | |
| 7. | Has the policy/policies been formally communicated to all the relevant internal and external stakeholders? | Yes, the policies have been communicated to all the key internal and external stakeholders. Communication is an ongoing process and it is intended to cover both the internal and external stakeholders. Besides, the web link of all our policies are also depicted in the Board's Report and the Corporate Governance Report, which forms a part of the Annual Report, and the same stands communicated to the stakeholders accordingly. | | | | | | | | |
| 8. | Does the Company have an in-house structure to implement the policy/policies? | The Company has established in-house structures to implement these policies. | | | | | | | | |
| 9. | Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy/policies? | Yes, the Company has a Stakeholders' Relationship Committee of the Board of Directors to look into the various aspects of interests of the shareholders and other security holders of the Company. Further, the Company also has a Whistle Blower Policy / Vigil Mechanism to enable the Directors and Employees of the Company to address their genuine concerns about any instance of irregularity, unethical practice and/or misconduct, etc., if any, to the Chairperson of the Audit Committee. Our Company also ensures to make the employees aware of such Whistle Blower Policy so as to enable them to report instances of leak of unpublished price sensitive information. An Investor grievance mechanism is in place to respond to investor grievances. The Customer Complaints mechanism records the grievances of customers on product and service quality and other issues of interest to them. The supplier, vendor, dealer and channel partner forums and ongoing communication captures their concerns and grievances. The continual community engagement, needs assessments, impact assessments serve as means for communities to represent their concerns and grievances. | | | | | | | | |
| 10. | Has the Company carried out an independent audit/evaluation of the working of the policy/policies by an internal or external agency? | The evaluation of the CSR activities, undertaken by the Company in accordance with the CSR policy formulated in this regard, is done by the respective CSR Committee of the Board of Directors of the Company set up in terms of the Companies Act, 2013. | | | | | | | | |

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

BUSINESS RESPONSIBILITY POLICIES AND GUIDELINES

A part of the RP-Sanjiv Goenka Group, one of India's fastest growing conglomerates with a significant global presence. The Group's interest spans eight sectors – Power, Carbon Black, IT-Enabled Services, Consumer and Retail, Media and Entertainment, Sports, Education and Infrastructure and Plantations. The Group has assets worth ₹ 48,500+ crore, consolidated revenue of ₹ 26,400+ crore, an employee strength of 50,000+ and 5,00,000+ shareholders Phillips Carbon, over the decades, has emerged as one of the most acclaimed carbon black brands, on the strength of global repute, product customization, quality excellence and timely delivery. Our Company's business practices reflect our ethical conduct, transparency and customer commitment that have earned us the trust and confidence of the stakeholders. Our Company has aligned its policies and guidelines with the principles depicted under the Business Responsibility framework. The context of the BR principles is also captured in the Sustainability Policy, the Sustainability Report and the Code of Conduct adopted by the Company, implementation of which is ensured through the well established systems and processes existing all across the organization.

3. GOVERNANCE RELATED TO BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

CSR Committee reviews and assesses the various aspects of BR performance of the Company. The frequency of CSR Committee meetings for BR Review is 3-6 months. Please refer to "Corporate Governance" section of the Company's Annual Report for various Board Committees and their roles and responsibilities.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has earlier published Sustainability Review in the year 2018 and presently in the process of publishing Sustainability Reports in accordance with globally renowned Global Reporting Initiative (GRI) framework. These reports also serve as the Company's Communication and have been aligned with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, released by Ministry of Corporate Governance.

PRINCIPLE 1

Corporate Governance for Ethics, Transparency and Accountability

The Company believes that economic value cannot be sustained unless it is created on a foundation of ethics and responsibility. Good governance is at the very core of how we operate our business and we strongly believe in implementing good corporate governance across the entire organization. Our aim is to ensure the highest standards of ethical and responsible conduct.

Our robust corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with the changing times. It has a strong legacy of fair, transparent and ethical governance practices. Our governance framework is structured primarily on an effective and Independent Board of Directors and the constitution of the committees of the Board of Directors, as required under applicable laws. Our idea of good governance is ensuring the highest levels of transparency, accountability, awareness and equity in all aspects of operations. The Company has a 'Code of Conduct for Board Members and Senior Management Personnel' in place to serve as a source of guiding principle for all Directors and Senior Management Officers of our Company. Our management provides the Board of Directors with detailed reports on a timely basis for increased transparency and improved monitoring of functions. Professionalism is a value inculcated in all our employees, and the executives tasked with certain responsibilities have the necessary authority delegated to them and are also held accountable for their actions and responsibilities.

A Board-approved policy on 'Ethics and Code of Conduct' serves as a source of guiding principle for Phillips Carbon Black Limited's (PCBL's) corporate governance philosophy, which is anchored in the RP-Sanjiv Goenka Group Core Values of '**Customer Happiness**' – Keep customer at the core of every action, '**Execution Excellence**' – Strive to be the best in everything we do, '**Credibility**' – Instill trust, confidence and accountability with our actions, '**Agility**' – Move ahead of time quickly, '**Risk -Taking**' – Dare to go beyond, '**Humaneness**' – Be fair, respectful, transparent and sensitive. PCBL employees are bound by the 'Ethics and Code of Conduct' policy for conducting their day-to-day work affairs, participating in activities outside their jobs in a lawful manner and without any conflict with their responsibilities as employees. The policy is also intended for ensuring fair dealings with customers, suppliers, contractors and other stakeholders to our business.

In order to ensure we are compliant with statutory regulations, we have both internal and external auditors in place. Further, we have forayed into a digital journey with the adoption of automation in certain processes. As a part of Corporate Governance Structure and the Code of Conduct, the Company has placed necessary safeguards to avoid any conflict of interest. The management is required to confirm that they have not entered into any material transaction that could have potential conflict of interest to its business.

Strategic Supervision of the Business Responsibility Practices and Disposal of Stakeholders Grievances

The Company has set up an investor grievance mechanism to respond to investor grievance in a timely and appropriate manner. The investor grievances are also reviewed at the Board Level by the Stakeholders Relationship Committee of the Board of Directors of the Company. The committee looks into the various aspects of interests of the shareholders and other security holders of the

Company. The Company received complaints, from time to time, from its shareholders and all of those were satisfactorily resolved by the Company. The details relating to the number of shareholders' complaints received and resolved during the year have been separately shown in the 'Corporate Governance Report', which forms a part of the Annual Report 2020 - 2021.

The CSR Committee of the Board of Directors of the Company monitors the implementation of the CSR projects or programmes undertaken by the Company. The role of this Committee is to formulate and recommend to the Board, a CSR Policy, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Company from time to time. Besides, the CSR Committee is also bestowed with the responsibility of reviewing, monitoring and providing a strategic direction to the Company's sustainability practices and integrating its social, environmental and economic responsibilities. During the year, the CSR Committee of the Board of Directors of the Company met twice to review the implementation of the CSR activities and the sustainability performance of the Company.

In addition to the above, the Company also has in place a Whistle Blower Policy / Vigil Mechanism to enable the Directors and Employees of the Company to report their concerns about the Company's working or about any violation of its policies. The Company also enables employees to report instances of leak of unpublished price sensitive information by virtue of its Whistle Blower Policy. No stakeholder complaints have been received in the past financial year under the Whistle Blower Mechanism/ Vigil Mechanism.

In keeping with the SEBI Regulation on Prohibition of Insider Trading, the Company also has in place a Insider Trading Prohibition Code to Code of Conduct to Regulate, Monitor and Report Trading in Securities of the Company. We implemented a comprehensive code of conduct for our Directors, senior management officers and designated person. The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made while dealing with the shares of our Company. We have also rolled out a campaign on Prohibition of insider trading to strengthen awareness on the subject.

Furthermore, protecting all the women employees in the Company, the Company also has an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All these policies have been detailed in the 'Corporate Governance Report', which forms a part of the Annual Report 2020 - 2021. No complaints have been received in the past financial year under the purview of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

PRINCIPLE 2

Sustainability of Products & Services across Life-cycle

The Company is inspired by the transforming business landscape and has also emerged as one of the forerunners in leading this change. The Company produces Carbon Black that serves a wide range of rubber and non-rubber related applications. The Company understands that customers increasingly prefer responsible businesses and with a view to cater to the same, the Company has integrated responsibility and sustainability into both its purpose and products. The Company operates state-of-the-art integrated manufacturing plants across India as well as NABL accredited laboratories for Research and Development and Quality Control.



Innovation for a changing world has multiple facets in the context of our Company's business. Accordingly, the Company's overall innovation approach encompasses manufacturing processes, product features and customers with the aim of imparting sustainable value creation for its products and services across its life-cycle.

Sustainability is the heart of our Company's long-term approach to value creation, safeguarding our license to operate. It outlines the factors that help us set benchmarks with responsible production practices. It articulates our efforts to develop new products and innovate new processes. Eventually, our Company enables us to create a safe and exciting work environment for our employees.

Maximizing Resource Efficiency - Some of these elements are discussed briefly:

Manufacturing Excellence

1. Manufacturing best practices and how we are broad basing the knowhow across all plants

Manufacturing Excellence being the core value of our journey to inculcate the best industry practices is contributing by functional support by integrating the internal stakeholders, developing capability and driving process excellence. Following the global manufacturing excellence practices at PCBL, Total Quality Management (TQM) Frame work has been developed for deployment of various manufacturing excellence tools & techniques. The initial stage is development of capability among the PCBLites by imparting training on methodologies and lean manufacturing tools like- DMAIC Methodology, Lean Fundamentals, Kaizen, Root Cause Analysis Daily Management Teams, Overall Equipment Effectiveness (OEE) and 5S Methodology. Each unit has taken a foot forward on the implementation of the manufacturing excellence concepts and they meet on a common platform to discuss and review the initiatives that helps to share the knowledge gain among employee's cross-functionally and plan for horizontal deployment.

Capability Development: We strongly believe in learning & development as a core value thus, to develop the team to understand and follow the principles of TQM we impart training on key areas like value stream mapping, lean manufacturing, 5-S Methodology, Root Cause Analysis, Advance Excel, Autonomous Maintenance to empower the employees to take initiatives to improve and achieve manufacturing excellence.

Ideation: It becomes critical for an organization's continuous improvement journey to identify and solve the problems both inherent & constantly occasional. The process of idea generation helps us to capture such problems in operation. The team then categorizes and prioritizes these ideas after feasibility check using a selection matrix by developing a Project Hopper (repository). The project hopper also helps to monitor the Project Index i.e. employee engagement in ME Activities basis a metric system.

Focused Improvement Projects (FIPs): These are short-duration projects to identify and solve a specific problem using the DMAIC-Methodology. Currently, 12 FIP projects are running in all four units of PCBL. The aim is first to resolve the quick-wins and then brainstorm for root-cause and develop solutions to solve the chronic issues. The KPI for each project

is monitored for achieving the target and sustenance of the project KPI.

Daily Management Teams (DMT): The entire plant is divided into 4 areas (RM & Stores, Reactor, Warehouse, CPP). Each area is a small group comprising of cross-functional team members. The teams meet on daily basis to discuss continuous improvement of standard parameters. A few activities performed by each DMT is- safety talk, KPI tracking & discussion of variation, abnormality round on shopfloor & discussion, cleaning of one equipment in the zone (5S), one SOP talk & discussion, and discussion on previously identified key problems.

5S-Activities: A self-sustaining approach to keep the workplace clean and organized to improve productivity, quality & safety. Methodological Implementation of 5S (up to 3S level) in all plants undertaken by developing an SOP that defines the objective of 5S and introduces roles & responsibilities of members in the progressive drive of 5S in seven departments (categorized as zones and sub-zones). 5S Auditor training is conducted to empower and facilitate 5S Audits are conducted at a defined frequency for continuous monitoring.

KAIZEN: Kaizen is a Japanese methodology literally meaning "continual improvement" or "change for good." The improvement ideas are captured as KICS (Kaizen Idea Capture Sheet) which undergoes validation and approval before implementation. After, approval Kaizen is implemented by the formation of a team comprising 4-5 members.

Root Cause Analysis (RCA): RCA as a tool is used to identify the root cause of chronic problems and failures for solving the causes permanently and avoid repetition. RCAs are conducted based on equipment failure, safety & environment incident, productivity loss, quality, and customer complaints. RCA is carried out using the 8D Methodology using cause & effect diagram and why-why analysis; specifically for incidents, Men Technology Optimization (MTO) analysis is conducted. The CAPA of the root cause analysis helps to monitor and implement the corrective actions and find preventive measures. RCA sharing via OPL (one point lesson) is implemented for the horizontal deployment of actions proposed by RCA Team and knowledge sharing.

Overall Plant Effectiveness (OPE): OPE has been implemented recently as a new initiative for monitoring the overall effectiveness of the plant. OPE helps to produce the desired product quantity with maximum plant availability. The standard formula to calculate OPE is (Availability×Performance×Quality).

Rewards & Recognition: The best team and individual efforts to showcase continuous improvement are duly recognized in PCBL. We have developed an R&R Policy to capture, evaluate and recognize the hard work of employees by categorizing and recognizing via Monthly Award in distinguished categories like- Idea Hamster, Kaizen Champion, OPL Master, Fuguai Eliminator, 5S Team, Safety Star, 5S Auditor.

- Facilitation of safety culture through DMT's by reporting Learning Events (LE), Unsafe Act (UA), Unsafe Condition (UC) & Near Miss (NM).
- Implementation of WCM tools & concepts like Autonomous Maintenance, OPL, RCA, FIP to enhance process improvement.

2. Technological advancements for enhancing efficiency:

- Mundra APH box designs have been modified for all six APHs to get better APH temperatures and improving Reactor efficiency.
- Durgapur Rx 1 and Rx 2 new design combustor installed. Reactor efficiency and yield improved.
- Durgapur off gas line from Booster fan discharge to Line 1 dryer combustor has been re designed, enhancing the off-gas flow to dryer thereby improving drying efficiency.
- High-capacity conveying fan installed in Durgapur plant to improve conveying capacity and efficiency.
- Durgapur Plant Line 2 and Line 3 new pelletizers have been installed to get better pellet quality & load-ability.
- Indication of real time yield based on oil to oxygen ratio provided in DCS which help to operators to understand the variation in yield and to adjust the parameters to improve the same.
- In house designed additive burner-design modified to get a life of more than 3 months in Kochi Plant.

3. Improvement in yield due to technological interventions

- Mundra Choke design modified to get better yield & productivity.
- Durgapur Reactor flame temp maximization to get better yield(all hard black reactors).
- Kochi R1 and R3 converted to new design reactors - 0.5 to 1% yield improvement observed .

4. Various efficiency and productivity enhancing indicatives:

- One new specialty line 2S commissioned in Palej, existing MCF line was recommissioned as 1S, with new downstream. Hence productivity of the plant increased.

5. Current capacity Utilization rate:

- Kochi Unit, Line 1 capacity utilization & Line 2 capacity utilization reached optimum level mainly due to reduced rating in N550 and also due to life of refractory.

6. We have been able to decrease energy consumption per unit of production:

- At Mundra, Durgapur Plant, replacement of Sodium Vapor Bulbs with LEDs in the plant premises has led to substantial reduction on lighting load.
- Heat recovery by different in line Heat Exchangers (APH, WHB & OPH)
- Replacement of I-2 Motors (Used in Compressor, Pin Mixer etc.) with I – 3 Motors, which resulted 90 % energy efficient against 80 %.
- Change in OPH design for Heat recovery system improvement by increasing Oil temp. for more heat recovery.
- Heat recovery by different in line Heat Exchangers, i.e., APH, WHB, OPH, Venturi Cooler.

7) Quality management standards being followed by Company and steps taken up to improve the quality of output:

PCBL is following various Quality Management Standards in line with International Guidelines in order to address & fulfil the quality of outputs, which are as stated below:

- 1) Successful completion of our transformation journey from OHSAS 18001:2007 (2nd edition) certification to it's corresponding International Standard, ISO 45001:2018 (1st Edition) certification for PCBL-Kochi, PCBL-Mundra, PCBL-Palej & PCBL – Durgapur.
- 2) 'WASH' (Work Place Assessment For Safety & Hygiene) certification activities, linked with COVID-19 preparedness, of PCBL-Kochi, PCBL-Mundra, PCBL-Durgapur and PCBL-Palej facilities has been successfully completed. This certification is an additional part of ISO 45001:2018's activities.
- 3) National Accreditation Board for Test & calibration Laboratories (NABL) has approved the continuation of the existing Accreditation w.r.t. ISO / IEC 17025:2017 for PCBL-Kochi's Laboratory.
- 4) National Accreditation Board for Test & Calibration Laboratories (NABL) has approved the continuation of the existing Accreditation w.r.t. ISO / IEC 17025:2017 for PCBL-Palej's Laboratory.
- 5) Laboratory Proficiency Rating System (LPRS) of Kochi, Palej, Mundra & Durgapur Laboratories are found to be satisfactory.
- 6) PCBL-Durgapur has successfully re-certified w.r.t. ISO 14001:2015 certification & continuation of their existing certification w.r.t. ISO 9001:2015 & IATF 16949:2016.
- 7) PCBL-Kochi has successfully certified for the continuation of their existing certification w.r.t. ISO 9001:2015, IATF 16949:2016 & ISO 14001:2015.
- 8) PCBL-Mundra has successfully certified for the continuation of their existing certification w.r.t. ISO 9001:2015, IATF 16949:2016 & ISO 14001:2015.
- 9) PCBL-Palej has successfully certified for the continuation of their existing certification w.r.t. ISO 9001:2015, IATF 16949:2016 & ISO 14001:2015.

Sustainable Products**1. Top three of the Company's products or services whose designs have incorporated social or environmental concerns, risks and/or opportunities and for each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product:**

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain
- (b) Reduction during usage by consumers (energy, water, etc.) achieved since the previous year

In support of Toluene & Ketone (NTNK) free solvent base ink for Gravure printing – We have recently introduced few grades by following future trends & current environmental laws applicable for ink segment. Our new grades compliance



with REACH and other European norms like EN 71-3(Toy Norms), ROHS, SVHC & content low PAH substances in support to food safe packaging. These grades also help in preparation of lithographic Ink with low water uptake property which reduces usage of water during offset printing. These new grades are easily dispersed during production without multi pass processing and save energy cost.

Role of Carbon Black in Drip Irrigation: Our Company developed this product by focusing drip Irrigation segment by obeying green norms. Carbon black improves the long-term performance of drip irrigation systems. It resists UV rays and prevent degradation. It gives superior dispersion to avoid microscopic defects of the pipe walls. This will also help to increase the life of the product and reduce the energy, cost of manufacturing and wastage of water.

Carbon Black for Fertilizer—Our Company developed this product for colouring the fertilizer. This is a new application of Carbon Black which we identified. Since this product will be ultimately used for crop application, this product complies with European food contact regulation EC 10/2011, which ensure certain degree of purity in the carbon black. Two leading fertilizer producers in India already approved this product and product is under industrial trial.

Responsible and Sustainable Sourcing

The Company's upstream and downstream partners in the supply chain are critical to ensure the quality, continuity, efficiency and risk mitigation. Producing 60+ grades of carbon black including 34 specialty grades, feedstock sourcing is very critical to sustaining our business. The Company's manufacturing facilities are located near the ports and this facilitates switching over to alternative feedstock according to production requirements without interruptions. This strategy also reduces the freight cost and minimizes uncertainty. Besides, this also leads to lower diesel consumption, which in turn, reduces air pollution and helps conserve natural resources.

Another key to the Company's value chain are the petroleum refiners and blenders. The Company's primary raw material is heavy residue from the Fluid Catalytic Cracking (FCC) units of refineries or residue from the naphtha cracker units of petrochemical plants. Blenders play a major role in collecting these residues from the refineries and blending it to match the Company's specific quality requirements, thereby rationalizing logistical expenses. The Company primarily uses good quality Carbon Black Feedstock (CBFS) such as FCC bottom oil, Ethylene bottom oil and Anthracene oil for developing various grades of rubber blacks and specialty blacks and also possesses a prudent inventory management mechanism to ensure seamless operations across all its plants. The incoming raw materials pass through stringent quality checks. The Company is an Occupational Health and Safety Assessment Series (OHSAS) certified organization and is committed towards identifying, preventing and managing risks pertaining to Health and Safety (H&S), social responsibility and environment in its supply chain. The Company has also broad-based its raw material sources by fostering partnerships with multiple vendors, both in India and abroad.

The Company has helped its logistics partners across road and waterways to adopt best practices and reduce in-transit losses. Better quality packaging, for instance, lowers chances of product damage, while enhancing customer satisfaction. At the same time, packaging efficiency is enhanced by loading products into bigger bags. In a freight-sensitive industry, the Company enjoys an advantage on its inbound and outbound materials, owing to the strategic location of its facilities.

The Company conducts annual meetings with major raw material suppliers (comprising 80-90% of its purchased value) and vessel owners located outside India. The Company also meets its domestic suppliers frequently. The interactions are focused on market intelligence, quality, pricing and areas of improvement. Besides, the Company also exchanges its thoughts at various levels through corporate events such as industrial fairs, conferences and seminars.

It encourages its suppliers to implement environmental and safety management practices. All of the Company's locations are ISO 9001, IATF 16949, ISO 14001 and OHSAS 18001 certified. These standards enforce performance evaluation against environmental, safety, quality and manufacturing performance across the length of the value chain.

Concomitant to this, the Company also understands that the support of local businesses is quite vital in ensuring the growth of a company. Hence, keeping this in view, the Company has created various support mechanisms and policies to assist the growth of local businesses and a strategic local manufacturing development roadmap was established by the company in the field of Purchase along with the development of local manufacturers for different types of Air Preheater (APH) bellows, alloy casting tubes, gear box, palletizer, paper bag packing M/c, etc. through reverse engineering.

Last but not the least, in order to increase the confidence of local and small vendors, the Company is:

- Providing technical guidance as an when required
- Paying periodic visits to the local manufacturer's factory
- Following supportive terms and conditions at the initial stage to encourage the local and small vendors.

In line with our commitment, we have developed and implemented Sustainable Procurement Policy, with effect from 30th April,2020 which is an extension of our values and is applicable to all our suppliers. We expect our suppliers to operate in accordance with the principles as outlined in this Policy and adhere to all applicable laws and regulations. This Policy goes beyond mere compliance with the law by drawing upon internationally recognized standards in order to identify and define best practices from across the globe.

Mechanism to recycle products and waste

1) Waste recycling- both solid waste & liquid waste:

- Solid wastages like Plastic, wood, discarded drums are sent to approved recycler from Pollution control board.
- Liquid waste i.e., Effluent water from plant washing which treated in ETP and which reuse in Gardening and other process.
- Installation of New Water Treatment Plant to achieve Zero Liquid Discharge.
- Domestic wastewater from bath house which treated in STP and which reuse in gardening.
- The new Water Treatment Plant (WTP) is state of art. We have adopted one of the best technologies for WTP availability in the world. This WTP is a fully automatic where there is a remote possibility of water spillage which will be resulting in savings of substantial amount of water. In our new Water Treatment Plant, we will be able to treat all kind of water to meet our product specifications to comply with the condition of Environmental Clearance i.e., Zero liquid discharge.

- The ETP Sludge generation limit is 40MT/year which is sent to RSPL Panoli or Cement industry for Co-Processing and if both shall not be able to receipt the waste, then unit shall dispose off it to TSDF site.
- Used oil is reuse or sent to registered re-processor.
- Discarded containers/Barrels /Liners/Waste Paper Bag / Plastic Bag were sent to Authorized recycler.
- Spent Ion exchange resin and Waste Insulation Material is sent to TSDF site at M/s BEIL.
- Total water consumption is within limit of 1390 KL/day where domestic is 100 KL/Day and Industrial is 1290 KL/Day.
- We are commissioning 1650kl WTP, where ETP outlet water will become the Feed for WTP where we can process the RO and DM which will be used in our Process for Specialty CB and CPP Auxiliary and another 50KL STP, where STP Water will be used for Gardening Purpose .
- Energy consumption per metric ton of Carbon black in Year 2020-2021 is 552.15KWH/MT which was 573.84KWH/MT last year 2019-2020. So , in the financial year 2020-21 Reduction in energy consumption per metric ton of Carbon Black is by -3.70% .
- Effluent treatment plant, which is manned round the clock, treats the entire effluent water from the plant and recycled back for process consumption, thus maintaining 'Zero effluent discharge.
- Reutilization of SWAS cooling water in process by diverting into the recycling pond there.
- Ultra-filtration back wash water diverted to recycling pond and being used in process.
- Actions to control waste at warehouse: Fabricated a re-process tank with wire mesh (10mm) and started re-process damaged and GOC bags materials, which reduced CB spillage at packing area and PB loading area. Re-process tank connected to carcass suction line and cleaning staff assigned to collect floor spillage and pass through 2 wire mesh (8mm) and magnetic bar. This machine can clean and store around 15 kg at time. After visual inspection same can be allowed to re-process.
- Areas of Hazardous waste at Power Plant,
 - a. One Separate dedicated covered space is fabricated at Power Plant
 - b. This area also identified with proper signage.
 - c. Area is total cover with shed.
 - d. Floor is concreted
 - e. All the resin drum are tightened and covered in separate drum to avoid any contamination.

To eliminate the problem of solid waste, in order to address the following a Focused Improvement Project (FIP) was initiated across all units of PCBL with cross-functional teams deploying DMAIC Methodology to reduce the waste by a factor of 25% from the baseline. As an initial step, waste classification like-ETP Sludge, Cotton/Rubber Gloves, Bags (Jumbo & Paper), etc. and baseline data along with as-is condition depicted in the form of the project charter. Each site that worked on the

planned narratives has to start focused actions to reduce the waste generation at source.

In this ongoing waste reduction drive following are the improvements and benefits realized:

- Leakage points resulting in CB spillage and waste generation were identified, and root cause elimination to reduce the source generation resulting in 74.4MT reduction i.e., equivalent to 20% reduction from the baseline and thereby directly reducing ETP Sludge waste.
- A dedicated strainer cleaning station fabricated for the activity to collect and recover the oil without zero spillage.
- Various collection units have been installed in the process like- tray collection system while cleaning mixer, Material collection system while cleaning Bag Filters & APH and dyke arrangement for containment for spillage and easy collection.
- Mask and hand gloves were also a source of generating waste which was contained by maintaining a PPE Distribution logbook to utilize the resources optimally. Additionally, recycles gloves usage was a prospect identified, and vendor development is in progress.
- Paper bags damage and waste was another issue as a cause of solid waste. Identification and characterization for reasons of bag damage were carried out, and root causes were addressed to reduce the waste generation of bags. The data shows after correction of practices; the damage bags were reduced from 455 nos. to 279 nos. (month-on-month) over a period of 6 months.

As a continuous improvement in reducing the generation of solid waste at source, various efforts and actions are ongoing using techniques like Faut-Tree Analysis to determine the sources and causes whereupon focused actions are diverted to achieve the results.

2. Discharging and water recycling & harvesting:

- The proposed project is located in Taluka, Mundra of District Kachchh which has poor distribution of rainfall with flash run-off. Considering the magnitude of chances of contamination, the rain water harvesting is suitable at proposed project site in the form of collection of run-off water through separate line pond connecting with roof-off and surface paved road area. The generated run-off may be utilized for various purpose so that there is reduction in effective usage of limited water resource. For rain water collection and recharge calculations, areas like process and storage, go-down, scrap yard, etc. are excluded due to having chances of contamination. From the study area, the nearest IMD Bhuj Station is considered for the long-term average rainfall and it is ~323.30 mm/annum (i.e. 0.323 m/annum) and the maximum rainfall intensity is 467.9 mm/day (i.e. 0.467 m/day) for the period of 1981-2010 IMD – Indian Meteorological Department.
- Water Conservation: Industrial waste water from Boiler & Cooling about 218 KL/Day is reuse/reutilized in Boiler & cooling purpose after treatment in Water Treatment Plant (WTP).
- Remaining industrial waste water 120 KLD is treated in Effluent Treatment Plant, about 61 KL/Day water is reused through WTP Plant and remaining 59 KL/Day



treated effluent is reused for gardening and plantation within premises.

- The Domestic / Sewage effluent shall be treated in sewage effluent treatment plant and reuse in gardening.
- 1600 KL New Rainwater collection tank installed in Kochi Unit, Rainwater harvesting measures at plant site to harvest rainwater from the roof tops of DM plant and WH and diverted to recycling pond.
- 100 % storm water is being collected in first bund wall and pumped to recycle pond for its further use in process.
- Tank farm area steam condensate is collected and send to recycle pond further use in process.
- DM plant OBR increased from 20 hr. to 80 hr. by improving the quality of incoming water.
- Reutilization of SWAS cooling water in process by diverting into the recycling pond.
- UF back wash water diverted to recycle pond further use in process.
- Industrial waste water from Boiler & Cooling about 218 KL/Day is Reuse/reutilized in Boiler & cooling purpose after treatment in Water Treatment Plant (WTP).
- Remaining industrial waste water 400 KLD is treated in Effluent Treatment Plant, is reused for gardening and plantation and processed within premises.
- The Domestic / Sewage effluent shall be treated in sewage effluent treatment plant and reuse in gardening.
- The Industrial effluent treated by 250 KLD ETP plant and goes to RO WTP. Domestic sewage treated by 50KLD STP plant (another 50KLD is in commissioning phase) and used for gardening or irrigation.

PRINCIPLE 3

Employee Well-being

In the backdrop of the largest human tragedy in modern history, it became imperative to embalm and nurture the human resource, that is the people, of the organisation. People development and building people capability have been continuous endeavours at PCBL and company is driven by its vision to create an 'Exciting Workplace for our People'.

In these remote working times, PCBL enhanced its engagement levels with employees to ensure their well-being. Using Leena AI chatbot, the company mapped employee emotions and moods through a corresponding score based on key drivers like manager behaviour, work team behaviour, workplace safety, career growth and employee development. Based on the chats received, employees were accessed by leaders to understand their perspective and keep them engaged.

Sampark is a platform where all the internal stakeholders and the human capital of the organisation connect, share information, recognise efforts, and address challenges. In these socially distant times, digital platforms have become the primary vehicles for us to remain connected. In tandem with the times, the HR team at PCBL organised Sampark townhall for every quarter.

The employee at PCBL has been empowered with the Integrated Human Capital Management Platform called 'People Connect',

powered by Success Factors. The platform builds the employee experience through a seamless integrated Human Capital Management Solution. The intervention creates a learning culture through the Learning Management System portal in line with the 'Building Capability' philosophy. Employees can access self-learning contents online and scan the monthly training calendar across locations.

Under PCBL People Philosophy Pillar of Building Capabilities, Learning and Development is a strategic focus driven across the organization. Subject Matter Experts are identified for different functional areas and with their support tacit knowledge have been converted to Explicit Knowledge by developing subject matter contents on Equipment Knowledge, Maintenance Activities, Alarming Touchpoints, Measures and Best Practices. Rigorous training is imparted to the participants through classroom and virtual sessions on these topics. Based on the training need analysis identified through discussion with Unit Heads and Functional Heads, monthly unit training calendar is designed and uploaded on our Learning Management System (LMS) which is hosted on our Success Factor platform. Training calendar is so designed that the Technical training covers 50% of the schedule, while Safety programmes and Behavioural programmes cover 45% and 5% of the monthly schedule respectively. The training effectiveness is gauged through the Reaction Level feedback received from the participants and the online Pre and Post test score of the participants. At PCBL we ensure monthly training calendar adherence of more than 80% across units.

The Company is focusing on the Leadership pillar by strengthening the Performance Management system (PMS), which is based on the B2MOM (Big Idea, Business Theme, Methods, Obstacle and Measures) concept. The B2MOM-driven PMS process empowers managers to drive team performance and team development and drive coaching as an inherent trait of a leader, and builds leaders' ownership on reward decisions.

Capability building is one of the fundamental pillars of PCBL's people philosophy. As another tangible manifestation of this philosophy, the organisation collaborated with IMI-Kolkata for a Certified Program in General Management (CGMP). The objective of CGMP is to enhance the leadership skills, sharpen the business acumen, and thereby develop the participants into business leaders. After the success of the first season, the second season of CGMP was kickstarted on 10th February 2020, at IMI-Kolkata. The participants for the second season of CGMP from PCBL were shortlisted based on the Company's Annual Talent Review Process. Under the guidance of the academicians from IMI-Kolkata, IIMs, and professionals from the industry, the participants are being exposed to a curriculum that involves classroom lectures, case study analysis, discussions and simulations, assignments through digital platforms, projects, quizzes, and end-term examinations. This 400 hours' course, comprising 15 subjects, is spread over five quarters. The second quarter of CGMP Season 2 commenced on 8th March 2021. Apart from defined classroom sessions by IMI-Kolkata faculty, a series of sessions by industry experts were also organised.

A batch of 22 GETs and 1 MT onboarded their journey at PCBL on 4th January 2021. The newest members of the family hail from diverse backgrounds, different parts of the country and various academic institutions. The structured training programme for GET and MT spans over a year. The training is designed based on 70:20:10 learning principle. Classroom training comprises 10% of the training programme and it builds technical knowledge about carbon black through classroom sessions, field visits and Group

presentations. 20% of the programme is on-the-job training which facilitates learning through observation and develops understanding of practical execution of tasks. The major section of the training, the balance 70%, consists of project work and operational activities. This includes experiential learning through hands-on operational activities and working on a business project through application of the acquired knowledge.

The Company identified subject matter experts for different functional areas and entered into collaborations to create online training modules by converting tacit knowledge into explicit knowledge. In addition to the afore-mentioned information, few more details are encapsulated herein below:-

1. Total number of employees:

Total number of permanent employees (management staff) - 785

Total number of permanent employees (non-management staff) - 240

Employee with disability - 6

2. Total number of employees hired on a temporary/contractual/casual basis:

| Total number of employees hired on | Temporary basis | Nil |
|------------------------------------|-------------------|-----|
| | Casual basis | Nil |
| | Contractual basis | 810 |

3. Total number of permanent women employees:

Total number of permanent women employees - 50

4. Total number of permanent employees with disabilities:

Total number of permanent employees with disabilities - 6

5. Employee association which is recognized by the management:

The Workmen of Phillips Carbon Black Limited are members of recognized trade union.

6. Number of complaints relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year and pending, as on the end of the financial year.

| No. | Category | No of complaints filed during the financial year | No of complaints pending as on the end of the financial year |
|-----|---|--|--|
| 1. | Child labour /forced labour /involuntary labour | Not applicable | Not applicable |
| 2. | Sexual harassment | NIL | Not applicable |
| 3. | Discriminatory employment | NIL | Not applicable |

7. Percentage of the under-mentioned employees who were given safety and skill upgradation training in the last year?

| % of safety training in the last year for under mentioned employees | No. of persons | % of total strength in the respective category |
|---|----------------|--|
| Permanent Employees | 825 | 85% |
| Permanent Women Employees | 50 | 70% |
| Casual / Temporary / Contractual Employees | 810 | 82% |
| Employees with Disabilities | 6 | - |

Health & Safety

• Employee Health Initiatives:

- 100% compliance of Medical Health check-up of all employees and contractors.
- Certified First Aid Training to 31 Employees (Contractual and Management) through Red Cross Society and ST. John Ambulance.
- Reporting and compliance of Near Miss, Unsafe Condition & Unsafe Acts.
- Mock Drill and Emergency Preparedness Initiatives.
- Awareness on safety & health via tool box talk
- While the country battles with the second wave of the virus, we have initiated vaccinations for all our employees and their family members.

• Practices being followed for ensuring safety in manufacturing processes, especially considering the Covid-19 Pandemic:

- Formation of COVID-19 Guidelines for safe and hygienic plan operation post lockdown developed and coverage of all employee via townhall and TBT sessions.
- Covid-19 Task Force in each unit with SHE Leads as the Task Force & Flu Manager to ensure implementation of Covid Guidelines at manufacturing sites.
- Periodic sanitization is carried out through the plant.
- Area wise guidelines prepared to control unhealth practices.
- Staggered employee movement in plant premises and restrooms.
- Covid-19 Dashboard and discussion reviews for monitoring and controlling techniques.
- Adherence to State & Central Govt. guidelines and district healthcare audits for compliance of covid guidelines are undertaken.
- Covid-19 testing and vaccination facility of employees & family members.
- Extending support to local area in the vicinity of plant sites by providing awareness and resources for Covid-19 relief.

PRINCIPLE 4

Stakeholder Engagement

As businesses worldwide decisively move towards sustainable value creation, we continue our sincere dialogue with our stakeholders to deliver on their expectations and further sharpen our focus on environment, social and governance (ESG) priorities. These issues are key to building a long-lasting, value-accretive enterprise.

Our Company's Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders which include customers, shareholders, employees, supply chain partners, regulators and communities, civil society in and around where it does business and government.

The Company believes that as owners of financial capital, investors are critical to sustaining the long-term momentum of our business. Additionally, robust investor confidence is a key differentiator in a competitive industry scenario and that is what shapes up a culture of transparency and ownership in the organization.



The Company's vision of becoming a trusted **Global** player that will provide cutting-edge solutions to its **Partners** and an exciting workplace to its **People** revolves around its mapped strategy, customer-centricity, process orientation, robust financials and brand building. The Company believes that an effective stakeholder engagement process is a strong foundation to progress sustainably towards its vision. The Company actively engages with the stakeholders in its own operations and beyond to bring transformational change.

The Company engages in multiple ways with specific important stakeholders:-

Customers:

We work with leading national and international tyre companies and our non-rubber customers, many of them prominent names in the industry. Over the years, the Company has established itself as one of the reputed carbon black brands owing to its product customization, quality excellence and on-time delivery. Our Company works with leading tyre companies within India and around the globe. Similarly, the non-rubber customers include prominent names across the globe. Our engagement helps us prioritize long-term success for our business and customers by providing an opportunity to develop innovative sustainable solutions. Our differentiated solutions lead to customer stickiness and generate business.

The major points for customer engagement are to produce Customized grades of carbon black to meet specific requirements of the customers, to provide sustainable packaging, to provide the best quality and service, responsible sourcing along the supply chain to give a cutting edge solution.

To engage regularly with the customers, we do regular interactions with key account manager , regular digital customer interface, collaboration with customers on product innovation, we attend and organize industry events and exhibitions and time to time we do customer satisfaction surveys

Shareholders , Investors and Lenders:

We regularly engage with our investors, shareholders and lenders for business and management updates. We also facilitate site visit to keep them updated about the activities at the plants. The Company adopts a holistic and responsible approach to business, a commitment by being transparent in its disclosures. The Company believes in complete transparency and ethical business practices. Every quarter, the Company announces the audited results that are approved by the Board of Directors (or Committees) and submitted to the stock exchanges, regularly organizes investor meets and analyst congregations in India and abroad, intimates press releases to the Stock Exchanges The Company also provides crucial data and insights to global investors by doing investor presentation at regular intervals thereby helping them make informed decisions.

The major points for engagement with Shareholders, Investors and Lenders are financial performance of the company, annual performance of the company , progress plans and new projects, change in governance structure, long-term sustainability, strategy, loan covenants, banking facilities, ratings on Corporate Governance and Credit Rating on Financials .

To engage regularly with the Shareholder , Investor and Lender we do events, which includes annual general meeting, results presentations, Investors' calls and conferences and disclose plans to achieve carbon neutrality, and our efforts to reduce carbon emissions, by responding to the CDP questionnaire. Also, provide crucial data and insights to global investors, helping them make

informed decisions, by publishing annual reports, sustainability reports and doing other regulatory filings, one-on-one interaction. We have also established a Grievance redressal mechanism for shareholders, regular Lenders' meeting, negotiate financing facilities with lenders.

Supply Chain Partners:

We have developed a robust network of suppliers worldwide. From the quality of raw material sourcing, tackling social and environmental challenges and maintaining seamless supply chain to a host of other issues, we discuss a wide range of solutions. The Company's supply chain partners (both upstream and downstream) are critical to ensure quality, continuity, efficiency and mitigation of risks. Our Company's strong worldwide network of channel partners enables us to leverage the knowledge of the local market trends.

The major points for engagement with Supply Chain Partners are local procurement and resource support, responsible sourcing along the supply chain, quality and service, timely payments, sustainability of the business and associated risks, statutory and legal compliances, health and safety needs, environmental and social issues, rationalizing costs.

To engage regularly with the Supply Chain Partners we do regular meetings and workshops with global raw material suppliers and logistics partners to develop common approaches based on shared values , we do meetings with (potential) suppliers and business partners, regular compliance and risk assessments of key suppliers, discussion on procurement standards and information on the Company's tenders and procurement plans.

Government and Regulatory Authorities:

We engage with national and local governments and regulators to share our intent, understand the latter's concerns and priorities, and find mutually beneficial solutions. We comply with all applicable regulations wherever we operate and proactively evaluate our performance regularly. Our Company proactively evaluates its impact and improves its performance, conforming to prevailing environmental, social and corporate governance regulations – be it local, national or global. Our processes and systems are guided by internationally recognised quality, environmental and social standards. These standards not only ensure adherence to the applicable regulatory norms but stay ahead of them as well. Since these standards and their applications are monitored through both internal and external audits, the veracity of relevant information and authenticity of practices and procedures are never compromised.

Besides manufacturing carbon blacks that ensure the best possible hygiene and safety standards, our Company also adheres to different global food contact regulations such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Code of Federal Regulations (CFR) of the USFDA, Commission Regulation of European Union and Indian Standard (Fourth Revision) requirements.

The major points for engagement with Government and Regulatory Authorities are adherence to national and international regulations, good governance practices , community engagement, regulatory compliance, ethical business conduct, environmental stewardship, maintaining safety, project approvals.

To engage regularly with the Government and Regulatory Authorities, we do meeting on government directives and policy development, facility inspection, periodic evaluation and improvement of our benchmarks conforming to prevailing environmental, social and corporate governance requirements, be it local, national or global.

Employees:

Our people are at the core of our business. We encourage an open dialogue to provide them an opportunity to identify and resolve challenges together. Our Company is committed to foster a diverse, inclusive and safe environment where all people can not just achieve their best, but are encouraged to share their ideas. By honing each individual’s skills, abilities and experiences, our Company aims at achieving superior business and personal outcomes.

The major points for engagement with Employees are employee welfare, strategic direction and performance, transparent communication, diversity and inclusion, leaders as coaches, career growth and progression, learning and development opportunities, regular engagement, health, safety and environmental standards, effective grievance mechanisms.

To engage regularly with the Employees, we have different platforms such as People Connect Series, which was conducted across units and offices where the management committee members (MCM) virtually connected with employees and discussed their well-being, Sampark Live - PCBL Townhall: Conducted once in a quarter for teams across geographies over a virtual platform where our Managing Director and senior leadership team share business updates, challenges and way forward. Employees are also recognised and rewarded. We have also started Certified General Management Programme, where PCBL in association with IMI-Kolkata conducts a 15-month certified management programme for its HiPos, identified through a talent review process and feedback received from the mentors and managers. We have also started EMBARK PCBLite where Induction module for new joinees is given. We have also introduced Leena (AI chatbot) to engage with employees and address their concerns.

Communities:

We aim to give back to society and enhance our positive impact on communities. We invest directly in the communities where we operate by supporting education, health and sanitation, community development and environmental sustainability. Our Company aims at strengthening a sustainable ecosystem around its manufacturing units through strategic interventions in areas such as education, health and sanitation, community development and environment sustainability. The needs of the community are assessed through periodic interactions with various stakeholder groups. We engage with our stakeholders regularly. Their inputs and the management’s supervision help us understand the material issues for the organization. Our material issues are based on stakeholders’ perceptions and the impact these issues may have on our ability to generate long-term value for them. We modify the list based on the changes in scenario and emerging challenges

The major points for engagement with the Community is by providing employment and enterprise support, Community health and impact on the environment, Local infrastructure investments.

To engage regularly with the Community we do periodic need assessment and engagement, need-based interventions across focus areas such as education, health and sanitation, community development, environment sustainability through corporate social responsibility activities.

PRINCIPLE 5

Human Rights

The Company respects human rights and has established Policies such as PCBL’s Code of Conduct Policy, Child labour policy and

Whistle blower policy. The policies detail the Company’s approach towards human rights and sets the Company’s expectations of its Channel Partners and Contractors to adhere to principles of human rights. The Company encourage its suppliers, vendors, contractors and other business partners associated with the Company to follow the principles laid out in the Policies. The Company seeks to uphold and promote human rights in its operations. The various aspects of human rights are embedded in the organisation’s values/policies/guidelines and are taken care of judiciously by the management. The Company has in place ‘Ethics and Code of Conduct’ Policy and various other Policies relating to Fair and Ethical Workplace for all its employees and the Company works relentlessly towards strengthening and introducing systems to ensure a sound implementation of these Policies.

The Company also looks into the various aspects of interests of its shareholders and other security holders and ensures timely redressal of their grievances. The details relating to the number of shareholder’s complaints received and resolved during the year have been separately shown and detailed in the ‘Corporate Governance Report’, which forms a part of the Annual Report 2020-2021.

PRINCIPLE 6

Protection and Restoration of the Environment

The Company is well aware of the importance of environmental sustainability. Sustainability is dependent on the issues that matter most to the business both for the short term and the long term. Therefore, the Company’s strategy aims at addressing those issues with diligence and speed. The Company focuses on efficiency in the operative life of the end-product and proper disposal of the end-product.

With the aim of turning greener in varied ways, the Company recognizes the necessity of preserving the environment and reducing emissions and wastes. The Company has taken all requisite measures to mitigate the environmental risks and is also being proactive in managing the related environmental aspects. The Company manages its various environmental risks through the various modes as depicted herein below:-

1. Development in green power plants, and how much emissions have been reduced:

- The approach of Lean Energy (generated from waste gas), Clean Energy (prevents emission of waste gas) & Green Energy (no depletion of natural resources) is practices.
- At Kochi Plant, 7 MW green power plant installation is in progress for complete green utilization of tail gas and reduce the CO2 emission. Our 7 MW green power plant will generate power from the tail gas of our process and will replace equivalent power generated from a thermal power plant by a cleaner source resulting in greenhouse gas (GHG) emission reductions of around 26281 T CO2 per annum.
- The ETP load will be decreased by 10% by installation of side stream filters in CPP and main process plant for cooling tower.
- DM plant OBR increased from 20 hr. to 80 hr. by improving the quality of incoming water.
- Reutilization of SWAS cooling water in process by diverting into the recycling pond.



2. Mitigation measures in place for environmental risks:

- A flaring system technology is introduced in our common stack, which reduces the emissions of hazardous gases in the atmosphere.
- Installation of a Continuous Emission monitoring system, which is continuously measuring Sox, NOx, H₂S and Particulate matter level in atmosphere.
- Increased Infrastructure for emission control through hi-tech membrane in Smoke Separators. For reduction of Sox and other gases, we are selecting raw material feedstock with minimum Sulphur content and other impurities.
- Constantly upgrade technology to improve environment systems and conserve natural resources by Reduction, Reuse, Recycle and Recover
- Complying with all legal requirements with an efficient monitoring and measuring of environment performance continuously.
- Installation of venturi cooler in carcass stream which has resulted in reduction in water consumption by 5%.
- The In-Line Boiler installed on the carbon Black stream reduces water consumption by about 25,000KLPA. This also reduces the load on the filtering medium that ensures a pollution free safe operation. This also enables reduction in the total emission volume.
- Secondary Bag Filter System: This is in series with all the primary bag filter systems as pollution control equipment to take care of any particulate matter carryover beyond 99.995% - first of its kind in international Carbon Black industry.
- Reusing of- Old OPH tubes as handrails, Old DM water lines as mixer water line, old power cables for Raw water pump and LDO pump relocation, Old MCC in water pump house with revamped MCC panels, Plastic Jumbo bags, Plastic and wooden pallets are being collected from customer end and reusing for packing of material, Reusing the reverse side of A4 size paper for internal documentation and communication and encouraging the usage of soft media for communication resulting in 50% reduction in A4 size Paper usage over a period of 3 years.
- Recycle- Effluent treatment plant, which is manned round the clock, treats the entire effluent water from the plant and recycled back for process consumption, thus maintaining 'Zero effluent discharge'.
- Recover-
 - Air Pre-Heater: Heat recovery from reactor outlet hot gas by exchange of heat with the process air used for combustion in the reactor. The process air is heated from ambient temperature to 800 degree centigrade. The use of this preheated air helps to reduce the fuel consumption and improve the reaction temperature, which improves the efficiency in the reactor.
 - Oil Pre-Heater: Heat recovery from reactors outlet hot gas, by exchange of heat with the feed stock oil, used for the manufacture of carbon black (by thermal cracking) in the reactor. The use of preheated oil increases the yield and thereby reducing the carbon gas emissions.

- Inline boilers: The reactor outlet gas is used as the heating medium. These gases are to be cooled before entry into the bag filters. This cooling is done by this boiler and the generated steam is used for the entire plant requirements. The advantages are: water required for reducing the temperature saved, Steam requirement in the plant achieved and Calorific value of tail gas increases.

• The identified Sources of Fugitive Emissions & the Control Mechanism

- Fugitive emissions are emissions of gases or vapors from pressurized equipment due to leak or other unintended or irregular releases.
- Fugitive Emission may be contributed from the following sources:
 - Vapors venting from process/tanks
 - Leakages from pumps
 - Leakages from reactors
 - Spillages from pipelines
 - Evaporation losses
 - Equipment failures

Control measures adopted are:

- Internal roads of the plant are of Bitumen.
- Sweeping on roads.
- Existing and proposed process will be closed system and vents are connected to the bag filters.
- Transfer of the material for proposed plant shall be through pipeline.
- Leak detectors shall be installed near by the source of leakage.
- Proper monitoring system shall be established once the operation starts.

3. Emissions

- Regular Cleaning of roads and unit area by vacuum cleaning machine.
- Transportation will also lead to fugitive emission. Connecting roads from site to main roads has been concreted to minimize increase in particulate matter due to transportation of final product. Vehicular emission will lead to increase in SO₂ and NOx in the area. The vehicles used for transportation have PUG certificate and a check of same on a regular basis at the entry gate of site.
- Dense green belt within the premise and along the roads to control the fugitive emission from vehicular movement.
- Regular & periodic sprinkling of water on all exposed surface to suppress emission of dust.
- There is a continuous on-line stack monitoring systems for all emissions.
- Continuous Ambient Air monitoring facility for all emissions and SPM.
- Secondary Bag Filter System in series with all the primary bag filter systems as pollution control equipment to take

care of any particulate matter carryover –First one of its kind in any Carbon Black Industry.

- Highly efficient Venturi Scrubbing system at reactor outlets as a pollution control equipment.
- Flare stack facility for incineration of all excess waste gases.
- Utilization of waste gas for power generation and incineration of excess gas through flare stacks.
- Emissions of Particulate matter, SO₂, NO_x, H₂S from all stacks is within the limits i.e.;

| | | |
|---|--------------------|------------|
| 1 | Particulate Matter | 150 Mg/NM3 |
| 2 | SO ₂ | 40 Mg/NM3 |
| 3 | NO _x | 25 Mg/NM3 |
| 4 | H ₂ S | Mg/NM3 |

- Stack Sampling is done every month for all 9 stacks and 24 hours sampling is done for Ambient Air quality in which following parameters are measured i.e., SO₂, NO₂, PM_{2.5} and PM₁₀µM at 3 locations (near palej village, near molasses tank, near CPP building).
- Every month noise sampling is taken at 10 different locations day and night.
- Workplace Monitoring is done every month in warehouse in which particulate matter are within limits.

4. Eco-friendly practices being followed, both in and around factory premises:

- Disposable Plastic water bottles were replaced by reusable permanent Plastic bottles.
- Manufactures/ Suppliers of major noise generating equipment/ machines like compressor turbines, generators have been asked to take required measures for minimizing the noise level generated by machines by using noise absorbing material for various enclosures or using appropriate/ design/ technology for fabricating/ assembling the machines.
- Connecting roads from site to main roads have been concreted to minimize increase in particulate matter due to transportation of final product. Vehicular emission will lead to increase in SO₂ and NO_x in the area. The vehicles used for transportation should have PUG certificate and a check of same shall be done at the entry gate of site.
- Dense green belt within the premise and along the roads to control the fugitive emission from vehicular movement.
- Reduction in use of paper by reuse technique.

PRINCIPLE 7

Regulatory Policy

The Company works with apex industry institutions that are engaged in policy advocacy like Indian Chamber of Commerce (ICC), Bengal Chamber of Commerce and Industry (BCC&I), Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industries (CII), The Associated

Chambers of Commerce & Industry of India (Assocham), All India Management Association (AIMA), Federation of Indian Export Organisations (FIEO) and Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL). The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interest of diverse stakeholders.

The Company is in engagement with the aforementioned bodies for contributing to the advancement or improvement of the society at large and for public good, in various ways.

PRINCIPLE 8

Supporting Inclusive Growth and Equitable Development

The Company is relentlessly strengthening a sustainable ecosystem around its manufacturing units through strategic need-based interventions in the areas of education, health and sanitation, environment sustainability and holistic community development. The needs of the community are assessed through periodic interactions with the various stakeholder groups. With the mantra of the Company being 'TOUCHING LIVES IN MORE WAYS THAN ONE', PCBL aims at co-creating value by seeking a clear understanding of how the operations and products are interconnected with the evolving aspirations of the stakeholder fraternity.

In line with the Corporate Social Responsibility (CSR) Policy, the Company has been undertaking community-oriented programmes to promote sustainable and inclusive development of the deprived sections of the population. The CSR Policy formed by the Board of Directors applies to all CSR initiatives and activities taken up by the Company for the benefit of different sections of the society. The Company has been undertaking various activities with regard to education, health, community development and environment sustainability to support and facilitate the development of the underprivileged and disadvantaged sections of the society. The CSR projects are undertaken in consultation with the stakeholders to ensure that they are relevant and respond to the needs of the community for which they are implemented. The CSR projects are mostly undertaken by the in-house team of the Company. The Company has involved its own employees as volunteers engaged with various projects. Furthermore, every project has a Committee that participates in and contributes to the project. The Company also believes in participatory approach while planning and implementing the community development initiatives. The Company's CSR projects at several locations are developed in consultation and participation with various stakeholders, including the local communities. Moreover, regular stakeholder consultations are held at regular intervals for all the projects to ensure sustainability.

The Company conducts periodic assessment of its projects under the CSR programme. The CSR Committee of the Board of Directors formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company, recommends the amount of expenditure to be incurred on account of CSR activities, monitors the CSR Policy and reviews the implementation of the projects and programmes undertaken by the Company during the year. In-house projects are also being reviewed and monitored on a regular basis.



Some of the important initiatives undertaken by the Company are mentioned hereinbelow:-

Education:

We promote education and ensure the rise in literacy rate in our operating areas. We provide financial assistance to government-run schools in the vicinity of our facilities; and help them in infrastructure development, computer literacy programmes, facilitation of tuitions. We help promote sports for school children and distribute school-aid materials and uniforms. Being cognizant of the requirements, aspirations and expectations of the community, the Company extends its social responsibility towards providing inclusive growth in the realms of education, art, healthcare, sports, environmental sustainability and conservation.

We undertook measures to provide basic amenities to the underprivileged students by providing study materials, school bags, school uniforms, shoes and socks. We also undertook measures to complete the school's paintwork, repair the school roof, providing basic amenities such as table, chair and almirah for teachers and wooden benches for students.

Supporting rural students: Some schools were located in the Vadavucode – Puthencruz Panchayat near our Kochi factory. They were in poor structural condition and posed a serious threat to students. The Panchayat authorities approached us for financial support for the renovation. We contributed a lumpsum amount of ₹ 12,00,000 towards renovation.

Health, Sanitation and Promoting Rural Development:

Health and sanitation have always been a focus area in rural areas. Following the pandemic, the focus has increased drastically on creating health and sanitation awareness among the rural populace. We have helped to build individual household toilets under the Swachh Bharat Abhiyan. We have made available clear drinking water to people. We have also organised blood donation camps and medical aid in an event of the Bengal Chamber of Commerce and Industry (BCC&I). We have funded projects in backward areas that focused on infrastructure development and livelihood generation. Each factory focuses on driving safe workplace initiatives, ensuring zero fatal accidents at our plants. We have provided sewing machines to Santhal women and have also distributed ration among the underprivileged people. We have taken initiatives towards construction of slum houses and also irrigation work.

COVID infrastructure, Durgapur: We provided a thermal screening gun to the Coke Oven Police Station in Durgapur and also facilitated them with a water cooler to cope with the intense summers of Durgapur. Further, we extended our help to the people of Khudiram Colony who were suffering due to the scarcity of basic amenities such as rice, pulses and potatoes, among others.

COVID relief, Palej: We distributed food packets totalling 4,600 kg of rice and other grains to financially backward families at Palej during the pandemic, owing to the fact that most had suffered income loss, illness and economic hardship.

COVID treatment, Mundra: People with lung infections and severe breathing problems are more susceptible to the virus whereas High Flow Humidifiers are an effective equipment suited for the treatment of such critical patients. We received an appeal from the Deputy Collector of Mundra for humidifiers, following which, we donated H-80 Series High Flow Humidifier to the district hospital in Bhuj at the cost of ₹ 3,04,500.

As part of its CSR programmes, the Company is helping build individual household toilets under the Swachh Bharat Abhiyan

and helping develop infrastructure of neighboring villages. The Company also funds projects in backward areas that focus on infrastructure development and livelihood generation. Each factory also focuses on driving safe workplace initiatives, which has resulted in zero fatal accidents at our plants.

Community Development:

We undertake initiatives to strengthen community infrastructure in the areas of our operation. We provide financial assistance to various external projects in backward areas. Our initiatives comprise of constructing temples, making of traffic barricades, contribution to excavation and beautification of roads and brickwork in the surrounding areas, promoting agricultural and rural development, facilitating transportation work, funding for village development work and providing street lights in rural areas. We have also contributed towards civil work and development of the nearby villages, contributed towards the upliftment of the underprivileged people and their medical aid and development and beautification of the surrounding areas in and around the plant premises.

We run our own socio-economic development initiatives in and around our manufacturing units. We continue to do our best to support our communities during the pandemic.

Environment Sustainability:

In doing our part as a responsible citizen, we have invested in equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Riding on the back of our R&D strength, we have also initiated a process to generate power from the tail gas of the carbon black process, replacing an equivalent amount of fossil fuel. Further, we reached the Zero Liquid Discharge (ZLD) status by commissioning a new water treatment plant in the water-starved areas of Gujarat, which was a major initiative in boosting business sustainability.

During the year, we supplied organic fertilisers, cow fodder and grass to drought-prone villages located close to our plants. We planted saplings inside and outside our factory premises, developing green belts. Going forward, we plan to align ourselves with the National Action Plan on Climate Change (NAPCC) of the Government of India to mitigate the threat of global warming/climate change through continuous improvement in every sphere of our operations.

Vegetable cultivation, Kochi: This project was initiated by us to increase the vegetable crop area of 20 acres around the Panchayat with active participation of residents, farm clubs and individual farmers. The first phase of the project was successfully completed in September 2019. Following the grand success of the first phase, we initiated the second phase and contributed ₹7,25,000 towards the initiative, helping harvest 120 tonnes of vegetables as on March 2020.

Sapling plantation in and around Palej, Kochi & Mundra: On the occasion of the World Environment Day on June 5, 2020, we organised a sapling plantation drive, which comprised the following initiatives: Sapling plantation in the area close to the power plants in Palej, Kochi and Mundra by the management personnel, Road march and slogan to spread awareness about plantation in the nearby areas with banner displays at the plant gates.

PCBL recognises that its operations have environmental impact and therefore has implemented several initiatives to reduce its carbon footprint, recycling wastes and undertaking steps that encourage resource optimisation. The Company has in place various equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Besides,

it also enjoys co-generated power from the tail gas of the carbon black process, thereby replacing equal amount of fossil fuel used by the manufacturing unit. The Company also emphasizes on recycling waste, reusing wastewater and zero discharge in its resource-optimised operations. It also conducted sapling plantation drives to develop green belts inside and outside the factory premises. Additionally, PCBL has institutionalised safety and conducted customised risk-based training programmes to enhance its safety standards. During the year under review, we improved our environmental compliance with innovative implementations like state of art On-line Continuous Air Monitoring system in all Greenfield and brownfield projects to minimise carbon black emissions, thereby protecting Environment and neighboring Communities.

Details of the amount spent for the respective projects have been detailed and furnished separately in 'Annexure - C' to the Board's Report.

PRINCIPLE 9

Providing Value to Customers and Consumers

We have institutionalised policies and frameworks that are accepted globally in the industry in which we operate. These practices demarcate our boundaries and guide us in our way forward.

Over the years, we have established ourselves as one of the most reputed carbon brands owing to our product customisation, quality excellence and on-time delivery. We work with leading tyre companies within India and around the world. Our non-rubber customers include prominent global brands.

Customers are the principal catalysts of our business, and we believe in providing best-in-class products and services to them. 'Product responsibility' for us begins from the product development stage itself. Knowing the exact customer requirement, be it within India or outside it, we have been able to develop a wide range of carbon black grades with extensive industry applications. We have put in place the process of 'being fit' for customers' needs, product applications and regulation. We are committed to manufacturing carbon blacks that comply with different food contact regulations globally, including the European Union, the US, India and China. There are a few parameters which make the Company a preferred supplier. These are collaborative efforts towards product development, best-in-class supply chain management, constant engagement and servicing and customised grades of carbon black to meet specific requirements.

Committed to the core: We are delivering solutions to our customers through: On-time delivery, Prompt response on product concerns, Consistency in product performance, Benchmarking products to

global standards, Interactions with customers at regular intervals, A strong virtual communication infrastructure.

We stood strong in the face of the COVID-19 pandemic and reorganised ourselves to be nimbler and more responsive towards our customers, while significantly sharpening our innovation focus. At PCBL, customer satisfaction continues to be our key priority. We undertake customer satisfaction study annually. The satisfaction study is being captured with multi-disciplinary approach through various feedback mechanisms such as Customer satisfaction survey, Analysis of customers' regular feedback on: Concern/issue resolution, Supplier's performance rating assigned by customers, Findings of various audits conducted by customers, Regular interaction with customers at different levels

Customer engagement platforms Direct: We connect with customers to understand their requirements while also developing new products by touching base with the department concerned.

Supply chain partner: We rely on supply chain partners to understand the specific requirements of niche markets or geographies. The supply chain partner is our gateway to reach micro-level customers and cater to their needs with our advanced technology.

Global conferences: We participate in conferences and exhibitions across the world to foster alliances with existing customers. Also, we reach out to prospective ones and communicate the evolving nature of our business.

Respond with speed: We singlehandedly deal with customer complaints. It is managed through SAP, wherein, once any complaint is raised by any customer, it automatically gets registered in the system. The technical service team coordinator reaches out to the cross-functional team of the plant to identify the root cause of the problem and undertakes corresponding actions to mitigate the issue. On identification of the root cause at the plant level, the complaint is closed in the SAP system and the root cause analysis (RCA) report is submitted to customers via the marketing team. Besides, any action plan taken in one plant is deployed across the organisation, ensuring effectiveness of the corrective actions, which are reviewed through internal audits and customer feedback.

As the Company continues to grow and move forward, it shall continue its efforts of sustainable business practices. The Company's indomitable focus on environmental and social responsibility as well as its commitment towards creating a happy and safe workplace for its employees is the common thread across all its growth strategies and it shall continue to tread the path laid by its Vision.



INDEPENDENT AUDITOR'S REPORT

To
The Members of Phillips Carbon Black Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Phillips Carbon Black Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the

Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| <p>Revenue recognition (as described in Note 14 of the standalone Ind AS financial statements)</p> <p>The Company makes sales to various customers, both domestic and international, whereby the prices of the products are subject to negotiations based on various factors including crude oil prices, movement in other variable costs, volatility in foreign currencies, level of offtake by customers and demand supply situation in carbon black market. Such prices are agreed through a formal contract. The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed and the rates are agreed, or based on management's estimate and judgement. Sales are also affected based on varying delivery terms, as agreed with the customers, which determines the timing of recognition of such sales.</p> <p>The amounts involved being material to these financial statements, and dependent on various factors stated above, revenue recognition was determined to be a key audit matter in our audit.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We have evaluated the Company's process and controls around revenue recognition, estimation of discounts and timing of recognizing sales as per contractual terms, including testing effectiveness of such controls. We have considered the contractual terms of the sales contracts and tested credit memos issued during the year and subsequent to the year-end. We have inquired of key sales personnel regarding retroactive pricing adjustments, and discussed with management regarding their awareness of pricing negotiations that could affect current year revenue. We obtained direct balance confirmations from customers on a sample basis as at the year-end. Performed alternate audit procedures where such confirmations could not be obtained. We have performed procedures on the Company's key components, analysed the revenues, cost of sales and discounts / incentives in comparison with historical data. We have analysed pricing adjustments and credit notes issued after the reporting date. We also discussed with the management on the likely timing of issuance of credit notes to customers where discounts have been recorded and are pending to be passed on to the concerned customers. We tested sample of sales transactions at the year-end to determine the timing of recognition of such sales. We also obtained necessary representation from the management in regard to the timing of revenue recognition. |

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| <p>Provisions for claims & litigations and disclosure of contingent liabilities (as described in Note 11.1 and Note 23 of the standalone Ind AS financial statements)</p> <p>The Company is involved in litigations, both for and against the Company, comprising of tax matters, legal compliances and other disputes.</p> <p>The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its advisors and lawyers. This involves a high level of management judgement and assumptions which impact the risk assessment and consequential provisioning and disclosure of contingencies in the financial statements.</p> <p>This area is significant to our audit, since the completeness and accuracy of accounting and disclosures for contingencies is dependent on such management judgement and assumptions.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We evaluated and tested the Company's processes and controls for monitoring of claims, litigations, disputes, compliances and assessment thereof for determining the likely outcome. We read the summary of the litigations prepared by the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise. We obtained independent legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of litigations and checked the management's judgements and assumptions. We discussed with the management, including the Company's internal tax experts and head of legal matters to understand the basis of management's judgements and estimates. We obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters. We read the minutes of the board meetings, and tested the Company's legal expenses to determine the completeness of claims, disputes and litigations. We tested the adequacy of disclosures in the standalone Ind AS financial statements. We also obtained necessary representation from the management in regard to the provisioning and disclosures in respect of the claims and Litigations. |
| <p>Fair Valuation of investments in unquoted equity and preference shares (as described in Note 4(a) of the standalone Ind AS financial statements)</p> <p>The Company has fair valued its non-current investments in unquoted equity and preference shares as at the year end.</p> <p>Determining the fair value of such unquoted investments requires valuation techniques which has been performed by independent valuation experts, applying applicable valuation methodologies.</p> <p>The fair valuation of these investments, being material to these financial statements, was determined to be a key audit matter in our audit.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We obtained the last audited financial statements for the year ended March 31, 2020, and the unaudited management certified financial statements / trial balance for the year ended March 31, 2021, where relevant, of the investee companies and traced the composition of the net asset value of such investee companies used in fair valuation exercise, to the same. We read such financial information to determine any matters which should have been considered for the valuation exercise and discussed with the management for the year ended March 31, 2021 if there are any other significant developments since the last audited financial statements. We compared the fair valuation of such investments as on March 31, 2021 with the fair valuation as on March 31, 2020 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation. Further, we obtained Independence confirmation from the concerned valuers and assessed their competence. We also obtained suitable management representation as regards the fair valuation of these investments. |

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information.

The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate

in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,

as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 11.1 and Note 23 to the standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per Kamal Agarwal

Partner

Membership Number: 058652

UDIN: 21058652AAAABF6459

Place of Signature: Kolkata

Date: April 21, 2021



ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF THE SECTION ON “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR EVEN REPORT ON THE EVEN DATE

To
The Members of Phillips Carbon Black Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment (fixed assets).
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture and sale of carbon black and sale of power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of the statute | Nature of the Dues | Amount (In crores) | Period to which the amount relates | Forum where the dispute is pending |
|--|--------------------|--------------------|---|---|
| Central Excise Act, 1944 | Excise Duty | 1.26 | 1997 -98 to 1998-99 2003-04 to 2008-09 2012-13 to 2015-16 | Commissioner (Appeals) |
| | | 44.92 | 2004 -05 to 2016-17 | Customs Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Excise Duty | 0.03 | 2009 -10 | Ministry of Finance |
| Central Excise Act, 1944 read with Cenvat Credit rules, 2004 | Excise Duty | 5.77 | 2008 -09 & 2010-2015 | Customs Excise and Service Tax Appellate Tribunal |
| | Service Tax | 6.02 | 2012 -13 | Customs Excise and Service Tax Appellate Tribunal |
| Central Sales Tax Act, 1956 | Central Sales Tax | 4.47 | 1994 -95 to 1995-96, 1999-00 to 2000-01 | High Court at Calcutta |
| | | 0.27 | 2016 -17 to 2017-18 | Joint Commissioner |
| | | 1.39 | 2007 -08 | Senior Joint Commissioner Commercial Taxes. |
| | | 4.94 | 2003 -04, 2011-12 to 2012-13, 2015-16 | West Bengal Commercial Taxes Appellate & Revisional Board |
| Customs Act, 1962 | Customs Duty | 0.09 | 2009 -10, 2012-13 | Customs Excise and Service Tax Appellate Tribunal |
| | | 0.38 | 2006 -07 to 2010-11 | Deputy Commissioner of Custom |
| | | 0.12 | 2008 -09 | Supreme Court |

| Name of the statute | Nature of the Dues | Amount (In crores) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------------------------|--------------------|--------------------|--|---|
| Gujarat Value Added Tax Act, 2006 | Value Added Tax | 0.23 | 2006 -07 | Gujarat Value Added Tax Tribunal |
| West Bengal Sales Tax Act, 1994 | Sales Tax | 0.67 | 2003 -04 | West Bengal Commercial Taxes Appellate & Revisional Board |
| | | 0.83 | 1994 -95 to 1995-96, 1999-00 to 2000-01, 2004-05 | West Bengal Taxation Tribunal |
| West Bengal Value Added Tax Act, 2003 | Value Added Tax | 2.90 | 2005 -06, 2015-16 | West Bengal Taxation Tribunal |
| | | 0.16 | 2017 -18 | Joint Commissioner |
| | | 0.78 | 2007 -08 | Senior Joint Commissioner Commercial Taxes. |

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or government during the year. The Company did not have any outstanding loans or borrowing from government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act,

2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per Kamal Agarwal

Partner

Membership Number: 058652

UDIN: 21058652AAAABF6459

Place of Signature: Kolkata

Date: April 21, 2021



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Phillips Carbon Black Limited ("the Company") as of March 31, 2021 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

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 ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their

operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, 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.

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 with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements 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 controls with reference to standalone financial statements 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 Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per Kamal Agarwal

Partner

Membership Number: 058652

UDIN: 21058652AAAABF6459

Place of Signature: Kolkata

Date: April 21, 2021

**STANDALONE IND AS BALANCE SHEET**

as at 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | Notes | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-----------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3(a) | 1,605.32 | 1,509.45 |
| Capital work-in-progress | 3(b) | 266.76 | 305.58 |
| Investment property | 3(c) | 4.48 | 4.48 |
| Intangible assets | 3(d) | 0.65 | 1.01 |
| Right of use assets | 3(e) | 106.29 | 124.98 |
| Financial assets | | | |
| (i) Investments | 4(a) | 220.28 | 176.73 |
| (ii) Loans | 4(e) | 34.30 | 20.33 |
| (iii) Other financial assets | 4(f) | 0.55 | 1.39 |
| Non current tax assets (Net) | 7 | 5.16 | 8.38 |
| Other non-current assets | 5 | 17.40 | 42.40 |
| Total Non-current assets | | 2,261.19 | 2,194.73 |
| Current assets | | | |
| Inventories | 6 | 444.84 | 326.19 |
| Financial assets | | | |
| (i) Trade receivables | 4(b) | 707.53 | 588.24 |
| (ii) Cash and cash equivalents | 4(c) | 114.04 | 107.97 |
| (iii) Other bank balances | 4(d) | 104.92 | 2.68 |
| (iv) Loans | 4(e) | 16.65 | 0.63 |
| (v) Other financial assets | 4(f) | 28.24 | 22.52 |
| Other current assets | 5 | 32.67 | 52.71 |
| Total Current assets | | 1,448.89 | 1,100.94 |
| TOTAL ASSETS | | 3,710.08 | 3,295.67 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity Share Capital | 8 | 34.47 | 34.47 |
| Other equity | 9 | 1,892.70 | 1,657.21 |
| TOTAL EQUITY | | 1,927.17 | 1,691.68 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 10(a)(i) | 304.74 | 215.01 |
| (ii) Other financial liabilities | 10(c) | 98.62 | 104.31 |
| Provisions | 11 | 0.86 | 1.99 |
| Deferred tax liabilities (Net) | 12 | 271.47 | 254.87 |
| Total Non-current liabilities | | 675.69 | 576.18 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 10(a)(ii) | 256.92 | 329.67 |
| (ii) Trade payables | 10(b) | | |
| a) Total outstanding dues of micro enterprises and small enterprises | | 13.26 | 12.65 |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 578.24 | 405.88 |
| (iii) Other financial liabilities | 10(c) | 147.60 | 181.92 |
| Provisions | 11 | 84.39 | 83.91 |
| Other current liabilities | 13 | 26.81 | 13.78 |
| Total Current liabilities | | 1,107.22 | 1,027.81 |
| TOTAL LIABILITIES | | 1,782.91 | 1,603.99 |
| TOTAL EQUITY AND LIABILITIES | | 3,710.08 | 3,295.67 |

The accompanying notes form an integral part of these Standalone Ind AS financial statements.

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

For S. R Batliboi & Co. LLPICAI Firm Registration Number 301003E/E300005
Chartered Accountants**Kamal Agarwal**Partner
Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik RoyManaging Director
(DIN: 06513489)**Kaushik Mukherjee**

Company Secretary

K. S. B. SanyalDirector
(DIN: 00009497)**Raj Kumar Gupta**

Chief Financial Officer

Paras Kumar ChowdharyDirector
(DIN: 00076807)

STANDALONE IND AS STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | Notes | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|-------|------------------------------|------------------------------|
| Revenue from operations | 14 | 2,659.52 | 3,243.54 |
| Other income | 15 | 15.79 | 24.13 |
| Total Income | | 2,675.31 | 3,267.67 |
| Expenses | | | |
| Cost of materials consumed | 16(a) | 1,582.74 | 2,185.72 |
| Changes in inventories of finished goods | 16(b) | 26.19 | 3.79 |
| Employee benefits expense | 17 | 132.17 | 134.38 |
| Finance costs | 18 | 33.88 | 45.90 |
| Depreciation and amortisation expense | 19 | 110.12 | 92.36 |
| Other expenses | 20 | 399.85 | 454.68 |
| Total Expenses | | 2,284.95 | 2,916.83 |
| Profit before tax | | 390.36 | 350.84 |
| Income-tax expense | 21 | | |
| Current tax (Net of utilisation of minimum alternate tax credit) | | 69.35 | 57.32 |
| Deferred tax | | 8.74 | 10.03 |
| Total tax expense | | 78.09 | 67.35 |
| Profit for the year | | 312.27 | 283.49 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss, net of taxes | | | |
| Re-measurement loss on post-employment defined benefit-plans (net of tax) | | (0.24) | (1.78) |
| Net gain/(loss) on FVTOCI equity instruments (net of tax) | | 44.10 | (89.43) |
| Other Comprehensive Income for the year, net of tax | | 43.86 | (91.21) |
| Total Comprehensive Income for the year, net of tax | | 356.13 | 192.28 |
| Earning per equity share : | 26 | | |
| [Nominal Value per share - ₹ 2/- (Previous year - ₹ 2/-)] | | | |
| Basic (₹) | | 18.12 | 16.45 |
| Diluted (₹) | | 18.12 | 16.45 |

The accompanying notes form an integral part of these Standalone Ind AS financial statements.

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

For S. R Batliboi & Co. LLPICAI Firm Registration Number 301003E/E300005
Chartered Accountants**Kamal Agarwal**Partner
Membership Number: 058652Kolkata
Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik RoyManaging Director
(DIN: 06513489)**Kaushik Mukherjee**
Company Secretary**K. S. B. Sanyal**Director
(DIN: 00009497)**Raj Kumar Gupta**
Chief Financial Officer**Paras Kumar Chowdhary**Director
(DIN: 00076807)



STANDALONE IND AS STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| Particulars | Notes | Year ended 31 March, 2021 | | Year ended 31 March, 2020 | |
|--|-------|---------------------------|-----------------|---------------------------|-----------------|
| A. Cash Flow from Operating Activities | | | | | |
| Profit before Tax | | | 390.36 | | 350.84 |
| Adjustments to reconcile profit before tax to net cash flows: | | | | | |
| Depreciation and amortisation expenses | 19 | 110.12 | | 92.36 | |
| Finance costs | 18 | 33.88 | | 45.90 | |
| Allowance for doubtful debts / expected credit losses - trade receivable | 20 | 0.83 | | - | |
| Allowance for doubtful debts written back | 20 | - | | (3.84) | |
| Interest income from certain financial assets | 15 | (3.46) | | (0.56) | |
| Dividend income from equity instruments designated at FVTOCI | 15 | (7.59) | | (5.28) | |
| (Gain) / Loss on sale/fair valuation of investments carried at FVTPL | 15/20 | 2.97 | | (10.71) | |
| Liabilities no longer required written back | 15 | (0.10) | | (5.09) | |
| (Profit)/Loss on disposal/discard of property, plant and equipment | 20 | (1.41) | | 1.01 | |
| Provisions for claims and litigations/ (write back) (net) | 11.1 | (4.85) | | 7.78 | |
| Unrealised Foreign exchange differences (net) | | (6.26) | | 3.60 | |
| | | | 124.13 | | 125.17 |
| Operating profit before changes in operating assets and liabilities | | | 514.49 | | 476.01 |
| Working capital adjustments | | | | | |
| (Increase)/Decrease in inventories | | (118.65) | | 134.11 | |
| (Increase)/Decrease in trade receivables | | (123.46) | | 74.86 | |
| (Increase)/Decrease in other financial and non-financial assets | | (12.45) | | 15.25 | |
| Increase/(Decrease) in trade payables | | 166.69 | | (82.04) | |
| Increase/(Decrease) in other financial and non-financial liabilities | | 22.30 | | (18.80) | |
| | | | (65.57) | | 123.38 |
| Cash generated from operations | | | 448.92 | | 599.39 |
| Income taxes paid (net of refunds) | | | (66.00) | | (65.62) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | | 382.92 | | 533.77 |
| B. Cash Flow from Investing Activities | | | | | |
| Purchase of property, plant and equipment | | (115.49) | | (230.71) | |
| Proceeds from disposal of property, plant and equipment | | 1.41 | | 0.02 | |
| Purchase of non-current investments | | (1.01) | | - | |
| Purchase of current investments | | (1,976.93) | | (3,307.01) | |
| Proceeds from sale/redemption of current investments | | 1,979.83 | | 3,374.28 | |
| Fixed deposits placed with banks | | (100.00) | | - | |
| Proceeds from sale / redemption of preference shares | | 7.04 | | 47.75 | |
| Interest received | | 0.25 | | - | |
| Dividend received from equity instruments designated at FVTOCI | | 7.59 | | 5.28 | |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | | (197.31) | | (110.39) |

STANDALONE IND AS STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| Particulars | Notes | Year ended 31 March, 2021 | | Year ended 31 March, 2020 |
|--|-------|---------------------------|-----------------|---------------------------|
| C. Cash Flow from Financing Activities | | | | |
| Proceeds from non-current borrowings | | 235.00 | | - |
| Repayment of non-current borrowings | | (156.00) | | (67.78) |
| Payment of lease Liability | | (29.25) | | (22.68) |
| Increase /(decrease) in cash credit facilities from banks | | (99.75) | | 1.75 |
| Proceeds from current borrowings | | 1,088.86 | | 732.89 |
| Repayment of current borrowings | | (1,061.86) | | (856.98) |
| Dividends paid [includes tax on dividend ₹ Nil (previous year ₹ 24.80 Crores)] | | (120.64) | | (145.44) |
| Finance cost paid | | (35.90) | | (31.11) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | | | (179.54) | (389.35) |
| Net increase in Cash and Cash Equivalents | | | 6.07 | 34.03 |
| Opening Cash and Cash Equivalents | | | 107.97 | 73.94 |
| Closing Cash and Cash Equivalents | | | 114.04 | 107.97 |

Changes in liabilities arising from financing activities

| Particulars | 1 April 2020 | Cash Flows | Others | 31 March 2021 |
|---|---------------|----------------|---------------|---------------|
| Current borrowings | 329.67 | (72.75) | - | 256.92 |
| Lease Liability | 132.94 | (29.25) | 13.37 | 117.06 |
| Non-current borrowings (including Current Maturities) | 287.30 | 79.00 | (16.43) | 349.87 |
| Total liabilities from financing activities | 749.91 | (23.00) | (3.06) | 723.85 |

| Particulars | 1 April 2019 | Cash Flows | Others | 31 March 2020 |
|---|---------------|-----------------|---------------|---------------|
| Current borrowings | 452.02 | (122.35) | - | 329.67 |
| Lease Liability | 66.30 | (22.68) | 89.32 | 132.94 |
| Non-current borrowings (including Current Maturities) | 341.41 | (67.78) | 13.67 | 287.30 |
| Total liabilities from financing activities | 859.73 | (212.81) | 102.99 | 749.91 |

Accounting Policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes form an integral part of these Standalone Ind AS Statement of Cash Flows.

This is the Standalone Ind AS Statement of Cash Flows referred to in our report of even date.

For S. R Batliboi & Co. LLP

ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal

Partner
Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director
(DIN: 06513489)

Kaushik Mukherjee
Company Secretary

K. S. B. Sanyal

Director
(DIN: 00009497)

Raj Kumar Gupta
Chief Financial Officer

Paras Kumar Chowdhary

Director
(DIN: 00076807)



STANDALONE IND AS STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

| Particulars | Notes | 31 March, 2021 | | 31 March, 2020 | |
|--|-------|------------------|--------|------------------|--------|
| | | Number of Shares | Amount | Number of Shares | Amount |
| Equity shares of ₹ 2/- (31 March, 2020 ₹ 2/-) each issued, subscribed and paid up: | | | | | |
| Opening balance | 8 | 17,23,37,860 | 34.47 | 17,23,37,860 | 34.47 |
| Closing balance | | 17,23,37,860 | 34.47 | 17,23,37,860 | 34.47 |

B. Other equity

| Particulars | Notes | Reserves and Surplus | | | | | Other reserves | Total other equity |
|--|-------|----------------------|--------------------|-----------------|-------------------|-------------------|---|--------------------|
| | | Capital reserve | Securities premium | General reserve | Statutory Reserve | Retained earnings | Fair value through other comprehensive income reserve | |
| As at 1 April, 2020 | 9 | 1.53 | 224.12 | 73.38 | 0.60 | 1,282.46 | 75.12 | 1,657.21 |
| Profit for the year | | - | - | - | - | 312.27 | - | 312.27 |
| Other comprehensive income for the year (net of tax) | | - | - | - | - | (0.24) | 44.10 | 43.86 |
| Dividends paid | 25 | - | - | - | - | (120.64) | - | (120.64) |
| As at 31 March, 2021 | | 1.53 | 224.12 | 73.38 | 0.60 | 1,473.85 | 119.22 | 1,892.70 |

| Particulars | Notes | Reserves and Surplus | | | | | Other reserves | Total other equity |
|--|-------|----------------------|--------------------|-----------------|-------------------|-------------------|---|--------------------|
| | | Capital reserve | Securities premium | General reserve | Statutory Reserve | Retained earnings | Fair value through other comprehensive income reserve | |
| As at 1 April, 2019 | 9 | 1.53 | 224.12 | 73.38 | 0.60 | 1,162.99 | 150.99 | 1,613.61 |
| Profit for the year | | - | - | - | - | 283.49 | - | 283.49 |
| Other comprehensive income for the year (net of tax) | | - | - | - | - | (1.78) | (89.43) | (91.21) |
| Dividends paid (including ₹ 24.80 Crores tax on dividends) | 25 | - | - | - | - | (145.44) | - | (145.44) |
| Transitional adjustment on implementation of Ind AS 116 (net of tax of ₹1.74 Crores) | | - | - | - | - | (3.24) | - | (3.24) |
| Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred. | | - | - | - | - | (13.56) | 13.56 | - |
| As at 31 March, 2020 | | 1.53 | 224.12 | 73.38 | 0.60 | 1,282.46 | 75.12 | 1,657.21 |

The accompanying notes form an integral part of these Standalone Ind AS financial statements.

This is the Standalone Ind AS Statement of Changes in Equity referred to in our report of even date.

For S. R Batliboi & Co. LLPICAI Firm Registration Number 301003E/E300005
Chartered Accountants**Kamal Agarwal**Partner
Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik RoyManaging Director
(DIN: 06513489)**Kaushik Mukherjee**

Company Secretary

K. S. B. SanyalDirector
(DIN: 00009497)**Raj Kumar Gupta**

Chief Financial Officer

Paras Kumar ChowdharyDirector
(DIN: 00076807)

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

CORPORATE INFORMATION

Phillips Carbon Black Limited is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 28. Equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

These standalone financial statements were approved and authorised for issue in accordance with resolution of the Board of Directors on April 21, 2021.

1. Basis of Preparation and Other Significant Accounting Policies

1.1.1. Compliance with Ind AS

These standalone financial statements comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These standards and policies have been consistently applied to all the years presented, unless otherwise stated. The standalone financial statements are presented in Indian Rupee (₹), which is the Company's functional and presentation currency.

1.1.2. Historical cost convention

These standalone financial statements have been prepared on a historical cost basis, except the following, which are measured at fair values:-

- i) certain financial assets and liabilities (including derivative instruments);
- ii) Plan assets of defined benefit employee benefit plans

1.1.3. Current versus Non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- a. expected to be realised or intended to be sold or consumed in the normal operating cycle,
- b. held primarily for the purpose of trading,
- c. expected to be realised within twelve months after the reporting period, or
- d. cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a. it is expected to be settled in the normal operating cycle,
- b. it is held primarily for the purpose of trading,
- c. it is due to be settled within twelve months after the reporting period, or
- d. there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

1.2. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.3. Other financial assets (other than Investments)

1.3.1. Classification

The Company classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income.

1.3.2. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

1.3.3. Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Company determines whether there has been a significant increase in credit risk.

1.3.4. Derecognition of financial assets

A financial asset is derecognised only when

- The rights to receive cash flows from the asset have expired
- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.5. Fair value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair values includes discounted cash flow analysis and available quoted market prices. All methods of assessing fair values result in general approximation of fair values and such value may never actually be realised.

1.4. Derivatives Instruments

The Company enters into certain derivative contracts to hedge risks, which are not designated as hedges. Derivatives are recognised at fair values on the date a derivative contract is entered into and subsequent fair value changes are recognised in the statement of profit and loss at the end of each reporting period

1.5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty

1.6. Foreign currency transactions and translation

1.6.1. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. At the year end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchanges rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1.7. New and amended standards

I. Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the Standalone Ind financial statements of the Company but may impact future periods should the Company enter into any business combinations.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

II. Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Standalone Ind AS financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020.

1.8. Rounding of amounts

All amounts disclosed in the standalone Financial Statements and notes have been rounded off to the nearest Crores (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of standalone financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of contingent assets and liabilities at the date of these standalone financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates is recognised in the period in which the estimates are revised and future periods are impacted.

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represents obligation that will be settled in future and require assumptions to project benefit obligations. Post-employment benefits accounting is intended to reflect the recognition of future benefits cost over the employee's approximate service period, based on the terms of plans and the investment and

funding decisions made. The accounting requires the company to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and benefit costs incurred.

Estimation of expected useful lives and residual values of property, plants and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the Company's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities and Provisions for claims and litigations

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business. The Company consults with legal counsel and certain other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques which involve various judgements and assumptions. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumption about these factors could affect the reported fair value of financial instruments. Refer Note 29 for further disclosures.



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

NOTE 3(a) PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction or at deemed cost as on the date of transition to Ind AS less accumulated depreciation, impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation

In case of certain property, plant and equipment, 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.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Equipment and Electrical Installations over estimated useful life of 18 to 20 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on historical cost/deemed cost of other property, plant and equipment (except land) is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013.

The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting year.

An item of property, plant and equipment or its components recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The cost of property plant and equipment not ready to use are disclosed under capital work in progress.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3(a) PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land | Leasehold Land | Buildings (i) | Non-Factory Buildings and Flats | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Electrical Installations | Railway Sidings | Total |
|---|---------------|----------------|---------------|---------------------------------|---------------------|------------------------|------------------|-------------|--------------------------|-----------------|-----------------|
| Year ended 31 March, 2021 | | | | | | | | | | | |
| Gross carrying amount | | | | | | | | | | | |
| Opening balance as at 1 April, 2020 | 202.06 | 429.20 | 77.18 | 91.47 | 990.87 | 7.05 | 7.36 | 0.18 | 24.02 | 0.01 | 1,829.40 |
| Additions during the year | - | - | 4.99 | 11.71 | 176.38 | 0.69 | 2.60 | - | 13.34 | - | 209.71 |
| Disposal during the year | - | (25.18)* | - | - | - | (0.03) | (0.17) | - | - | - | (25.38) |
| Closing Gross carrying amount | 202.06 | 404.02 | 82.17 | 103.18 | 1,167.25 | 7.71 | 9.79 | 0.18 | 37.36 | 0.01 | 2,013.73 |
| Accumulated Depreciation | | | | | | | | | | | |
| Opening balance as at 1 April, 2020 | - | - | 16.04 | 7.02 | 280.50 | 1.24 | 5.64 | 0.17 | 9.33 | 0.01 | 319.95 |
| Depreciation during the year | - | - | 3.99 | 2.71 | 77.33 | 1.30 | 1.39 | 0.01 | 1.92 | - | 88.65 |
| Adjustment of depreciation on disposal | - | - | - | - | - | (0.02) | (0.17) | - | - | - | (0.19) |
| Closing Accumulated Depreciation | - | - | 20.03 | 9.73 | 357.83 | 2.52 | 6.86 | 0.18 | 11.25 | 0.01 | 408.41 |
| Net carrying amount as at 31 March, 2021 | 202.06 | 404.02 | 62.14 | 93.45 | 809.42 | 5.19 | 2.93 | - | 26.11 | - | 1,605.32 |
| Year ended 31 March, 2020 | | | | | | | | | | | |
| Gross carrying amount | | | | | | | | | | | |
| Opening balance as at 1 April, 2019 | 202.06 | 429.20 | 75.63 | 80.89 | 921.11 | 1.61 | 6.71 | 0.18 | 22.32 | 0.01 | 1,739.72 |
| Additions during the year | - | - | 1.55 | 10.58 | 71.21 | 5.55 | 0.96 | - | 1.76 | - | 91.61 |
| Disposal during the year | - | - | - | - | (1.45) | (0.11) | (0.31) | - | (0.06) | - | (1.93) |
| Closing Gross carrying amount | 202.06 | 429.20 | 77.18 | 91.47 | 990.87 | 7.05 | 7.36 | 0.18 | 24.02 | 0.01 | 1,829.40 |
| Accumulated Depreciation | | | | | | | | | | | |
| Opening balance as at 1 April, 2019 | - | - | 12.51 | 4.83 | 214.41 | 0.86 | 4.75 | 0.15 | 7.82 | 0.01 | 245.34 |
| Depreciation during the year | - | - | 3.53 | 2.19 | 66.57 | 0.46 | 1.19 | 0.02 | 1.56 | - | 75.52 |
| Adjustment of depreciation on disposal | - | - | - | - | (0.48) | (0.08) | (0.30) | - | (0.05) | - | (0.91) |
| Closing Accumulated Depreciation | - | - | 16.04 | 7.02 | 280.50 | 1.24 | 5.64 | 0.17 | 9.33 | 0.01 | 319.95 |
| Net carrying amount as at 31 March, 2020 | 202.06 | 429.20 | 61.14 | 84.45 | 710.37 | 5.81 | 1.72 | 0.01 | 14.69 | - | 1,509.45 |

*Refer to Note 27

(i) Cost and accumulated depreciation includes ₹ 4786 Crores (31 March, 2020 - ₹ 4786 Crores) and ₹ 11.21 Crores (31 March, 2020 - ₹ 8.94 Crores), respectively in respect of Buildings on Leasehold Land.

(ii) The Company has borrowings from banks, which carry security charge over certain of the above property, plant and equipment. (Refer note 10(a) for details).

(iii) Gross carrying amount on leasehold land is against certain lease agreements where the Company has an option to renew the properties on expiry of the lease period. The Company based on terms and conditions of lease agreements has assessed these lease arrangements to be perpetual in nature, accordingly leasehold land is not amortised.

(iv) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 19).



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3(b) CAPITAL WORK-IN-PROGRESS

CAPITAL WORK IN PROGRESS

| Particulars | Total |
|--------------------------------------|---------------|
| Year ended 31 March, 2021 | |
| Opening balance as at 1 April 2020 | 305.58 |
| Additions during the year | 164.82* |
| Capitalization during the year | (203.64) |
| Closing Gross carrying amount | 266.76 |
| Year ended 31 March, 2020 | |
| Opening balance as at 1 April 2019 | 175.04 |
| Additions during the year | 227.94* |
| Capitalization during the year | (97.40) |
| Closing Gross carrying amount | 305.58 |

1. During the year the Company has capitalised the following expenses to cost of Property, plant and equipment/capital work-in-progress:

| | 31 March, 2021 | 31 March, 2020 |
|--|----------------|----------------|
| Finance Cost | 9.09 | 9.00 |
| Salaries and wages | 4.45 | 6.16 |
| Other Overheads | 0.47 | 1.57 |
| | 14.01 | 16.73 |
| Add: Balance brought forward from previous year | 18.42 | 1.69 |
| Less: Capitalised during the year to Property, plant and equipment | 19.50 | - |
| Balance lying in capital work-in-progress | 12.93 | 18.42 |

* Includes ₹ 3.91 Crores (31 March, 2020 ₹ 2.82 Crores) on account of duty saved on assets imported under the EPCG scheme.

NOTE 3(c) INVESTMENT PROPERTY

Accounting Policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

| Particulars | Land |
|--|-------------|
| Year ended 31 March, 2021 | |
| Opening gross carrying amount at 1 April, 2020 | 4.48 |
| Closing gross carrying amount | 4.48 |
| Year ended 31 March, 2020 | |
| Opening gross carrying amount at 1 April, 2019 | 4.48 |
| Closing gross carrying amount | 4.48 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Estimation of fair value

The Company's investment property consists of freehold land in Angul, Odisha, India.

The fair value of the investment property is based on current prices for similar property. The main inputs used are quantum, area, location, demand, and trend of fair market value in the area.

The fair value is determined by an accredited independent valuer. Fair valuation is based on market approach method and categorised as Level 2 fair value hierarchy. As at 31 March, 2021 and 31 March, 2020, the fair value of the property are ₹ 5.39 Crores and ₹ 5.39 Crores respectively.

The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 29 (iv).

NOTE 3(d) INTANGIBLE ASSETS

Accounting Policy

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation, impairment loss, if any.

Computer Software for internal use, which is primarily acquired from third party vendors, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation method and period

Computer software is amortized on a straight line basis over estimated useful life of three years from the date of capitalisation.

Amortisation method and useful lives are reviewed periodically at each financial year end.

| Particulars | Computer Software |
|---|-------------------|
| Year ended 31 March, 2021 | |
| Gross carrying amount | |
| Opening balance as at 1 April, 2020 | 2.25 |
| Additions during the year | - |
| Closing Gross carrying amount | 2.25 |
| Accumulated amortisation | |
| Opening balance as at 1 April, 2020 | 1.24 |
| Amortisation charge during the year | 0.36 |
| Closing accumulated amortisation | 1.60 |
| Net Carrying Amount as at 31 March, 2021 | 0.65 |
| Year ended 31 March, 2020 | |
| Gross carrying amount | |
| Opening balance as at 1 April, 2019 | 2.25 |
| Additions during the year | - |
| Closing Gross carrying amount | 2.25 |
| Accumulated amortisation | |
| Opening balance as at 1 April, 2019 | 0.82 |
| Amortisation charge during the year | 0.42 |
| Closing accumulated amortisation | 1.24 |
| Net Carrying Amount as at 31 March, 2020 | 1.01 |

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer Note 19).



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3(e) RIGHT OF USE ASSETS

Accounting Policy

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1.2. Impairment of non-financial assets.

| Particulars | Right of use assets |
|---|---------------------|
| Year ended 31 March, 2021 | |
| Gross carrying amount | |
| Balance as of 1 April 2020 | 141.40 |
| Additions during the year | 2.42 |
| Closing Gross carrying amount | 143.82 |
| Accumulated amortisation | |
| Balance as of 1 April 2020 | 16.42 |
| Amortisation charge during the year | 21.11 |
| Closing accumulated amortisation | 37.53 |
| Net Carrying Amount as at 31 March, 2021 | 106.29 |

| Particulars | Right of use assets |
|---|---------------------|
| Year ended 31 March, 2020 | |
| Gross carrying amount | |
| Balance as of 1 April, 2019 (Recognised on transition date of Ind AS 116) | 61.32 |
| Additions during the year | 80.08 |
| Closing Gross carrying amount | 141.40 |
| Accumulated amortisation | |
| Balance as of 1 April, 2019 | - |
| Amortisation charge during the year | 16.42 |
| Closing accumulated amortisation | 16.42 |
| Net Carrying Amount as at 31 March, 2020 | 124.98 |

NOTE 4 (a) : INVESTMENTS

Accounting Policy

1. Investment in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment losses, if any. Investments are tested for impairment whenever an event or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount. If, in a subsequent period, recoverable amount equals or exceeds the carrying amount, the impairment loss recognised is reversed accordingly.

1.1 Investment (other than investment in subsidiaries)

1.1.1. Classification

The Company classifies its investments as those to be measured subsequently at fair value (either through other comprehensive income or through profit and loss).

The classification depends on the Company's business model for managing the investments and the contractual terms of cash flows.

For investments measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies the debt investments when and only when the business model for managing those investment changes.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

1.1.2. Measurement

At initial recognition, the Company measures an investment at its fair value plus, in the case of investment not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in the statement of profit and loss.

(a) Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the investment and the cash flow characteristics of the investment. The Company classifies its debt instruments as:

Fair value through profit and loss: Investments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in statement of profit and loss and presented on net basis in the statement of profit and loss within other income/ other expense in the period in which it arises.

(b) Equity Instrument

The Company subsequently measures all equity investments at fair value through Other Comprehensive Income and there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. At the time of derecognition of such investments, the gain or loss is transferred to retained earnings.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non-Current | | |
| Investments in Equity Instruments (fully paid-up) - Subsidiary company | | |
| Unquoted | | |
| Phillips Carbon Black Cyprus Holdings Limited | 21.65 | 21.65 |
| 18,118 (31 March, 2020: 18,118) equity shares of Euro 1/- each | | |
| PCBL (TN) Limited * | 2.36 | - |
| 23,60,000 equity shares of ₹ 10/- each | | |
| Total (A) | 24.01 | 21.65 |
| Investments in Equity Instruments (fully paid-up) - Others | | |
| Quoted | | |
| Bank of Baroda | 0.27 | 0.19 |
| 35,930 (31 March, 2020: 35,930) equity shares of ₹ 2/- each ** | | |
| Indian Overseas Bank | 0.02 | 0.01 |
| 11,400 (31 March, 2020: 11,400) equity shares of ₹ 10/- each ** | | |
| Norplex Oak India Limited | - | - |
| 380,000 (31 March, 2020: 380,000) equity shares of ₹ 10/- each ^ | | |
| Maple Circuits Limited | - | - |
| 765,000 (31 March, 2020: 765,000) equity shares of ₹ 10/- each ^ | | |
| CESC Limited | 100.08 | 68.89 |
| 1,686,198 (31 March, 2020: 1,686,198) equity shares of ₹ 10/- each ** | | |
| RPSG Ventures Limited | 11.37 | 3.98 |
| (Erstwhile: CESC Ventures Limited) | | |
| 337,239 (31 March, 2020: 337,239) equity shares of ₹ 10/- each ** | | |
| Spencers Retail Limited | 8.10 | 7.51 |
| 1,146,613 (31 March, 2020: 1,011,718) equity shares of ₹ 5/- each ** | | |
| Total (B) | 119.84 | 80.58 |
| Unquoted | | |
| Apeejay Charter Private Limited | 0.04 | 0.04 |
| 1,600 (31 March, 2020: 1,600) equity shares of ₹ 10/- each ** | | |
| RPSG Resources Private Limited | 8.72 | 16.30 |
| (Erstwhile: Accurate Commodore Pvt. Limited) | | |
| 390,000 (31 March, 2020: 390,000) equity shares of ₹ 10/- each ** | | |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Woodlands Multispeciality Hospital Limited | 7.74 | 5.05 |
| 145,480 (31 March, 2020: 145,480) equity shares of ₹ 10/- each ** | | |
| Ritushree Vanijya Private Limited | 14.36 | 6.31 |
| 1,900 (31 March, 2020: 1,900) equity shares of ₹ 10/- each ** | | |
| Solty Commercial Private Limited | 14.36 | 6.30 |
| 1,900 (31 March, 2020: 1,900) equity shares of ₹ 10/- each ** | | |
| Spotboy Tracom Private Limited | 22.15 | 18.73 |
| 330,875 (31 March, 2020: 330,875) equity shares of ₹ 10/- each ** | | |
| RPG Industries (P) Ltd. | 1.34 | 2.26 |
| 402,000 (31 March, 2020: 402,000) equity shares of ₹ 10/- each ** | | |
| Total (C) | 68.71 | 54.99 |
| Investments in Preference Shares (fully paid-up) - Others | | |
| Unquoted | | |
| Devise Properties Private Ltd. | 7.72 | 7.10 |
| 1,050,000 (31 March, 2020: 1,050,000) 0% Convertible Preference Shares of ₹ 100/- each at par# | | |
| Lebnitze Real Estate (P) Ltd | | |
| Nil (31 March, 2020: 5,017,110) 6% Non Cumulative Non Convertible Redeemable Preference Share of ₹ 100/- each at par # | - | 12.41 |
| Norplex Oak India Limited | - | - |
| 50 (31 March, 2020: 50) preference shares of ₹ 100/- each ^ | | |
| Maple Circuits Limited | - | - |
| 50 (31 March, 2020: 50) preference shares of ₹ 100/- each ^ | | |
| Total (D) | 7.72 | 19.51 |
| (E)=(A)+(B)+(C)+(D) | 220.28 | 176.73 |
| 1. Additional Information | | |
| (a) Aggregate amount - market value of quoted investments | 119.84 | 80.58 |
| (b) Aggregate amount of unquoted investments | 100.44 | 96.15 |

* newly incorporated subsidiary Company with effect from September 29, 2020

Investments carried at Fair value through profit and loss

** Investments carried at Fair value through Other Comprehensive Income (FVOCI) - Refer note 2 below

^ The cost of quoted and unquoted investments in equity instruments (fully paid up) and preference shares (fully paid up) respectively have been written off in the past, though quantity thereof appears in the books

- These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVOCI as the management believes that this provides a more meaningful presentation for long term investments, than reflecting changes in fair values immediately in statement of profit and loss. Based on the aforesaid election, fair value changes are accumulated within Equity under "Fair Value Changes through Other Comprehensive Income - Equity Instruments". The Company transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.
- Refer note 29 for information about fair value measurements and note 30 for credit risk and market risk on investments.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

4(b) TRADE RECEIVABLES

Accounting Policy

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Secured | | |
| Considered Good | 1.17 | 0.80 |
| Unsecured | | |
| Considered Good | 706.36 | 587.44 |
| Receivables which have significant increase in credit risk | 1.79 | 0.96 |
| Receivables - credit impaired | 8.68 | 8.68 |
| Less : Allowance for significant increase in credit risk | (1.79) | (0.96) |
| Less : Allowance for credit impaired receivables | (8.68) | (8.68) |
| | 707.53 | 588.24 |

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.
2. Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

4(c) CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|------------------------|-------------------------|-------------------------|
| Balances with banks | 113.82 | 107.68 |
| Remittances in transit | 0.17 | 0.22 |
| Cash on Hand | 0.05 | 0.07 |
| | 114.04 | 107.97 |

4(d) OTHER BANK BALANCES

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Balances with Banks | | |
| - 'Deposits with original maturity of more than three months but less than twelve months# | 100.00 | - |
| - In Unpaid Dividend Accounts * | 4.92 | 2.68 |
| | 104.92 | 2.68 |

* Earmarked for payment of Unclaimed Dividends

These Deposits are callable deposit at any point of time at various rates of interest applicable as per actual period of withdrawal.

**NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS**

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

4(e) LOANS**(Unsecured considered good)**

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non-current | | |
| Security deposits | 26.88 | 12.64 |
| Loan to Related Party | | |
| Phillips Carbon Black Cyprus Holding Limited (Subsidiary) (Refer Note 27) | 6.19 | 6.19 |
| Other Loans | | |
| Loan to Employees @ | 1.23 | 1.50 |
| | 34.30 | 20.33 |
| @ Includes amount due from an officer of the Company | 0.02 | 0.06 |
| Current | | |
| Security deposits | 16.09 | 0.10 |
| Other Loans | | |
| Loan to Employees @ | 0.56 | 0.53 |
| | 16.65 | 0.63 |
| @ Includes amount due from an officer of the Company | 0.06 | 0.06 |

4(f) OTHER FINANCIAL ASSETS

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| (Unsecured considered good) | | |
| Non-Current | | |
| Margin Money Deposit against guarantees | 0.55 | 1.39 |
| | 0.55 | 1.39 |
| Current | | |
| Interest Receivable | 2.09 | - |
| Receivable from PCBL (TN) Limited (Subsidiary) (Refer Note 27) | 25.18 | - |
| Derivative Instruments not designated as hedges - Foreign Exchange Forward Contracts | - | 21.55 |
| Unbilled Revenue from sale of power | 0.97 | 0.97 |
| | 28.24 | 22.52 |

NOTE 5: OTHER ASSETS**(Unsecured considered good, unless otherwise stated)**

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non-current | | |
| Capital advances | | |
| - Considered Good : | 12.79 | 32.52 |
| - Considered Doubtful : | 0.46 | 0.46 |
| Less : Allowance for doubtful advances | (0.46) | (0.46) |
| Deposits under Protest | 3.75 | 3.89 |
| Others | | |
| Advances to Suppliers/ Service providers (other than capital) | - | 4.42 |
| Prepaid Expenses | 0.86 | 0.96 |
| Advances to Employees | - | 0.61 |
| | 17.40 | 42.40 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Current | | |
| Advances other than capital advances | | |
| Advances to Suppliers/ Service providers (other than capital) | | |
| - Considered Good : | 13.18 | 26.84 |
| - Considered Doubtful : | 0.16 | 0.16 |
| Less : Allowance for doubtful advances | (0.16) | (0.16) |
| Others | | |
| Balances with Government Authorities * | | |
| - Considered Good : | 11.98 | 10.57 |
| - Considered Doubtful : | 2.16 | 2.16 |
| Less : Allowance for doubtful advances | (2.16) | (2.16) |
| Advances to Employees | 0.88 | 0.13 |
| Prepaid Expenses | 5.63 | 5.46 |
| Export Benefit Receivables # | 8.06 | |
| Less: Allowance for uncertainty of realisation | 7.06 | 1.00 |
| | 32.67 | 52.71 |

*Balances with Government Authorities primarily includes amounts realisable, if any, from the GST Authorities and customs authorities of India and the unutilised GST input credits on purchases to be utilised against future GST liabilities. These are generally realised within one year and hence these balances have been classified as current assets.

Export Benefit Receivables primarily consist of amounts receivable from government authorities of India towards incentives on export sales made by the Company.

NOTE 6: INVENTORIES

(At lower of cost and net realisable value)

Accounting Policy

Inventories are stated at lower of cost and net realisable value.

- Raw materials, Stores and Spares and Packing Material: cost is determined on moving weighted average method and includes cost of purchase and other incidental costs. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Finished goods: cost includes cost of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Raw materials [including Goods in Transit ₹ 192.40 Crores (Previous Year ₹ Nil)] | 349.22 | 198.93 |
| Finished goods | 53.14 | 79.33 |
| Stores and spares parts [including packing material ₹ 6.46 Crores (Previous Year ₹ 7.69 Crores)] | 42.48 | 47.93 |
| | 444.84 | 326.19 |

NOTE 7: NON CURRENT TAX ASSETS (NET)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Advance payment of Taxes | 5.16 | 8.38 |
| [Net of Provision for Tax ₹ 485.20 Crores (31 March, 2020: ₹ 417.33 Crores)] | | |
| | 5.16 | 8.38 |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 8: EQUITY SHARE CAPITAL

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Authorized share capital | | |
| 310,000,000 (31 March, 2020: 310,000,000) equity shares of ₹ 2/- each | 62.00 | 62.00 |
| Issued, subscribed and paid-up | | |
| 172,337,860 (31 March, 2020: 172,337,860) equity shares of ₹ 2/- each fully paid up (Refer (i) below) | 34.47 | 34.47 |
| | 34.47 | 34.47 |
| (i) There was no change in number of equity shares issued during the year ended 31 March, 2021 and 31 March, 2020. No equity 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. | | |
| (ii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company :- | Number of Shares | Number of Shares |
| | (Holding %) | (Holding %) |
| Rainbow Investments Limited - Holding Company | 8,65,15,370 | 8,65,15,370 |
| | (50.20%) | (50.20%) |
| (iii) Terms/ Rights attached to equity shares | | |
| The Company has only one class of equity shares having par value of ₹ 2/- per share and each shareholder is entitled for one vote per share held. The Company declares and pays dividends in Indian rupees. 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 entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. | | |
| (iv) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94. | | |
| (v) 48 equity shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India. | | |

NOTE 9: OTHER EQUITY

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| (i) Reserves and Surplus | | |
| Capital Reserve (Refer a below) | 1.53 | 1.53 |
| Securities Premium (Refer b below) | 224.12 | 224.12 |
| Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below) | 0.60 | 0.60 |
| General reserve (Refer d below) | 73.38 | 73.38 |
| Retained Earnings (Refer e below) | 1,473.85 | 1,282.46 |
| (ii) Other Reserves | | |
| Equity Instruments through Other comprehensive income (Refer f below) | 119.22 | 75.12 |
| | 1,892.70 | 1,657.21 |
| (a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation - Balance brought forward | 1.53 | 1.53 |
| (b) Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 | | |
| Balance as at the beginning of the year | 224.12 | 224.12 |
| Balance as at the end of the year | 224.12 | 224.12 |
| (c) Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward | 0.60 | 0.60 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| (d) General Reserve - balance brought forward | 73.38 | 73.38 |
| Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act. | | |
| (e) Retained Earnings | | |
| Balance as at the beginning of the year | 1,282.46 | 1,162.99 |
| i) Profit for the year | 312.27 | 283.49 |
| ii) Items of other comprehensive income recognised directly in Retained Earnings | | |
| - Remeasurement of post-employment defined benefit obligation, net of tax | (0.24) | (1.78) |
| iii) Dividends paid [including ₹ Nil (Previous year ₹ 24.80 Crores) tax on dividends] (Refer note 25) | (120.64) | (145.44) |
| iv) Impact of transition on adoption of Ind AS 116 [Net of tax ₹ Nil (Previous year net of tax of ₹ 1.74 Crores)] | - | (3.24) |
| v) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred from other comprehensive income. | - | (13.56) |
| Balance as at the end of the year | 1,473.85 | 1,282.46 |
| Retained Earnings are the profits and gains that the Company has earned till date less any transfer to general reserve, dividends or other distributions paid to shareholders. | | |
| (f) Other Comprehensive Income | | |
| Equity Instruments through Other Comprehensive Income | | |
| Balance as at the beginning of the year | 75.12 | 150.99 |
| i) Changes in fair value of FVOCI Equity Instruments, net of tax | 44.10 | (89.43) |
| ii) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, (included in (i) above) transferred to retained earnings. | - | 13.56 |
| Balance as at the end of the year | 119.22 | 75.12 |
| The Company has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised. | | |

10(a) BORROWINGS

Accounting Policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be utilised. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current and non-current liabilities based on repayment schedule agreed with banks.

(i) Non-current borrowings

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| SECURED LOANS | | |
| Term loans from Banks | 349.87 | 287.30 |
| Less: Current maturities of Long Term Debt [included in Note 10(c)] | (45.13) | (72.29) |
| | 304.74 | 215.01 |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Out of the Term Loans in (i) above, loans amounting to : | | |
| a) ₹ 295.48 Crores (31 March, 2020 - ₹ 192.46 Crores) are secured with a first charge by way of a hypothecation over all moveable properties of the Company both present and future, ranking pari passu with charge created in favour of other term lenders. | | |
| b) ₹ 54.39 Crores (31 March, 2020 - ₹ 94.84 Crores) is secured with a first charge by way of a hypothecation on the entire fixed assets of the company both present and future ranking pari passu with charge created in favour of other term lenders. | | |
| Maturity Profile of Long Term Borrowings | | |
| Loan with residual maturity of upto 1 and 3 years | 66.00 | 126.47 |
| Loan with residual maturity of upto 3 and 5 years | 54.39 | 160.83 |
| Loan with residual maturity of upto 5 and 10 years | 229.48 | - |
| | 349.87 | 287.30 |
| Interest rate on Rupee loans from Banks are based on spread over respective Lenders benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR. All of the above are repayable in periodic instalments over the maturity period of the respective loans. | | |

(ii) Current Borrowings

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| SECURED LOANS FROM BANKS | | |
| Loans repayable on demand | - | 129.67 |
| Other loans | 31.92 | - |
| a) Nature of Security | | |
| Secured by first charge by way of hypothecation of all the Company's current assets, namely all the stock of raw material, stock in process, 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, ranking pari passu without any preference or priority of one over the others. | | |
| UNSECURED LOANS | | |
| Loans repayable on demand | | |
| - From Banks | 225.00 | 200.00 |
| | 256.92 | 329.67 |

Refer notes 3(a), 4(b) and 6 for details of assets pledged as security as set out in the above note. Refer note 30 for information about liquidity risk and market risk on borrowings.

10(b) TRADE PAYABLES

Accounting Policy

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Current

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Total outstanding of dues to Micro Enterprises and Small Enterprises | 13.26 | 12.65 |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 578.24 | 405.88 |
| | 591.50 | 418.53 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Information relating to Micro, Small and Medium Enterprises (MSMEs):

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| (i) The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 | | |
| Principal | 11.76 | 11.77 |
| Interest | 0.16 | 0.10 |
| (ii) The amount of interest paid by the buyer under Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts 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 | 84.02 | 38.47 |
| Interest | 0.46 | 0.36 |
| (iv) The amount of interest accrued and remaining unpaid at the end of the year | 1.50 | 0.88 |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 | 0.62 | 0.46 |

10(c) OTHER FINANCIAL LIABILITIES

Accounting Policy

i) Short Term Employee Benefits

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

ii) Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) and does not include non-lease components (maintenance charges etc.). In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non Current | | |
| Lease Liability | 98.62 | 104.31 |
| Current | | |
| Current maturities of long term Debt | 45.13 | 72.29 |
| Interest accrued but not due | 4.85 | 8.74 |
| Unpaid Dividends [Refer Note (i) below] | 4.92 | 2.68 |
| Others: | | |
| Security Deposits received | 1.17 | 0.90 |
| Employee benefits payable | 24.60 | 25.20 |
| Capital creditors | 35.43 | 31.62 |
| Directors' fees & commission payable | 11.40 | 10.26 |
| Derivative instrument not designated as hedges - foreign-exchange forward contracts | 0.98 | - |
| Lease Liability | 18.44 | 28.63 |
| Others | 0.68 | 1.60 |
| | 147.60 | 181.92 |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

- (i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTE 11: PROVISIONS

Accounting Policy

(I) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non-current | | |
| Provision for Employee Benefits (Refer Note 17.1) | | |
| Provision for gratuity | 0.42 | 0.34 |
| Provision for Others liabilities | 0.44 | 1.65 |
| | 0.86 | 1.99 |
| Current | | |
| Provision for Employee Benefits (Refer Note 17.1) | | |
| Provision for gratuity | 9.31 | 6.07 |
| Provision for compensated absences | 10.88 | 9.90 |
| Provision for Others liabilities | 1.31 | 0.20 |
| Provisions for claims and litigations (Refer Note 11.1) | 62.89 | 67.74 |
| | 84.39 | 83.91 |

11.1 Provisions for claims and litigations

The Company has estimated the provisions for pending claims and litigation based on the assessment of probability for these demands crystallising against the Company in due course. The table below gives information about movement in claims and litigations, and provisions

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| At the beginning of the year | 67.74 | 65.44 |
| Add: Incurred during the year | 0.50 | 7.78 |
| Less : Paid / adjusted during the year | - | 5.48 |
| Less : Reversed during the year | 5.35 | - |
| At the end of the year | 62.89 | 67.74 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 12: DEFERRED TAX LIABILITIES

| | Balance as at 1 April, 2020 | | Recognized to Statement of Profit and Loss for the year | | Recognized to/Reclassified from OCI | | Adjusted with liability | | Balance as at 31 March, 2021 | |
|---|-----------------------------|-------|---|-------|-------------------------------------|-------|-------------------------|-------|------------------------------|-------|
| | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total |
| Deferred Tax Liabilities: | | | | | | | | | | |
| Property, plant and equipments, Intangible Assets | 280.05 | | 10.57 | | - | | - | | 290.62 | |
| Financial Assets at Fair value through Other Comprehensive Income | 16.62 | | - | | 7.86 | | - | | 24.48 | |
| Others | 0.33 | | - | | - | | - | | 0.33 | |
| | 297.00 | | 10.57 | | 7.86 | | | | 315.43 | |
| Deferred Tax Assets: | | | | | | | | | | |
| Items allowable for tax purpose on payments/adjustment | 30.34 | | (0.37) | | - | | - | | 29.97 | |
| Allowance for doubtful debts - trade receivable | 3.66 | | 0.29 | | - | | - | | 3.95 | |
| Impact on adoption of Ind AS 116 | 1.74 | | - | | - | | - | | 1.74 | |
| Fair value changes on financial assets | 6.39 | | (6.39) | | - | | - | | - | |
| Minimum Alternate Tax Credit / Other Tax Credits | - | | 8.30 | | - | | - | | 8.30 | |
| | 42.13 | | 1.83 | | | | | | 43.96 | |
| Net Deferred Tax Liabilities: | 254.87 | | 8.74 | | 7.86 | | | | 271.47 | |

| | Balance as at 1 April, 2019 | | Recognized to Statement of Profit and Loss for the year | | Recognized to/Reclassified from OCI | | Adjusted with liability | | Balance as at 31 March, 2020 | |
|---|-----------------------------|-------|---|-------|-------------------------------------|-------|-------------------------|-------|------------------------------|-------|
| | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total |
| Deferred Tax Liabilities: | | | | | | | | | | |
| Property, plant and equipments, Intangible Assets | 274.38 | | 5.67 | | - | | - | | 280.05 | |
| Financial Assets at Fair value through Other Comprehensive Income | 23.65 | | - | | (7.03) | | - | | 16.62 | |
| Others | 0.33 | | - | | - | | - | | 0.33 | |
| | 298.36 | | 5.67 | | (7.03) | | | | 297.00 | |
| Deferred Tax Assets: | | | | | | | | | | |
| Items allowable for tax purpose on payments/adjustment | 28.43 | | 1.91 | | - | | - | | 30.34 | |
| Allowance for doubtful debts - trade receivable | 4.88 | | (1.22) | | - | | 1.74 | | 3.66 | |
| Impact on adoption of Ind AS 116 (with effect from 1 April 2019) | - | | - | | - | | - | | 1.74 | |
| Fair value changes on financial assets | 1.19 | | 2.09 | | 3.11 | | - | | 6.39 | |
| Minimum Alternate Tax Credit / Other Tax Credits* | 7.14 | | (7.14) | | - | | - | | - | |
| | 41.64 | | (4.36) | | 3.11 | | | | 42.13 | |
| Net Deferred Tax Liabilities: | 256.72 | | 10.03 | | (10.14) | | | | 254.87 | |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Note:

- i. Section 115BAA of the Income Tax Act, 1961 gives the corporate assessee an option to apply lower tax rate with effect from April 1, 2019 subject to certain condition specified therein. The Company has assessed the impact of the same and believes that it will continue to remain in the existing tax structure for the foreseeable future based on its forecasted profits. Accordingly, no effect in this regard has been considered in measurement of tax expenses for the purpose of these financial statements. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expenses when there is reasonable certainty to avail the lower rate of tax.
- ii. The Company has unrecognised credits of Minimum Alternative Tax pertaining to earlier years which has not been accounted for in accordance with accounting policy of the Company (Refer Note 21).

* Utilised during the year against normal tax liability

NOTE 13: OTHER CURRENT LIABILITIES

Accounting Policy

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. If the grant received is to compensate the import cost of assets, and is subject to an export obligation as prescribed in the EPCG scheme, then the recognition of the grant would be linked to fulfilment of the associated export obligations. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other current liabilities. Revenue grant is recognised as an income in the period in which related obligation is met.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Advance from Customers | 3.31 | 1.39 |
| Dues payable to Government Authorities | 16.09 | 4.41 |
| Liability for Export Obligation / Government grants | 7.41 | 7.98 |
| | 26.81 | 13.78 |

NOTE 14: REVENUE FROM OPERATIONS

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade and other discounts, rebates and amounts collected on behalf of third parties.

Where the Company is the principal in the transaction, the sales are recorded at their gross values. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing component, non-cash considerations and consideration payable to the customer (if any). Any amounts received for which the Company does not provide any distinct goods or services are considered as a reduction of purchase cost.

However, Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company regardless of when the payment is being made and specific criteria have been met for each of the Company's activities as described below.

Sale of carbon black

Revenue from sale of carbon black is recognised when the control of the goods has passed to the buyer as per the terms of contract. In case of domestic sales, the performance obligation is satisfied upon delivery of the finished goods at customer's location. In case of export sales, the performance obligation is satisfied once the goods are shipped and the bill of lading has been obtained.

Sale of power

Revenue from the sale of power is recognised upon transmission of units to the buyer net of Unscheduled Interchange gains/losses as per the terms of contract with the customer.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Other Operating revenues

Exports entitlements (arising out of duty draw back, Merchandise exports from India Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Company and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Sales of Finished Goods | | |
| Carbon black | 2,586.71 | 3,135.57 |
| Sale of Power | 67.25 | 86.48 |
| Other Operating Revenues | | |
| Scrap sales | 5.56 | 4.41 |
| Exports Incentive | - | 17.08 |
| Total revenue from operations | 2,659.52 | 3,243.54 |
| India | 1,975.56 | 2,370.27 |
| Outside India | 678.40 | 851.78 |
| Total revenue (excluding scrap sales and exports incentive) | 2,653.96 | 3,222.05 |

NOTE 15: OTHER INCOME

Accounting Policy

a. Interest Income

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

b. Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established and the amount of the dividend can be measured reliably which is generally when shareholders approve the dividend.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Interest income from certain financial assets | 3.46 | 0.56 |
| Dividend income from equity instruments designated at FVOCI | 7.59 | 5.28 |
| Gain on sale of investments carried at FVTPL | 2.90 | 9.91 |
| Fair Value gains on financial assets (investments) at FVTPL | - | 0.80 |
| Provision/Liability no longer required written back | 0.10 | 5.09 |
| Miscellaneous income | 1.74 | 2.49 |
| | 15.79 | 24.13 |

NOTE 16(a) : COST OF MATERIAL CONSUMED

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---------------------------|------------------------------|------------------------------|
| Opening Stock | 198.93 | 309.00 |
| Add : Purchases | 1,733.03 | 2,075.65 |
| Less : Closing Stock | (349.22) | (198.93) |
| Cost of material consumed | 1,582.74 | 2,185.72 |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 16(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|------------------------------|------------------------------|------------------------------|
| Opening Stock (Carbon black) | 79.33 | 83.12 |
| Closing Stock (Carbon black) | 53.14 | 79.33 |
| | 26.19 | 3.79 |

NOTE 17 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

- The liability or asset recognised in the balance sheet in respect of Defined benefit plans is the present value of the Defined benefits obligation at the end of the reporting period less the fair value of plan assets. The Defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.
- The present value of the Defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.
- The net interest cost is calculated by applying the discount rate to the net balance of the Defined benefit obligation and the fair value of plan assets. This cost is included in Employees Benefits Expense in the statement of profit and loss.
- Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity.
- Changes in the present value of the Defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(II) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(III) Other short-term employee benefit obligations

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 106.50 | 109.99 |
| Contribution to provident and other funds (Refer note 17.1) | 15.47 | 13.78 |
| Staff welfare expense (Refer note 17.1) | 10.20 | 10.61 |
| | 132.17 | 134.38 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

17.1 Employee Benefits:

(I) Post employment obligations

(A) Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of last drawn salary and the period of service and paid as lump sum at exit. Gratuity payable is not restricted to the maximum limit prescribed under the Payment of Gratuity Act, 1972. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested solely with the Life Insurance Corporation of India.

(B) Post- retirement medical benefits (PRMB)

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], a defined benefit retirement plan is extended to certain employees. The scheme is unfunded.

The following table sets forth the particulars in respect of the defined benefit plans of the Company for the year ended 31 March, 2021:

| Particulars | Gratuity Fund (Funded) | | |
|--|-----------------------------|---------------------------|-------------|
| | Present Value of Obligation | Fair value of plan assets | Net Amount |
| (i) 1 April 2020 | 31.96 | (25.55) | 6.41 |
| Current Service Cost | 2.53 | - | 2.53 |
| Past Service Cost | - | - | - |
| Interest expense/(Income) | 1.94 | (1.53) | 0.41 |
| Total Amount recognised in profit or loss | 4.47 | (1.53) | 2.94 |
| Remeasurements (gain)/loss | | | |
| (Gain)/loss from change in financial assumptions | 0.21 | 0.20 | 0.41 |
| (Gain)/loss arising from experience adjustments | (0.03) | - | (0.03) |
| Total amount recognised in other comprehensive income | 0.18 | 0.20 | 0.38 |
| Employer's contributions | - | - | - |
| Benefit payments | (2.38) | 2.38 | - |
| 31 March 2021 | 34.23 ## | (24.50) | 9.73 |
| (ii) 1 April 2019 | 26.76 | (17.31) | 9.45 |
| Current Service Cost | 1.91 | - | 1.91 |
| Past Service Cost | - | - | - |
| Interest expense/(Income) | 1.88 | (1.49) | 0.39 |
| Total Amount recognised in profit or loss | 3.79 | (1.49) | 2.30 |
| Remeasurements (gain)/loss | | | |
| (Gain)/loss from change in financial assumptions | 1.65 | (0.09) | 1.56 |
| (Gain)/loss arising from experience adjustments | 1.16 | - | 1.16 |
| Total amount recognised in other comprehensive income | 2.81 | (0.09) | 2.72 |
| Employer's contributions | - | (8.06) | (8.06) |
| Benefit payments | (1.40) | 1.40 | - |
| 31 March 2020 | 31.96 ## | (25.55) | 6.41 |

Includes ₹ 3.68 Crores (31 March, 2020 : ₹ 3.33 Crores) related to present value obligation of gratuity payable for contractual workers. This is an unfunded plan.

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.

The expenses for the above mentioned Gratuity benefit is included and disclosed under the head "Contribution to provident and other funds" under Note 17



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | 2020-21 | 2019-20 |
|-----------------------------------|---------|---------|
| (iii) Actual Return on Plan Asset | 1.53 | 1.49 |

(iv) The net liability disclosed above relating to funded are as follows

| | As at 31 March, 2021 | As at 31 March, 2020 |
|-------------------------------------|-------------------------|-------------------------|
| Present value of funded obligations | 34.23 | 31.96 |
| Fair value of plan assets | (24.50) | (25.55) |
| Deficit of funded plan | 9.73 | 6.41 |

(v) Principal : Actuarial assumptions

| | As at 31 March, 2021 | As at 31 March, 2020 |
|------------------------------------|--|--|
| (i) Discount rate | 6.20% | 6.30% |
| (ii) Salary escalation rate # | 7.00% | 7.00% |
| (iii) Mortality Table (In service) | Indian Assured Lives Mortality (2006-08) (Modified) Ult. | Indian Assured Lives Mortality (2006-08) (Modified) Ult. |

The estimate of future salary increase considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Company ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Company's ALM objective is to match asset with gratuity obligation. The Company actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Company has not changed the process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

(vi) Sensitivity Analysis

| | Increase/ (Decrease) in DBO | | | Increase/ (Decrease) in DBO | | |
|--------------------------|-----------------------------|-------------------------|-------------------------|-----------------------------|-------------------------|-------------------------|
| | | As at 31 March, 2021 | As at 31 March, 2020 | | As at 31 March, 2021 | As at 31 March, 2020 |
| Discount Rate - Gratuity | Decrease by 1% | 2.27 | 2.13 | Increase by 1% | (1.94) | (1.82) |
| Salary escalation Rate | Decrease by 1% | (1.95) | (1.83) | Increase by 1% | 2.24 | 2.10 |

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar opposite directions, while the plan's sensitivity to such changes can vary over time.

(vii) Risk Exposure

Through its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below:

- 1 Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
- 2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- 3 Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(C) Provident Fund

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 cessation of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

such Provident Fund Trust set up by the Company. 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. The provident fund trust as aforesaid, has surrendered its exemption with effect from April 01, 2021. The Company has accounted liability of ₹ 1.26 Crores towards shortfall in return of plan assets.

(II) Defined Contribution Plans

The Company has certain Defined Contribution Plans viz. Provident Fund and Superannuation Fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The Company has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of Basic and Dearness Allowance of the member with Superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 2.42 Crores (31 March, 2020 ₹ 1.96 Crores)

(III) Defined Benefit Liability and Employer Contributions

Expected contribution to Post-employment benefit plans for the year ending 31 March, 2021 is ₹ 6.05 Crores (31 March, 2020: ₹ 3.08 Crores)

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2020 - 6 years) for employees and 10 years (31 March, 2020 - 10 years) for contractual employees. The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars | Less than a year | Between 1 -2 years | Between 2 -3 years | Between 3 -4 years | Between 4 -5 years | Between 5 -11 years | Total |
|----------------------------|------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| 31 March, 2021 | | | | | | | |
| Defined benefit obligation | | | | | | | |
| Gratuity | 12.25 | 1.80 | 3.28 | 2.15 | 4.32 | 14.24 | 38.04 |
| Total | 12.25 | 1.80 | 3.28 | 2.15 | 4.32 | 14.24 | 38.04 |
| 31 March, 2020 | | | | | | | |
| Defined benefit obligation | | | | | | | |
| Gratuity | 10.47 | 1.88 | 2.08 | 3.22 | 2.41 | 15.19 | 35.25 |
| Total | 10.47 | 1.88 | 2.08 | 3.22 | 2.41 | 15.19 | 35.25 |

NOTE 18 : FINANCE COSTS

Accounting Policy

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|------------------------------|------------------------------|
| Interest expense on debts and borrowings | 21.55 | 36.77 |
| Interest on lease liabilities | 10.95 | 8.85 |
| Other Borrowings Costs | 1.38 | 0.28 |
| | 33.88 | 45.90 |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 19 : DEPRECIATION AND AMORTISATION EXPENSES

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Depreciation of property, plant and equipment (Refer Note 3(a)) | 88.65 | 75.52 |
| Amortization of intangible assets (Refer Note 3(d)) | 0.36 | 0.42 |
| Depreciation on Right of Use Assets (Refer Note 3(e)) | 21.11 | 16.42 |
| | 110.12 | 92.36 |

NOTE 20 : OTHER EXPENSES

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|------------------------------|------------------------------|
| Consumption of stores and spares | 41.44 | 34.63 |
| Consumption of packing materials | 54.79 | 63.93 |
| Power and fuel | 24.25 | 17.40 |
| Water charges | 3.86 | 5.56 |
| Rent | 5.88 | 4.69 |
| Rates and taxes | 2.80 | 8.31 |
| Repairs and maintenance: | | |
| - Buildings | 2.42 | 1.52 |
| - Plant and Machinery | 15.66 | 19.86 |
| - Others | 4.46 | 2.75 |
| Insurance | 5.73 | 3.34 |
| Travelling and conveyance | 4.46 | 11.18 |
| Subscriptions and donations | 27.37 | 35.53 |
| Freight outward (net of recovery) | 97.29 | 91.30 |
| Commission to selling agents | 27.40 | 32.41 |
| Directors sitting fees & Commission | 12.06 | 10.66 |
| Research and development expenses (refer note 22) | 9.02 | 9.82 |
| Net gain on foreign currency transaction | (10.24) | (1.07) |
| Loss/ (Profit) on disposal of property, plant and equipment | (1.41) | 1.01 |
| Fair Value loss on financial assets (investments) at FVTPL | 5.87 | - |
| Allowance for doubtful debts / expected credit loss - trade receivable (net) | 0.83 | (3.84) |
| Corporate Social Responsibility Expenditure [refer note (a) below] | 3.07 | 11.82 |
| Payment to auditors [refer note (b) below] | 0.72 | 0.86 |
| Miscellaneous expenses | 62.12 | 93.01 |
| | 399.85 | 454.68 |

(a) Details of CSR expenditure

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| (i) Gross amount required to be spent by the Company during the year | 7.93 | 6.77 |
| (ii) Excess CSR expenditure of the previous year is offset against the current year's CSR obligation (refer note below) | 5.05 | - |
| (iii) Amount spent / to be spent for the year as per the provisions of the Companies Act 2013 | 3.07* | 11.82* |

* Includes ₹ 1.50 Crores payable to a registered trust in respect of an ongoing projects for carrying out CSR activities

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

As per the general circular and office memorandum issued by the Ministry of Corporate Affairs ("MCA"), any contribution to "PM Cares Fund" shall qualify as CSR expenditure under the Companies Act, 2013.

Further, as per appeal sent by the Secretary of MCA on 30 March, 2020 (D.O. No.05/1/2020 – CSR – MCA), if the Company contributes over and above their minimum obligation of amount required to be contributed for CSR, such excess amount can later be offset against the CSR obligation of the Company arising in subsequent years. Accordingly, the Company contributed a sum of ₹ 10.00 Crores to the PM Cares Fund for the year ended 31 March, 2020 and excess contribution of ₹ 5.05 Crores has been set off in the current year.

(b) Details of payment to auditors

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---------------------------|------------------------------|------------------------------|
| As auditor: | | |
| Audit Fees | 0.43 | 0.51 |
| Limited reviews | 0.17 | 0.17 |
| Tax audit fees | 0.07 | 0.07 |
| Others services | 0.05 | 0.06 |
| Reimbursement of expenses | 0.00 | 0.05 |
| | 0.72 | 0.86 |

(c) The Company has incurred following following expenses for it's Innovation Centre in Belgium

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|------------------|------------------------------|------------------------------|
| Revenue expenses | 8.77 | 1.36 |
| Capital expenses | 6.52 | - |
| | 15.29 | 1.36 |

NOTE 21 : TAX EXPENSE

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect of situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit/ loss nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax assets. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Unrecognised MAT are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the MAT to be recovered.



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| a. Income-tax expense recognised in the statement of Profit and Loss | | |
| Current tax | | |
| Current tax on profits for the year | 69.35 | 57.32 |
| Deferred Tax | | |
| Origination and reversal of temporary differences | 8.74 | 10.03 |
| Income-tax expense | 78.09 | 67.35 |
| b. Income-tax expense on other comprehensive income | | |
| Total current tax expense on Other Comprehensive Income - Remeasurement of post employment defined benefit obligation | 0.13 | 0.96 |
| Deferred tax - Fair value through other comprehensive income - equity instruments | (7.86) | 10.14 |
| Income-tax expense recognised in Other Comprehensive Income | (7.73) | 11.10 |
| c. Reconciliation of statutory rate of tax and the effective rate of tax | | |
| Profit before income tax | 390.36 | 350.84 |
| Enacted Income tax rate in India applicable to the Company | 34.95% | 34.95% |
| Tax on Profit before tax at the enacted Income tax rate in India | 136.43 | 122.62 |
| Adjustments: | | |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Items not deductible / Income exempt from tax | (0.71) | (2.51) |
| Incentives / additional benefits allowable under Income-tax | (27.09) | (34.86) |
| Tax Credits | (32.00) | (15.49) |
| Other items | 1.46 | (2.41) |
| Total Income tax expense | 78.09 | 67.35 |
| Effective tax rate | 20.00% | 19.20% |

NOTE 22: RESEARCH AND DEVELOPMENT EXPENSES

Accounting Policy

The Company's business research and development concentrates on the development of improved finished goods and better operational efficiency. Research costs are expensed as incurred. Expenditure on development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

Revenue Expenses

| | Year ended 31 March, 2021 | | | | | Year ended 31 March, 2020 | | | | |
|---|---------------------------|-------------|-------------|-------------|-------------|---------------------------|-------------|-------------|-------------|-------------|
| | Total | Durgapur | Kochi | Palej | Mundra | Total | Durgapur | Kochi | Palej | Mundra |
| Raw Materials & Stores Consumed | 3.23 | 1.31 | - | 1.79 | 0.13 | 1.68 | 0.23 | - | 1.32 | 0.13 |
| Salaries Wages and Bonus | 3.86 | 0.59 | 0.53 | 2.12 | 0.62 | 4.39 | 0.79 | 0.61 | 2.39 | 0.60 |
| Contribution to Provident and Other Funds | 0.30 | 0.05 | 0.03 | 0.17 | 0.05 | 0.37 | 0.08 | 0.04 | 0.20 | 0.05 |
| Staff Welfare Expense | 0.11 | - | - | 0.11 | - | 0.25 | 0.01 | 0.01 | 0.22 | 0.01 |
| Miscellaneous Expenses | 1.52 | - | - | 1.52 | - | 3.13 | 0.35 | 0.27 | 2.24 | 0.27 |
| Total | 9.02 | 1.95 | 0.56 | 5.71 | 0.80 | 9.82 | 1.46 | 0.93 | 6.37 | 1.06 |

Capital Expenditure (included under Gross Carrying Amount in Note 3(a))

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---------------------|------------------------------|------------------------------|
| Plant and Equipment | - | 0.20 |
| | - | 0.20 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 23: CONTINGENT LIABILITIES

Accounting Policy

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 embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Contingent Liabilities for : | | |
| (a) (i) Claims against the Company not acknowledged as debts : | | |
| Income-tax matters under dispute | - | 2.53 |
| Excise duty matters under dispute | 4.04 | 2.77 |
| Sales tax matter under dispute | 0.30 | 0.30 |
| Service tax matters under dispute | 6.26 | 6.26 |
| Value added tax matters under dispute | 1.09 | 0.86 |
| (ii) Other money for which the Company is contingently liable | | |
| Excise duty matters under dispute | 1.57 | 1.57 |
| (b) Outstanding bank guarantees etc. | 6.25 | 12.73 |
| (c) Guarantees or counter guarantees or counter indemnity given by the Company | | |
| On behalf of bodies corporate and others | | |
| - Limit | 0.09 | 0.09 |
| - Outstanding | 0.09 | 0.09 |

It is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings.

NOTE 24: COMMITMENTS

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | | |
| Property, plant and equipment (net of capital advances) | 26.08 | 60.32 |

NOTE 25: DIVIDEND ON EQUITY SHARE

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Interim Dividend for the year of ₹ 7/- per share on face value of ₹ 2/- per share | 120.64 | 120.64 |
| Dividend Distribution tax on above | - | 24.80 |
| | 120.64 | 145.44 |

NOTE 26: EARNING PER EQUITY SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Basic and Diluted | | |
| (i) Number of Equity Shares outstanding | 17,23,37,860 | 17,23,37,860 |
| (ii) Face value of each Equity Share (₹) | 2.00 | 2.00 |
| (iii) Profit after Tax available for Equity Shareholders (₹ in Crores) | 312.27 | 283.49 |
| (iv) Basic and Diluted earnings per Share (₹ [(iii)/(i)]) | 18.12 | 16.45 |

The Company does not have any dilutive potential equity shares.

NOTE 27: RELATED PARTY TRANSACTIONS

(a) Holding Company

| Name | Type | Place of Incorporation | As at 31 March, 2021 | As at 31 March, 2020 |
|-----------------------------|-----------------|------------------------|-------------------------|-------------------------|
| Rainbow Investments Limited | Holding Company | India | 50.20% | 50.20% |

(b) Subsidiaries

The Company has following subsidiary and step down subsidiary companies:-

| Name | Type | Place of Incorporation | As at 31 March, 2021 | As at 31 March, 2020 |
|---|--|------------------------|-------------------------|-------------------------|
| Phillips Carbon Black Cyprus Holdings Limited | Wholly Owned Subsidiary | Cyprus | 100% | 100% |
| Phillips Carbon Black Vietnam Joint Stock Company | Subsidiary Company of Phillips Carbon Black Cyprus Holdings Limited | Vietnam | 80% | 80% |
| PCBL Netherlands Holdings B.V. | Wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited | Netherlands | - | Refer Note below |
| PCBL (TN) Limited* | Wholly Owned Subsidiary | India | 100% | - |

*incorporated with effect from 29 September, 2020

Note: PCBL Netherlands Holdings B.V. a wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the year 31 March, 2020 in accordance with the local laws of Netherlands.

(c) Key management personnel of the Company and the Holding Company with whom transactions have taken place

| Name | Relationship |
|--|--|
| i) Sanjiv Goenka | Chairman and Non Executive Director |
| ii) Shashwat Goenka | Non Executive Director |
| iii) Preeti Goenka | Non Executive Director |
| iv) Kaushik Roy | Managing Director |
| v) O P Malhotra | Non Executive Independent Director |
| vi) K S B Sanyal | Non Executive Independent Director |
| vii) Paras K Chowdhary | Non Executive Independent Director |
| viii) Pradip Roy | Non Executive Independent Director |
| ix) Kusum Dadoo (Resigned with effect from February 4, 2021) | Non Executive Independent Director |
| x) Raj Kumar Gupta | Chief Financial Officer and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020) |
| xi) Kaushik Mukherjee | Company Secretary and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020) |
| xii) Utpal Saha | Employee holding Directorship in subsidiary Company |
| xiii) Sunil Bhandari | Employee holding Directorship in Holding Company |
| xiv) Subhrangshu Chakraborty | Person holding Directorship in Holding Company |
| xv) Yugesh Kanoria | Person holding Directorship in Holding Company |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(d) Others with whom transactions have taken place during the year

| Name | Relationship |
|--|---|
| RPG Power Trading Company Limited | Fellow Subsidiary |
| Trade Apartment Private Limited | Fellow Subsidiary |
| Dynamic Success Projects Private Limited | Fellow Subsidiary |
| CESC Limited | Company under the control of the Holding Company as per Ind AS-110 |
| RPSG Ventures Limited (Erstwhile: CESC Ventures Limited) | Company under the control of the Holding Company as per Ind AS-110 |
| Spencer's Retail Limited | Company under the control of the Holding Company as per Ind AS-110 |
| Guiltfree Industries Limited | Company under the control of the Holding Company as per Ind AS-110 |
| RPSG Resources Private Limited (Erstwhile: Accurate Commodeal Pvt. Limited) | Company under the control of the Holding Company as per Ind AS-110 |
| Crescent Power Limited | Company under the control of the Holding Company as per Ind AS-110 |
| Alipore Towers Pvt Ltd | Company under the control of the Holding Company as per Ind AS-110 |
| Woodlands Multispeciality Hospital Limited | Fellow Subsidiary |
| Duncan Brothers & Co. Ltd | Associate of Holding Company |
| Harrison Malayalam Limited | Associate of Holding Company |
| Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund) | Post Employment Benefit Plan of the Company (Other related parties) |
| Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund) | Post Employment Benefit Plan of the Company (Other related parties) |
| Phillips Carbon Black Limited Staff Provident Institution (Provident Fund) | Post Employment Benefit Plan of the Company (Other related parties) |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(e) Details of transaction between the Company and related parties and outstanding balances

| Sl. No. | Nature of Transactions | Company under the control of the Holding Company as per Ind AS-110 and Holding Company, Subsidiary and Fellow Subsidiaries | | Associates of Holding Company | | Key Management Personnel of the Company, Holding company and Subsidiary Company | | Other Related Parties | | Total | |
|-----------|--|--|-----------------------------|-------------------------------|-----------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | As at 31 March, 2021 | Year ended 31 March, 2020 | As at 31 March, 2021 | Year ended 31 March, 2020 | As at 31 March, 2021 | Year ended 31 March, 2020 | As at 31 March, 2021 | Year ended 31 March, 2020 | As at 31 March, 2021 | Year ended 31 March, 2020 |
| A. | Transactions | | | | | | | | | | |
| 1 | Dividend paid on Equity Shares | 60.56 | 60.56 | - | - | - | - | - | - | 60.56 | 60.56 |
| 2 | Dividend received on Equity Shares | 7.59 | 3.37 | - | - | - | - | - | - | 7.59 | 3.37 |
| 3 | Dividend received on Preference Shares | - | 1.91 | - | - | - | - | - | - | - | 1.91 |
| 4 | Transfer of Leasehold Land | 25.18 | - | - | - | - | - | - | - | 25.18 | - |
| 5 | Investment in Equity Shares | 3.37 | - | - | - | - | - | - | - | 3.37 | - |
| 6 | Security Deposit paid | 30.00 | - | - | - | - | - | - | - | 30.00 | - |
| 7 | Accommodation Charges paid | - | 0.02 | 0.03 | 0.01 | - | - | - | - | 0.03 | 0.03 |
| 8 | Accommodation Charges recovered | 0.08 | 0.00 | - | - | - | - | - | - | 0.08 | 0.00 |
| 9 | Reimbursement of expenses paid | 0.76 | 0.21 | - | - | - | - | - | - | 0.76 | 0.21 |
| 10 | Reimbursement of expenses received | 8.14 | 5.24 | - | - | - | - | - | - | 8.14 | 5.24 |
| 11 | Redemption of Preference Shares | - | 47.75 | - | - | - | - | - | - | - | 47.75 |
| 12 | Electricity charges paid | 0.03 | 0.25 | - | - | - | - | - | - | 0.03 | 0.25 |
| 13 | Rent & Flat Maintenance Paid | 0.40 | 0.60 | - | - | - | - | - | - | 0.40 | 0.60 |
| 14 | Power Selling expenses paid | 1.37 | 2.18 | - | - | - | - | - | - | 1.37 | 2.18 |
| 15 | Sale of Power | 53.03 | 75.52 | - | - | - | - | - | - | 53.03 | 75.52 |
| 16 | Advances given | 0.50 | - | - | - | - | - | - | - | 0.50 | 1.29 |
| 17 | Advances recovered | - | - | - | - | - | - | - | - | - | 1.35 |
| 18 | Licence Fees | 16.00 | 0.28 | - | - | - | - | - | - | 16.00 | 0.28 |
| 19 | Contributions paid | - | - | - | - | - | - | 3.53 | 11.62 | 3.53 | 11.62 |
| 20 | Remuneration to Key Management Personnel | - | - | - | - | 15.87 | 16.41 | - | - | 15.87 | 16.41 |
| 21 | Post-employment benefits to Key Management Personnel | - | - | - | - | 0.51 | 0.55 | - | - | 0.51 | 0.55 |
| 22 | Other long-term benefit to Key Management Personnel | - | - | - | - | 0.12 | 0.21 | - | - | 0.12 | 0.21 |
| 23 | Director's Sitting Fees | - | - | - | - | 0.42 | 0.40 | - | - | 0.42 | 0.40 |
| 24 | Director's Commission | - | - | - | - | 10.50 | 16.00 | - | - | 10.50 | 16.00 |
| 25 | Loan repaid by Key Management Personnel | - | - | - | - | 0.04 | 0.06 | - | - | 0.04 | 0.06 |
| | | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 |
| B. | Closing Balances | | | | | | | | | | |
| 1 | Receivables | 79.61 | 38.63 | - | - | 0.08 | 0.12 | - | - | 79.69 | 38.74 |
| 2 | Payables | 0.03 | - | - | - | - | - | - | - | 0.03 | - |
| 3 | Investments | 160.02 | 123.38 | - | - | - | - | - | - | 160.02 | 123.38 |

(f) Terms and Conditions

All transactions were made on normal commercial terms and conditions. All outstanding balances are unsecured and are repayable in cash.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 28: SEGMENT

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Company.

(a) Description of segments and principal activities

Carbon Black: The Company is primarily engaged in production of Carbon Black through its four manufacturing units located at Durgapur, Kochi, Vadodara and Mundra.

Power: The Company is also engaged in generation of electricity for the purpose of captive consumptions as well as distribution of surplus to outsiders.

The segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statement. Also the Company's borrowings (including finance costs and interest income), income taxes, investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external sources. Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the standalone financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

All non-current assets of the Company (excluding certain financial assets) are located in India.

(b) Segment Revenue, Segment Earnings and other information as at / for the year ended:-

Segment Revenue :

| Particulars | Year ended 31 March, 2021 | | | Year ended 31 March, 2020 | | |
|---------------------------------|---------------------------|---------------|-----------------|---------------------------|---------------|-----------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Revenue from external customers | 2,586.71 | 67.25 | 2,653.96 | 3,135.57 | 86.48 | 3,222.05 |
| Other operating Revenues | 5.56 | - | 5.56 | 21.49 | - | 21.49 |
| Total revenue from operations | 2,592.27 | 67.25 | 2,659.52 | 3,157.06 | 86.48 | 3,243.54 |
| Inter-segment revenue | - | 63.45 | 63.45 | - | 65.30 | 65.30 |
| Total segment revenue | 2,592.27 | 130.70 | 2,722.97 | 3,157.06 | 151.78 | 3,308.84 |

Revenue of ₹ 1,261.13 Crores (31 March, 2020 - ₹ 1,088.07 Crores) are derived from customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The Company is domiciled in India. The amount of its revenue from external customers broken down by the location of the customers is shown in table below:

| Revenue from external customers (excluding other operating revenues) | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|---------------------------|---------------------------|
| India | 1,975.56 | 2,370.27 |
| Other countries | 678.40 | 851.78 |
| Total | 2,653.96 | 3,222.05 |

Segment Results :

| Particulars | Year ended 31 March, 2021 | | | Year ended 31 March, 2020 | | |
|--|---------------------------|--------------|---------------|---------------------------|--------------|---------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Segment profit before interest and tax | 494.60 | 71.09 | 565.69 | 467.82 | 99.05 | 566.87 |
| Reconciliation to Profit before tax | | | | | | |
| Finance Cost | - | - | (33.88) | - | - | (45.90) |
| Interest Income | - | - | 3.46 | - | - | 0.56 |
| Unallocated expenses (Net) | - | - | (144.91) | - | - | (170.69) |
| Profit before tax | 494.60 | 71.09 | 390.36 | 467.82 | 99.05 | 350.84 |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Depreciation/Amortisation and non cash expenses

| Particulars | Year ended 31 March, 2021 | | | | Year ended 31 March, 2020 | | | |
|---------------------------|---------------------------|-------|-------------|--------|---------------------------|-------|-------------|-------|
| | Carbon Black | Power | Unallocated | Total | Carbon Black | Power | Unallocated | Total |
| Depreciation/Amortisation | 81.89 | 24.94 | 3.29 | 110.12 | 67.22 | 23.13 | 2.01 | 92.36 |
| Non cash expense | 0.50 | - | - | 0.50 | 13.28 | - | - | 13.28 |

Segment Assets

| Particulars | 31 March, 2021 | | | 31 March, 2020 | | |
|--|-----------------|---------------|-----------------|-----------------|---------------|-----------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Segment Assets | 2,740.44 | 314.61 | 3,055.05 | 2,484.74 | 320.83 | 2,805.57 |
| Reconciliation to total assets | | | | | | |
| Investments | - | - | 220.28 | - | - | 176.73 |
| Other unallocable assets | - | - | 434.75 | - | - | 313.37 |
| Total assets as per the balance sheet | 2,740.44 | 314.61 | 3,710.08 | 2,484.74 | 320.83 | 3,295.67 |

| Particulars | 31 March, 2021 | | | | 31 March, 2020 | | | |
|---|----------------|-------|-------------|--------|----------------|-------|-------------|--------|
| | Carbon Black | Power | Unallocated | Total | Carbon Black | Power | Unallocated | Total |
| Addition to Non current assets other than financial instruments | 127.42 | 16.03 | 0.96 | 144.41 | 201.56 | 20.44 | 13.24 | 235.24 |

The total of segments assets broken down by location of the assets, is shown below:

| Assets by geographical location | 31 March, 2021 | 31 March, 2020 |
|---------------------------------|-----------------|-----------------|
| India | 2,896.31 | 2,672.90 |
| other countries | 158.74 | 132.67 |
| Total | 3,055.05 | 2,805.57 |

Segment Liabilities :

| Particulars | 31 March, 2021 | | | 31 March, 2020 | | |
|---|----------------|--------------|-----------------|----------------|--------------|-----------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Total Segment liabilities | 650.14 | 28.32 | 678.46 | 503.64 | 16.34 | 519.98 |
| Reconciliation to total liabilities | | | | | | |
| Borrowings | - | - | 606.79 | - | - | 616.97 |
| Deferred Tax Liabilities | - | - | 271.47 | - | - | 254.87 |
| Other Unallocated liabilities | - | - | 226.19 | - | - | 212.17 |
| Total liabilities as per the balance sheet | 650.14 | 28.32 | 1,782.91 | 503.64 | 16.34 | 1,603.99 |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 29: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the year are as follows:

| Particulars | As at 31 March, 2021 | | | As at 31 March, 2020 | | |
|-------------------------------|----------------------|---------------|-----------------|----------------------|---------------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| - Equity instruments | - | 188.55 | - | - | 135.57 | - |
| - Preference Shares | 7.72 | - | - | 19.51 | - | - |
| Trade receivables | - | - | 707.53 | - | - | 588.24 |
| Loans | - | - | 50.95 | - | - | 20.96 |
| Cash and cash equivalents | - | - | 114.04 | - | - | 107.97 |
| Other bank balances | - | - | 104.92 | - | - | 2.68 |
| Derivative financial assets | - | - | - | 21.55 | - | - |
| Other Financial Assets | - | - | 28.79 | - | - | 2.36 |
| Total financial assets | 7.72 | 188.55 | 1,006.23 | 41.06 | 135.57 | 722.21 |

| Particulars | As at 31 March, 2021 | | | As at 31 March, 2020 | | |
|--------------------------------------|----------------------|----------|-----------------|----------------------|----------|-----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 561.66 | - | - | 544.68 |
| Current maturities of long term debt | - | - | 45.13 | - | - | 72.29 |
| Derivative financial liabilities | 0.98 | - | - | - | - | - |
| Trade payables | - | - | 591.50 | - | - | 418.53 |
| Other financial liabilities | - | - | 200.11 | - | - | 213.94 |
| Total financial liabilities | 0.98 | - | 1,398.40 | - | - | 1,249.44 |

Investment in subsidiaries amounting to ₹ 24.01 Crores (31 March, 2020 ₹ 21.65 Crores) is recognised at cost and not included in table above.

(ii) Fair Value

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

- In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.
- The fair value of derivative contracts (foreign exchange forward contracts and Currency and Interest rate swaps) is determined using discounted cash flow analysis and swaps and options pricing models.
- The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain non-current loans which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

| Financial assets and liabilities measured at fair value - recurring fair value measurements | As at 31 March, 2021 | | | | As at 31 March, 2020 | | | |
|---|----------------------|-------------|--------------|---------------|----------------------|--------------|--------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Financial assets at FVPL | | | | | | | | |
| Investments in preference shares | - | - | 7.72 | 7.72 | - | - | 19.51 | 19.51 |
| Foreign-exchange forward contract | - | - | - | - | - | 21.55 | - | 21.55 |
| Financial assets at FVOCI | | | | | | | | |
| Investments in equity instruments | 119.84 | - | 68.71 | 188.55 | 80.58 | - | 54.99 | 135.57 |
| Total financial assets | 119.84 | - | 76.43 | 196.27 | 80.58 | 21.55 | 74.50 | 176.63 |
| Financial liabilities | | | | | | | | |
| Financial liabilities at FVPL | | | | | | | | |
| Foreign-exchange forward contract | - | 0.98 | - | 0.98 | - | - | - | - |
| Total financial liabilities | - | 0.98 | - | 0.98 | - | - | - | - |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31 March, 2021 and 31 March, 2020.

Some of the Company's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Valuation inputs and relationship to fair value

| Particulars | Fair Value at | | Valuation Technique | Significant unobservable input | Sensitivity | |
|----------------------------|----------------|----------------|--------------------------------------|--|---|---|
| | 31 March, 2021 | 31 March, 2020 | | | 31 March, 2021 | 31 March, 2020 |
| Unquoted equity shares | 68.71 | 54.99 | Discounted cash flow/Net Asset Value | Earning growth rate / Discounting rate | Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 0.73 Crores Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 0.60 Crores | Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 1.05 Crores Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 0.77 Crores |
| Unquoted Preference shares | 7.72 | 19.51 | Discounted Amortized cost | Discounting rate to determine PV | Decrease in discount rate by 1% will increase the fair value by ₹ 0.29 Crores Increase in discount rate by 1% will decrease fair value by ₹ 0.28 Crores | Decrease in discount rate by 1% will increase the fair value by ₹ 2.27 Crores Increase in discount rate by 1% will decrease fair value by ₹ 1.90 Crores |
| Investment Property-Land | 5.39 | 5.39 | Fair market price | Discount for limited market activity | Decrease in discount rate by 1% will increase the fair value by ₹ 0.07 Crores Increase in discount rate by 1% will decrease fair value by ₹ 0.07 Crores. | Decrease in discount rate by 1% will increase the fair value by ₹ 0.07 Crores Increase in discount rate by 1% will decrease fair value by ₹ 0.07 Crores. |

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Valuation process :

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Company are derived and evaluated as follows:

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTE 30: FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises of borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Company. The Company's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Company's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Company seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Company has laid comprehensive risk assessment and minimization/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Company does not enter into derivative financial instruments for speculative purposes.

(A) Credit risk

Credit risk refers to risk of financial loss to the Company if customers or counterparties fail to meet their contractual obligations. The Company is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Company through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Company also has a policy to provide for all receivables which are overdue for a period over 365 days. In accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

| Particulars | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|------------------------------|------------------------------|
| Loss allowance at the beginning of the year | 9.64 | 13.48 |
| Change / (reversal) in allowance during the year (net) | 0.83 | (3.84) |
| Loss allowance at the end of the year | 10.47 | 9.64 |

(b) Deposits and financial assets (Other than trade receivables):

The Company maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(B) Liquidity Risk

Liquidity risk implies that the Company may not be able to meet its obligations associated with its financial liabilities. The Company manages its liquidity risk on the basis of the business plan that ensures that the funds required for financing the business operations and meeting financial liabilities are available in a timely manner and in the currency required at optimal costs. The Management regularly monitors rolling forecasts of the Company's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits / marketable debt securities / debt mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Company.

Additionally, the Company has committed fund and non-fund based credit lines from banks which may be drawn anytime based on Company's fund requirements. The Company maintains a cautious liquidity strategy with positive cash balance and undrawn bank lines throughout the year.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

| Contractual maturity of financial liabilities | Upto 1 year | 1 Year to 3 year | 3 year to 5 year | More than 5 years | Total |
|--|-----------------|------------------|------------------|-------------------|-----------------|
| 31 March, 2021 | | | | | |
| Borrowings (including current maturities) | 302.05 | 173.00 | 111.75 | 19.99 | 606.79 |
| Trade payable | 591.50 | - | - | - | 591.50 |
| Other financial liabilities (excluding current maturities of non current borrowings) | 111.19 | 32.11 | 24.01 | 33.78 | 201.09 |
| | 1,004.74 | 205.11 | 135.76 | 53.77 | 1,399.38 |
| 31 March, 2020 | | | | | |
| Borrowings (including current maturities) | 401.96 | 172.70 | 42.31 | - | 616.97 |
| Trade payable | 418.53 | - | - | - | 418.53 |
| Other financial liabilities (excluding current maturities of non current borrowings) | 106.41 | 34.05 | 29.33 | 44.16 | 213.94 |
| | 926.90 | 206.75 | 71.64 | 44.16 | 1,249.44 |

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Company's income and expenses and / or value of its investments. The Company's exposure to and management of these risks are explained below

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Company's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Company's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Company's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(a) Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

| Particulars | 31-Mar-21 | | | 31-Mar-20 | | |
|--|-------------------|---------------|---------------|-------------------|---------------|---------------|
| | INR equivalent of | | | INR equivalent of | | |
| | USD | EUR | GBP | USD | EUR | GBP |
| Financial assets | | | | | | |
| Trade receivables | 144.50 | 8.26 | - | 108.11 | 8.19 | - |
| Balances with banks | 66.64 | - | - | - | - | - |
| Derivative assets | | | | | | |
| Foreign exchange forward contracts | | | | | | |
| Sell foreign currency | (66.64) | - | - | (7.52) | - | - |
| Net exposure to foreign currency risk (assets) | 144.50 | 8.26 | - | 100.59 | 8.19 | - |
| Financial liabilities | | | | | | |
| Foreign currency loan | 86.31 | - | - | 126.47 | - | - |
| Trade payables | 420.67 | (3.13) | 0.20 | 288.80 | (5.21) | 0.16 |
| Derivative liabilities | | | | | | |
| Foreign exchange forward contracts | | | | | | |
| Buy foreign currency | (383.51) | - | - | (319.42) | - | - |
| Net exposure to foreign currency risk (liabilities) | 123.47 | (3.13) | 0.20 | 95.85 | (5.21) | 0.16 |
| Net exposure to foreign currency risk (Assets- Liabilities) | 21.03 | 11.39 | (0.20) | 4.74 | 13.40 | (0.16) |

(b) Sensitivity

A fluctuation in the exchange rates of 1% with other conditions remaining unchanged would have the following effect on Company's profit or loss before taxes as at 31 March, 2021 and 31 March, 2020:

| | Impact on profit before tax | |
|--------------------------|-----------------------------|------------|
| | FY 2020-21 | FY 2019-20 |
| USD sensitivity | | |
| INR/USD- Increase by 1%* | 0.21 | 0.05 |
| INR/USD- Decrease by 1%* | (0.21) | (0.05) |
| EUR sensitivity | | |
| INR/EUR- Increase by 1% | 0.11 | 0.13 |
| INR/EUR- Decrease by 1% | (0.11) | (0.13) |
| GBP sensitivity | | |
| INR/GBP- Increase by 1% | (0.01) | 0.01 |
| INR/GBP- Decrease by 1% | 0.01 | (0.01) |

* Holding all other variable constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of change in market interest rates relates primarily to its debt interest obligations. Its borrowings are at floating rates and its future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

| | 31 March, 2021 | 31 March, 2020 |
|--|----------------|----------------|
| Total borrowings (including current maturities) | 606.79 | 616.97 |



NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

| | Impact on profit before tax | |
|---|-----------------------------|------------|
| | FY 2020-21 | FY 2019-20 |
| Interest Rates - Increase by 50 basis points (50 bps) * | (3.03) | (3.08) |
| Interest Rates - Decrease by 50 basis points (50 bps) * | 3.03 | 3.08 |

* Holding all other variable constant

(iii) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments), certain quoted equity instruments and bank fixed deposits. To manage its price risk arising from investments in mutual funds and equity instruments, the Company diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Company and classified in the Balance Sheet as fair value through profit or loss/fair value through other comprehensive income is disclosed under Note 29.

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Company's cost of sales.

The Company endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Company's own requirements. Further, a significant portion of Company's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Company also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE 31 : CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Company's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Company's policy is to borrow primarily through banks to maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Company.

The Company monitors capital on the basis of cost of capital. The Company is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Company:

| Particulars | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Long Term Borrowings (including current maturities of long term debt) | 349.87 | 287.30 |
| Short Term Borrowings | 256.92 | 329.67 |
| Less: Cash and cash equivalents | 114.04 | 107.97 |
| Total Borrowing (Net) | 492.75 | 509.00 |
| Total equity | 1,927.17 | 1,691.68 |
| Total Capital (Equity+Net Debt) | 2,419.92 | 2,200.68 |

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March, 2021 and 31 March, 2020.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

- 32.** The Company has contributed ₹ 20 Crores (previous year ₹ 35 Crores) under section 182 of the Companies Act, 2013.
- 33.** In view of the lockdown across the country due to the COVID-19 pandemic, manufacturing operations of the Company across all its locations were suspended temporarily during March & April-2020, in compliance with the directives/orders issued by the relevant authorities. The standalone financial statement for year ended March 31, 2021 were impacted by disruptions owing to COVID-19 and are therefore not comparable with those of previous year. The Company has made an assessment of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current / non-current assets as of 31 March, 2021 and on the basis of evaluation, has concluded that no material adjustments are required in the financial results. The Company is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. Given the criticalities associated with nature, condition and duration of COVID-19, the impact assessment on the Company's financial statements will be continuously made and provided for as required.
- 34.** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 35.** Figures of the previous year has been regrouped/rearranged to confirm current year's presentation.

For S. R Batliboi & Co. LLP

ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal

Partner
Membership Number: 058652

Kolkata
Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director
(DIN: 06513489)

Kaushik Mukherjee
Company Secretary

K. S. B. Sanyal

Director
(DIN: 00009497)

Raj Kumar Gupta
Chief Financial Officer

Paras Kumar Chowdhary

Director
(DIN: 00076807)



INDEPENDENT AUDITOR'S REPORT

To
The Members of Phillips Carbon Black Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Phillips Carbon Black Limited (hereinafter referred to as "the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended (" 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 consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities

under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| <p>Revenue recognition (as described in Note 15 of the Consolidated Ind AS Financial Statements)</p> <p>The Company makes sales to various customers, both domestic and international, whereby the prices of the products are subject to negotiations based on various factors including crude oil prices, movement in other variable costs, volatility in foreign currencies, level of offtake by customers and demand supply situation in carbon black market. Such prices are agreed through a formal contract.</p> <p>The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed and the rates are agreed, or based on management's estimate and judgement. Sales are also affected based on varying delivery terms, as agreed with the customers, which determines the timing of recognition of such sales.</p> <p>The amounts involved being material to these financial statements, and dependent on various factors stated above, revenue recognition was determined to be a key audit matter in our audit.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We have evaluated the Company's process and controls around revenue recognition, estimation of discounts and timing of recognizing sales as per contractual terms, including testing effectiveness of such controls. We have considered the contractual terms of the sales contracts and tested credit memos issued during the year and subsequent to the year-end. We have inquired of key sales personnel regarding retroactive pricing adjustments, and discussed with management regarding their awareness of pricing negotiations that could affect current year revenue. We obtained direct balance confirmations from customers on a sample basis as at the year-end. Performed alternate audit procedures where such confirmations could not be obtained. We have performed procedures on the Company's key components, analysed the revenues, cost of sales and discounts / incentives in comparison with historical data. We have analysed pricing adjustments and credit notes issued after the reporting date. We also discussed with the management on the likely timing of issuance of credit notes to customers where discounts have been recorded and are pending to be passed on to the concerned customers. We tested sample of sales transactions at the year-end to determine the timing of recognition of such sales. We also obtained necessary representation from the management in regard to the timing of revenue recognition. |

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| <p>Provisions for claims & litigations and disclosure of contingent liabilities (as described in Note 11.1 and Note 24 of the Consolidated Ind AS Financial Statements)</p> <p>The Company is involved in litigations, both for and against the Company, comprising of tax matters, legal compliances and other disputes.</p> <p>The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its advisors and lawyers. This involves a high level of management judgement and assumptions which impact the risk assessment and consequential provisioning and disclosure of contingencies in the financial statements. This area is significant to our audit, since the completeness and accuracy of accounting and disclosures for contingencies is dependent on such management judgement and assumptions.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We evaluated and tested the Company's processes and controls for monitoring of claims, litigations, disputes, compliances and assessment thereof for determining the likely outcome. We read the summary of the litigations prepared by the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise. We obtained independent legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of such litigations and checked the management's judgements and assumptions. We discussed with the management, including the Company's internal tax experts and head of legal matters to understand the basis of management's judgements and estimates. We obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters. We read the minutes of the board meetings and tested the Group's legal expenses to determine the completeness of claims, disputes and litigations. We tested the adequacy of disclosures in the consolidated Ind AS financial statements. We also obtained necessary representation from the management in regard to the provisioning and disclosures in respect of the claims and Litigations. |
| <p>Fair Valuation of investments in unquoted equity and preference Shares (as described in Note 4(a) of the Consolidated Ind AS Financial Statements)</p> <p>The Company has fair valued its non - current investments in unquoted equity and preference shares as at the year end. Determining the fair value of such unquoted investments requires valuation techniques which has been performed by independent valuation experts, applying applicable valuation methodologies. These investments, being material to these financial statements, was determined to be a key audit matter in our audit.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We obtained the last audited financial statements for the year ended March 31, 2020, and the unaudited management certified financial statements / trial balance for the year ended March 31, 2021, where relevant, of the investee companies and traced the composition of the net asset value of such investee companies used in fair valuation exercise, to the same. We read such financial information to determine any matters which should have been considered for the valuation exercise and discussed with the management for the year ended March 31, 2021 if there are any other significant developments since the last audited financial statements. We compared the fair valuation of such investments as on March 31, 2021 with the fair valuation as on March 31, 2020 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation. Further, we obtained Independence confirmation from the concerned valuers and assessed their competence. We also obtained suitable management representation as regards the fair valuation of these investments. |

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed,

we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act



for safeguarding of the assets of the Group 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 the 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 Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of 3 subsidiaries, whose financial statements include total assets of ₹ 101.41 crores as at March 31, 2021, and total revenues of ₹ Nil and net cash outflows of ₹ 3.27 crores for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- a. We and the other auditors whose report we have relied upon 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 of the aforesaid Consolidated Ind AS Financial Statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors of the Company and the

reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- f. With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Company and its subsidiary company, and incorporated in India, refer to our separate Report in "Annexure" to this report;
- g. In our opinion the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
 - i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Ind AS Financial Statements – Refer Note 11.1 and Note 24 to the Consolidated Ind AS Financial Statements;
 - ii. Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiaries, incorporated in India during the year ended March 31, 2021.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per Kamal Agarwal

Partner

Membership Number: 058652

UDIN: 21058652AAAABG5639

Place of Signature: Kolkata

Date: April 21, 2021



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Phillips Carbon Black Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary Company, which is a company incorporated in India, (the Holding Company and its subsidiary together referred to as "the Group") as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which is a company incorporated in India, included in the Group, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference

to consolidated financial statements, 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, has, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding

Company, in so far as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such subsidiary.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per Kamal Agarwal

Partner

Membership Number: 058652

UDIN: 21058652AAAABG5639

Place of Signature: Kolkata

Date: April 21, 2021



CONSOLIDATED IND AS BALANCE SHEET

as at 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | Notes | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-----------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3(a) | 1,631.00 | 1,509.45 |
| Capital work-in-progress | 3(b) | 266.76 | 305.58 |
| Investment property | 3(c) | 4.48 | 4.48 |
| Intangible assets | 3(d) | 0.65 | 1.01 |
| Right of use assets | 3(e) | 106.29 | 124.98 |
| Financial assets | | | |
| (i) Investments | 4(a) | 196.27 | 155.08 |
| (ii) Loans | 4(e) | 28.11 | 14.13 |
| (iii) Other financial assets | 4(f) | 0.55 | 1.39 |
| Non current tax assets (Net) | 7 | 5.16 | 8.38 |
| Other non-current assets | 5 | 17.40 | 42.40 |
| Total Non-current assets | | 2,256.67 | 2,166.88 |
| Current assets | | | |
| Inventories | 6 | 444.84 | 326.19 |
| Financial assets | | | |
| (i) Trade receivables | 4(b) | 707.53 | 588.24 |
| (ii) Cash and cash equivalents | 4(c) | 152.22 | 149.42 |
| (iii) Other bank balances | 4(d) | 112.16 | 2.68 |
| (iv) Loans | 4(e) | 16.70 | 0.63 |
| (v) Other financial assets | 4(f) | 3.26 | 22.53 |
| Other current assets | 5 | 32.67 | 54.09 |
| Total Current assets | | 1,469.38 | 1,143.78 |
| TOTAL ASSETS | | 3,726.05 | 3,310.66 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity Share Capital | 8 | 34.47 | 34.47 |
| Other equity | 9 | 1,901.00 | 1,664.65 |
| Non-Controlling Interest | | 7.53 | 7.27 |
| TOTAL EQUITY | | 1,943.00 | 1,706.39 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 10(a)(i) | 304.74 | 215.01 |
| (ii) Other financial liabilities | 10(c) | 98.62 | 104.31 |
| Provisions | 11 | 0.86 | 1.99 |
| Deferred tax liabilities (Net) | 12 | 271.42 | 254.87 |
| Total Non-current liabilities | | 675.64 | 576.18 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 10(a)(ii) | 256.92 | 329.67 |
| (ii) Trade payables | 10(b) | | |
| a) Total outstanding dues of micro enterprises and small enterprises | | 13.26 | 12.65 |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 578.37 | 406.12 |
| (iii) Other financial liabilities | 10(c) | 147.60 | 181.92 |
| Provisions | 11 | 84.39 | 83.91 |
| Current tax liabilities (Net) | 14 | 0.06 | 0.04 |
| Other current liabilities | 13 | 26.81 | 13.78 |
| Total Current liabilities | | 1,107.41 | 1,028.09 |
| TOTAL LIABILITIES | | 1,783.05 | 1,604.27 |
| TOTAL EQUITY AND LIABILITIES | | 3,726.05 | 3,310.66 |

The accompanying notes form an integral part of these Consolidated Ind AS financial statements.

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

For S. R Batliboi & Co. LLP

ICAI Firm Registration Number 301003E/E300005

Chartered Accountants

Kamal Agarwal

Partner

Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director

(DIN: 06513489)

Kaushik Mukherjee

Company Secretary

K. S. B. Sanyal

Director

(DIN: 00009497)

Raj Kumar Gupta

Chief Financial Officer

Paras Kumar Chowdhary

Director

(DIN: 00076807)

CONSOLIDATED IND AS STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | Notes | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|-------|------------------------------|------------------------------|
| Revenue from operations | 15 | 2,659.52 | 3,243.54 |
| Other income | 16 | 18.00 | 29.01 |
| Total Income | | 2,677.52 | 3,272.55 |
| Expenses | | | |
| Cost of materials consumed | 17(a) | 1,582.74 | 2,185.72 |
| Changes in inventories of finished goods | 17(b) | 26.19 | 3.79 |
| Employee benefits expense | 18 | 132.35 | 134.55 |
| Finance costs | 19 | 33.88 | 45.90 |
| Depreciation and amortisation expense | 20 | 110.12 | 92.36 |
| Other expenses | 21 | 400.20 | 455.43 |
| Total Expenses | | 2,285.48 | 2,917.75 |
| Profit before tax | | 392.04 | 354.80 |
| Income-tax expense | | | |
| | 22 | | |
| Current tax (Net of utilisation of minimum alternate tax credit) | | 69.36 | 57.27 |
| Deferred tax | | 8.69 | 10.03 |
| Total tax expense | | 78.05 | 67.30 |
| Profit for the year | | 313.99 | 287.50 |
| Other Comprehensive Income | | | |
| Exchange difference on translation of foreign exchange | | (0.60) | 2.47 |
| Items that will not be reclassified to profit or loss, net of taxes | | | |
| Re-measurement loss on post-employment defined benefit-plans (net of tax) | | (0.24) | (1.78) |
| Net gain/(loss) on FVTOCI equity instruments (net of tax) | | 44.10 | (89.43) |
| Other Comprehensive Income for the year, net of tax | | 43.26 | (88.74) |
| Total Comprehensive Income for the year, net of tax | | 357.25 | 198.76 |
| Profit for the year Attributable to: | | | |
| Owners of the Equity | | 313.63 | 286.55 |
| Non-Controlling Interest | | 0.36 | 0.95 |
| Other Comprehensive Income for the year Attributable to: | | | |
| Owners of the Equity | | 43.36 | (89.21) |
| Non-Controlling Interest | | (0.10) | 0.47 |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Owners of the Equity | | 356.99 | 197.34 |
| Non-Controlling Interest | | 0.26 | 1.42 |
| Earning per equity share : | | | |
| | 27 | | |
| [Nominal Value per share - ₹ 2/- (Previous year - ₹ 2/-)] | | | |
| Basic (₹) | | 18.22 | 16.68 |
| Diluted (₹) | | 18.22 | 16.68 |

The accompanying notes form an integral part of these Consolidated Ind AS financial statements.

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

For S. R Batliboi & Co. LLPICAI Firm Registration Number 301003E/E300005
Chartered Accountants**Kamal Agarwal**Partner
Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik RoyManaging Director
(DIN: 06513489)**Kaushik Mukherjee**

Company Secretary

K. S. B. SanyalDirector
(DIN: 00009497)**Raj Kumar Gupta**

Chief Financial Officer

Paras Kumar ChowdharyDirector
(DIN: 00076807)



CONSOLIDATED IND AS STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| Particulars | Notes | Year ended 31 March, 2021 | | Year ended 31 March, 2020 | |
|--|-------|---------------------------|-----------------|---------------------------|-----------------|
| A. Cash Flow from Operating Activities | | | | | |
| Profit before Tax | | | 392.04 | | 354.80 |
| Adjustments to reconcile profit before tax to net cash flows: | | | | | |
| Depreciation and amortisation expenses | 20 | 110.12 | | 92.36 | |
| Finance costs | 19 | 33.88 | | 45.90 | |
| Allowance for doubtful debts / expected credit losses - trade receivable | 21 | 0.83 | | - | |
| Allowance for doubtful debts written back | 21 | - | | (3.84) | |
| Interest income from certain financial assets | 16 | (5.54) | | (3.55) | |
| Exchange differences on translation of foreign subsidiaries | | (0.60) | | 2.47 | |
| Dividend income from equity instruments designated at FVTOCI | 16 | (7.59) | | (5.28) | |
| (Gain) / Loss on sale/fair valuation of investments carried at FVTPL | 16/21 | 2.97 | | (10.71) | |
| Liabilities no longer required written back | 16 | (0.23) | | (6.99) | |
| (Profit)/Loss on disposal/discard of property, plant and equipment | 21 | (1.41) | | 1.01 | |
| Provisions for claims and litigations/ (write back) (net) | 11.1 | (4.85) | | 7.78 | |
| Unrealised Foreign exchange differences (net) | | (6.26) | 121.32 | 3.60 | 122.75 |
| Operating profit before changes in operating assets and liabilities | | | 513.36 | | 477.55 |
| Working capital adjustments | | | | | |
| (Increase)/Decrease in inventories | | (118.65) | | 134.11 | |
| (Increase)/Decrease in trade receivables | | (123.46) | | 74.86 | |
| (Increase)/Decrease in other financial and non-financial assets | | (9.26) | | 105.21 | |
| Increase/(Decrease) in trade payables | | 166.70 | | (82.13) | |
| Increase/(Decrease) in other financial and non-financial liabilities | | 22.32 | | (111.17) | |
| | | | (62.35) | | 120.88 |
| Cash generated from operations | | | 451.01 | | 598.43 |
| Income taxes paid (net of refunds) | | | (66.00) | | (66.38) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | | 385.01 | | 532.05 |
| B. Cash Flow from Investing Activities | | | | | |
| Purchase of property, plant and equipment | | (115.49) | | (230.71) | |
| Proceeds from disposal of property, plant and equipment | | 1.41 | | 0.02 | |
| Purchase of non-current investments | | (1.01) | | - | |
| Purchase of current investments | | (1,976.93) | | (3,307.01) | |
| Proceeds from sale/redemption of current investments | | 1,979.83 | | 3,374.28 | |
| Proceeds from sale/redemption of preference shares | | 7.04 | | 47.75 | |
| Fixed deposits placed with banks | | (107.24) | | - | |
| Interest received | | 2.13 | | 3.55 | |
| Dividend received from equity instruments designated at FVTOCI | | 7.59 | | 5.28 | |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | | (202.67) | | (106.84) |

CONSOLIDATED IND AS STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| Particulars | Notes | Year ended 31 March, 2021 | | Year ended 31 March, 2020 |
|--|-------|---------------------------|-----------------|---------------------------|
| C. Cash Flow from Financing Activities | | | | |
| Proceeds from non-current borrowings | | 235.00 | | - |
| Repayment of non-current borrowings | | (156.00) | | (67.78) |
| Payment of lease Liability | | (29.25) | | (22.68) |
| Increase in cash credit facilities from banks | | (99.75) | | 1.75 |
| Proceeds from current borrowings | | 1,088.86 | | 732.89 |
| Repayment of current borrowings | | (1,061.86) | | (856.99) |
| Dividends paid [includes tax on dividend ₹ Nil (previous year ₹ 24.80 Crores)] | | (120.64) | | (145.44) |
| Finance cost paid | | (35.90) | | (31.11) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | | | (179.54) | (389.36) |
| Net increase in Cash and Cash Equivalents | | | 2.80 | 35.85 |
| Opening Cash and Cash Equivalents | | | 149.42 | 113.57 |
| Closing Cash and Cash Equivalents | | | 152.22 | 149.42 |

Changes in liabilities arising from financing activities

| Particulars | 1 April 2020 | Cash Flows | Others | 31 March, 2021 |
|---|---------------|----------------|---------------|----------------|
| Current borrowings | 329.67 | (72.75) | - | 256.92 |
| Lease Liability | 132.94 | (29.25) | 13.37 | 117.06 |
| Non-current borrowings (including Current Maturities) | 287.30 | 79.00 | (16.43) | 349.87 |
| Total liabilities from financing activities | 749.91 | (23.00) | (3.06) | 723.85 |

| Particulars | 1 April 2019 | Cash Flows | Others | 31 March, 2020 |
|---|---------------|-----------------|---------------|----------------|
| Current borrowings | 452.02 | (122.35) | - | 329.67 |
| Lease Liability | 66.30 | (22.68) | 89.32 | 132.94 |
| Non-current borrowings (including Current Maturities) | 341.41 | (67.78) | 13.67 | 287.30 |
| Total liabilities from financing activities | 859.73 | (212.81) | 102.99 | 749.91 |

Accounting Policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes form an integral part of these Consolidated Ind AS Statement of Cash Flows.

This is the Consolidated Ind AS Statement of Cash Flows referred to in our report of even date.

For S. R Batliboi & Co. LLP

ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal

Partner
Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director
(DIN: 06513489)

Kaushik Mukherjee

Company Secretary

K. S. B. Sanyal

Director
(DIN: 00009497)

Raj Kumar Gupta

Chief Financial Officer

Paras Kumar Chowdhary

Director
(DIN: 00076807)

**CONSOLIDATED IND AS STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

| Particulars | Notes | 31 March, 2021 | | 31 March, 2020 | |
|--|-------|------------------|--------|------------------|--------|
| | | Number of Shares | Amount | Number of Shares | Amount |
| Equity shares of ₹ 2/- (31 March, 2020 ₹ 2/-) each issued, subscribed and paid up: | | | | | |
| Opening balance | 8 | 17,23,37,860 | 34.47 | 17,23,37,860 | 34.47 |
| Closing balance | | 17,23,37,860 | 34.47 | 17,23,37,860 | 34.47 |

B. Other equity

| Particulars | Notes | Reserves and Surplus | | | | | Other reserves | | Non-Controlling Interest | Total other equity |
|--|-------|----------------------|--------------------|-----------------|-------------------|-------------------|---|--|--------------------------|--------------------|
| | | Capital reserve | Securities premium | General reserve | Statutory Reserve | Retained earnings | Fair value through other comprehensive income reserve | Other items of Comprehensive Income - FCTR | | |
| As at 1 April, 2020 | 9 | 1.53 | 224.12 | 73.38 | 0.60 | 1,285.90 | 76.50 | 2.62 | 7.27 | 1,671.92 |
| Profit for the year | | - | - | - | - | 313.63 | - | - | 0.36 | 313.99 |
| Other comprehensive income for the year (net of tax) | | - | - | - | - | (0.24) | 44.10 | (0.50) | (0.10) | 43.26 |
| Dividends paid | 26 | - | - | - | - | (120.64) | - | - | - | (120.64) |
| As at 31 March, 2021 | | 1.53 | 224.12 | 73.38 | 0.60 | 1,478.65 | 120.60 | 2.12 | 7.53 | 1,908.53 |

| Particulars | Notes | Reserves and Surplus | | | | | Other reserves | | Non-Controlling Interest | Total other equity |
|--|-------|----------------------|--------------------|-----------------|-------------------|-------------------|---|--|--------------------------|--------------------|
| | | Capital reserve | Securities premium | General reserve | Statutory Reserve | Retained earnings | Fair value through other comprehensive income reserve | Other items of Comprehensive Income - FCTR | | |
| As at 1 April, 2019 | 9 | 1.53 | 224.12 | 73.38 | 0.60 | 1,162.81 | 152.37 | 0.62 | 5.85 | 1,621.28 |
| Profit for the year | | - | - | - | - | 286.55 | - | - | 0.95 | 287.50 |
| Other comprehensive income for the year (net of tax) | | - | - | - | - | (1.22) | (89.43) | 2.00 | 0.47 | (88.18) |
| Dividends paid (including ₹24.80 Crores tax on dividends) | 26 | - | - | - | - | (145.44) | - | - | - | (145.44) |
| Transitional adjustment on implementation of Ind AS 116 (net of tax of ₹1.74 Crores) | | - | - | - | - | (3.24) | - | - | - | (3.24) |
| Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred. | | - | - | - | - | (13.56) | 13.56 | - | - | - |
| As at 31 March, 2020 | | 1.53 | 224.12 | 73.38 | 0.60 | 1,285.90 | 76.50 | 2.62 | 7.27 | 1,671.92 |

The accompanying notes form an integral part of these Consolidated Ind AS financial statements.

This is the Consolidated Ind AS Statement of Changes in Equity referred to in our report of even date.

For S. R Batliboi & Co. LLPICAI Firm Registration Number 301003E/E300005
Chartered Accountants**Kamal Agarwal**Partner
Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik RoyManaging Director
(DIN: 06513489)**Kaushik Mukherjee**

Company Secretary

K. S. B. SanyalDirector
(DIN: 00009497)**Raj Kumar Gupta**

Chief Financial Officer

Paras Kumar ChowdharyDirector
(DIN: 00076807)

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Phillips Carbon Black Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March, 2021. The Company is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Group is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 29. Equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

These consolidated financial statements were approved and authorised for issue in accordance with resolution of the Board of Directors on April 21, 2021.

1. Basis of Preparation and Other Significant Accounting Policies

1.1.1. Compliance with Ind AS

These consolidated financial statements comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These standards and policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are presented in Indian Rupee (₹), which is the Company's functional and the Group's presentation currency.

1.1.2. Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except the following, which are measured at fair values:

- i) certain financial assets and liabilities (including derivative instruments).
- ii) Plan assets of defined benefit employee benefit plans

1.1.3. Principles of Consolidation

- a. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

- b. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in any subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

- c. The subsidiary companies considered in the financial statements are as follows:

| Name | Country of Incorporation | % of ownership interest as on March 31, 2021 | % of ownership interest as on March 31, 2020 |
|---|--------------------------|--|--|
| Phillips Carbon Black Cyprus Holdings Limited | Cyprus | 100 | 100 |
| PCBL Netherlands Holdings B.V. | Netherlands | - | Refer Note below (i) below |
| Phillips Carbon Black Vietnam Joint Stock Company | Vietnam | 80 | 80 |
| PCBL (TN) Limited | India | 100 Refer Note (ii) below | - |

Note

- i. PCBL Netherlands Holdings B.V. a wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the previous year ended 31 March, 2020 in accordance with the local laws of Netherlands.
- ii. PCBL (TN) Limited a wholly owned subsidiary of Phillips Carbon Black Limited, has been incorporated with effect from 29 September, 2020.



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

1.1.4. Current versus Non-current Classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

1.2. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.3. Other financial assets (other than Investments)

1.3.1. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income.

1.3.2. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

1.3.3. Impairment of financial assets

The Group assesses on a forward looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the Group determines whether there has been a significant increase in credit risk.

1.3.4. Derecognition of financial assets

A financial asset is derecognised only when

- The rights to receive cash flows from the asset have expired
- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

The financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.5. Fair value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair values includes discounted cash flow analysis and available quoted market prices. All methods of assessing fair values result in general approximation of fair values and such value may never actually be realised.

1.4. Derivatives Instruments

The Group enters into certain derivative contracts to hedge risks, which are not designated as hedges. Derivatives are recognised at fair values on the date a derivative contract is entered into and subsequent fair value changes are recognised in the statement of profit and loss at the end of each reporting period.

1.5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

1.6. Foreign currency transactions and translation

1.6.1 Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. At the year end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The results and financial position of foreign subsidiaries are translated into the presentation currency as follows:

- a) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet

- b) Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

1.7. New and amended standards

I. Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the consolidated Ind AS financial statements of the Group but may impact future periods should the Group enter into any business combinations

II. Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated Ind AS financial statements of, nor is there expected to be any future impact to the Group.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020.

1.8. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Crores (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENT

The preparation of consolidated financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates is recognised in the period in which the estimates are revised, and future periods are impacted

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represent obligation that will be settled in future and require assumptions to project benefit obligations. Post-employment benefits accounting is intended to reflect the recognition of future benefits cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and benefit costs incurred.

Estimation of expected useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the Group's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities and Provisions for claims and litigations

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business. The Group consults with legal counsel and certain other experts on matters related to litigations. The Group accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible, or an estimate is not determinable, the matter is disclosed.

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured

using valuation techniques which involve various judgements and assumptions. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumption about these factors could affect the reported fair value of financial instruments. Refer Note 31 for further disclosures.

NOTE 3(a) PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction or at deemed cost as on the date of transition to Ind AS less accumulated depreciation, impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation

In case of certain property, plant and equipment, 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.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Equipment and Electrical Installations over estimated useful life of 18 to 20 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on historical cost/deemed cost of other property, plant and equipment (except land) is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013.

The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting year.

An item of property, plant and equipment or its components recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The cost of property plant and equipment not ready to use are disclosed under capital work in progress.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3(a) PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land | Leasehold Land | Buildings (i) | Non-Factory Buildings and Flats | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Electrical Installations | Railway Sidings | Total |
|---|---------------|----------------|---------------|---------------------------------|---------------------|------------------------|------------------|-------------|--------------------------|-----------------|-----------------|
| Year ended 31 March, 2021 | | | | | | | | | | | |
| Gross carrying amount | | | | | | | | | | | |
| Opening balance as at 1 April 2020 | 202.06 | 429.20 | 77.18 | 91.47 | 990.87 | 7.05 | 7.36 | 0.18 | 24.02 | 0.01 | 1,829.40 |
| Additions during the year | - | 0.50 | 4.99 | 11.71 | 176.38 | 0.69 | 2.60 | - | 13.34 | - | 210.21 |
| Disposal during the year | - | - | - | - | - | (0.03) | (0.17) | - | - | - | (0.20) |
| Closing Gross carrying amount | 202.06 | 429.70 | 82.17 | 103.18 | 1,167.25 | 7.71 | 9.79 | 0.18 | 37.36 | 0.01 | 2,039.41 |
| Accumulated Depreciation | | | | | | | | | | | |
| Opening balance as at 1 April 2020 | - | - | 16.04 | 7.02 | 280.50 | 1.24 | 5.64 | 0.17 | 9.33 | 0.01 | 319.95 |
| Depreciation during the year | - | - | 3.99 | 2.71 | 77.33 | 1.30 | 1.39 | 0.01 | 1.92 | - | 88.65 |
| Adjustment of depreciation on disposal | - | - | - | - | - | (0.02) | (0.17) | - | - | - | (0.19) |
| Closing Accumulated Depreciation | - | - | 20.03 | 9.73 | 357.83 | 2.52 | 6.86 | 0.18 | 11.25 | 0.01 | 408.41 |
| Net carrying amount as at 31 March, 2021 | 202.06 | 429.70 | 62.14 | 93.45 | 809.42 | 5.19 | 2.93 | - | 26.11 | - | 1,631.00 |
| Year ended 31 March, 2020 | | | | | | | | | | | |
| Gross carrying amount | | | | | | | | | | | |
| Opening balance as at 1 April 2019 | 202.06 | 429.20 | 75.63 | 80.89 | 921.11 | 1.61 | 6.71 | 0.18 | 22.32 | 0.01 | 1,739.72 |
| Additions during the year | - | - | 1.55 | 10.58 | 71.21 | 5.55 | 0.96 | - | 1.76 | - | 91.61 |
| Disposal during the year | - | - | - | - | (1.45) | (0.11) | (0.31) | - | (0.06) | - | (1.93) |
| Closing Gross carrying amount | 202.06 | 429.20 | 77.18 | 91.47 | 990.87 | 7.05 | 7.36 | 0.18 | 24.02 | 0.01 | 1,829.40 |
| Accumulated Depreciation | | | | | | | | | | | |
| Opening balance as at 1 April 2019 | - | - | 12.51 | 4.83 | 214.41 | 0.86 | 4.75 | 0.15 | 7.82 | 0.01 | 245.34 |
| Depreciation during the year | - | - | 3.53 | 2.19 | 66.57 | 0.46 | 1.19 | 0.02 | 1.56 | - | 75.52 |
| Adjustment of depreciation on disposal | - | - | - | - | (0.48) | (0.08) | (0.30) | - | (0.05) | - | (0.91) |
| Closing Accumulated Depreciation | - | - | 16.04 | 7.02 | 280.50 | 1.24 | 5.64 | 0.17 | 9.33 | 0.01 | 319.95 |
| Net carrying amount as at 31 March, 2020 | 202.06 | 429.20 | 61.14 | 84.45 | 710.37 | 5.81 | 1.72 | 0.01 | 14.69 | - | 1,509.45 |

(i) Cost and accumulated depreciation include ₹ 47.86 Crores (31 March, 2020 - ₹ 47.86 Crores) and ₹ 11.21 Crores (31 March, 2020 - ₹ 8.94 Crores), respectively in respect of Buildings on Leasehold Land.

(ii) The Group has borrowings from banks, which carry security charge over certain of the above property, plant and equipment. (Refer note 10(a) for details).

(iii) Gross carrying amount on leasehold land is against certain lease agreements where the Group has an option to renew the properties on expiry of the lease period. The Group based on terms and conditions of lease agreements has assessed these lease arrangements to be perpetual in nature, accordingly leasehold land is not amortised.

(iv) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer note 20).



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3(b) CAPITAL WORK-IN-PROGRESS

Capital Work in Progress

| Particulars | Total |
|--------------------------------------|---------------|
| Year ended 31 March, 2021 | |
| Opening balance as at 1 April 2020 | 305.58 |
| Additions during the year | 164.82* |
| Capitalization during the year | (203.64) |
| Closing Gross carrying amount | 266.76 |
| Year ended 31 March, 2020 | |
| Opening balance as at 1 April 2019 | 175.04 |
| Additions during the year | 227.94* |
| Capitalization during the year | (97.40) |
| Closing Gross carrying amount | 305.58 |

1. During the year the Group has capitalised the following expenses to cost of Property, plant and equipment/capital work-in-progress:

| | 31 March, 2021 | 31 March, 2020 |
|--|----------------|----------------|
| Finance Cost | 9.09 | 9.00 |
| Salaries and wages | 4.45 | 6.16 |
| Other Overheads | 0.47 | 1.57 |
| | 14.01 | 16.73 |
| Add: Balance brought forward from previous year | 18.42 | 1.69 |
| Less: Capitalised during the year to Property, plant and equipment | 19.50 | - |
| Balance lying in capital work-in-progress | 12.93 | 18.42 |

* Includes ₹ 3.91 Crores (31 March, 2020 ₹ 2.82 Crores) on account of duty saved on assets imported under the EPCG scheme.

NOTE 3(c) INVESTMENT PROPERTY

Accounting Policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

| Particulars | Land |
|--|-------------|
| Year ended 31 March, 2021 | |
| Opening gross carrying amount at 1 April, 2020 | 4.48 |
| Closing gross carrying amount | 4.48 |
| Year ended 31 March, 2020 | |
| Opening gross carrying amount at 1 April, 2019 | 4.48 |
| Closing gross carrying amount | 4.48 |

Estimation of fair value

The Group's investment property consists of freehold land in Angul, Odisha, India.

The fair value of the investment property is based on current prices for similar property. The main inputs used are quantum, area, location, demand, and trend of fair market value in the area.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

The fair value is determined by an accredited independent valuer. Fair valuation is based on market approach method and categorised as Level 2 fair value hierarchy. As at 31 March, 2021 and 31 March, 2020, the fair value of the property are ₹ 5.39 Crores and ₹ 5.39 Crores respectively.

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 31 (iv).

NOTE 3(d) INTANGIBLE ASSETS

Accounting Policy

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation, impairment loss, if any.

Computer Software for internal use, which is primarily acquired from third party vendors, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation method and period

Computer software is amortized on a straight line basis over estimated useful life of three years from the date of capitalisation.

Amortisation method and useful lives are reviewed periodically at each financial year end.

| Particulars | Computer Software |
|---|-------------------|
| Year ended 31 March, 2021 | |
| Gross carrying amount | |
| Opening balance as at 1 April 2020 | 2.25 |
| Additions during the year | - |
| Closing Gross carrying amount | 2.25 |
| Accumulated amortisation | |
| Opening balance as at 1 April 2020 | 1.24 |
| Amortisation charge during the year | 0.36 |
| Closing accumulated amortisation | 1.60 |
| Net Carrying Amount as at 31 March, 2021 | 0.65 |
| Year ended 31 March, 2020 | |
| Gross carrying amount | |
| Opening balance as at 1 April 2019 | 2.25 |
| Additions during the year | - |
| Closing Gross carrying amount | 2.25 |
| Accumulated amortisation | |
| Opening balance as at 1 April 2019 | 0.82 |
| Amortisation charge during the year | 0.42 |
| Closing accumulated amortisation | 1.24 |
| Net Carrying Amount as at 31 March, 2020 | 1.01 |

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer Note 20).



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 3(e) RIGHT OF USE ASSETS

Accounting Policy

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1.2. Impairment of non-financial assets.

| Particulars | Right of use assets |
|--|---------------------|
| Year ended 31 March 2021 | |
| Gross carrying amount | |
| Balance as of 1 April 2020 | 141.40 |
| Additions during the year | 2.42 |
| Closing Gross carrying amount | 143.82 |
| Accumulated amortisation | |
| Balance as of 1 April 2020 | 16.42 |
| Amortisation charge during the year | 21.11 |
| Closing accumulated amortisation | 37.53 |
| Net Carrying Amount as at 31 March 2021 | 106.29 |

| Particulars | Right of use assets |
|--|---------------------|
| Year ended 31 March 2020 | |
| Gross carrying amount | |
| Balance as of 1 April 2019 (Recognised on transition date of Ind AS 116) | 61.32 |
| Additions during the year | 80.08 |
| Closing Gross carrying amount | 141.40 |
| Accumulated amortisation | |
| Balance as of 1 April 2019 | - |
| Amortisation charge during the year | 16.42 |
| Closing accumulated amortisation | 16.42 |
| Net Carrying Amount as at 31 March 2020 | 124.98 |

NOTE 4 (a) : INVESTMENTS

Accounting Policy

1. Investment

1.1. Classification

The Group classifies its investments as those to be measured subsequently at fair value (either through other comprehensive income or through profit and loss).

The classification depends on the Group's business model for managing the investments and the contractual terms of cash flows.

For investments measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies the debt investments when and only when the business model for managing those investment changes.

1.2. Measurement

At initial recognition, the Group measures an investment at its fair value plus, in the case of investment not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in the statement of profit and loss.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(a) Debt Instrument

Subsequent measurement of debt instruments depends on the Group's business model for managing the investment and the cash flow characteristics of the investment. The Group classifies its debt instruments as:

Fair value through profit and loss: Investments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in statement of profit and loss and presented on net basis in the statement of profit and loss within other income/ other expense in the period in which it arises.

(b) Equity Instrument

The Group subsequently measures all equity investments at fair value through Other Comprehensive Income and there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. At the time of derecognition of such investments, the gain or loss is transferred to retained earnings.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non-Current | | |
| Investments in Equity Instruments (fully paid-up) - Others | | |
| Quoted | | |
| Bank of Baroda | 0.27 | 0.19 |
| 35,930 (31 March, 2020: 35,930) equity shares of ₹ 2/- each ** | | |
| Indian Overseas Bank | 0.02 | 0.01 |
| 11,400 (31 March, 2020: 11,400) equity shares of ₹ 10/- each ** | | |
| Norplex Oak India Limited | - | - |
| 380,000 (31 March, 2020: 380,000) equity shares of ₹ 10/- each ^ | | |
| Maple Circuits Limited | - | - |
| 765,000 (31 March, 2020: 765,000) equity shares of ₹ 10/- each ^ | | |
| CESC Limited | 100.08 | 68.89 |
| 1,686,198 (31 March, 2020: 1,686,198) equity shares of ₹ 10/- each ** | | |
| RPSG Ventures Limited | 11.37 | 3.98 |
| (Erstwhile: CESC Ventures Limited) | | |
| 337,239 (31 March, 2020: 337,239) equity shares of ₹ 10/- each ** | | |
| Spencers Retail Limited | 8.10 | 7.51 |
| 1,146,613 (31 March, 2020: 1,011,718) equity shares of ₹ 5/- each ** | | |
| Total (B) | 119.84 | 80.58 |
| Unquoted | | |
| Apeejay Charter Private Limited | 0.04 | 0.04 |
| 1,600 (31 March, 2020: 1,600) equity shares of ₹ 10/- each ** | | |
| RPSG Resources Private Limited | 8.72 | 16.30 |
| (Erstwhile: Accurate Commodore Pvt. Limited) | | |
| 390,000 (31 March, 2020: 390,000) equity shares of ₹ 10/- each ** | | |
| Woodlands Multispeciality Hospital Limited | 7.74 | 5.05 |
| 145,480 (31 March, 2020: 145,480) equity shares of ₹ 10/- each ** | | |
| Ritushree Vanijya Private Limited | 14.36 | 6.31 |
| 1,900 (31 March, 2020: 1,900) equity Shares of ₹ 10/- each ** | | |
| Solty Commercial Private Limited | 14.36 | 6.30 |
| 1,900 (31 March, 2020: 1,900) equity Shares of ₹ 10/- each ** | | |
| Spotboy Tracom Private Limited | 22.15 | 18.73 |
| 330,875 (31 March, 2020: 330,875) equity shares of ₹ 10/- each ** | | |
| RPG Industries (P) Ltd. | 1.34 | 2.26 |
| 402,000 (31 March, 2020: 402,000) equity shares of ₹ 10/- each ** | | |
| Total (C) | 68.71 | 54.99 |



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Investments in Preference Shares (fully paid-up) - Others | | |
| Unquoted | | |
| Devise Properties Private Ltd. | 7.72 | 7.10 |
| 1,050,000 (31 March, 2020: 1,050,000) 0% Convertible Preference Shares of ₹ 100/- each at par # | | |
| Lebnitze Real Estate (P) Ltd | | |
| Nil (31 March, 2020: 5,017,110) 6% Non Cumulative Non Convertible Redeemable Preference Share of ₹ 100/- each at par # | - | 12.41 |
| Norplex Oak India Limited | - | - |
| 50 (31 March, 2020: 50) preference shares of ₹ 100/- each ^ | | |
| Maple Circuits Limited | - | - |
| 50 (31 March, 2020: 50) preference shares of ₹ 100/- each ^ | | |
| Total (D) | 7.72 | 19.51 |
| (E)=(A)+(B)+(C)+(D) | 196.27 | 155.08 |
| 1 Additional Information | | |
| (a) Aggregate amount - market value of quoted investments | 119.84 | 80.58 |
| (b) Aggregate amount of unquoted investments | 76.43 | 74.50 |

Investments carried at Fair value through profit and loss

** Investments carried at Fair value through Other Comprehensive Income (FVOCI) - Refer note 2 below

^ The cost of quoted and unquoted investments in equity instruments (fully paid up) and preference shares (fully paid up) respectively have been written off in the past, though quantity thereof appears in the books

2 These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at FVOCI as the management believes that this provides a more meaningful presentation for long term investments, than reflecting changes in fair values immediately in statement of profit and loss. Based on the aforesaid election, fair value changes are accumulated within Equity under "Fair Value Changes through Other Comprehensive Income - Equity Instruments". The Group transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.

3 Refer note 31 for information about fair value measurements and note 32 for credit risk and market risk on investments.

4(b) TRADE RECEIVABLES

Accounting Policy

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Secured | | |
| Considered Good | 1.17 | 0.80 |
| Unsecured | | |
| Considered Good | 706.36 | 587.44 |
| Receivables which have significant increase in credit risk | 1.79 | 0.96 |
| Receivables - credit impaired | 8.68 | 8.68 |
| Less : Allowance for significant increase in credit risk | (1.79) | (0.96) |
| Less: Allowance for credit impaired receivables | (8.68) | (8.68) |
| | 707.53 | 588.24 |

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.
- Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

4(c) CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Balances with banks | 118.24 | 149.13 |
| Deposits with original maturity of less than three months | 33.76 | - |
| Remittances in transit | 0.17 | 0.22 |
| Cash on Hand | 0.05 | 0.07 |
| | 152.22 | 149.42 |

4(d) OTHER BANK BALANCES

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Balances with Banks | | |
| - Deposits with original maturity of more than three months but less than twelve months# | 107.24 | - |
| - In Unpaid Dividend Accounts * | 4.92 | 2.68 |
| | 112.16 | 2.68 |

* Earmarked for payment of Unclaimed Dividends

These Deposits are callable deposit at any point of time at various rates of interest applicable as per actual period of withdrawal

4(e) LOANS

(Unsecured considered good)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Non-current | | |
| Security deposits | 26.88 | 12.63 |
| Other Loans | | |
| Loan to Employees @ | 1.23 | 1.50 |
| | 28.11 | 14.13 |
| @ Includes amount due from an officer of the Company | 0.02 | 0.06 |
| Current | | |
| Security deposits | 16.14 | 0.10 |
| Other Loans | | |
| Loan to Employees @ | 0.56 | 0.53 |
| | 16.70 | 0.63 |
| @ Includes amount due from an officer of the Company | 0.06 | 0.06 |

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

4(f) OTHER FINANCIAL ASSETS

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| (Unsecured considered good) | | |
| Non-Current | | |
| Margin Money Deposit against guarantees | 0.55 | 1.39 |
| | 0.55 | 1.39 |
| Current | | |
| Interest Receivable | 2.29 | - |
| Derivative Instruments not designated as hedges- - Foreign Exchange Forward Contracts | - | 21.55 |
| Unbilled Revenue from sale of power | 0.97 | 0.98 |
| | 3.26 | 22.53 |

NOTE 5: OTHER ASSETS**(Unsecured considered good, unless otherwise stated)**

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non-current | | |
| Capital advances | | |
| - Considered Good : | 12.79 | 32.52 |
| - Considered Doubtful : | 0.46 | 0.46 |
| Less : Allowance for doubtful advances | (0.46) | (0.46) |
| Deposits under Protest | 3.75 | 3.89 |
| Others | | |
| Advances to Suppliers/ Service providers (other than capital) | - | 4.42 |
| Prepaid Expenses | 0.86 | 0.96 |
| Advances to Employees | - | 0.61 |
| | 17.40 | 42.40 |
| Current | | |
| Advances other than capital advances | | |
| Advances to Suppliers/ Service providers (other than capital) | | |
| - Considered Good : | 13.18 | 26.84 |
| - Considered Doubtful : | 0.16 | 0.16 |
| Less : Allowance for doubtful advances | (0.16) | (0.16) |
| Others | | |
| Balances with Government Authorities * | | |
| - Considered Good : | 11.98 | 10.57 |
| - Considered Doubtful : | 2.16 | 2.16 |
| Less : Allowance for doubtful advances | (2.16) | (2.16) |
| Advances to Employees | 0.88 | 0.13 |
| Prepaid Expenses | 5.63 | 5.46 |
| Export Benefit Receivables # | 8.06 | |
| Less : Allowance for uncertainty of realisation | (7.06) | 9.71 |
| Others | - | 1.38 |
| | 32.67 | 54.09 |

* Balances with Government Authorities primarily includes amounts realisable, if any, from the GST Authorities and customs authorities of India and the unutilised GST input credits on purchases to be utilised against future GST liabilities. These are generally realised within one year and hence these balances have been classified as current assets.

#Export Benefit Receivables primarily consist of amounts receivable from government authorities of India towards incentives on export sales made by the Group.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 6: INVENTORIES

(At lower of cost and net realisable value)

Accounting Policy

Inventories are stated at lower of cost and net realisable value.

- Raw materials, Stores and Spares and Packing Material: cost is determined on moving weighted average method and includes cost of purchase and other incidental costs. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Finished goods: cost includes cost of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Raw materials [including Goods in Transit ₹ 192.40 Crores (Previous Year ₹ Nil)] | 349.22 | 198.93 |
| Finished goods | 53.14 | 79.33 |
| Stores and spares parts [including packing material ₹ 6.46 Crores (Previous Year ₹ 7.69 Crores)] | 42.48 | 47.93 |
| | 444.84 | 326.19 |

NOTE 7: NON CURRENT TAX ASSETS (NET)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Advance payment of Taxes | 5.16 | 8.38 |
| [Net of Provision for Tax ₹ 485.20 Crores (31 March, 2020: ₹ 417.33 Crores)] | | |
| | 5.16 | 8.38 |

NOTE 8: EQUITY SHARE CAPITAL

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Authorized share capital | | |
| 310,000,000 (31 March, 2020: 310,000,000) equity shares of ₹ 2/- each | 62.00 | 62.00 |
| Issued, subscribed and paid-up | | |
| 172,337,860 (31 March, 2020: 172,337,860) equity shares of ₹ 2/- each fully paid up (Refer (i) below) | 34.47 | 34.47 |
| | 34.47 | 34.47 |
| (i) There was no change in number of equity shares issued during the year ended 31 March, 2021 and 31 March, 2020. No equity 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. | | |
| (ii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company :- | Number of Shares | Number of Shares |
| | (Holding %) | (Holding %) |
| Rainbow Investments Limited - Holding Company | 8,65,15,370 | 8,65,15,370 |
| | -50.20% | -50.20% |
| (iii) Terms/ Rights attached to equity shares | | |
| The Company has only one class of equity shares having par value of ₹ 2/- per share and each shareholder is entitled for one vote per share held. The Company declares and pays dividends in Indian rupees. 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 entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. | | |
| (iv) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94. | | |
| (v) 48 equity shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India. | | |



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 9: OTHER EQUITY

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| (i) Reserves and Surplus | | |
| Capital Reserve (Refer a below) | 1.53 | 1.53 |
| Securities Premium (Refer b below) | 224.12 | 224.12 |
| Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) (Refer c below) | 0.60 | 0.60 |
| General reserve (Refer d below) | 73.38 | 73.38 |
| Retained Earnings (Refer e below) | 1,478.65 | 1,285.90 |
| (ii) Other Reserves | | |
| Equity Instruments through Other comprehensive income (Refer f below) | 120.60 | 76.50 |
| Foreign Currency Translation reserve (refer f(ii) below) | 2.12 | 2.62 |
| | 1,901.00 | 1,664.65 |
| (a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation - Balance brought forward | 1.53 | 1.53 |
| (b) Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 | | |
| Balance as at the beginning of the year | 224.12 | 224.12 |
| Balance as at the end of the year | 224.12 | 224.12 |
| (c) Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward | 0.60 | 0.60 |
| (d) General Reserve - balance brought forward | 73.38 | 73.38 |
| Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act. | | |
| (e) Retained Earnings | | |
| Balance as at the beginning of the year | 1,285.90 | 1,162.81 |
| i) Profit for the year | 313.63 | 286.55 |
| ii) Items of other comprehensive income recognised directly in Retained Earnings | | |
| - Remeasurement of post-employment defined benefit obligation, net of tax | (0.24) | (1.22) |
| iii) Dividends paid (including ₹ Nil (Previous year ₹ 24.80 Crores) tax on dividends) (Refer note 26) | (120.64) | (145.44) |
| iv) Impact of transition on adoption of Ind AS 116 [Net of tax ₹ Nil (Previous year net of tax of ₹ 1.74 Crores)] | - | (3.24) |
| v) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred from other comprehensive income. | - | (13.56) |
| Balance as at the end of the year | 1,478.65 | 1,285.90 |
| Retained Earnings are the profits and gains that the Group has earned till date less any transfer to general reserve, dividends or other distributions paid to shareholders. | | |
| (f) Other Comprehensive Income | | |
| Equity Instruments through Other Comprehensive Income | | |
| Balance as at the beginning of the year | 76.50 | 152.37 |
| i) Changes in fair value of FVOCI Equity Instruments, net of tax | 44.10 | (89.43) |
| ii) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, (included in (i) above) transferred to retained earnings. | - | 13.56 |
| Balance as at the end of the year | 120.60 | 76.50 |
| (ii) Foreign Currency translation reserve | | |
| Balance as at the beginning of the year | 2.62 | 0.62 |
| Add/(less): Other comprehensive income for the year | (0.50) | 2.00 |
| Balance as at the end of the year | 2.12 | 2.62 |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

The Group has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised.

10(a) BORROWINGS

Accounting Policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be utilised. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current and non-current liabilities based on repayment schedule agreed with banks.

(i) Non-current borrowings

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| SECURED LOANS | | |
| Term loans from Banks | 349.87 | 287.30 |
| Less: Current maturities of Long Term Debt [included in Note 10(c)] | (45.13) | (72.29) |
| | 304.74 | 215.01 |
| Out of the Term Loans in (i) above, loans amounting to : | | |
| a) ₹ 295.48 Crores (31 March 2020 - ₹ 192.46 Crores) are secured with a first charge by way of a hypothecation over all moveable properties of the Company both present and future, ranking pari passu with charge created in favour of other term lenders. | | |
| b) ₹ 54.39 Crores (31 March 2020 - ₹ 94.84 Crores) is secured with a first charge by way of a hypothecation on the entire fixed assets of the company both present and future ranking pari passu with charge created in favour of other term lenders. | | |
| Maturity Profile of Long Term Borrowings | | |
| Loan with residual maturity of upto 1 and 3 years | 66.00 | 126.47 |
| Loan with residual maturity of upto 3 and 5 years | 54.39 | 160.83 |
| Loan with residual maturity of upto 5 and 10 years | 229.48 | - |
| | 349.87 | 287.30 |

Interest rate on Rupee loans from Banks are based on spread over respective Lenders benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR. All of the above are repayable in periodic instalments over the maturity period of the respective loans.

(ii) Current Borrowings

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| SECURED LOANS FROM BANKS | | |
| Loans repayable on demand | - | 129.67 |
| Other loans | 31.92 | - |
| a) Nature of Security | | |
| Secured by first charge by way of hypothecation of all the Company's current assets, namely all the stock of raw material, stock in process, 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, ranking pari passu without any preference or priority of one over the others. | | |
| UNSECURED LOANS | | |
| Loans repayable on demand | | |
| - From Banks | 225.00 | 200.00 |
| | 256.92 | 329.67 |

Refer notes 3(a), 4(b) and 6 for details of assets pledged as security as set out in the above note. Refer note 32 for information about liquidity risk and market risk on borrowings.



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

10(b) TRADE PAYABLES

Accounting Policy

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Current

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Total outstanding of dues to Micro Enterprises and Small Enterprises | 13.26 | 12.65 |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 578.37 | 406.12 |
| | 591.63 | 418.77 |

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

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| (i) The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 | | |
| Principal | 11.76 | 11.77 |
| Interest | 0.16 | 0.10 |
| (ii) The amount of interest paid by the buyer under Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts 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 | 84.02 | 38.47 |
| Interest | 0.46 | 0.36 |
| (iv) The amount of interest accrued and remaining unpaid at the end of the year | 1.50 | 0.88 |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 | 0.62 | 0.46 |

10(c) OTHER FINANCIAL LIABILITIES

Accounting Policy

i) Short Term Employee Benefits

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

ii) Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) and does not include non-lease components (maintenance charges etc.). In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non Current | | |
| Lease Liability | 98.62 | 104.31 |
| Current | | |
| Current maturities of long term Debt | 45.13 | 72.29 |
| Interest accrued but not due | 4.85 | 8.74 |
| Unpaid Dividends [Refer Note (i) below] | 4.92 | 2.68 |
| Others: | | |
| Security Deposits received | 1.17 | 0.90 |
| Employee benefits payable | 24.60 | 25.20 |
| Capital creditors | 35.43 | 31.62 |
| Directors' fees & commission payable | 11.40 | 10.26 |
| Derivative instrument not designated as hedges - foreign-exchange forward contracts | 0.98 | - |
| Lease Liability | 18.44 | 28.63 |
| Others | 0.68 | 1.60 |
| | 147.60 | 181.92 |

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

NOTE 11: PROVISIONS

Accounting Policy

(I) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Non-current | | |
| Provision for Employee Benefits (Refer Note 18.1) | | |
| Provision for gratuity | 0.42 | 0.34 |
| Provision for Others liabilities | 0.44 | 1.65 |
| | 0.86 | 1.99 |
| Current | | |
| Provision for Employee Benefits (Refer Note 18.1) | | |
| Provision for gratuity | 9.31 | 6.07 |
| Provision for compensated absences | 10.88 | 9.90 |
| Provision for Others liabilities | 1.31 | 0.20 |
| Provisions for claims and litigations (Refer Note 11.1) | 62.89 | 67.74 |
| | 84.39 | 83.91 |



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

11.1 Provisions for claims and litigations

The Group has estimated the provisions for pending claims and litigation based on the assessment of probability for these demands crystallising against the Group in due course. The table below gives information about movement in claims and litigations, and provisions

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| At the beginning of the year | 67.74 | 65.44 |
| Add: Incurred during the year | 0.50 | 7.78 |
| Less : Paid / adjusted during the year | - | 5.48 |
| Less : Reversed during the year | 5.35 | - |
| At the end of the year | 62.89 | 67.74 |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 12: DEFERRED TAX LIABILITIES

| | Balance as at 1 April, 2020 | | Recognized to Statement of Profit and Loss for the year | | Recognized to/Reclassified from OCI | | Adjusted with liability | | Balance as at 31 March, 2021 | |
|---|-----------------------------|-------|---|-------|-------------------------------------|-------|-------------------------|-------|------------------------------|-------|
| | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total |
| Deferred Tax Liabilities: | | | | | | | | | | |
| Property, plant and equipments, Intangible Assets | 280.05 | | 10.57 | | - | | - | | 290.62 | |
| Financial Assets at Fair value through Other Comprehensive Income | 16.62 | | - | | 7.86 | | - | | 24.48 | |
| Others | 0.33 | | - | | - | | - | | 0.33 | |
| | 297.00 | | 10.57 | | 7.86 | | - | | 315.43 | |
| Deferred Tax Assets: | | | | | | | | | | |
| Items allowable for tax purpose on payments/adjustment | 30.34 | | (0.37) | | - | | - | | 29.97 | |
| Allowance for doubtful debts - trade receivable | 3.66 | | 0.29 | | - | | - | | 3.95 | |
| Impact on adoption of Ind AS 116 | 1.74 | | - | | - | | - | | 1.74 | |
| Fair value changes on financial assets | 6.39 | | (6.39) | | - | | - | | - | |
| Minimum Alternate Tax Credit / Other Tax Credits | - | | 8.30 | | - | | - | | 8.30 | |
| Others | - | | 0.05 | | - | | - | | 0.05 | |
| | 42.13 | | 1.88 | | - | | - | | 44.01 | |
| Net Deferred Tax Liabilities: | 254.87 | | 8.69 | | 7.86 | | - | | 271.42 | |

| | Balance as at 1 April, 2019 | | Recognized to Statement of Profit and Loss for the year | | Recognized to/Reclassified from OCI | | Adjusted with liability | | Balance as at 31 March, 2020 | |
|---|-----------------------------|-------|---|-------|-------------------------------------|-------|-------------------------|-------|------------------------------|-------|
| | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total |
| Deferred Tax Liabilities: | | | | | | | | | | |
| Property, plant and equipments, Intangible Assets | 274.38 | | 5.67 | | - | | - | | 280.05 | |
| Financial Assets at Fair value through Other Comprehensive Income | 23.65 | | - | | (7.03) | | - | | 16.62 | |
| Others | 0.33 | | - | | - | | - | | 0.33 | |
| | 298.36 | | 5.67 | | (7.03) | | - | | 297.00 | |
| Deferred Tax Assets: | | | | | | | | | | |
| Items allowable for tax purpose on payments/adjustment | 28.43 | | 1.91 | | - | | - | | 30.34 | |
| Allowance for doubtful debts - trade receivable | 4.88 | | (1.22) | | - | | - | | 3.66 | |
| Impact on adoption of Ind AS 116 (with effect from 1 April 2019) | - | | - | | - | | 1.74 | | 1.74 | |
| Fair value changes on financial assets | 1.19 | | 2.09 | | 3.11 | | - | | 6.39 | |
| Minimum Alternate Tax Credit / Other Tax Credits* | 7.14 | | (7.14) | | - | | - | | - | |
| | 41.64 | | (4.36) | | 3.11 | | 1.74 | | 42.13 | |
| Net Deferred Tax Liabilities: | 256.72 | | 10.03 | | (10.14) | | (1.74) | | 254.87 | |



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Note:

- i. Section 115BAA of the Income Tax Act, 1961 gives the corporate assessee an option to apply lower tax rate with effect from April 1, 2019 subject to certain condition specified therein. The Group has assessed the impact of the same and believes that it will continue to remain in the existing tax structure for the foreseeable future based on its forecasted profits. Accordingly, no effect in this regard has been considered in measurement of tax expenses for the purpose of these financial statements. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expenses when there is reasonable certainty to avail the lower rate of tax.
- ii. The Group has unrecognised credits of Minimum Alternative Tax pertaining to earlier years which has not been accounted for in accordance with accounting policy of the Group (Refer Note 22).

* Utilised during the year against normal tax liability

NOTE 13: OTHER CURRENT LIABILITIES

Accounting Policy

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidy will be received. If the grant received is to compensate the import cost of assets, and is subject to an export obligation as prescribed in the EPCG scheme, then the recognition of the grant would be linked to fulfilment of the associated export obligations. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other current liabilities. Revenue grant is recognised as an income in the period in which related obligation is met.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Advance from Customers | 3.31 | 1.39 |
| Dues payable to Government Authorities | 16.09 | 4.41 |
| Liability for Export Obligation / Government grants | 7.41 | 7.98 |
| | 26.81 | 13.78 |

NOTE 14: CURRENT TAX LIABILITIES (NET)

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Provision for Income Tax | 0.06 | 0.04 |
| [Net of Advance Tax Nil (31 March, 2020: Nil)] | | |
| | 0.06 | 0.04 |

NOTE 15: REVENUE FROM OPERATIONS

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade and other discounts, rebates and amounts collected on behalf of third parties.

Where the Group is the principal in the transaction, the sales are recorded at their gross values. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing component, non-cash considerations and consideration payable to the customer (if any). Any amounts received for which the Group does not provide any distinct goods or services are considered as a reduction of purchase cost.

However, Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group regardless of when the payment is being made and specific criteria have been met for each of the Group's activities as described below.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Sale of carbon black

Revenue from sale of carbon black is recognised when the control of the goods has passed to the buyer as per the terms of contract. In case of domestic sales, the performance obligation is satisfied upon delivery of the finished goods at customer's location. In case of export sales, the performance obligation is satisfied once the goods are shipped and the bill of lading has been obtained.

Sale of power

Revenue from the sale of power is recognised upon transmission of units to the buyer net of Unscheduled Interchange gains/losses as per the terms of contract with the customer.

Other Operating revenues

Exports entitlements (arising out of duty draw back, Merchandise exports from India Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Group and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

| | Year ended 31 March, 2021 | Year ended 31 March, 20210 |
|---|------------------------------|-------------------------------|
| Sales of Finished Goods | | |
| Carbon black | 2,586.71 | 3,135.57 |
| Sale of Power | 67.25 | 86.48 |
| Other Operating Revenues | | |
| Scrap sales | 5.56 | 4.41 |
| Exports Incentive | - | 17.08 |
| Total revenue from operations | 2,659.52 | 3,243.54 |
| India | 1,975.56 | 2,370.27 |
| Outside India | 678.40 | 851.78 |
| Total revenue (excluding scrap sales and exports incentive) | 2,653.96 | 3,222.05 |

NOTE 16: OTHER INCOME

Accounting Policy

a. Interest Income

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

b. Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established and the amount of the dividend can be measured reliably which is generally when shareholders approve the dividend.

| | Year ended 31 March, 2021 | Year ended 31 March, 20210 |
|---|------------------------------|-------------------------------|
| Interest income from certain financial assets | 5.54 | 3.55 |
| Dividend income from equity instruments designated at FVOCI | 7.59 | 5.28 |
| Gain on sale of investments carried at FVTPL | 2.90 | 9.91 |
| Fair Value gains on financial assets (investments) at FVTPL | - | 0.80 |
| Provision/Liability no longer required written back | 0.23 | 6.99 |
| Miscellaneous income | 1.74 | 2.48 |
| | 18.00 | 29.01 |



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 17(a) : COST OF MATERIAL CONSUMED

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---------------------------|------------------------------|------------------------------|
| Opening Stock | 198.93 | 309.00 |
| Add : Purchases | 1,733.03 | 2,075.65 |
| Less : Closing Stock | (349.22) | (198.93) |
| Cost of material consumed | 1,582.74 | 2,185.72 |

NOTE 17(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|------------------------------|------------------------------|------------------------------|
| Opening Stock (Carbon black) | 79.33 | 83.12 |
| Closing Stock (Carbon black) | 53.14 | 79.33 |
| | 26.19 | 3.79 |

NOTE 18 : EMPLOYEE BENEFITS EXPENSE

Accounting Policy

(I) Post-employment benefits

Defined benefit plans

- The liability or asset recognised in the balance sheet in respect of Defined benefit plans is the present value of the Defined benefits obligation at the end of the reporting period less the fair value of plan assets. The Defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.
- The present value of the Defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.
- The net interest cost is calculated by applying the discount rate to the net balance of the Defined benefit obligation and the fair value of plan assets. This cost is included in Employees Benefits Expense in the statement of profit and loss.
- Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity.
- Changes in the present value of the Defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(II) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(III) Other short-term employee benefit obligations

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

The Group provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 106.68 | 110.16 |
| Contribution to provident and other funds (Refer note 18.1) | 15.47 | 13.78 |
| Staff welfare expense (Refer note 18.1) | 10.20 | 10.61 |
| | 132.35 | 134.55 |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

18.1 Employee Benefits:

(I) Post employment obligations

(A) Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of last drawn salary and the period of service and paid as lump sum at exit. Gratuity payable is not restricted to the maximum limit prescribed under the Payment of Gratuity Act, 1972. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested solely with the Life Insurance Corporation of India.

(B) Post- retirement medical benefits (PRMB)

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], a defined benefit retirement plan is extended to certain employees. The scheme is unfunded.

The following table sets forth the particulars in respect of the defined benefit plans of the Group for the year ended 31 March, 2021:

| Particulars | Gratuity Fund (Funded) | | Net Amount |
|--|-----------------------------|---------------------------|-------------|
| | Present Value of Obligation | Fair value of plan assets | |
| (i) 1 April, 2020 | 31.96 | (25.55) | 6.41 |
| Current Service Cost | 2.53 | - | 2.53 |
| Past Service Cost | - | - | - |
| Interest expense/(Income) | 1.94 | (1.53) | 0.41 |
| Total Amount recognised in profit or loss | 4.47 | (1.53) | 2.94 |
| Remeasurements (gain)/loss | | | |
| (Gain)/loss from change in financial assumptions | 0.21 | 0.20 | 0.41 |
| (Gain)/loss arising from experience adjustments | (0.03) | - | (0.03) |
| Total amount recognised in other comprehensive income | 0.18 | 0.20 | 0.38 |
| Employer's contributions | - | - | - |
| Benefit payments | (2.38) | 2.38 | - |
| 31 March, 2021 | 34.23 ## | (24.50) | 9.73 |
| (ii) 1 April, 2019 | 26.76 | (17.31) | 9.45 |
| Current Service Cost | 1.91 | - | 1.91 |
| Past Service Cost | - | - | - |
| Interest expense/(Income) | 1.88 | (1.49) | 0.39 |
| Total Amount recognised in profit or loss | 3.79 | (1.49) | 2.30 |
| Remeasurements (gain)/loss | | | |
| (Gain)/loss from change in financial assumptions | 1.65 | (0.09) | 1.56 |
| (Gain)/loss arising from experience adjustments | 1.16 | - | 1.16 |
| Total amount recognised in other comprehensive income | 2.81 | (0.09) | 2.72 |
| Employer's contributions | - | (8.06) | (8.06) |
| Benefit payments | (1.40) | 1.40 | - |
| 31 March, 2020 | 31.96 ## | (25.55) | 6.41 |

Includes ₹ 3.68 Crores (31 March, 2020 : ₹ 3.33 Crores) related to present value obligation of gratuity payable for contractual workers. This is an unfunded plan

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, Group's policies for plan asset management and other relevant factors.

The expenses for the above mentioned Gratuity benefit is included and disclosed under the head "Contribution to provident and other funds" under Note 18.



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | 2020-21 | 2019-20 |
|-----------------------------------|---------|---------|
| (iii) Actual Return on Plan Asset | 1.53 | 1.49 |

(iv) The net liability disclosed above relating to funded are as follows

| | As at 31 March, 2021 | As at 31 March, 2020 |
|-------------------------------------|-------------------------|-------------------------|
| Present value of funded obligations | 34.23 | 31.96 |
| Fair value of plan assets | (24.50) | (25.55) |
| Deficit of funded plan | 9.73 | 6.41 |

(v) Principal : Actuarial assumptions

| | As at 31 March, 2021 | As at 31 March, 2020 |
|------------------------------------|--|--|
| (i) Discount rate | 6.20% | 6.30% |
| (ii) Salary escalation rate # | 7.00% | 7.00% |
| (iii) Mortality Table (In service) | Indian Assured Lives Mortality (2006-08) (Modified) Ult. | Indian Assured Lives Mortality (2006-08) (Modified) Ult. |

The estimate of future salary increase considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Group ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Group's ALM objective is to match asset with gratuity obligation. The Group actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Group has not changed the process used to manage its risk from previous periods. The Group does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

(vi) Sensitivity Analysis

| | | Increase/ (Decrease) in DBO | | Increase/ (Decrease) in DBO | | |
|--------------------------|----------------|-----------------------------|-------------------------|-----------------------------|-------------------------|--------|
| | | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 | |
| Discount Rate - Gratuity | Decrease by 1% | 2.27 | 2.13 | Increase by 1% | (1.94) | (1.82) |
| Salary escalation Rate | Decrease by 1% | (1.95) | (1.83) | Increase by 1% | 2.24 | 2.10 |

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar opposite directions, while the plan's sensitivity to such changes can vary over time.

(vii) Risk Exposure

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

- 1 Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
- 2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- 3 Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(C) Provident Fund

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 cessation of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

such Provident Fund Trust set up by the Company. 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. The provident fund trust as aforesaid, has surrendered its exemption with effect from April 01, 2021. The Company has accounted liability of ₹ 1.26 Crores towards shortfall in return of plan assets.

(II) Defined Contribution Plans

The Group has certain Defined Contribution Plans viz. Provident Fund and Superannuation Fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The Group has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of Basic and Dearness Allowance of the member with Superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 2.42 Crores (31 March, 2020 ₹ 1.96 Crores).

(III) Defined Benefit Liability and Employer Contributions

Expected contribution to Post-employment benefit plans for the year ending 31 March, 2021 is ₹ 6.05 Crores (31 March, 2020: ₹ 3.08 Crores)

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2020 - 6 years) for employees and 10 years (31 March, 2020 - 10 years) for contractual employees. The expected maturity analysis of undiscounted gratuity and post employment medical benefits is as follows:

| Particulars | Less than a year | Between 1 -2 years | Between 2 -3 years | Between 3 -4 years | Between 4 -5 years | Between 5 -11 years | Total |
|----------------------------|------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
| 31 March, 2021 | | | | | | | |
| Defined benefit obligation | | | | | | | |
| Gratuity | 12.25 | 1.80 | 3.28 | 2.15 | 4.32 | 14.24 | 38.04 |
| Total | 12.25 | 1.80 | 3.28 | 2.15 | 4.32 | 14.24 | 38.04 |
| 31 March, 2020 | | | | | | | |
| Defined benefit obligation | | | | | | | |
| Gratuity | 10.47 | 1.88 | 2.08 | 3.22 | 2.41 | 15.19 | 35.25 |
| Total | 10.47 | 1.88 | 2.08 | 3.22 | 2.41 | 15.19 | 35.25 |

NOTE 19 : FINANCE COSTS

Accounting Policy

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|------------------------------|------------------------------|
| Interest expense on debts and borrowings | 21.55 | 36.77 |
| Interest on lease liabilities | 10.95 | 8.85 |
| Other Borrowings Costs | 1.38 | 0.28 |
| | 33.88 | 45.90 |

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Depreciation of property, plant and equipment (Refer Note 3(a)) | 88.65 | 75.52 |
| Amortization of intangible assets (Refer Note 3(d)) | 0.36 | 0.42 |
| Depreciation on Right of Use Assets (Refer Note 3(e)) | 21.11 | 16.42 |
| | 110.12 | 92.36 |

NOTE 21 : OTHER EXPENSES

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|------------------------------|------------------------------|
| Consumption of stores and spares | 41.44 | 34.63 |
| Consumption of packing materials | 54.79 | 63.93 |
| Power and fuel | 24.25 | 17.40 |
| Water charges | 3.86 | 5.56 |
| Rent | 5.88 | 4.69 |
| Rates and taxes | 2.80 | 8.31 |
| Repairs and maintenance: | - | - |
| - Buildings | 2.42 | 1.52 |
| - Plant and Machinery | 15.66 | 19.86 |
| - Others | 4.46 | 2.75 |
| Insurance | 5.73 | 3.34 |
| Travelling and conveyance | 4.46 | 11.18 |
| Subscriptions and donations | 27.37 | 35.53 |
| Freight outward (net of recovery) | 97.29 | 91.30 |
| Commission to selling agents | 27.40 | 32.41 |
| Directors sitting fees & Commission | 12.06 | 10.66 |
| Research and development expenses (refer note 23) | 9.02 | 9.82 |
| Net gain on foreign currency transaction | (10.24) | (1.07) |
| Loss/ (Profit) on disposal of property, plant and equipment | (1.41) | 1.01 |
| Fair Value loss on financial assets (investments) at FVTPL | 5.87 | - |
| Allowance for doubtful debts / expected credit loss - trade receivable (net) | 0.83 | (3.84) |
| Corporate Social Responsibility Expenditure [refer note (a) below] | 3.07 | 11.82 |
| Miscellaneous expenses | 63.19 | 94.62 |
| | 400.20 | 455.43 |

(a) Details of CSR expenditure:

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|-----------------------------|-----------------------------|
| (i) Gross amount required to be spent by the Company during the year | 7.93 | 6.77 |
| (ii) Excess CSR expenditure of the previous year is offset against the current year's CSR obligation (refer note below) | 5.05 | - |
| (iii) Amount spent during the year for purposes other than construction/acquisition of any asset | 3.07* | 11.82* |

* Includes ₹ 1.50 Crores payable to a registered trust in respect of an ongoing projects for carrying out CSR activities

As per the general circular and office memorandum issued by the Ministry of Corporate Affairs ("MCA"), any contribution to "PM Cares Fund" shall qualify as CSR expenditure under the Companies Act, 2013.

Further, as per appeal sent by the Secretary of MCA on 30 March 2020 (D.O. No.05/1/2020 - CSR - MCA), if the Group contributes over and above their minimum obligation of amount required to be contributed for CSR, such excess amount can later be offset against the CSR obligation of the Group arising in subsequent years. Accordingly, the Group contributed a sum of ₹ 10.00 Crores to the PM Cares Fund for the year ended 31 March 2020 and excess contribution of ₹ 5.05 Crores has been set off in the current year.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(b) The Company has incurred following expenses for it's Innovation Centre in Belgium

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|------------------|------------------------------|------------------------------|
| Revenue expenses | 8.77 | 1.36 |
| Capital expenses | 6.52 | - |
| | 15.29 | 1.36 |

NOTE 22 : TAX EXPENSE

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect of situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit/ loss nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax assets. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Unrecognised MAT are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the MAT to be recovered.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| a. Income-tax expense recognised in the statement of Profit and Loss | | |
| Current tax | | |
| Current tax on profits for the year | 69.36 | 57.27 |
| Deferred Tax | | |
| Origination and reversal of temporary differences | 8.69 | 10.03 |
| Income-tax expense | 78.05 | 67.30 |



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| b. Income-tax expense on other comprehensive income | | |
| Total current tax expense on Other Comprehensive Income - Remeasurement of post employment defined benefit obligation | 0.13 | 0.96 |
| Deferred tax - Fair value through Other Comprehensive Income - equity instruments | (7.86) | 10.14 |
| Income-tax expense recognised in Other Comprehensive Income | (7.73) | 11.10 |
| c. Reconciliation of statutory rate of tax and the effective rate of tax | | |
| Profit before income tax | 392.04 | 354.80 |
| Enacted Income tax rate in India applicable to the Company | 34.95% | 34.95% |
| Tax on Profit before tax at the enacted Income tax rate in India | 137.02 | 124.00 |
| Adjustments: | | |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Items not deductible / Income exempt from tax | (0.71) | (2.51) |
| Incentives / additional benefits allowable under Income-tax | (27.09) | (34.86) |
| Tax Credits | (32.00) | (15.49) |
| Other items | 0.83 | (3.84) |
| Total Income tax expense | 78.05 | 67.30 |
| Effective tax rate | 19.91% | 18.97% |

NOTE 23: RESEARCH AND DEVELOPMENT EXPENSES

Accounting Policy

The Group's business research and development concentrates on the development of improved finished goods and better operational efficiency. Research costs are expensed as incurred. Expenditure on development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

Revenue Expenses

| | Year ended 31 March, 2021 | | | | | Year ended 31 March, 2020 | | | | |
|---|---------------------------|-------------|-------------|-------------|-------------|---------------------------|-------------|-------------|-------------|-------------|
| | Total | Durgapur | Kochi | Palej | Mundra | Total | Durgapur | Kochi | Palej | Mundra |
| Raw Materials & Stores Consumed | 3.23 | 1.31 | - | 1.79 | 0.13 | 1.68 | 0.23 | - | 1.32 | 0.13 |
| Salaries Wages and Bonus | 3.86 | 0.59 | 0.53 | 2.12 | 0.62 | 4.39 | 0.79 | 0.61 | 2.39 | 0.60 |
| Contribution to Provident and Other Funds | 0.30 | 0.05 | 0.03 | 0.17 | 0.05 | 0.37 | 0.08 | 0.04 | 0.20 | 0.05 |
| Staff Welfare Expense | 0.11 | - | - | 0.11 | - | 0.25 | 0.01 | 0.01 | 0.22 | 0.01 |
| Miscellaneous Expenses | 1.52 | - | - | 1.52 | - | 3.13 | 0.35 | 0.27 | 2.24 | 0.27 |
| Total | 9.02 | 1.95 | 0.56 | 5.71 | 0.80 | 9.82 | 1.46 | 0.93 | 6.37 | 1.06 |

Capital Expenditure (included under Gross Carrying Amount in Note 3(a))

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---------------------|------------------------------|------------------------------|
| Plant and Equipment | - | 0.20 |
| | - | 0.20 |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 24: CONTINGENT LIABILITIES

Accounting Policy

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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

| | As at 31 March, 2021 | As at 31 March, 2020 |
|--|-------------------------|-------------------------|
| Contingent Liabilities for : | | |
| (a) (i) Claims against the Group not acknowledged as debts : | | |
| Income-tax matters under dispute | - | 2.53 |
| Excise duty matters under dispute | 4.04 | 2.77 |
| Sales tax matter under dispute | 0.30 | 0.30 |
| Service tax matters under dispute | 6.26 | 6.26 |
| Value added tax matters under dispute | 1.09 | 0.86 |
| (ii) Other money for which the Group is contingently liable | | |
| Excise duty matters under dispute | 1.57 | 1.57 |
| (b) Outstanding bank guarantees etc. | 6.25 | 12.73 |
| (c) Guarantees or counter guarantees or counter indemnity given by the Group | | |
| On behalf of bodies corporate and others | | |
| - Limit | 0.09 | 0.09 |
| - Outstanding | 0.09 | 0.09 |

It is not practicable for the Group to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings.

NOTE 25: COMMITMENTS

| | As at 31 March, 2021 | As at 31 March, 2020 |
|---|-------------------------|-------------------------|
| Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | | |
| Property, plant and equipment (net of capital advances) | 26.08 | 60.32 |

NOTE 26: DIVIDEND ON EQUITY SHARE

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|---|------------------------------|------------------------------|
| Interim Dividend for the year of ₹ 7/- per share on face value of ₹ 2/- per share | 120.64 | 120.64 |
| Dividend Distribution tax on above | - | 24.80 |
| | 120.64 | 145.44 |

NOTE 27: EARNING PER EQUITY SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|------------------------------|------------------------------|
| Basic and Diluted | | |
| (i) Number of Equity Shares outstanding | 17,23,37,860 | 17,23,37,860 |
| (ii) Face value of each Equity Share (₹) | 2.00 | 2.00 |
| (iii) Profit after Tax available for Equity Shareholders (₹ in Crores) | 313.99 | 287.50 |
| (iv) Basic and Diluted earnings per Share (₹ [(iii)/(i)]) | 18.22 | 16.68 |

The Group does not have any dilutive potential equity shares.

NOTE 28: RELATED PARTY TRANSACTIONS**(a) Holding Company**

| Name | Type | Place of Incorporation | As at 31 March, 2021 | As at 31 March, 2020 |
|-----------------------------|-----------------|------------------------|-------------------------|-------------------------|
| Rainbow Investments Limited | Holding Company | India | 50.20% | 50.20% |

(b) Key management personnel of the Company and the Holding Company with whom transactions have taken place

| Name | Relationship |
|--|--|
| i) Sanjiv Goenka | Chairman and Non Executive Director |
| ii) Shashwat Goenka | Non Executive Director |
| iii) Preeti Goenka | Non Executive Director |
| iv) Kaushik Roy | Managing Director |
| v) O P Malhotra | Non Executive Independent Director |
| vi) K S B Sanyal | Non Executive Independent Director |
| vii) Paras K Chowdhary | Non Executive Independent Director |
| viii) Pradip Roy | Non Executive Independent Director |
| ix) Kusum Dadoo (Resigned with effect from February 4, 2021) | Non Executive Independent Director |
| x) Raj Kumar Gupta | Chief Financial Officer and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020) |
| xi) Kaushik Mukherjee | Company Secretary and holding Directorship in subsidiary Company (w.e.f. 29 September, 2020) |
| xii) Utpal Saha | Employee holding Directorship in subsidiary Company |
| xiii) Sunil Bhandari | Employee holding Directorship in Holding Company |
| xiv) Subhrangshu Chakraborty | Person holding Directorship in Holding Company |
| xv) Yugesh Kanoria | Person holding Directorship in Holding Company |

(c) Others with whom transactions have taken place during the year

| Name | Relationship |
|---|---|
| RPG Power Trading Company Limited | Fellow Subsidiary |
| Trade Apartment Private Limited | Fellow Subsidiary |
| Dynamic Success Projects Private Limited | Fellow Subsidiary |
| CESC Limited | Company under the control of the Holding Company as per Ind AS-110 |
| RPSG Ventures Limited (Erstwhile: CESC Ventures Limited) | Company under the control of the Holding Company as per Ind AS-110 |
| Spencer's Retail Limited | Company under the control of the Holding Company as per Ind AS-110 |
| Guiltfree Industries Limited | Company under the control of the Holding Company as per Ind AS-110 |
| RPSG Resources Private Limited (Erstwhile: Accurate Commodeal Pvt. Limited) | Company under the control of the Holding Company as per Ind AS-110 |
| Crescent Power Limited | Company under the control of the Holding Company as per Ind AS-110 |
| Alipore Towers Pvt Ltd | Company under the control of the Holding Company as per Ind AS-110 |
| Woodlands Multispeciality Hospital Limited | Fellow Subsidiary |
| Duncan Brothers & Co. Ltd | Associate of Holding Company |
| Harrison Malayalam Limited | Associate of Holding Company |
| Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund) | Post Employment Benefit Plan of the Company (Other related parties) |
| Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund) | Post Employment Benefit Plan of the Company (Other related parties) |
| Phillips Carbon Black Limited Staff Provident Institution (Provident Fund) | Post Employment Benefit Plan of the Company (Other related parties) |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March, 2021

(All amounts in ₹ Crores, unless otherwise stated)

(d) Details of transaction between the Company and related parties and outstanding balances

| Sl. No. | Nature of Transactions | Company under the control of the Holding Company as per Ind AS-110 Holding Company and Fellow Subsidiaries | | Associates of Holding Company | | Key Management Personnel of the Company, Holding Company and Subsidiary Company | | Other Related Parties | | Total | |
|-----------|--|--|-----------------------------|-------------------------------|-----------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | Year ended 31 March, 2021 | Year ended 31 March, 2020 | Year ended 31 March, 2021 | Year ended 31 March, 2020 | Year ended 31 March, 2021 | Year ended 31 March, 2020 | Year ended 31 March, 2021 | Year ended 31 March, 2020 | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
| A. | Transactions | | | | | | | | | | |
| 1 | Dividend paid on Equity Shares | 60.56 | 60.56 | - | - | - | - | - | - | 60.56 | 60.56 |
| 2 | Dividend received on Equity Shares | 7.59 | 3.37 | - | - | - | - | - | - | 7.59 | 3.37 |
| 3 | Dividend received on Preference Shares | - | 1.91 | - | - | - | - | - | - | - | 1.91 |
| 4 | Investment in Equity Shares | 1.01 | - | - | - | - | - | - | - | 1.01 | - |
| 5 | Security Deposit paid | 30.00 | - | - | - | - | - | - | - | 30.00 | - |
| 6 | Accommodation Charges paid | - | 0.02 | 0.03 | 0.01 | - | - | - | - | 0.03 | 0.03 |
| 7 | Accommodation Charges recovered | 0.08 | 0.00 | - | - | - | - | - | - | 0.08 | 0.00 |
| 8 | Reimbursement of expenses paid | 0.76 | 0.21 | - | - | - | - | - | - | 0.76 | 0.21 |
| 9 | Reimbursement of expenses received | 8.14 | 5.24 | - | - | - | - | - | - | 8.14 | 5.24 |
| 10 | Redemption of Preference Shares | - | 47.75 | - | - | - | - | - | - | - | 47.75 |
| 11 | Electricity charges paid | 0.03 | 0.25 | - | - | - | - | - | - | 0.03 | 0.25 |
| 12 | Rent & Flat Maintenance Paid | 1.37 | 0.60 | - | - | - | - | - | - | 1.37 | 0.60 |
| 13 | Power Selling expenses paid | 1.37 | 2.18 | - | - | - | - | - | - | 1.37 | 2.18 |
| 14 | Sale of Power | 53.03 | 75.52 | - | - | - | - | - | - | 53.03 | 75.52 |
| 15 | Advances given | 0.50 | - | - | - | - | - | - | - | 0.50 | 1.29 |
| 16 | Advances recovered | - | - | - | - | - | - | - | - | - | 1.35 |
| 17 | Licence Fees | 16.00 | 0.28 | - | - | - | - | - | - | 16.00 | 0.28 |
| 18 | Contributions paid | - | - | - | - | - | - | 3.53 | 11.62 | 3.53 | 11.62 |
| 19 | Remuneration to Key Management Personnel | - | - | - | - | - | 16.41 | - | - | 15.87 | 16.41 |
| 20 | Post-employment benefits to Key Management Personnel | - | - | - | - | - | 0.51 | - | - | 0.51 | 0.55 |
| 21 | Other long-term benefit to Key Management Personnel | - | - | - | - | - | 0.12 | - | - | 0.12 | 0.21 |
| 22 | Director's Sitting Fees | - | - | - | - | - | 0.42 | - | - | 0.42 | 0.40 |
| 23 | Director's Commission | - | - | - | - | - | 10.50 | - | - | 10.50 | 16.00 |
| 24 | Loan repaid by Key Management Personnel | - | - | - | - | - | 0.04 | - | - | 0.04 | 0.06 |
| | | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 | As at 31 March, 2021 | As at 31 March, 2020 |
| B. | Closing Balances | | | | | | | | | | |
| 1 | Receivables | 48.25 | 32.43 | 0.00 | 0.00 | 0.08 | 0.12 | - | 0.00 | 48.33 | 32.55 |
| 2 | Payables | 0.03 | - | - | - | - | - | - | - | 0.03 | - |
| 3 | Investments | 136.01 | 101.73 | - | - | - | - | - | - | 136.01 | 101.73 |

(e) Terms and Conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 29: SEGMENT

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group.

(a) Description of segments and principal activities

Carbon Black : The Group is primarily engaged in production of Carbon Black through its four manufacturing units located at Durgapur, Kochi, Vadodara and Mundra.

Power: The Group is also engaged in generation of electricity for the purpose of captive consumptions as well as distribution of surplus to outsiders.

The segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statement. Also the Group's borrowings (including finance costs and interest income), income taxes, investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external sources. Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

All non-current assets of the Group (excluding certain financial assets) are located in India.

(b) Segment Revenue, Segment Earnings and other information as at / for the year ended:-

Segment Revenue :

| Particulars | Year ended 31 March, 2021 | | | Year ended 31 March, 2020 | | |
|---------------------------------|---------------------------|---------------|-----------------|---------------------------|---------------|-----------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Revenue from external customers | 2,586.71 | 67.25 | 2,653.96 | 3,135.57 | 86.48 | 3,222.05 |
| Other operating Revenues | 5.56 | - | 5.56 | 21.49 | - | 21.49 |
| Total revenue from operations | 2,592.27 | 67.25 | 2,659.52 | 3,157.06 | 86.48 | 3,243.54 |
| Inter-segment revenue | - | 63.45 | 63.45 | - | 65.30 | 65.30 |
| Total segment revenue | 2,592.27 | 130.70 | 2,722.97 | 3,157.06 | 151.78 | 3,308.84 |

Revenue of ₹ 1,261.13 Crores (31 March, 2020 - ₹ 1,088.07 Crores) are derived from customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The Group is domiciled in India. The amount of its revenue from external customers broken down by the location of the customers is shown in table below:

| Revenue from external customers (excluding other operating revenues) | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|---------------------------|---------------------------|
| India | 1,975.56 | 2,370.27 |
| Other countries | 678.40 | 851.78 |
| Total | 2,653.96 | 3,222.05 |

Segment Results :

| Particulars | Year ended 31 March, 2021 | | | Year ended 31 March, 2020 | | |
|--|---------------------------|--------------|---------------|---------------------------|--------------|---------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Segment profit before interest and tax | 494.60 | 71.09 | 565.69 | 467.82 | 99.05 | 566.87 |
| Reconciliation to Profit before tax | | | | | | |
| Finance Cost | - | - | (33.88) | - | - | (45.90) |
| Interest Income | - | - | 5.54 | - | - | 3.55 |
| Unallocated expenses (Net) | - | - | (145.31) | - | - | (169.72) |
| Profit before tax | 494.60 | 71.09 | 392.04 | 467.82 | 99.05 | 354.80 |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Depreciation/Amortisation and non cash expenses:

| Particulars | Year ended 31 March, 2021 | | | | Year ended 31 March, 2020 | | | |
|---------------------------|---------------------------|-------|-------------|--------|---------------------------|-------|-------------|-------|
| | Carbon Black | Power | Unallocated | Total | Carbon Black | Power | Unallocated | Total |
| Depreciation/Amortisation | 81.89 | 24.94 | 3.29 | 110.12 | 67.22 | 23.13 | 2.01 | 92.36 |
| Non cash expense | 0.50 | - | - | 0.50 | 13.28 | - | - | 13.28 |

Segment Assets:

| Particulars | 31 March, 2021 | | | 31 March, 2020 | | |
|--|-----------------|---------------|-----------------|-----------------|---------------|-----------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Segment Assets | 2,766.12 | 314.61 | 3,080.73 | 2,484.74 | 320.83 | 2,805.57 |
| Reconciliation to total assets | | | | | | |
| Investments | - | - | 196.27 | - | - | 155.08 |
| Other unallocable assets | - | - | 449.05 | - | - | 350.01 |
| Total assets as per the balance sheet | 2,766.12 | 314.61 | 3,726.05 | 2,484.74 | 320.83 | 3,310.66 |

| Particulars | 31 March, 2021 | | | | 31 March, 2020 | | | |
|---|----------------|-------|-------------|--------|----------------|-------|-------------|--------|
| | Carbon Black | Power | Unallocated | Total | Carbon Black | Power | Unallocated | Total |
| Addition to Non current assets other than financial instruments | 127.42 | 16.03 | 0.96 | 144.41 | 201.56 | 20.44 | 13.24 | 235.24 |

The total of segments assets broken down by location of the assets, is shown below:

| Assets by geographical location | 31 March, 2021 | 31 March, 2020 |
|---------------------------------|-----------------|-----------------|
| India | 2,921.99 | 2,672.90 |
| other countries | 158.74 | 132.67 |
| Total | 3,080.73 | 2,805.57 |

Segment Liabilities :

| Particulars | 31 March, 2021 | | | 31 March, 2020 | | |
|---|----------------|--------------|-----------------|----------------|--------------|-----------------|
| | Carbon Black | Power | Total | Carbon Black | Power | Total |
| Total Segment liabilities | 650.14 | 28.32 | 678.46 | 503.64 | 16.34 | 519.98 |
| Reconciliation to total liabilities | | | | | | |
| Borrowings | - | - | 606.79 | - | - | 616.97 |
| Current Tax Liabilities (Net) | - | - | 0.06 | - | - | 0.04 |
| Deferred Tax Liabilities | - | - | 271.42 | - | - | 254.87 |
| Other Unallocated liabilities | - | - | 226.32 | - | - | 212.41 |
| Total liabilities as per the balance sheet | 650.14 | 28.32 | 1,783.05 | 503.64 | 16.34 | 1,604.27 |



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 30: STATEMENT PURSUING TO REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT, 2013 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY AND STEP DOWN SUBSIDIARIES

| Name of the entity in the group | Net Assets i.e., total assets minus total liabilities | | Share in Profit or Loss | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|--|---|----------|---|--------|---|---------|---|--------|
| | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit or Loss | Amount | As % of Consolidated Other Comprehensive Income | Amount | As % of Consolidated Total Comprehensive Income | Amount |
| Parent | | | | | | | | |
| Phillips Carbon Black Limited | | | | | | | | |
| 31 March, 2021 | 99.19% | 1,927.17 | 99.45% | 312.27 | 101.38% | 43.86 | 99.69% | 356.13 |
| 31 March, 2020 | 99.14% | 1,691.68 | 98.61% | 283.49 | 102.78% | (91.21) | 96.74% | 192.28 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| PCBL (TN) Ltd | | | | | | | | |
| 31 March, 2021 | 0.11% | 2.14 | -0.07% | (0.22) | 0.00% | - | -0.06% | (0.22) |
| 31 March, 2020 | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Subsidiaries | | | | | | | | |
| Foreign | | | | | | | | |
| Phillips Carbon Black Cyprus Holdings Ltd | | | | | | | | |
| 31 March, 2021 | 1.13% | 22.00 | 0.04% | 0.12 | 0.00% | - | 0.03% | 0.12 |
| 31 March, 2020 | 1.24% | 21.24 | -0.06% | (0.18) | 0.00% | - | -0.09% | (0.18) |
| Phillips Carbon Black Vietnam Joint Stock Company | | | | | | | | |
| 31 March, 2021 | 2.26% | 43.97 | 0.58% | 1.83 | 0.00% | - | 0.51% | 1.83 |
| 31 March, 2020 | 2.29% | 39.10 | 1.65% | 4.75 | 0.00% | - | 2.39% | 4.75 |
| Non-Controlling Interest | | | | | | | | |
| 31 March, 2021 | 0.39% | 7.53 | 0.11% | 0.36 | -0.23% | (0.10) | 0.07% | 0.26 |
| 31 March, 2020 | 0.43% | 7.27 | 0.33% | 0.95 | -0.53% | 0.47 | 0.71% | 1.42 |
| Adjustments | | | | | | | | |
| 31 March, 2021 | -3.08% | (59.81) | -0.12% | (0.37) | -1.16% | (0.50) | -0.24% | (0.87) |
| 31 March, 2020 | -3.10% | (52.90) | -0.53% | (1.51) | -2.26% | 2.00 | 0.25% | 0.49 |
| TOTAL | | | | | | | | |
| 31 March, 2021 | 100.00% | 1,943.00 | 100.00% | 313.99 | 100.00% | 43.26 | 100.00% | 357.25 |
| 31 March, 2020 | 100.00% | 1,706.39 | 100.00% | 287.50 | 100.00% | (88.74) | 100.00% | 198.76 |

Note: PCBL (TN) Limited a wholly owned subsidiary on Phillips Carbon Black Limited was incorporated with effect from 29 September, 2020 under the provisions of the Companies Act, 2013 of India.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 31: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the year are as follows:

| Particulars | As at 31 March, 2021 | | | As at 31 March, 2020 | | |
|-------------------------------|----------------------|---------------|-----------------|----------------------|---------------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| - Equity instruments | - | 188.55 | - | - | 135.57 | - |
| - Preference Shares | 7.72 | - | - | 19.51 | - | - |
| Trade receivables | - | - | 707.53 | - | - | 588.24 |
| Loans | - | - | 44.81 | - | - | 14.76 |
| Cash and cash equivalents | - | - | 152.22 | - | - | 149.42 |
| Other bank balances | - | - | 112.16 | - | - | 2.68 |
| Derivative financial assets | - | - | - | 21.55 | - | - |
| Other Financial Assets | - | - | 3.81 | - | - | 2.37 |
| Total financial assets | 7.72 | 188.55 | 1,020.53 | 41.06 | 135.57 | 757.47 |

| Particulars | As at 31 March, 2021 | | | As at 31 March, 2020 | | |
|--------------------------------------|----------------------|----------|-----------------|----------------------|----------|-----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 561.66 | - | - | 544.68 |
| Current maturities of long term debt | - | - | 45.13 | - | - | 72.29 |
| Derivative financial liabilities | 0.98 | - | - | - | - | - |
| Trade payables | - | - | 591.63 | - | - | 418.77 |
| Other financial liabilities | - | - | 200.11 | - | - | 213.94 |
| Total financial liabilities | 0.98 | - | 1,398.53 | - | - | 1,249.68 |

(ii) Fair Value

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

- In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.
- The fair value of derivative contracts (foreign exchange forward contracts and Currency and Interest rate swaps) is determined using discounted cash flow analysis and swaps and options pricing models.
- The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain non-current loans which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

| Financial assets and liabilities measured at fair value - recurring fair value measurements | As at 31 March, 2021 | | | | As at 31 March, 2020 | | | |
|---|----------------------|-------------|--------------|---------------|----------------------|--------------|--------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Financial assets at FVPL | | | | | | | | |
| Investments in preference shares | - | - | 7.72 | 7.72 | - | - | 19.51 | 19.51 |
| Foreign-exchange forward contract | | | - | - | - | 21.55 | - | 21.55 |
| Financial assets at FVOCI | | | | | | | | |
| Investments in equity instruments | 119.84 | - | 68.71 | 188.55 | 80.58 | - | 54.99 | 135.57 |
| Total financial assets | 119.84 | - | 76.43 | 196.27 | 80.58 | 21.55 | 74.50 | 176.63 |
| Financial liabilities | | | | | | | | |
| Financial liabilities at FVPL | | | | | | | | |
| Foreign-exchange forward contract | - | 0.98 | - | 0.98 | - | - | - | - |
| Total financial liabilities | - | 0.98 | - | 0.98 | - | - | - | - |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31 March, 2021 and 31 March, 2020.

Some of the Group's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Valuation inputs and relationship to fair value

| Particulars | Fair Value at | | Valuation Technique | Significant unobservable input | Sensitivity | |
|----------------------------|----------------|----------------|--------------------------------------|--|---|---|
| | 31 March, 2021 | 31 March, 2020 | | | 31 March, 2021 | 31 March, 2020 |
| Unquoted equity shares | 68.71 | 54.99 | Discounted cash flow/Net Asset Value | Earning growth rate / Discounting rate | Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 0.73 Crores Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 0.60 Crores | Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by ₹ 1.05 Crores Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by ₹ 0.77 Crores |
| Unquoted Preference shares | 7.72 | 19.51 | Discounted Amortized cost | Discounting rate to determine PV | Decrease in discount rate by 1% will increase the fair value by ₹ 0.29 Crores Increase in discount rate by 1% will decrease fair value by ₹ 0.28 Crores | Decrease in discount rate by 1% will increase the fair value by ₹ 2.27 Crores Increase in discount rate by 1% will decrease fair value by ₹ 1.90 Crores |
| Investment Property-Land | 5.39 | 5.39 | Fair market price | Discount for limited market activity | Decrease in discount rate by 1% will increase the fair value by ₹ 0.07 Crores Increase in discount rate by 1% will decrease fair value by ₹ 0.07 Crores. | Decrease in discount rate by 1% will increase the fair value by ₹ 0.07 Crores Increase in discount rate by 1% will decrease fair value by ₹ 0.07 Crores. |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Valuation process :

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Group are derived and evaluated as follows:

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTE 32: FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprises of borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Group. The Group's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Group's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Group seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Group has laid comprehensive risk assessment and minimization/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Group does not enter into derivative financial instruments for speculative purposes.

(A) Credit risk

Credit risk refers to risk of financial loss to the Group if customers or counterparties fail to meet their contractual obligations. The Group is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Group through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Group also has a policy to provide for all receivables which are overdue for a period over 365 days. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

| Particulars | Year ended 31 March, 2021 | Year ended 31 March, 2020 |
|--|------------------------------|------------------------------|
| Loss allowance at the beginning of the year | 9.64 | 13.48 |
| Change / (reversal) in allowance during the year (net) | 0.83 | (3.84) |
| Loss allowance at the end of the year | 10.47 | 9.64 |

(b) Deposits and financial assets (Other than trade receivables):

The Group maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.

(B) Liquidity Risk

Liquidity risk implies that the Group may not be able to meet its obligations associated with its financial liabilities. The Group manages its liquidity risk on the basis of the business plan that ensures that the funds required for financing the business operations and meeting financial liabilities are available in a timely manner and in the currency required at optimal costs. The Management regularly monitors rolling forecasts of the Group's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits / marketable debt securities / debt mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Group.



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

Additionally, the Group has committed fund and non-fund based credit lines from banks which may be drawn anytime based on Group's fund requirements. The Group maintains a cautious liquidity strategy with positive cash balance and undrawn bank lines throughout the year.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

| Contractual maturity of financial liabilities | Upto 1 year | 1 Year to 3 year | 3 year to 5 year | More than 5 years | Total |
|--|-----------------|------------------|------------------|-------------------|-----------------|
| 31 March, 2021 | | | | | |
| Borrowings (including current maturities) | 302.05 | 173.00 | 111.75 | 19.99 | 606.79 |
| Trade payable | 591.63 | - | - | - | 591.63 |
| Other financial liabilities (excluding current maturities of non current borrowings) | 111.19 | 32.11 | 24.01 | 33.78 | 201.09 |
| | 1,004.87 | 205.11 | 135.76 | 53.77 | 1,399.51 |
| 31 March, 2020 | | | | | |
| Borrowings (including current maturities) | 401.96 | 172.70 | 42.31 | - | 616.97 |
| Trade payable | 418.77 | - | - | - | 418.77 |
| Other financial liabilities (excluding current maturities of non current borrowings) | 106.40 | 34.05 | 29.33 | 44.16 | 213.94 |
| | 927.13 | 206.75 | 71.64 | 44.16 | 1,249.68 |

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Group's income and expenses and / or value of its investments. The Group's exposure to and management of these risks are explained below.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Group's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Group's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Group's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates.

(a) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

| Particulars | 31 March 2021 | | | 31 March 2020 | | |
|---|-------------------|-------------|----------|-------------------|-------------|----------|
| | INR equivalent of | | | INR equivalent of | | |
| | USD | EUR | GBP | USD | EUR | GBP |
| Financial assets | | | | | | |
| Trade receivables | 144.50 | 8.26 | - | 108.11 | 8.19 | - |
| Balances with banks | 66.64 | - | - | - | - | - |
| Derivative assets | | | | | | |
| Foreign exchange forward contracts | | | | | | |
| Sell foreign currency | (66.64) | - | - | (7.52) | - | - |
| Net exposure to foreign currency risk (assets) | 144.50 | 8.26 | - | 100.59 | 8.19 | - |

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

| Particulars | 31 March 2021 | | | 31 March 2020 | | |
|--|-------------------|---------------|---------------|-------------------|---------------|---------------|
| | INR equivalent of | | | INR equivalent of | | |
| | USD | EUR | GBP | USD | EUR | GBP |
| Financial liabilities | | | | | | |
| Foreign currency loan | 86.31 | - | - | 126.47 | - | - |
| Trade payables | 420.67 | (3.13) | 0.20 | 288.80 | (5.21) | 0.16 |
| Derivative liabilities | | | | | | |
| Foreign exchange forward contracts | | | | | | |
| Buy foreign currency | (383.51) | - | - | (319.42) | - | - |
| Net exposure to foreign currency risk (liabilities) | 123.47 | (3.13) | 0.20 | 95.85 | (5.21) | 0.16 |
| Net exposure to foreign currency risk (Assets- Liabilities) | 21.03 | 11.39 | (0.20) | 4.74 | 13.40 | (0.16) |

(b) Sensitivity

A fluctuation in the exchange rates of 1% with other conditions remaining unchanged would have the following effect on Group's profit or loss before taxes as at 31 March 2021 and 31 March 2020:

| | Impact on profit before tax | |
|--------------------------|-----------------------------|------------|
| | FY 2020-21 | FY 2019-20 |
| USD sensitivity | | |
| INR/USD- Increase by 1%* | 0.21 | 0.05 |
| INR/USD- Decrease by 1%* | (0.21) | (0.05) |
| EUR sensitivity | | |
| INR/EUR- Increase by 1% | 0.11 | 0.13 |
| INR/EUR- Decrease by 1% | (0.11) | (0.13) |
| GBP sensitivity | | |
| INR/GBP- Increase by 1% | (0.01) | 0.01 |
| INR/GBP- Decrease by 1% | 0.01 | (0.01) |

* Holding all other variable constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of change in market interest rates relates primarily to its debt interest obligations. Its borrowings are at floating rates and its future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

| | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| Total borrowings (including current maturities) | 606.79 | 616.97 |

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

| | Impact on profit before tax | |
|---|-----------------------------|------------|
| | FY 2020-21 | FY 2019-20 |
| Interest Rates - Increase by 50 basis points (50 bps) * | (3.03) | (3.08) |
| Interest Rates - Decrease by 50 basis points (50 bps) * | 3.03 | 3.08 |

* Holding all other variable constant



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

(iii) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Group invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments), certain quoted equity instruments and bank fixed deposits. To manage its price risk arising from investments in mutual funds and equity instruments, the Group diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Group's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Group and classified in the Balance Sheet as fair value through profit or loss/fair value through other comprehensive income is disclosed under Note 31.

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Group's cost of sales.

The Group's endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Group's own requirements. Further, a significant portion of Group's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Group also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE 33 : CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Group's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Group's policy is to borrow primarily through banks to maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Group.

The Group monitors capital on the basis of cost of capital. The Group is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Group:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|------------------------|------------------------|
| Long Term Borrowings (including current maturities of long term debt) | 349.87 | 287.30 |
| Short Term Borrowings | 256.92 | 329.67 |
| Less: Cash and cash equivalents | 152.22 | 149.42 |
| Total Borrowing (Net) | 454.57 | 467.55 |
| Total equity | 1,943.00 | 1,706.39 |
| Total Capital (Equity+Net Debt) | 2,397.57 | 2,173.94 |

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March, 2021 and 31 March, 2020.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

as at and for the year ended 31 March 2021

(All amounts in ₹ Crores, unless otherwise stated)

- 34.** The Company has contributed ₹ 20 Crores (previous year ₹ 35 Crores) under section 182 of the Companies Act, 2013.
- 35.** In view of the lockdown across the country due to the COVID-19 pandemic, manufacturing operations of the Group across all its locations were suspended temporarily during March & April-2020, in compliance with the directives/orders issued by the relevant authorities. The consolidated financial statement for the year ended March 31, 2021 were impacted by disruptions owing to COVID-19 and are therefore not comparable with those of previous year. The Group has made an assessment of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current / non-current assets as of 31 March, 2021 and on the basis of evaluation, has concluded that no material adjustments are required in the financial results. The Group is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. Given the criticalities associated with nature, condition and duration of COVID-19, the impact assessment on the Group's financial statements will be continuously made and provided for as required.
- 36.** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 37.** Figures of the previous year has been regrouped/rearranged to confirm current year's presentation.

For S. R Batliboi & Co. LLP

ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal

Partner
Membership Number: 058652

Kolkata

Date: April 21, 2021

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy

Managing Director
(DIN: 06513489)

Kaushik Mukherjee

Company Secretary

K. S. B. Sanyal

Director
(DIN: 00009497)

Raj Kumar Gupta

Chief Financial Officer

Paras Kumar Chowdhary

Director
(DIN: 00076807)



FORM AOC-I

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ in Crores)

| Sl. No. | Name of the subsidiary | 2020-21 | | |
|---------|--|---|-------------------------|---|
| | | 1 | 2 | 3 |
| | | Phillips Carbon Black Cyprus Holdings Ltd | PCBL (TN) Ltd | Phillips Carbon Black Vietnam Joint Stock Company |
| 1 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Same as Holding Company | Same as Holding Company | Same as Holding Company |
| 2 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | Euro | INR | VND |
| | | 85.78 | NA | 0.003146 |
| 3 | Share capital | 0.16 | 2.36 | 37.80 |
| 4 | Reserves & surplus | 21.84 | (0.22) | 2.60 |
| 5 | Total assets | 30.01 | 27.33 | 44.08 |
| 6 | Total Liabilities | 8.01 | 25.18 | 3.69 |
| 7 | Investments | 26.02 | - | - |
| 8 | Turnover | - | - | - |
| 9 | Profit before taxation | 0.13 | (0.26) | 1.83 |
| 10 | Provision for taxation | 0.01 | (0.05) | - |
| 11 | Profit after taxation | 0.12 | (0.21) | 1.83 |
| 12 | Proposed Dividend | | | |
| 13 | % of shareholding | 100% | 100% | 80% |

Notes : The following information shall be furnished at the end of the Statement:

- Names of subsidiaries which are yet to commence operations
Phillips Carbon Black Cyprus Holdings Ltd
PCBL (TN) Ltd
Phillips Carbon Black Vietnam Joint Stock Company
- Names of subsidiaries which have been liquidated or sold during the year
None
- Names of subsidiaries which have been incorporated during the year
PCBL (TN) Ltd with effect from 29 September, 2020

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates / Joint Ventures | NA |
|--|----|
| 1 Latest audited Balance Sheet Date | - |
| 2 Shares of Associates / Joint Ventures held by the company on the year end No. | - |
| Amount of Investment in Association / Joint Venture | - |
| Extent of Holding % | - |
| Description of how there is significant influence | - |
| Reason why the Associate/Joint Venture is not consolidated | - |
| Networth attribute to Shareholding as per latest audited Balance Sheet | - |
| Profit / Loss for the year | - |
| i. Considered in Consolidation | - |
| ii. Not Considered in Consolidation | - |
| 1. Names of associates or joint ventures which are yet to commence operations. | NA |
| 2. Names of associates or joint ventures which have been liquidated or sold during the year. | NA |



Phillips Carbon Black Limited

Registered Office:

Phillips Carbon Black Limited

31, Netaji Subhas Road,
Kolkata - 700 001, INDIA

Tel: (033)-6625-1443;

Fax: 033-2230-6844/2243-6681

Corporate Office:

Phillips Carbon Black Limited

RPSG House, 4th Floor

2/4 Judges Court Road

Kolkata - 700 027, INDIA

Phone : +91 33 4087 0500 / 0600

E-mail: pcbl@rpsg.in | Website: www.pcblttd.com | CIN: L23109WB1960PLC024602

Follow us on



26th July, 2021

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

The General Manager,
Department of Corporate Services,
BSE Ltd.,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers,
Dalal Street, Fort,
Mumbai – 400001

Dear Sir,

Sub:- Update – Sustainability Review 2020-21

We are pleased to inform you that we have come out with our second Sustainability Report 2021.

The key highlights of the Report are:-

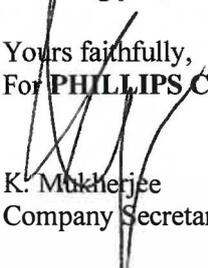
- It is based on the principles and reporting framework of the Global Reporting Initiative (GRI) standards (comprehensive option)
- It identifies Key Material Topics of the Company and also puts in place corresponding targets that are a testimony of our continued commitment to sustainability
- The Report complies with international reporting and rating standards of Sustainability Accounting Standards Board (SASB) and the United Nation Sustainable Development Goals (SDGs)
- We conducted Carbon Footprint Accounting across all our manufacturing plants and offices
- Additionally, independent external audit assurance has been conducted for the Report by TUV India Ltd

The Sustainability Report has also been posted and is available on the website of the Company at www.pcblltd.com .

Request you to kindly take the afore-mentioned information in record and oblige.

Thanking you,

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


K. Mukherjee
Company Secretary and Chief Legal Officer

Encl: As above

Shared Vision Shared Value



RP-Sanjiv Goenka Group

With ₹48,500 crores of asset base and consolidated revenue of ₹26,400 crores, the RP-Sanjiv Goenka Group is among India's fastest growing conglomerates with a significant global presence. The Group companies have always embraced state-of-the-art and efficient technologies and have become leaders in the sectors that they operate in. The Group's businesses comprise power, carbon black, IT-enabled services, consumer and retail, media and entertainment, sports, education, infrastructure and plantations. The Group has an employee strength of 50,000+ and 500,000+ shareholders.

Phillips Carbon Black Limited (PCBL)

is integral to the RP-Sanjiv Goenka Group. PCBL was set up in collaboration with a US-based company, Phillips Petroleum, in 1960 and started production in 1962. As a part of the global chemical industry, we are a rapidly growing carbon black manufacturer, with a presence in 45+ countries serviced through six offices outside India. We are a pioneer in the carbon black industry, with plants located across India. We are also the largest exporter of carbon black from India, providing a complete portfolio of products to meet specific end requirements across rubber, plastics, coatings, inks, and other niche industries globally.

Group's vision

To be a dynamic conglomerate driven by sustainable growth, efficiency and innovation.



Customer First

Keep customer at the core of every action



Execution Excellence

Strive to be the best in everything we do



Credibility

Instill trust, confidence and accountability with our actions



Agility

Move ahead of time quickly



Risk-Taking

Dare to go beyond



Humaneness

Be fair, respectful, transparent and sensitive

Contents

02-17

Business and strategy

02 Snapshot FY 2020-21
06 Message from the Chairman
07 Message from the Managing Director
08 About PCBL
12 Presence
14 Application areas

18-29

Approach to sustainability

20 Sustainability framework
22 Stakeholder engagement
24 Material topics
26 Sustainability targets
28 Business model

30-45

Environment

32 Environmental agenda
34 Energy and climate change
38 Waste management
40 Emissions
42 Water and effluents

46-69

Social

48 People management
54 Combating the pandemic
56 Supply chain relationships
60 Research and innovation
64 Customer-centricity
66 Community commitments

70-85

Governance

72 Corporate governance
78 Risk management
83 Compliance and policies

86-99

Assurance

86 GRI Content Index
94 Assurance statement

About this report

Welcome to our second Sustainability Report. In this report we present our approach, efforts and performance on our sustainability priorities. This report is based on the principles and reporting framework of the **Global Reporting Initiative ('GRI') Standards** and in adherence to the **'Comprehensive Option'**.

The report provides a consistent, balanced and accurate representation of the **key material issues**, actions undertaken and achievements over the reporting period. We have also put in place **targets** that are a testimony of our continued commitment to sustainability. The report is also aligned to international reporting and rating standards of **SASB** and the **United Nations Sustainable Development Goals (SDGs)**.

The material issues are identified through internal stakeholder consultation and inclusive of the perceptions of external stakeholders which are based on interactions with the various functions of Phillips Carbon Black Limited (PCBL) on periodic basis.

Scope and boundary

The Report presents information for the period 1st April, 2020 to 31st March, 2021. The scope and boundary cover all operations of PCBL. Wherever estimates are made, the assumptions and methodologies have been specified. The financial details are taken from our annual report, which can be viewed on our website. We engage with our stakeholders regularly to understand their needs, concerns and welcome their feedback. Their inputs represent the basis of the report.

Independent assurance

Overall: Independent external assurance has been conducted for the report by TÜV India Pvt. Ltd for the applied reporting period, 01st April 2020 to 31st March 2021, as per ISAE 3000 (revised) and GRI Standards: Comprehensive option.

GHG Data assurance: In addition, TÜV India Pvt. Ltd has conducted assurance to verify PCBL's GHG emissions. This GHG assurance engagement has been conducted against the methodology and standards of ISO 14064-3, GHG protocol, ISAE 3000 (revised), ISAE 3410 (GHGs). The GHG data covered in the sustainability report is from 01st April 2020 to 31st March 2021. Both the assurance statements are part of this report.

We are listening

You can reach us:

Email: pcbl.sustainability@rpsg.in
Phone : +91 33 4087 0500 / 0600

Snapshot FY 2020-21

Delivering on stakeholder priorities

Our business strategies help us deliver on the aspirations of all stakeholders by putting equal emphasis on our financial and non-financial priorities.



Economic | Performing consistently

| | | |
|-----------------------------------|-------------------------|---------------------------------------|
| Revenue (₹ in crore) | EBITDA (₹ in crore) | Profit after tax (₹ in crore) |
| • 2,660* | • 524 | • 312 |
| Return on capital employed (%) | Return on equity (%) | Debt-equity ratio |
| • 19.50 | • 16.99 | • 0.31 |
| Earnings per share (₹) | EBITDA per tonne (₹) | Market capitalisation (₹ in crore) |
| • 18 | • 13,464 | • 4,317 |

● FY 2020-21 ● As on 13th July, 2021
(as per NSE)

*Our revenue was impacted due to lower production on account of the pandemic-led lockdown during the first quarter of FY 2020-21



Environment | Caring for the planet

84 MW

Green Power

824,080 tCO₂e

Total GHG emissions (Scope 1,2 and 3)

65,159 tCO₂e

Reduction in GHG emissions annually *

2.14

tCO₂/MT of carbon black
GHG emission intensity

905 KLPD

Water recycled or reused

5,000+

Saplings planted



Governance | Growing with responsibility

15+ years

Average experience of Board of Directors

5/9

Independent Directors

2/9

Women Directors

29+ years

Average industry experience
of leadership team

34+ years

Average age of employees

1,20,000+

Shareholders



Social | Empathy for all

1

Lost Time Injuries (LTIs) per million
man-hours (directly employed)

57,364 hours

Total employee training hours

₹8.12 crore

Corporate Social Responsibility (CSR)
expenditure

14+

Villages reached through our CSR programmes

*excluding GHG inventory for offices on account of pandemic-led lockdown during FY 2020-21

Co-creating value with a shared vision



We deeply engage with all our stakeholders, and their insights shape our vision and value-creating strategy in a constantly evolving world.



Message from the Chairman

Touching lives in myriad ways



Dear Stakeholders,

We are living in an era of fast-paced changes triggered by multiple disruptive forces. In such a scenario, it is critical to continuously evolve our portfolio of products to align with specific customer requirements and strengthen our value proposition in the markets where we operate. In the past year, we have launched several new high-performance and high-margin grades of rubber and specialty blacks enabling us to enhance our competitive position in the marketplace.

It is imperative for us to realise that the COVID-induced pandemic is the greatest human tragedy in modern history, with a cascading economic impact, resulting in both the loss of lives and livelihood across the world.

Considering the constraints in the business environment, the team worked relentlessly to drive consistent progress. We continued the pursuit of our vision to be a global player by factoring in key learnings from the pandemic by adopting new technologies and strategies to serve the evolving needs of our customers. The grit, determination and agility demonstrated by team PCBL deserves to be lauded.

In this journey we have embedded sustainability as a part of our broad strategic pillars. Which comprise:

- Partnering with customers and vendors
- Scaling up research and innovation
- Increasing value-added products portfolio
- Driving capacity additions responsibly
- Accelerating digital transformation
- Building capability
- Continued focus on ESG parameters

We have also put in place targets that are a testimony of our continued commitment to sustainability.

Our emphasis going forward will be on sharpening our Environment, Social and Governance (ESG) focus. Guided by our Board of Directors, we are working relentlessly on these strategic pillars and implementation of our sustainability policy, thereby ensuring that the highest standards of corporate governance remains our priority.

We have received the Corporate Governance rating of CGR2+, reflecting our steadfast commitment to good governance. As we accustom ourselves to the new normal, our focus on sustainability and ESG remain integral to our core.

We have a dynamic and active Board of Directors, who ensure adherence to the highest levels of corporate governance with their experience and knowledge. Our Board of Directors comprise nine board members, including five Independent Directors and two Women Directors.

Our business is built on robust standards and processes, which we continue to refine and optimise every step of the way. However, I must emphasise that sustainability for us is more than systems, processes or protocol; it is the holistic intent of stakeholder well-being that resides at the heart of our initiatives.

From achieving efficiency across all aspects of operations to integrating it into the value chain, to caring for the health and safety of our employees, partners, communities and all other stakeholders, sustainability at PCBL is all-encompassing.

Our social responsibility goes beyond statutory obligations. It is embedded in our corporate culture. During the pandemic, we have continuously engaged with the community to create awareness campaigns about safety precautions to curb the spread of the virus. We have initiated measures to help citizens in this nationwide crisis.

The pandemic has brought in its wake unimaginable human misery and business volatility. However, it has taught us a significant lesson - that no strategy playbook of any business enterprise can ever be resilient, if it is not anchored in a robust sustainability framework.

As we navigate the new normal with renewed optimism and bolder aspirations, our sustainability principles remain resolutely at our core.

Best regards

Dr. Sanjiv Goenka
Chairman



As a part of the global chemical industry, we are a rapidly growing carbon black manufacturer, with a presence in 45+ countries serviced through six offices outside India. As the largest exporter from India, we are focused on creating value through customer-specific solutions, innovative products, and a prudent balance between growth and sustainability.

Message from the Managing Director

Value creation at every step



Dear Stakeholders,

We are pleased to share with you our FY 2020-21 Sustainability Report.

Similar to our inaugural edition in 2018, this report contains updates on our sustainability journey as we strive towards meeting our environmental, social and governance objectives. The report is in accordance with the Global Reporting Initiative (GRI) Standards and aligned with the UN Sustainable Development Goals (SDGs).

Guided by our ESG priorities, I am delighted to report that we have made significant progress in fulfilling both internal and external stakeholder commitments. We focused on maximising stakeholder value with sharper focus on research and innovation. Over the years, we expanded our offerings, addressing the emerging and widening requirements of our customers.

Our expansive portfolio made it possible to moderate the risk quotient, so that no singular grade or product accounted for a disproportionately large share of our revenues in the long-term. Our globally acclaimed Sushila Goenka R&D Centre in Palej, India, and Sushila Goenka Innovation Centre in Ghislenghien, Belgium, contribute to developing a diversified product mix, with a strong focus on new and customised carbon black grades, through an amalgamation of fundamental research and market driven application research, which will further drive our revenue momentum.

We have invested in developing a low carbon green power plant in Palej, for which we are the first carbon black company in the world to receive carbon credits. This was a conscious effort to utilise waste heat and reduce energy consumption for the plant. In continuation, we have also set up green power plants at each of our factories to prudently utilise the waste heat from the manufacturing process.

We retain a relentless focus on creating a safe and exciting workplace for our people. We are committed to building capability, upskilling our people and grooming them for future challenges. This commitment

is backed by our consistent investment in equipment, infrastructure, training, and processes.

Throughout our supply chain operations, we hold constructive dialogue with our partners across the spectrum to improve decision-making and the accountability of our partnerships.

In all that we do, environment stewardship continues to be a core focus area for us. We are consistently adopting initiatives which heighten energy efficiency, reduce emissions, decrease water consumption and minimise waste.

This year, we have conducted a carbon footprint accounting across all our manufacturing plants and offices. The GHG emissions covered by the report includes both direct and indirect emissions generated by our business. The GHG mapping and quantification will help us to formulate a viable action plan to further reduce our footprint and steadily achieve carbon neutrality in the future.

To combat the coronavirus pandemic, we contributed to the PM CARES Fund and responded with several initiatives to ensure the health and safety of all our stakeholders. We continued our community endeavours across locations we operate in, with consistent focus.

We have embedded good governance practices at the heart of our sustainability journey. It is our responsibility to create long-term value for shareholders by balancing the myriad interests of all stakeholders we work with.

Best regards

Kaushik Roy
Managing Director



Our approach to sustainability rests on the pillars of environmental preservation, employee satisfaction and safety, diversity and inclusion, and community commitment. We are the first carbon black company in the world to receive carbon credits. We have set up green power plants at each of our factories to prudently utilise the waste heat from the manufacturing process.

About PCBL

60 years of winning together

Ever since we commenced our journey, we have played an instrumental role in shaping the carbon black industry by rolling out new solutions, which are employed in diverse application areas.

We are India's largest producer and exporter of carbon black. Today, we have emerged as one of the most trusted carbon black brands globally. We have crossed many encouraging milestones in our journey, but we believe that our best is yet to come.

Showcasing our plants



Durgapur plant, West Bengal



Palej plant, Gujarat



Kochi plant, Kerala



Mundra plant, Gujarat



Vision

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



Our position

1st

Carbon black company in the world to be awarded Carbon Credit under Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC)

7th

Global position among carbon black companies

No.1

Manufacturer and exporter of carbon black from India



How we achieved it

603,000
MTPA

Total carbon black manufacturing capacity

60+

Grades of carbon black produced (rubber to specialty blacks)

84 MW

Green power

All figures are for FY 2020-21

About PCBL

Scale matters

We have four strategically located state-of-the-art plants at Durgapur (West Bengal), Palej & Mundra (Gujarat) and Kochi (Kerala), along with R&D Centre in Asia and Innovation Centre in Europe. We commenced production at Durgapur with 14,000 MT of annual production capacity in 1962. Over the decades, we have built scale, expanded global footprint and set up world-class R&D facilities to address diverse customer requirements.

Today, we are the largest carbon black manufacturer in India (603,000 MT of annual production capacity) and a strong global player with a significant customer base in 45+ countries and 6 offices outside India.

Our greenfield project of about 2,00,000 MTPA for the manufacture of various grades of carbon black with 36 MW of green power plant, spread across over 60 acres of land in Tamil Nadu is in the process of being set-up in line with the Industry 4.0 standard. We have already registered the project for platinum green building category. 14 MW of green power plants at Palej (7 MW) and Kochi (7 MW) likely to be operational by FY 2021-22. With this, the total capacity will be around 8,00,000 MTPA of carbon black and 134 MW of green power.

In FY 2020-21, we launched the 5S methodology across all four plants. It is a workplace organisation method that uses a list of five Japanese words: seiri, seiton, seisō, seiketsu, and shitsuke. These have been translated as sort, set in order, shine, standardise, and sustain describing how to organise a workspace for efficiency and effectiveness. The immediate target is to improve to a level of 3S and eventually standardising the practices in the units and sustaining results to become 5S Certified Organisation.

Key certifications

Our plant operations are accredited with the following certifications:

- **ISO 9001:2015** certification for Quality Management System in general

- **IATF 16949:2016** certification for Quality Management System of Automotive Organisations
- **ISO/IEC 17025:2017** certification of accreditation of QC Laboratories (Palej and Kochi) of Phillips Carbon Black Ltd. issued by NABL
- **ISO 14001:2015** certification for Environment Management System
- **ISO 45001:2018** certification for Occupational Health and Safety Management System
- **WASH certification** on Workplace Assessment for Safety and Hygiene linked with COVID-19 preparedness
- **AEO certification** validating our compliance with global supply chain standards, making us an Authorised Economic Operator

Our products ensure the best possible hygiene and safety standards, adhering to different global food contact regulations. Some of these are listed below:

- **Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)**, a European Union regulation that addresses the production and use of chemical substances, and their potential impact on both human health and the environment

- **Code of Federal Regulations (CFR)** of the USFDA that certifies the use of colour additives in products, including product labelling confirming to 21 CFR-178.3297
- **Commission Regulation of the European Union** that monitors plastic materials and articles that intend to come into contact with food confirming to EC 10/2011
- **European Standard EN 71** that specifies safety requirements for toys
- **Indian Standard (Fourth Revision)** that lays down requirements for high density polyethylene pipes used in buried water mains and services and for water supply above ground, both inside and outside buildings
- **China's Hygienic Standards** that prescribe the use of additives in food containers and packaging materials



Direct economic value generated and distributed (₹ in crore)

| Particulars | 2018-19 | 2019-20 | 2020-21 |
|--|-----------------|-----------------|-----------------|
| A) Direct Economic Value Generated | | | |
| Revenues from Operations | 3,528.56 | 3,243.54 | 2,659.52 |
| Revenues from Other Sources | 19.41 | 24.13 | 15.79 |
| Total | 3,547.97 | 3,267.67 | 2,675.31 |
| B) Economic Value Distributed | | | |
| Operating Expenses (Excluding Employee Wages and Benefits) | 2,796.99 | 2,644.25 | 2,020.43 |
| Employee wages and benefits | 110.92 | 134.38 | 132.17 |
| Total | 2907.91 | 2,778.63 | 2,152.60 |
| Economic Value Retained (A-B) | | | |
| Profit Before Tax | 538.80 | 350.84 | 390.36 |
| Profit After Tax | 388.53 | 283.49 | 312.27 |
| Earnings Per Share | 22.54 | 16.45 | 18.12 |

Enhanced digital readiness

Our future-facing technology adoption makes it possible to switch seamlessly between alternative feedstock, make efficient use of resources, deliver a wide selection of grades and accomplish high-quality standards. Moreover, our contemporary IT platforms such as SAP S/4HANA ERP and related Fiori apps, SAP SuccessFactors app and portal, provide advantages of speed, accessibility, data integrity and security.

In accordance with ISMS: ISO 27001 – Data Confidentiality, Integrity & Availability guidelines, we introduced the SAP Document Management System to sort and store all critical, sensitive and important organisational documents in a central encrypted repository.

We launched SapphireIMS – IT Call-Ticket Management and Asset-Management platform – to log in all IT-related incidents and service requests, ensuring improved IT support, along with better governance and accountability of the IT team. It is available on mobile app and portal.

We also successfully completed the SAP DR Drill in Amazon Singapore Server using an innovative and unique methodology that saved us significant running costs. The simulated process enhanced the confidence of the IT team on the security and availability of core and most-critical business data in case of any real disaster.

We have fast-tracked the roll out of various digitisation measures for seamless operations in the new world order.

Customer profile

We work with the leading tyre manufacturers in India as well as around the globe such as MRF, CEAT, JK Tyre & Industries, Apollo Tyres, Bridgestone, Goodyear, Michelin, Yokohama, TVS Group, Continental, Toyo, Nexen, Kumho, Contitech, Trelleborg, Camso and Petlas among others. Moreover,



we cater to the specialty black needs of prominent Indian and global companies. We have strategic relationships with these esteemed customers, providing customised products and also jointly develop products for them.

Collaborations and memberships

We are members of various trade and chambers or associations, where the senior management of the Company represents PCBL and engages in discussions on various topics. These topics include best practices, upcoming regulations and knowledge sharing, among others. Some of these associations are:

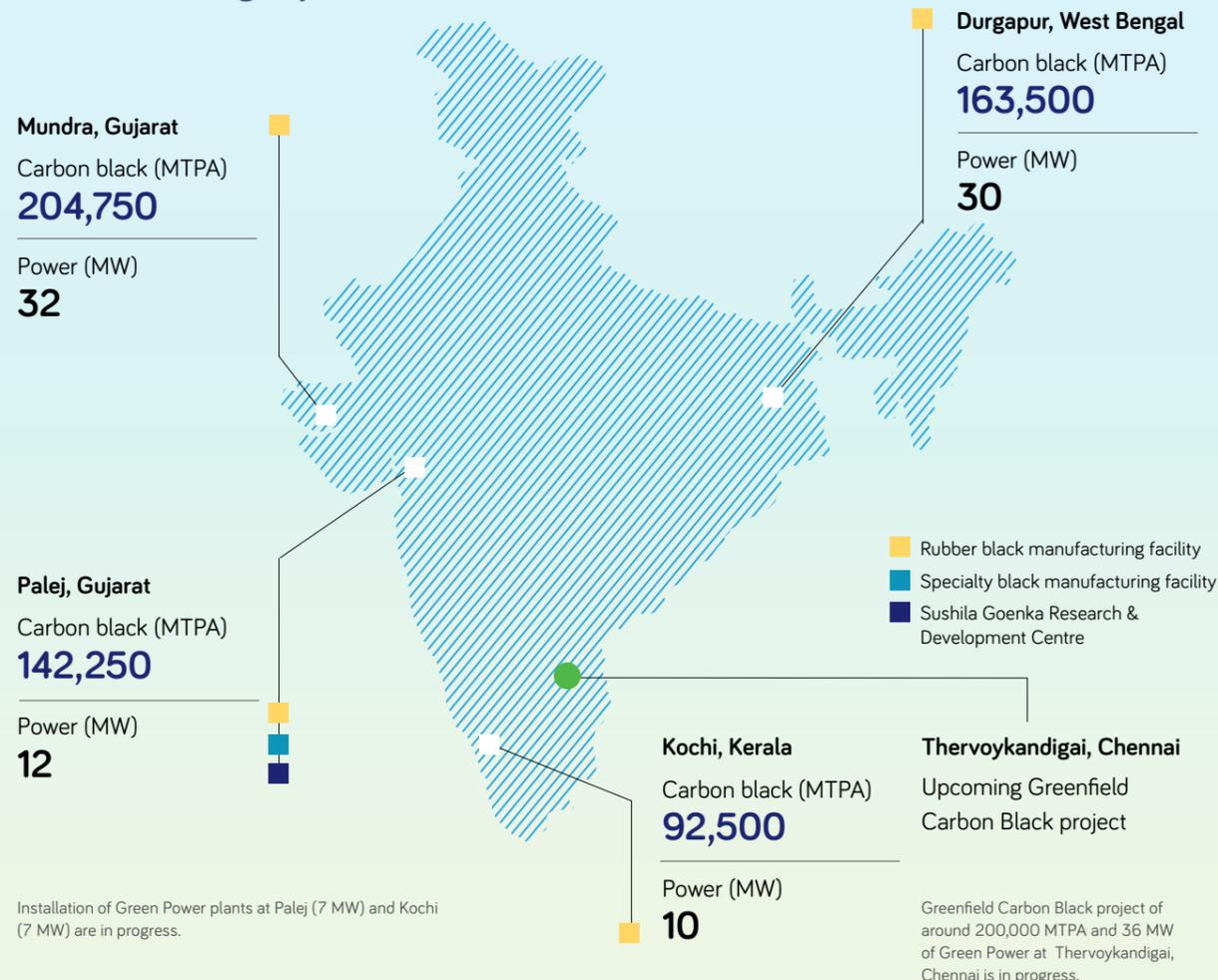
- Indian Chamber of Commerce (ICC)
- Bengal Chamber of Commerce and Industry (BCC&I)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Confederation of Indian Industry (CII)
- The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
- All India Management Association (AIMA)
- Federation of Indian Export Organisations (FIEO)
- Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)

Presence

Seeking possibilities beyond boundaries

Our global footprint spans across 45+ countries. We have a strong team across our offices in Belgium, China, South Korea, Japan, Germany and Vietnam, among other countries. Our strong network of distributors help us penetrate deeper across geographies and explore new opportunities.

Manufacturing capacities



Extensive footprint

200+

Strategic supply chain partners

45+

Countries of presence

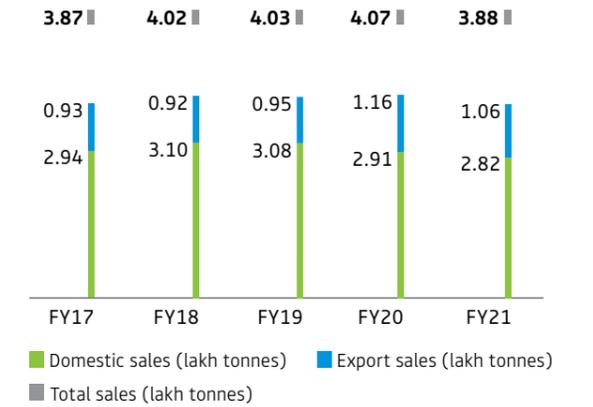
26%

Share of revenue from exports

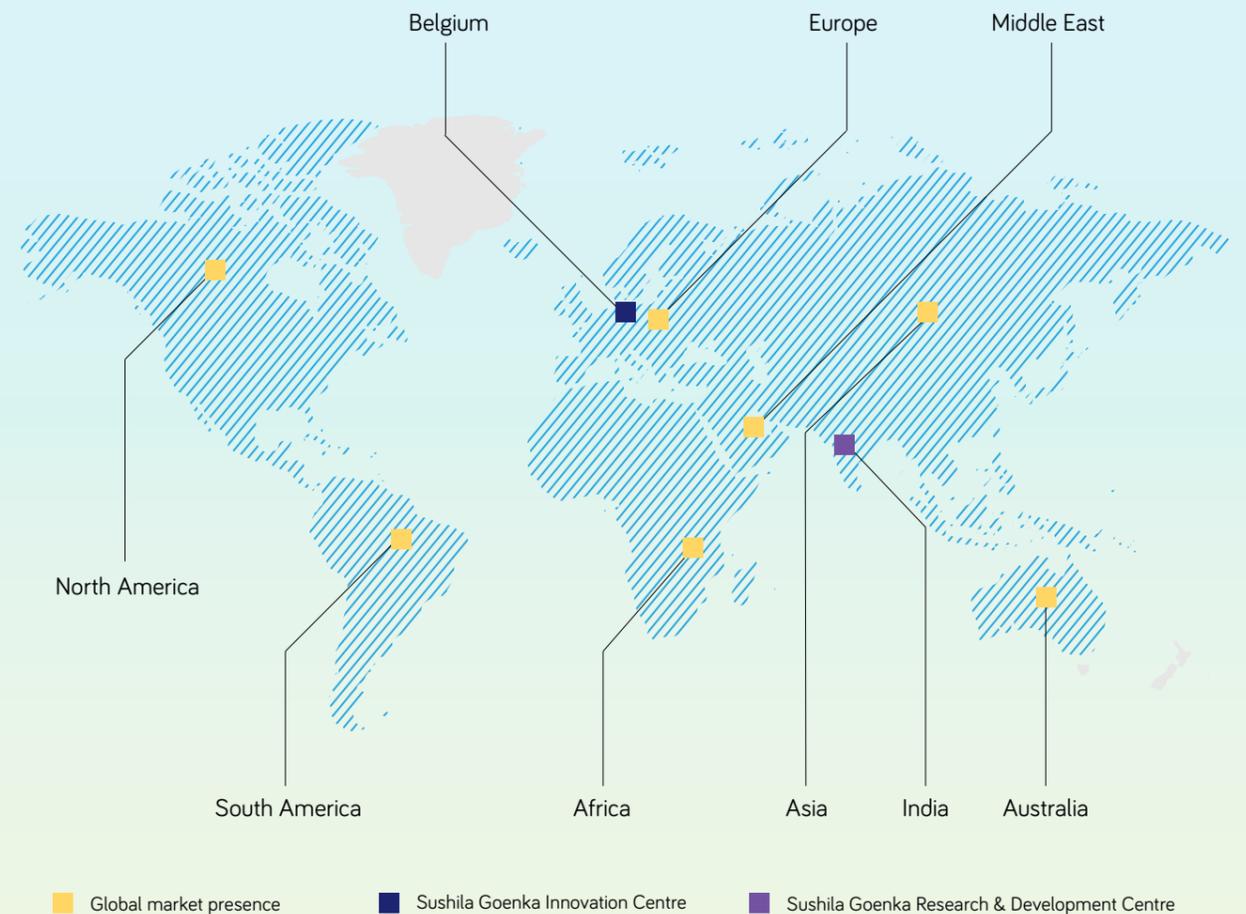
6

Offices outside India

Export trend



Global footprint



Application areas

Visible in many facets of life

Carbon black is the pure elemental carbon found in the form of black powder. It is produced by partial thermal decomposition of gaseous or liquid hydrocarbons under controlled conditions.

The unique properties of carbon black makes it useful, as a reinforcing agent, pigment, UV protective agent and also as an excellent conductive agent. Carbon black's performance depends on the properties of a specific surface area, particle size and structure, conductivity and colour.

Carbon black enjoys a wide range of applications, touching lives in more ways than one.

Rubber black

We offer our rubber grades carbon black under the 'Orient Black' brand, which are manufactured in furnace process. Orient Black is a prominent class of carbon black grade that is used in rubber compounds as reinforcing fillers in order to provide the rubber compound the utmost solution in tailoring specific rubber compound requirements. The enhancement in rubber properties is a function of the major physiochemical properties of carbon black, covering particle size, structure, aggregate distribution and surface characteristics. Orient Black is the volume driver in our business and contributes almost 90% to the total sales volume.



About our brand

We offer a comprehensive portfolio spanning across multiple grades of rubber black as classified by the American Society for Testing and Materials (ASTM) standards, alongside customised high-performance products to cater to next generation business needs. Meeting specific requirements in rubber products, this brand provides value addition to a wide range of tyres and rubber goods applications.

Rubber black finds different downstream applications in rubber industries under two primary utilities:

Technical and moulded rubber goods:

It leverages mechanical properties of rubber for their downstream utilisation in moulded products. The various downstream applications comprise:

- Conveyor belts
- Extrusions and profiles
- Hoses and ducting
- Power transmission belts (V belts)
- Moulded rubber goods
- Seals and gaskets

Tyre: The various rubber black grades are used by tyre manufacturers

to impart such characteristics as increased durability and decreased rolling resistance between the tyre and the road surface. This in turn improves fuel economy and increases vehicular safety and control.

The various downstream application of rubber black under this product bracket comprise:

- Passenger vehicle tyres
- Truck and bus tyres
- Off-the-road tyres
- Two-wheeler and three wheeler tyres

Application areas

Specialty black

Carbon black products used for non-rubber applications are categorised as specialty blacks. We market our specialty blacks under the brand name 'Royale Black'. We are consistently moving up the value chain to emerge among the few global companies

with an elaborate specialty carbon black portfolio, which is used in fibres, pressure pipes, wire and cables, food contact plastics, engineering plastics, inks, paints and coatings, fertilisers and adhesives & sealants.

To further strengthen our specialty blacks foothold, two new lines of specialty black have been commissioned in FY 2020-21. With these two lines, we will have four dedicated lines for specialty black in Palej, Gujarat

About our brand

To use carbon black in various food contact plastics, the specific grade of carbon black has to comply with stringent norms of the US FDA certification. The broader brand umbrella Royale Black comprises two primary sub-brands, *Bleumina* and **Ni.TONE**.

Bleumina, a series of medium and high-coloured carbon black, which is used in car exteriors and interiors to improve the aesthetic appeal and durability of the products.

Ni.TONE is a new range in specialty blacks available in powder form. It is used for printing ink applications such as offset ink, liquid ink and inkjet, owing to its colour strength and gloss. **Ni.TONE** series is also used in coatings, adhesives and sealants due to its low viscosity, good stability and dispersion.

Besides, we are among the few global companies in our industry that meet the stringent United States Food and Drug Administration (USFDA) requirements for direct/indirect food contact plastics applications such as plastic food trays and cutlery.

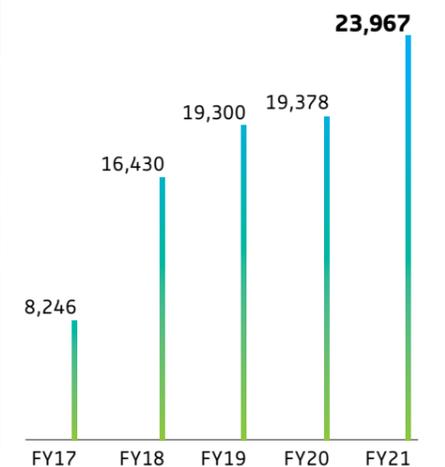
We have started supplying to leading global ink manufacturing companies.

Specialty black carbon finds the following downstream applications:

- FDA & food contact plastics
- Fibre
- Wire and cables
- Film
- Engineering plastics
- Pipe
- Printing inks
- Paint/coatings
- Battery



Sales of specialty carbon black grades (MT)



Value is created and delivered in varied ways

Although we have made significant progress in our sustainability journey with the help and support of all our stakeholders, we have more miles to traverse.



Sustainability framework

Designing a sustainable strategy

Our overarching objective is to strengthen the fundamentals of our Company for long-term value creation. We are putting into action our sustainability policy, governance structure and making sustainability a part of our strategic pillars. This framework helps us deliver impactful results to benefit our stakeholders.



Sustainability policy

Ever since 2018, a well thought-through sustainability policy drives our actions.

Scope and framework of the policy

- Ethics, transparency and accountability
- Life cycle sustainability of goods and services
- Employee well-being
- Responsiveness towards stakeholders
- Human rights
- Environment stewardship
- Public and regulatory policy
- Inclusive growth and equitable development
- Customer services
- Learning and development

Sustainability governance

Our Board of Directors and senior leadership teams are involved in driving our sustainability efforts at plants. The structure ensures policy adherence, implementation and monitoring.

Board level

The Board of Directors is expected to provide the overall direction and guidance for implementation of this policy and to review the progress thereof from time to time. The CSR Committee of the Board of Directors is assigned

to monitor the implementation of this Sustainability Policy and plans formulated thereunder. The CSR Committee comprises three Directors (one executive director, one non-executive director and one non-executive independent director). Key responsibilities of the committee include:

- To evaluate risks, legal compliances, conformity with standards, challenges and recommend action plans. The committee meets quarterly or at regular intervals to discuss the work done and strategise the way forward.

Corporate level

At the corporate level, we drive the implementation of our strategies and monitor our progress on sustainability. The performance of all plants is reviewed, led by the respective Unit Heads, to ensure that sustainability thinking is broad-based across the organisation.

Plant level

A two-way approach is followed for our sustainability efforts between the corporate and the plant. The Unit Head leads the implementation of efforts at the plant and identifies areas of improvement, with the support of all the function heads including manufacturing, health, safety & environment, human resources.

Actioning our strategies

We provide industry-leading products and solutions catering to a wide cross-section of downstream industries around the world. By considering the full life cycle of our products and innovating to drive sustainable outcomes across the built environment, we increase our positive impact on society and the environment, while delivering profitable growth.

Strategic pillars



Partnering with customers and vendors

- Building robust customer relationships, and revenue visibility
- Focused on quality, timely delivery of products and efficient after-sales services
- Driving strategic relationships with esteemed customers have been marked by the manufacturing of customised products on one hand and joint product development on the other



Increasing value-added products portfolio

- Collaborated with customers and vendors to explore the evolving needs of next-gen carbon black products, manufacturing processes for improved yields, end-use applications and enhanced performance
- Grow the specialty portfolio, including inks coatings, plastics masterbatch segments and customised/modified ASTM rubber grades considering future demand



Accelerating digital transformation

- Accelerating adoption of Machine Learning and Artificial Intelligence
- Implementing Industry 4.0 standards at our upcoming plant in Chennai
- Strengthening capabilities across IT security, data confidentiality, data integrity and data governance



Sharpening Environment, Social and Governance (ESG) focus

- ESG priorities are well integrated within our risk management strategies
- Implementing ESG efforts, standards, and targets for continual improvement.



Scaling up research and innovation

- Commissioned two world-class R&D centres, namely Sushila Goenka Research and Development Centre at Palej, Gujarat and Sushila Goenka Innovation Centre at Ghislenghien, Belgium, employing a team of 45 scientists across both centres



Driving capacity addition responsibly

- Invested in prudent capacity additions in the last two years to service customers nationally and internationally
- Completed capacity expansions at Mundra (56,000 MTPA)
- Completed capacity expansions of Specialty Carbon Black (32,000 MTPA) at Palej
- Upcoming greenfield plant in Chennai, Tamil Nadu, a smart factory project in line with industry 4.0 standard that will add around 2,00,000 MTPA and 36 MW of green power will come up in 2 phases
- 14 MW of green power plants at Palej (7 MW) and Kochi (7 MW) likely to be operational by FY 2022
- After completion of all capacity additions, total capacity will be around 8,00,000 MTPA of carbon black and 134 MW of green power



Building capability

- Focus on leadership development, build talent pipeline and succession planning, and nurture functional leaders to business leader
- Enhance know-how on product and process technology
- Amplify diversity and inclusion

Stakeholder engagement

Transparent communication to resolve challenges

As businesses worldwide decisively move towards sustainable value creation, we continue our sincere dialogue with our stakeholders to deliver on their expectations and further sharpen our focus on Environment, Social and Governance (ESG) priorities. These issues are key to building a long-lasting, value-accretive enterprise.

Stakeholder engagement process: We have identified and prioritised our stakeholder groups, based on how we impact them and how they affect our business operations. We identified six critical stakeholder groups, which have been listed in the table below.

| We value our stakeholders | Key issues discussed | How we engage |
|--|--|--|
|  Employees Our people are at the core of our business. We encourage an open dialogue to provide them an opportunity to identify and resolve challenges together. | <ul style="list-style-type: none"> Employee welfare Strategic direction and performance Transparent communication Diversity and inclusion Leaders as coaches Career growth and progression Learning and development opportunities Regular engagement Health, safety and environmental standards Effective grievance mechanisms | <ul style="list-style-type: none"> People Connect Series was conducted across units and offices where the Management Committee Members (MCM) virtually connected with employees and discussed their well-being Sampark Live - PCBL Townhall: Conducted once in a quarter for teams across geographies over a virtual platform where our MD and senior leadership team share business updates, challenges and way forward. Employees are also recognised and rewarded under 'Team of the Month', 'Well Done' and 'MD's Appreciation' categories Certified General Management Programme: PCBL in association with IMI-Kolkata conducts a 15-month certified management programme for its HiPos, identified through a talent review process and feedback received from the mentors and managers EMBARC PCBLite: Induction module for new joinees Ensuring workplace safety Leena (AI chatbot) to engage with employees and address their concerns |
|  Supply chain partners We have developed a robust network of suppliers worldwide. From the quality of raw material sourcing, tackling social and environmental challenges and maintaining seamless supply chain to a host of other issues, we discuss a wide range of solutions. Our objective is to build a relationship of trust and mutual support with all of them. | <ul style="list-style-type: none"> Local procurement and resource support Responsible sourcing along the supply chain Quality and service Timely payments Sustainability of the business and associated risks Statutory and legal compliances Health and safety needs Environmental and social issues Rationalising costs | <ul style="list-style-type: none"> Meetings and workshops with global raw material suppliers and logistics partners to develop common approaches based on shared values Meetings with (potential) suppliers and business partners Regular compliance and risk assessments of key suppliers Discussion on procurement standards and information on the Company's tenders and procurement plans All our major suppliers publish sustainability report and discuss their targets along with performance |

| We value our stakeholders | Key issues discussed | How we engage |
|--|--|--|
|  Customers We work with leading national and international tyre companies and our non-rubber customers, many of them prominent names in the industry. Our engagement helps us prioritise long-term success for our business and customers by providing an opportunity to develop innovative sustainable solutions. Our differentiated solutions lead to customer stickiness and generate repeat business. | <ul style="list-style-type: none"> Customised grades of carbon black to meet specific requirements Sustainable packaging Product innovation Quality and service Responsible sourcing along the supply chain | <ul style="list-style-type: none"> Regular interactions with key account manager Regular digital customer interface Collaboration on product innovation Customer and industry events and exhibitions Regular customer satisfaction surveys We cover all material topics impacting our customers by reviewing their disclosures in their sustainability report |
|  Government and regulatory authorities We engage with national and local governments and regulators to share our intent, understand the latter's concerns and priorities, and find mutually beneficial solutions. We comply with all applicable regulations wherever we operate and proactively evaluate our performance regularly. | <ul style="list-style-type: none"> Adherence to national and international regulations Good governance practices Community engagement Regulatory compliance Ethical business conduct Environmental stewardship Maintaining safety Project approvals | <ul style="list-style-type: none"> Annual report and regulatory filings Meeting on government directives and policy development Facility Inspection Regular meetings Periodic evaluation and improvement of our benchmarks conforming to prevailing environmental, social and corporate governance requirements, be it local, national or global Ensuring strict adherence to the 'Whistleblower Policy' and protect our employees by preserving utmost confidentiality |
|  Communities We aim to give back to society and enhance our positive impact on communities. We invest directly in the communities where we operate by supporting education, health and sanitation, community development and environmental sustainability. | <ul style="list-style-type: none"> Employment and enterprise support Community health and impact on the environment Local infrastructure investments | <ul style="list-style-type: none"> Periodic need assessment and engagement Need-based interventions across focus areas: education, health and sanitation, community development, environment sustainability |
|  Shareholders, investors and lenders We regularly engage with our investors, shareholders and lenders for business and management updates. We also facilitate site visits to keep them updated about the activities at the plants. | <ul style="list-style-type: none"> Financial performance Annual performance, progress plans and new projects Change in governance structure Long-term sustainability strategy Update on business directions Loan covenants Banking facilities Credit ratings | <ul style="list-style-type: none"> Events, including annual general meeting, results presentations, investors' calls and conferences and earnings calls Disclose plans to achieve carbon neutrality, and our efforts to reduce carbon emissions, by responding to the CDP questionnaire. Also, provide crucial data and insights to global investors, helping them make informed decisions Annual report, sustainability report and regulatory filings One-on-one interactions Grievance redressal Lenders' meeting Negotiate financing facilities Proposals submission Analysts' congregations |

Material topics

Issues that matter the most to us

We regularly engage with our stakeholders. Their inputs and the management's supervision help us understand the material issues for the organisation. Our material issues are based on stakeholders' perceptions and the impact these issues may have on our ability to generate long-term value for them. We modify the list based on the changes in scenario and emerging challenges.

Key material issues



Energy

We strive to reduce our energy consumption, and, in turn, our carbon footprint.

SASB: Energy management



Water

We consider it our responsibility to reduce both water consumption and water associated stress in the regions we operate in. We replenish the water table through rainwater harvesting in our plants.

SASB: Water management



Waste diverted from landfill

We ensure recycle and reuse of all waste. Given its criticality, we have dedicated resources for handling hazardous waste, efficiently.

SASB: Wastewater management, Waste & Hazardous materials management



Research and innovation

Innovation for a changing world has multiple facets in the context of our business. Our approach encompasses research for manufacturing processes, product features and customers.



Diversity and inclusion

We believe in diversity and inclusion. Any form of harassment is strictly prohibited. We make reasonable job accommodations for persons with disabilities for better inclusion.



Learning and development

We have steadily enhanced our investments to sharpen the capabilities of our people. Our interventions focus on aligning people capabilities with organisational objectives.



Employee engagement, health and safety

We have a people-first culture, and we make every effort to make the work environment motivating.

SASB: Employee health and safety, human rights and community relations



Suppliers' sustainability

We depend on our suppliers for an uninterrupted supply of various forms of feedstock required in the production process. We work closely with our suppliers to develop solutions and steadily enhance quality standards.



Customer engagement and product responsibility

Our products are meant to meet the differentiated needs of our customers. Regular engagement and periodic feedback from our customers provide inputs for improvement.

SASB: Product design and lifecycle management



Ethics and governance

We believe that the long-term sustainability of the organisation is closely linked with our governance framework including data governance. We emphasise on attaining the highest levels of accountability, awareness, ethics and equity.

SASB: Critical incident risk management



Community engagement

We believe our social licence to operate is closely linked with the nature and quality of our engagement with communities in our vicinity. Responsible corporate citizenship is embedded in our Group philosophy and we treat community members as equal stakeholders in our journey towards progress.

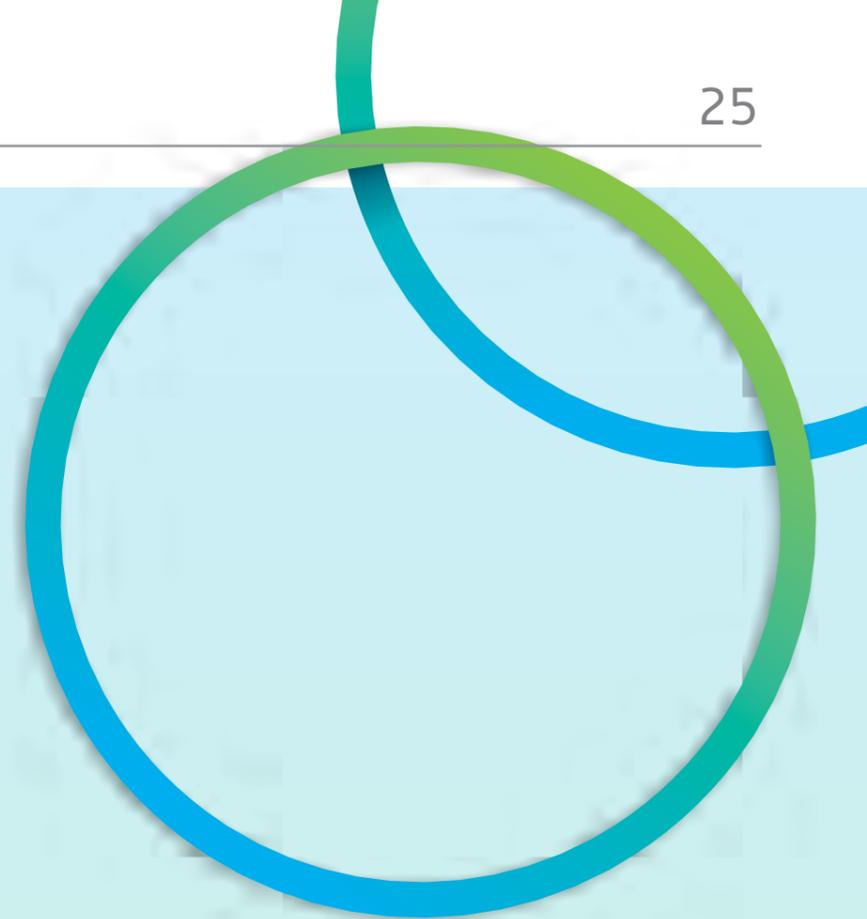
SASB: Human rights and community relations



Environmental compliance

We are committed to 100% compliance across all our operations. From macro issues like climate change, water stress to local concerns such as emission norms, we work to stay ahead of regulations, proactively future-proofing our business.

SASB: Management of legal and regulatory environment



Sustainability targets

Setting goals for a sustainable future

| Material Topics | Targets |
|--|--|
| Energy | Reduce our net CO ₂ emission by 15% by 2030 |
| Water | Reduce specific fresh water consumption by 25% from baseline 2018 by 2030 |
| Waste diverted from Landfill | 20% reduction in waste to Landfill by 2025 from baseline 2020 |
| Employee Engagement, Health and Safety | Zero Recordable Injuries report based on Total Recordable Injury Rate (TRIR) by 2025 |
| Suppliers Sustainability | <ul style="list-style-type: none"> • New key suppliers to be screened for ESG Criteria every year • Assessment of critical suppliers by 2025 • Continuous engagement with our key suppliers and tier 1 suppliers to improve collective sustainability performance |
| Customer Engagement and Product Responsibility | Conduct periodic assessment of the sustainability impact of our top product applications |
| Research and Innovation | <p>Short to Mid-Term (5 Years)</p> <ul style="list-style-type: none"> • To evolve superior Carbon Black Feedstock (CBFS) to augment manufacturing of sustainable and high worth carbon blacks • Cost effective, and high performing carbon black platforms to strengthen fuel economy, weight reduction, durability of tyre for electric vehicle and other tyre segments <p>Long-Term (5-10 Years)</p> <p>Synergise carbon blacks to suit for energy storage and advanced ink applications</p> |

| Material Topics | Targets |
|--------------------------|---|
| Diversity and Inclusion | <ul style="list-style-type: none"> • Create a gender balanced workforce by 2030 • Increased diversity inclusion and belonging in the Senior Global Leadership Team • Diversity around gender, demography, experience, industry, LGBTQ • Creating an exciting and safe workplace for people across diversified group as a KPI |
| Learning and Development | <ul style="list-style-type: none"> • Agile and future-ready workforce capable of handling the changing business landscape • Creating a Digital Learning Ecosystem • Organisation level Knowledge Management System: conversion of tacit knowledge into explicit knowledge and fostering a culture of a learning organisation • Group Level Academy for Leadership Development of Global Standard |
| Ethics and Governance | <ul style="list-style-type: none"> • 100% of employees to receive Code of Ethics training • 100% of employees to be regularly trained on anti-corruption and anti-bribery topics • 100% of employees to receive Prevention of Sexual Harassment (POSH) awareness training • 100% awareness among employees on security breaches through e-learning programmes about e-mails and other information technologies following best practices, globally |
| Community engagement | Employees at all our factory and office locations to participate in community development through education, hygiene, road and basic infrastructure in the community. A minimum of two projects to be taken up by each unit every year |
| Environmental Compliance | We will ensure certification and compliance in environmental management system in 100% of our key vendors by 2025 |

Business model

Creating value that endures

Growth pillars



Financial capital

Funding obtained from providers of capital, deployed to invest in our strategy and support business activities.

Revenue: ₹**2,659.52** crore
EBITDA: ₹**524.12** crore
PAT: ₹**312.27** crore



Manufacturing capital

Our physical infrastructure used to produce, store, sell and distribute our carbon black products.

Carbon black manufacturing facilities: **4** (Installed capacity: Rubber black **531,000** MTPA and Specialty black **72,000** MTPA)
Green power capacity: **84** MW



Intellectual capital

Repository of organisational knowledge, systems, protocols and intellectual property, including brands.

R&D Centre: Asia
Innovation Centre: Europe
R&D and Technology talent pool: **45**
Number of IPRs granted/filed: **15**



Human capital

Our people and how we on-board, manage, develop and retain them.

Total workforce: **1,025**
Employee remuneration: ₹**132.17** crore



Social and relationship capital

Our role as a socially responsible corporate citizen and how we enrich our relationships with stakeholders, from suppliers to customers, regulators, investors and the communities where we operate.

CSR expenditure: ₹**8.12** crore
Number of strategic supply chain partners: **200+**
Key industry associations: **8+**



Natural capital

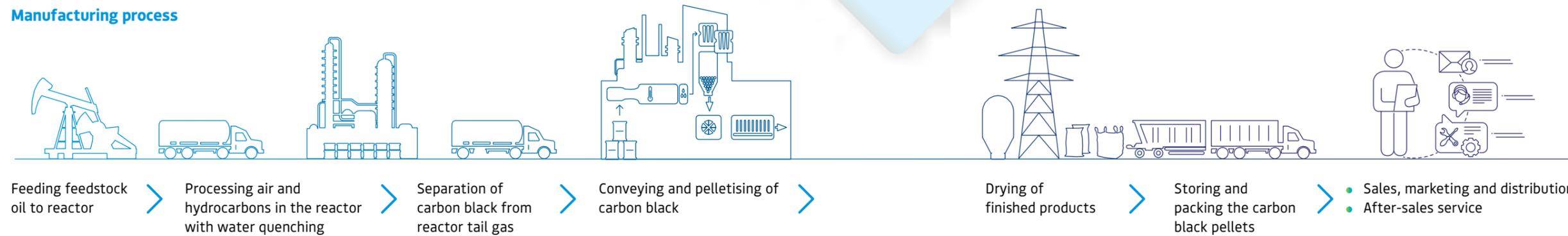
Relates to natural resources on which we depend to create value and our role in promoting their conservation.

Water recycled or reused: **905** KLPD

All numbers are for FY 2020-21

Value creation paradigm

Manufacturing process



Strategic priorities

- Partnering with customers and vendors
- Scaling up research and innovation
- Increasing value-added products portfolio
- Driving capacity additions responsibly
- Accelerating digital transformation
- Building capability
- Continued focus on ESG parameters

Growing with our stakeholders

1,20,000+ Shareholders and investors

We deliver consistent return for our shareholders and investors.

₹7 per equity share

Dividend paid (face value of ₹2 each) in FY 2020-21

Customers

Our customers are loyal and satisfied.

90%

Of our revenue generated in FY 2020-21 was contributed by customers who have been with us for **five years or more**

Supply chain partners

Our supply chain partners are helping run seamless operations across plants.

₹1,733 crore

Total purchases in FY 2020-21.

People

Our employees are motivated and committed.

57,364

Total employee training hours in FY 2020-21.

Communities

We are always striving to deepen our community commitments.

14+

Villages reached through our CSR programmes in FY 2020-21.

Embedding environmental stewardship

Management approach

We are conscious of our environmental impact and are committed to working responsibly. We are consistently minimising our environmental footprint by prudent use of resources such as fuel, electricity, water, and raw materials.

Our Environment, Health & Safety (EHS) policy provides the necessary guidance for conservation of the environment in which we operate. We have put in place environment

management systems across our plants, and they are certified to ISO14001:2015. We are focusing on efficiency in the operative life of the end-product and its proper disposal.

We have best-in-class equipment to generate renewable energy, manage waste, harvest rainwater and reduce emissions at source. We are utilising waste heat recovery systems to co-generate power from our carbon

black production process. This helps utilise waste heat and gases as fuel, replacing an equal amount of fossil fuel.

We recycle waste, reuse wastewater and focus on zero discharge operations. We ensure adherence to all applicable environmental laws and regulations. Detailed contingency plans have also been laid out and implemented to put up a resilient response to environmental disasters.

Material topics

- Energy
- Water
- Waste diverted from landfill
- Compliance

Sustainable Development Goals



Environmental agenda

Reducing our footprint

We develop products based on renewable, recyclable and biodegradable materials. We produce carbon black products (rubber and specialty black) through greener alternatives. Over the years, we have steadily invested in low-carbon technologies that translate into enhanced resource efficiency.



Green cover around the Effluent Treatment Plant (ETP)

Pledge for a cleaner environment

Firm strides towards environment protection

We plan to align ourselves with the National Action Plan on Climate Change (NAPCC) of the Government of India to mitigate the threat of climate change through continuous improvement

in every sphere of our operations. We have installed a rainwater harvesting system to reduce our water consumption.

Our wastewater recycling in factories helps achieve zero liquid discharge (ZLD) status. Also, we have funded the

cleaning of rivers and ponds around our units. We supplied organic fertilisers, cow fodder and grass to drought-prone villages located close to our plants. In addition, we planted saplings in the vicinity of our factory premises, developing green belts.

Ensuring compliance

As a responsible organisation, we voluntarily adhere to relevant regulations. All statutory compliances with respect to preventive maintenance schedule and environmental clearances granted by the respective pollution control boards (PCBs) are conducted on time.

We have put in place several systems and equipment to achieve the benchmark of net-zero discharge, avoiding compliance issues from any of the PCBs. A brief on environmental compliance is also included on the agenda for Board meetings on a quarterly basis where any non-compliance, show-cause notices, orders or any changes in the regulations are reviewed.

Zero

Environmental fines or non-compliances during FY 2020-21

Lower carbon footprint

We sought CDP evaluation. CDP evaluates an organisation's engagement with its suppliers on climate change. Purchasing organisations have the potential to incentivise significant environmental changes through engagement with their suppliers.

By evaluating supplier engagement and recognising best practices, CDP aims to accelerate global action on supply chain emissions. We received a 'D', which is in the disclosure band. PCBL is among 37% of the companies that reached the disclosure level in its activity group.



Accomplishing best-in-class manufacturing practices

Robust process technology driving excellence:

- Deployed new reactor design at three plants for improved quality consistency and lowering CO₂ emission per tonne of carbon black produced
- Improved pelletiser design at two plants for better handling at customer end
- Tried low Polycyclic Aromatic Hydrocarbons (PAH) grades at two units to meet REACH standards
- Introduced Air Preheater (APH) management programme to improve heat recovery, thus making plants more environment-friendly
- Introduced new oil preheater design to improve waste heat recovery and reduce carbon footprint
- Developed new grades to meet customer-specific needs
- Provided process training and all processes related to teams for more efficient operation and greater opportunity for employees
- Coordinated with procurement, for feedstock, to further economise purchase and for greater use of local and alternative suppliers

Technological and productivity advancements helped enhance efficiency through the following measures:

- Increased power generation by efficient distribution of waste gas
- Installed advanced control system to regulate power plant voltage, ensuring zero power failure during grid voltage fluctuation
- Enhanced our existing inline blending system for oil/cost optimisation, which will also help us take trials for new grades
- Monitored our overall plant effectiveness
- Controlled sieve residue reduction to improve productivity

Improvement in yield driven by:

- De-bottlenecking projects and optimisation of air, oil and flame temperature contributed to higher production rate considerably
- Enhanced our existing atomising air system to improve efficiency of plant operations
- Installed newly-designed reactor to improve yield

Materials management

Carbon black production involves the use of carbon black feed stock (CBFS), molasses, caustic flakes, potassium acetate, potassium carbonate, sugar, potassium nitrate and sodium ligno sulphate as key raw materials. CBFS, a key raw material for our production process, is a residue of oil and gas refinery.

| Particulars | 2018-19 | 2019-20 | 2020-21 (MT) |
|---|-----------|-----------|--------------|
| Caustic flakes (ton) ▲● | 48.23 | 43.56 | 77.22 |
| Molasses ▲● | 2,657.38 | 2,391.23 | 2,184.79 |
| Potassium acetate ▲● | 19.43 | 29.94 | 18.38 |
| Potassium carbonate ▲● | 114.41 | 79.58 | 111.29 |
| Sugar ▲● | 173.95 | 261.35 | 251.60 |
| Oil (PFS+SS) ▲○ | 745,919.4 | 612,280.1 | 690,587.7 |
| Potassium Nitrate ▲● | 69.11 | 62.78 | 69.68 |
| Sodium Ligno Sulphate ▲● | 26.50 | 55.30 | 2.20 |

▲ Recycled ▲ Non-recycled ● Renewable ○ Non-renewable

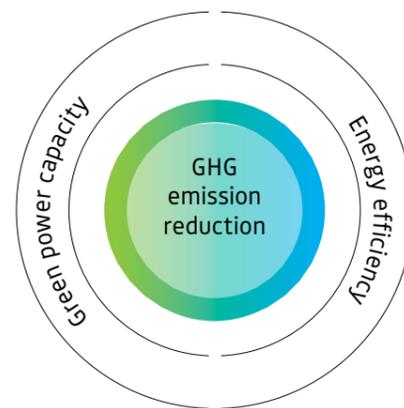
Energy and climate change

Taking action for climate change mitigation

We are strengthening our response to climate change by identifying and managing climate-related business risks.

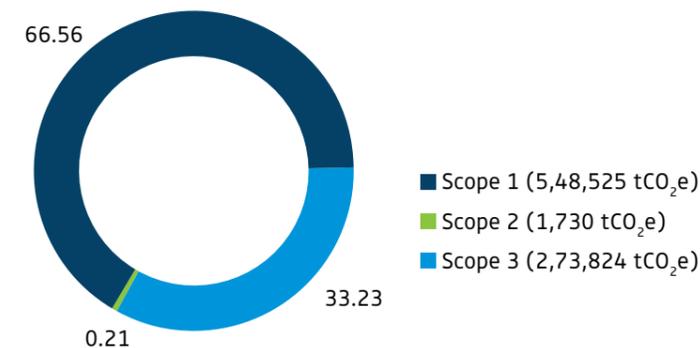
Over the past few years, we have been sourcing energy from green power plants, which has fortified our energy sustainability story. In FY 2020-21, we conducted a carbon footprint assessment as per ISO 14064: 2018 to build a better understanding of our energy consumption pattern and enhance our efforts at cleaning and greening the environment.

Climate change mitigation efforts



Glimpses of our green power plants

Consolidated GHG Emissions for PCBL (%)



8,24,080
tCO₂e

Total GHG emissions

GHG emissions plant wise distribution (tCO₂e)

| GHG Emissions | Durgapur | Kochi | Mundra | Palej |
|---------------|----------------|----------------|----------------|----------------|
| Scope-1 | 180,636 | 92,947 | 151,004 | 123,938 |
| Scope-2 | 538 | 611 | 266 | 315 |
| Scope-3 | 51,113 | 30,049 | 58,273 | 134,389 |
| Total | 232,287 | 123,608 | 209,542 | 258,643 |

2.14

tCO₂e/mt of carbon black
GHG emissions intensity

Total PCBL GHG inventory 1st April 2020 - 31st March 2021

| Scope 1 GHG Emissions | Emission Value (tCO ₂ e) | Scope 3 GHG Emissions | Emission Value (tCO ₂ e) |
|---|--|---|-------------------------------------|
| GHG emissions due to Carbon Black production - Fuel Gas | 546,007.83 | GHG emissions due to upstream transportation by road | 6,320.03 |
| GHG emissions due to diesel consumption in DG | 96.23 | GHG emissions due to upstream transportation by ship | 257,838.47 |
| GHG emissions due to LPG consumption in canteen | 102.51 | GHG emissions due to downstream transportation by road | 7,283.70 |
| GHG emissions due to LDO use in process | 1,529.60 | GHG emissions due to downstream transportation by ship | 476.38 |
| Fugitive GHG emissions from refrigeration | 613.30 | GHG emissions due to employee commuting | 1,671.04 |
| Fugitive GHG emissions from CO ₂ based fire extinguisher | 0.61 | GHG emissions due to employee business road Travel | 11.10 |
| GHG emissions due to operations Company owned vehicles | 175.09 | GHG emissions due to employee business train Travel | 0.37 |
| GHG emissions due to operations Company owned vehicles (petrol) | 0.00 | GHG emissions due to employee business Air Travel | 34.43 |
| Total Scope 1 GHG Emissions | 548,525.18 | GHG emissions due to goods purchased by an organisation (raw material transportation) | 188.78 |
| Scope 2 GHG Emissions | Emission Value (tCO₂e) | Total Scope 3 GHG Emissions | 273,824.30 |
| GHG Emissions due to purchased electricity | 1,730.07 | | |
| Total Scope 2 GHG Emissions | 1,730.07 | | |

Energy Consumption within organisation

| Plants | 2018-19 | 2019-20 | 2020-21 |
|-------------------|---------|---------|---------|
| Power consumption | 696,285 | 712,066 | 672,753 |

(GJ)

Energy and climate change

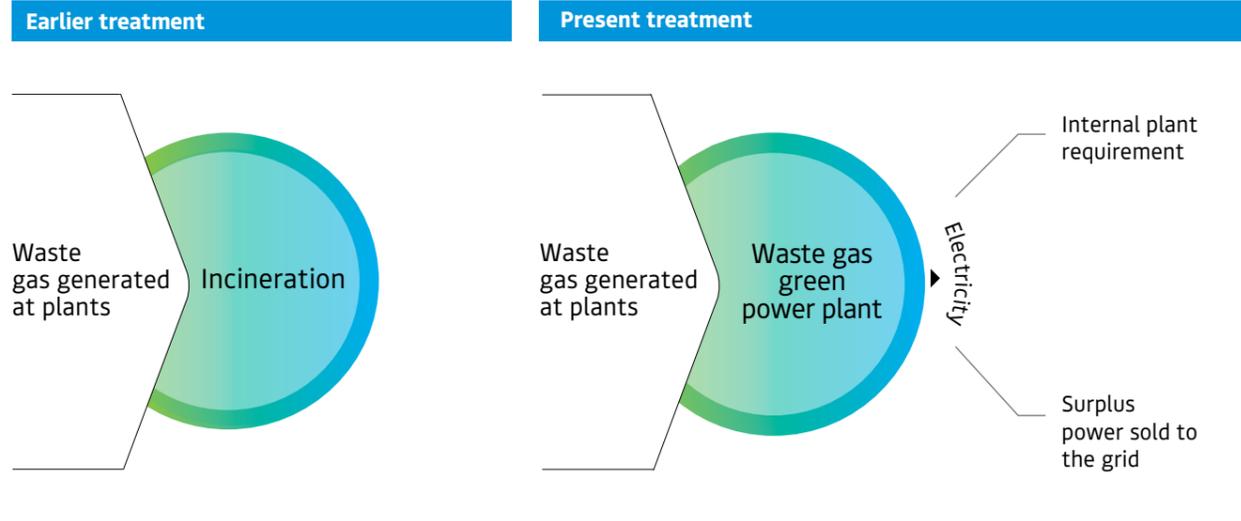
Minimising our carbon footprint

Our green power plants generate power from tail gas, produced during carbon black production. The use of tail gas helps replace conventional fuel, thus reducing associated GHG emissions. We have installed a total of 84 MW green power plants across our units. The manufacture of carbon black leads to the production of harmful gases. Earlier, these gases were burnt to avoid pollution. But, in 2004 the Company started using these gases to generate power for our own consumption and selling the excess power generated.

The power generation process recovers and utilises the thermal energy of the waste gas that is produced during the manufacture of carbon black. This waste gas is then utilised to generate steam, which, in turn, is used to generate electrical energy. The energy savings and environmental benefits from this process were the key drivers of this initiative. The approximate GHG emissions reduction from the waste heat recovery from tail gas of the carbon black process, thereby replacing the equal amount of fossil fuel fired by the plants, stands at 3,91,780 MT of CO₂ on an annual basis.

84 MW
Green power

Turning waste into energy



The excess electricity available after meeting the in-house power demand is sold to the State Electricity Board grid. In a country that is dependent on a fast-depleting natural resource like coal for a large part of its power generation, this results in positive contribution to sustainable economic growth and conservation of natural resources.

Our 12 MW green power plant in Palej was the first plant in the world to be

registered as a Clean Development Mechanism (CDM) Unit under the United Nations Framework Convention on Climate Change (UNFCCC) in the year 2004, validating our stewardship of energy sustainability. **PCBL is the world's first carbon black company to receive carbon credits from UNFCCC for its green power plant at Palej, Gujarat.**

65,159 tCO₂e

Reduction in GHG emissions annually
(Excluding GHG inventory for offices on account of pandemic-led lockdown during FY 2020-21)

Energy efficiency measures and performance

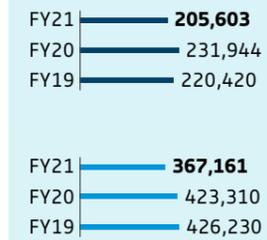
Plants

Durgapur

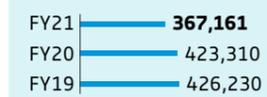
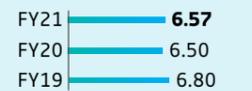
We installed variable frequency drive (VFD) and replaced old sodium vapour lighting system with **LED bulbs**, which improved our in-plant lighting and reduced power consumption.

Performance

Energy facts



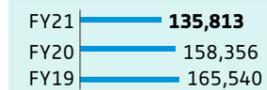
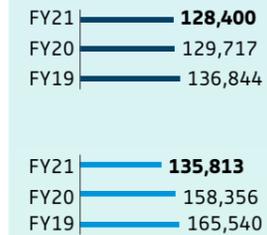
GHG Emissions (CO₂) (%)



GHG Emission intensity: 2.23 tCO₂e/mt

Palej

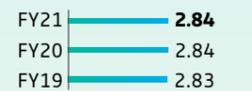
We replaced plunger type compressor with new highly efficient high-pressure screw compressors in the plant and modified the APH design to improve efficiency. VFD was installed for air blowers with optimised power energy consumption.



GHG Emission Intensity: 1.90 tCO₂e/mt

Kochi

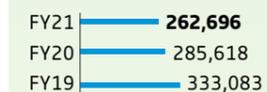
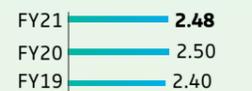
We replaced conventional lighting in the plant with energy-efficient **LED lights**, reduced ambient temperature in the compressor room, installed VFDs in suitable equipment and substituted the least efficient reciprocating compressors with screw compressors.



GHG Emission Intensity: 1.52 tCO₂e/mt

Mundra

In the plant premises, we installed over 100 **LED lights** in place of sodium vapour bulbs, and initiated heat recovery by different inline heat exchangers (APH, WHB & OPH). We also started using I-3 motors, which are 90% energy efficient against I-2 motors (used in compressors, pin mixers) and made changes to OPH design for enhanced heat recovery.



GHG Emission Intensity: 3.24 tCO₂e/mt*

■ Energy consumption (GJ) ■ Energy intensity (GJ/M2) ■ Energy sales (GJ) ■ Energy consumption trend (%)

*GHG emission intensity was high due to stabilization of new line and lower throughput for the first quarter of FY 2020-21 on account of the pandemic.

Waste management

Minimising environmental impact

We are committed to using our resources efficiently. We reuse or recycle wherever possible to reduce the impact on the local environment and save on operational costs. We apply the best available techniques and practical environmental options for our assets to manage waste and minimise our impact on ecosystems.

There are no archaeological sites, wildlife sanctuaries or national parks within a 15 km radius from our plants, placing us at an advantage. We ensure responsible disposal of waste (both hazardous and non-hazardous).



Zero discharge

We have installed sewage treatment plants (STPs) across our plants so that no untreated sludge is discharged, and the treated water is then used for sanitation and gardening purpose.

Reducing plastic waste across plants

- Using paper cups for coffee and water to reduce plastic use
- Temporary disposable (use and throw) plastic bottles have been replaced by permanent reusable plastic bottles
- By increasing the loadability of our packaging, we have reduced the consumption of plastic bulk bags by 30%



Reducing plastic use

Waste handling

- **Solid wastage:** Plastic, wood, copper, aluminium, discarded container and paper bag /plastic bag are sent to recyclers approved by the local PCBs
- **Liquid waste:** Water from ETP is used across various processes and water from STP is used in gardening
- **ETP sludge:** ETP sludge is stored in secured landfill and its waste is sent to Central Pollution Control Board (CPCB) authorised common TSDF (Treatment, storage, disposal facility) for disposal
- **Used oil:** Reuse or sent to registered re-processor
- **E-waste:** Agreement signed with TSDF and e-waste is being stored in the dedicated waste storage area. From there the e-waste is sent to TSDF

Waste action across plants

Waste generation is a part of the carbon black manufacturing process. However, being a responsible organisation, we are committed to continuously reducing waste generation at source and its proper disposal at all times.

In order to address the following, a Focused Improvement Project (FIP) was initiated across all units of PCBL with cross-functional teams deploying DMAIC Methodology to reduce the waste by a factor of 25% from the baseline. As an initial step, waste classification like, ETP sludge, cotton and rubber gloves, bags (jumbo and paper), etc., and consumption data was mapped for the baseline and formed the crux of the project charter. Each site has now been mandated to work on focused actions to reduce waste generation at source.

In this ongoing waste reduction drive, following are the improvements and benefits realised:

- Leakage points resulting in carbon black spillage and waste generation were identified, and root cause elimination to reduce the source generation resulting in 74.4MT reduction i.e., equivalent to 20% reduction from the baseline and thereby directly reducing ETP sludge waste.
- A dedicated strainer cleaning station fabricated for the activity to collect and recover the oil with zero spillage.
- Various collection units have been installed in the process like, tray collection system while cleaning mixer, material collection system while cleaning bag filters and APH and dyke arrangement for containment for spillage and easy collection.

- Mask and hand gloves were also a source of waste generation which was contained by maintaining a PPE distribution logbook to utilise the resources optimally. Additionally, recycled gloves usage was a prospect identified, and vendor development is in progress.
- Damaged paper bags was identified as another cause of solid waste. Identification and characterisation for reasons of bag damage were carried out, and root causes were addressed to reduce the waste generation of bags. The data shows after correction of practices; the damage bags were reduced from 455 to 279 (month-on-month) over a period of 6 months.
- As a continuous improvement in reducing the generation of solid waste at source, various efforts and actions are ongoing using techniques like Faut-Tree Analysis to determine the sources and causes whereupon focused actions are diverted to achieve the results.

Waste by type and disposal method

(MT)

| | | 2018-19 | 2019-20 | 2020-21 |
|--|---|---------|---------|---------|
| Used Oil (in litres) | Reused in machinery or sent to registered reprocessor | 1227 | 520 | 1080 |
| Spent Acid From Batteries | Authorised recyclers | 0 | 0 | 0 |
| Used Batteries | Authorised recyclers | 3 | 1.5 | 1.75 |
| Chemical Sludge from Waste Water Treatment | TSDF site for Co-processing | 5.839 | 6.172 | 5.751 |
| Waste Insulation Material | Authorised recyclers | 4 | 4 | 3.465 |
| Oily Sludge Emulsion | Authorised recyclers | 1.759 | 0.745 | 0.804 |
| Discarded Drum / Barrels/ Containers / Bags/ Liners | Authorised recyclers | 16.2 | 17.35 | 9.5 |
| Plastic Waste | Authorised recyclers | 0.9 | 1 | 3.654 |
| Spent Ion Exchange Resin | TSDF Site | 0 | 0 | 0 |
| Oily Cotton Waste / Leather Hand Gloves / Cotton Hand Gloves | Authorised recyclers | 2.4 | 2.8 | 0.281 |
| E-Waste | Authorised recyclers | 0 | 1.96 | 2.15 |
| Waste-Insulation Material | TSDF Site | 4 | 4.1 | 7.645 |
| ETP Sludge | Authorised recyclers | 47.16 | 46.97 | 27.47 |

Spill prevention at our plants

To prevent oil spillage, we are using leak-proof oil containers. While transferring oil from one tanker to another, we are using barrel pump to prevent the surplus oil from spilling. Sumpits are used to store and reuse oil.

Significant oil spills

(kg)

| Plants | 2018-19 | 2019-20 | 2020-21 |
|----------|---------|---------|---------|
| Palej | 22 | 15 | 13 |
| Durgapur | 9 | 10 | 11 |
| Kochi | 40 | 30 | 20 |
| Mundra | 10 | 5 | 6 |
| Total | 81 | 60 | 50 |

Emissions

Targeting lower emission benchmarks

We are consistently undertaking measures to reduce our emissions to emerge as one of the most responsible companies.

We are committed to abiding by all the rules and procedures laid down by the Central and State governments in order to keep the environment clean. Across all our plants, we have installed Continuous Emission Monitoring System (CEMS) to track all emissions (of SO₂, NO_x, H₂S and SPM) on a continuous basis across all sources.

Further, stack monitoring (24 hours sampling), effluent sampling and ambient air quality monitoring are carried out at regular frequency by authorised third-party agencies and the reports are submitted to the PCBs on a monthly basis.

We have installed highly-efficient filter bags [Membrane coated Polytetrafluoroethylene (PTFE) bags] into the bag filter. These help filter out

fine dust particles. To ensure bag filter life, a schedule has been prepared for changing bags. For the reduction of SO_x and other gases, we are selecting raw material feedstock with minimum sulphur content and other impurities.

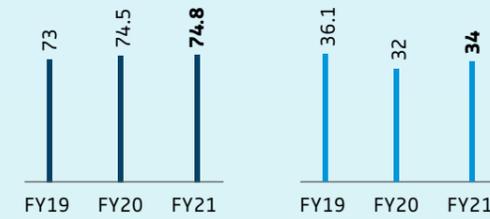
We are not emitting carbon monoxide (CO) into the environment. Instead, we are using it as a fuel for power generation or flaring it before releasing it into the atmosphere.



Air emissions action dashboard

Emissions performance

Durgapur

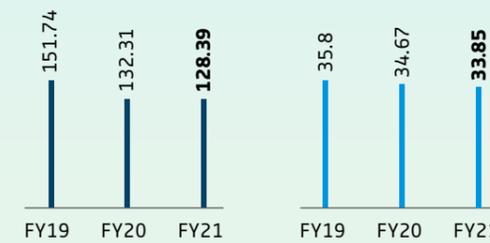


Note: Due to high production of a very low particle size super hard grade, filtration efficiency of bag filters were found to be low. Consequent to this, particulate matter has marginally gone up in FY 2020-21. Currently, they are being replaced by best-in-class high efficiency bag filters.

Palej



Kochi



Mundra



■ SO₂(mg/nm³) ■ NO_x (mg/nm³) ■ H₂S (mg/nm³) ■ Particulate matter

Water and effluents

Reducing our water footprint

Water is an important industry resource; and is used for multiple processes in our operations. We are committed to reducing our freshwater consumption as well as the impact of our operations, while also working hard to improve our water efficiency.

We have maintained zero liquid discharge, validating our focus on water sustainability. Recycled water is used in scrubber and mixture. We have put in place rainwater harvesting systems for a stable supply of freshwater and most of our manufacturing units recycle the water through the ETP. Doing so has resulted in zero discharge of waste from our factories.

905 KLPD

Total water recycled or reused across all plants



Effluent Treatment Plant (ETP) at Mundra, Gujarat

Water action dashboard

Plants

Durgapur

We have installed side stream filter in order to limit blow down water for the cooling tower. We are replacing the current RCW pumps with undersized pumps, thereby ensuring less wastage of water and improved efficiency.

400 KLPD

Water recycled or reused

Palej

We have installed 50 KLPD STP at our Palej site. Its recycled water is being used for gardening.

We have upgraded our ETP to 250 KLPD. The recycled water is being used as feed for water treatment plant where we convert the raw water into reverse osmosis (RO) and demineralised water for our process in specialty lines and CPP auxiliary.

100 KLPD

Water recycled or reused

Performance



■ Water consumption (KL)
■ Water intensity (KL/MT)



■ Water consumption (KL)
■ Water intensity (KL/MT)

Water and effluents

Plants

Kochi

We introduced the use of chlorine dioxide (ClO₂) generator and improved the raw water quality, thereby reducing water treatment regeneration, resulting in a 10% saving in total water consumption.

We have increased the Water Treatment Plant (WTP) ion-exchange bed Output Before Regeneration (OBR) from 20 to 35 hours, leading to an enhanced capacity for effluent treatment and better-quality output, which is recycled within the plant.

We reuse the ultra-filter reject water back into the system and have introduced side stream filtration for cooling towers, thereby reducing blow down to save water.

125 KLPD

Water recycled or reused

Mundra

We reclaim industrial wastewater from boiler and cooling (~218 KLPD) in the same process after treatment in WTP. The remaining industrial wastewater of 120 KLPD is treated in ETP, and ~61 KLPD water is reused through the WTP plant. The remaining 59 KLPD treated effluent is reused for gardening and plantation within the premises. Domestic/sewage effluent is treated in STP and used for gardening.

Further, we have deployed injection-well technology for the recharge of surface rainwater from a given invert level after its due filtration. We have also installed piezometer to observe underground water conditions by measuring the pressure of groundwater at a given depth.

280 KLPD

Water recycled or reused

Performance



■ Water consumption (KL)
■ Water intensity (KL/MT)



■ Water consumption (KL)
■ Water intensity (KL/MT)

Water withdrawal across plants

(KL)

| Plants | 2018-19 | 2019-20 | 2020-21 |
|-------------------------------|------------------|------------------|------------------|
| Palej ○ | 351,999 | 313,718 | 298,720 |
| Mundra ● | 42,662 | 206,848 | Nil |
| Mundra ○ | Nil | 189,714 | 248,657 |
| Durgapur ● | 1,180,221 | 1,142,651 | 950,524 |
| Kochi ● | 507,408 | 416,025 | 401,717 |
| Kochi ○ | 93,647 | 34,160 | 82,238 |
| Total water withdrawal | 2,175,937 | 2,303,116 | 1,981,856 |

● River ○ Ground Water

Maintaining zero liquid discharge

At PCBL, all our plants are zero liquid discharge (ZLD), and we are reusing our wastewater in our processes. All plants have ETP facilities.

- Palej has 50 KLPD STP (domestic water) and 250 KLPD upgraded ETP. It is also commissioning 1,650 KLPD WTP
- Mundra has ETP capacity of 285 KLPD and WTP of 1,800 KLPD
- Durgapur has ETP capacity of 500 KLPD
- Kochi has ETP capacity of 130 KLPD

Rainwater harvesting at Mundra

We use injection-well technology for the collection of rainwater and recharge of groundwater after filtration. We have installed piezometer to observe groundwater level at a given depth.

On an annual basis, 46,500 m³ rainwater is recharged to reduce groundwater depletion.

46,500 m³+

Rainwater is recharged at Mundra plant

Going forward, we are putting in place the practice of rainwater harvesting across our three other plants (Durgapur, Palej and Kochi).

Strengthening our societal role

Management approach

Societal engagement at various levels drive our progress. Our overarching growth strategy is participatory and stakeholder-driven. For one, we focus on various employee engagement initiatives and training programmes. We have also established ourselves as one of the preferred partners of our customers on the strength of product customisation, quality excellence and timely delivery. We are building long-term partnerships with diverse suppliers for seamless and sustainable operations.

We aim to build sustainable communities through targeted initiatives in various realms comprising education, art, healthcare, sports and resource conservation.

Material topics

- Employee engagement, health and safety
- Diversity and inclusion
- Learning and development
- Suppliers' sustainability
- Customer engagement and product responsibility
- Research and innovation
- Community engagement

Sustainable Development Goals



People management

Thriving on human enterprise

Our business runs on the fuel of experience, expertise and enthusiasm of our people. As part of our sustainability journey, we also recognise that in order to attract, retain and develop a world-class team, we must foster a diverse and inclusive culture that supports our employees' success, which, in turn, drives our Company's success.

Diversity and inclusion

We focus on cultivating an environment where individuals enjoy the right to work in a professional environment that prohibits any form of harassment. We also make reasonable job accommodation for persons with disabilities who can perform the essential functions of the position.

All employment and promotion decisions at PCBL are primarily based on the individual's qualifications, experience, prior contribution and

demonstrated capacity to perform at higher or improved performance levels. These decisions are taken in accordance with the principle of equal employment opportunity. We undertake affirmative actions to attract and retain qualified personnel.

PCBL is committed to a work environment in which all individuals are treated with respect and dignity. Therefore, we expect that all relationships among persons in the workplace will be business-like

and free from bias, prejudice and harassment.

We take whatever affirmative action is necessary to attract and retain qualified persons.

Our Equal Employment Opportunity Policy will be successfully applied when all roles are filled by the best qualified and experienced candidates available, regardless of personal circumstances.

We are in the process of rolling out a comprehensive policy on LGBTQ.



Progressing with a diverse team

Team statistics

| Particulars | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|---|------------|------------|------------|
| Total employees | 1,680 | 1,813 | 1,835 |
| Total on roll employees | 964 | 1033 | 1025 |
| Total contractual employees | 716 | 780 | 810 |
| Employee retention rate | 83% | 83% | 85% |
| Attrition rate [%] | 17% | 17% | 15% |
| % of local employees in the plants as a proportion of total workforce | 64% | 41% | 41% |
| Differentially abled employees | 6 | 5 | 5 |

New hire mix

| Particulars | FY 2018-19 | | FY 2019-20 | | FY 2020-21 | |
|-------------|------------|--------|------------|--------|------------|--------|
| | Male | Female | Male | Female | Male | Female |
| Age group | | | | | | |
| <30 | 100 | 4 | 117 | 8 | 88 | 7 |
| 30-50 | 64 | 4 | 85 | 8 | 38 | 3 |
| >50 | 6 | 0 | 2 | 0 | 3 | 0 |

Employee attrition mix

| Particulars | FY 2018-19 | | FY 2019-20 | | FY 2020-21 | |
|-------------|------------|--------|------------|--------|------------|--------|
| | Male | Female | Male | Female | Male | Female |
| Age group | | | | | | |
| <30 | 67 | 4 | 59 | 7 | 56 | 1 |
| 30-50 | 48 | 2 | 46 | 4 | 40 | 4 |
| >50 | 10 | 0 | 14 | 1 | 12 | 0 |

Gender diversity by management category

| | FY 2018-19 | | FY 2019-20 | | FY 2020-21 | | | |
|-------------------------|------------|--------|-------------------------|--------|------------|-------------------------|-----|----|
| | Male | Female | Male | Female | Male | Female | | |
| Junior Management | 604 | 35 | Junior Management | 591 | 36 | Junior Management | 586 | 35 |
| Middle Management | 127 | 8 | Middle Management | 131 | 8 | Middle Management | 123 | 13 |
| Senior & Top Management | 14 | 0 | Senior & Top Management | 14 | 1 | Senior & Top Management | 15 | 2 |

Equal Employment Opportunity applies to all policies and procedures relating to recruitment and hiring, compensation, benefits, termination and all other terms and conditions of employment. The Human Resources (HR) Department has the overall responsibility for this policy. Employees' questions or concerns are referred to the HR Department. Appropriate disciplinary action may be taken against any employee wilfully violating this policy.



Nurturing talent

People management

Employee strength by age and gender

| Particulars | FY 2018-19 | | FY 2019-20 | | FY 2020-21 | |
|-------------|------------|--------|------------|--------|------------|--------|
| | Male | Female | Male | Female | Male | Female |
| Age group | | | | | | |
| <30 | 221 | 13 | 211 | 12 | 251 | 18 |
| 30-50 | 428 | 27 | 448 | 30 | 409 | 29 |
| >50 | 96 | 3 | 77 | 3 | 64 | 3 |

Parental leave in FY 2020-21

| Gender | Employees entitled to parental leaves | Employees who availed parental leave | Return to work Rate | Retention Rate | Employees who returned in the current reporting period after availing parental leave | Employees who availed parental leave and were employed even after 12 months |
|--------|---------------------------------------|--------------------------------------|---------------------|----------------|--|---|
| MALE | 735 | 2 | 100% | 100% | 100% | - |
| FEMALE | 50 | 1 | 100% | 100% | 100% | - |

People engagement

Since the pandemic struck, we have enhanced our engagement levels with employees to ensure their well-being and put more focus on business continuity.

We undertook the following initiatives to strengthen our engagement and build capabilities of our people.

Sampark – Connect, Share & Grow: Connect from the top

Sampark Live is a real-time digitally enabled communication platform. The management strives to increase engagement with employees and improve customer-centricity with the help of this platform.

Nirantar Gyan Vardan Yojana: Learning from experts

We identify subject matter experts for different functional areas, with the help of whom we have been able to convert 'tacit knowledge' into 'explicit knowledge'. This transformation in knowledge is achieved with the help of subject matter content on equipment knowledge, maintenance activities, best practices and other relevant subjects.

We identify the training requirements based on the analysis through discussion with unit heads and functional heads, and upload the monthly unit training calendar on the Learning Management System (LMS), which is hosted on our People Connect Platform powered by Success Factors. The effectiveness of the training is gauged through the Reaction Level feedback received from the participants and the online test scores of pre and post-training.

57,364 hours

Total training hours invested in FY 2020-21



Training session in progress at Sushila Goenka Innovation Centre in Belgium, headed by Ms. Valerie Smits



Leena AI: Our intelligent chatbot helps gauge employee well-being

Leena was launched to enhance transparency and inclusivity across the organisation. The chatbot converses with our employees based on a defined set of questions in line with our People Philosophy in order to measure the pulse of our teams and define their engagement level, while identifying the gaps. This helps us understand employee grievances and any other issues that employees might have, with the management. Based on the chats received from the chatbot, the senior management reaches out to people to address the problems.

Embark PCBLite: Creating standardised induction experience

Embark PCBLite is a digitised induction programme designed for new recruits, with real-time sessions and built-in online modules. This marks the transformation journey of PCBL and its impact on stakeholders, Company's Vision, core values and thought leadership.

B2MOM: Grooming ideas

We realise the importance of building a leadership pipeline for a sustainable future. In achieving this objective, we have initiated the nurturing of future leaders and set up a Performance Management System (PMS) that ensures improved team performance and aids team development.

The coaching culture is further driven through the process of big idea, business theme, methods, obstacle, and measures (B2MOM).

The business leaders first come up with the big idea and business themes and design their B2MOM strategy, cascading the responsibility down to team members. We encourage our employees to record both their big and small wins in a feedback diary, based on which we arrange discussion between the member and the team leader, ensuring transparency and employee motivation.

Based on such initiatives, our management target to directly link a team's objectives with the reward system, is being met with higher accountability and performance excellence.

Certified General Management Programme (CGMP): Empowering our leaders

We carefully identify Hi-Pots based on evidence of their 'potential' and 'performance' during the Talent Review Session and objective feedback received from their HoDs and reporting managers. They are then sent for a 15-month duration Certified General Management Programme at IMI Kolkata. The programme is designed for developing and grooming business skills holistically in our employees. It is in line with

our business strategic imperative to progress from 'Being Functional Managers to Business Managers'. During each quarter, the participants undergo a rigorous 15-day classroom session that involves professor-led lectures, interaction with industry experts from within and outside PCBL, credit-based pen and paper exam, virtual discussions with professors during onsite and working on PCBL Live Project under able mentorship and guidance. On successful completion of the programme, the participants are awarded the Management Course Certification by IMI, Kolkata. Post the programme, career growth plans are discussed and identified. Development Action Plans (DAPs) are created in line with our strategic plan to help these individuals grow as business leaders within PCBL.

With the success of the first batch of CGMP in the year 2018, we have successfully launched the second batch of the programme in January 2020.

Training Academy: Robust training culture

Our training academy has been functional since 2008. Here we train our campus hired graduate engineer trainees (GETs) and management trainees (MTs) to educate them about our business, to create a knowledge-rich in-house talent pool. The training programme is a year-long affair and is divided into three phases. The training programme is based on the 70:20:10 learning principle and is driven under the mentorship and guidance of the Principal, Training Academy, and Reporting Manager.

On completion of the classroom training, employees go through a rigorous five-month on-the-job training at their respective locations. Feedback is taken from respective managers and mentors, which is discussed with the Principal of the Training Academy. The Principal then

People management

shares the collated feedback with the trainees for their improvement.

The last phase of learning is via live projects, wherein the trainees start working on a live business challenge and propose feasible value-added solutions based on their understanding. They also handle the shift activities parallelly and help groom themselves to handle plant operations independently post their training.

'People Connect' powered by Success Factors

In line with our vision of establishing global practices across the organisation, Success Factors was implemented a year back. It has created an integrated HRMS platform of employee life cycle management, reward and learning. The platform has helped employees to access and update their personal and professional information in their respective online profiles. They have been empowered with easy access to policies and processes. The platform has been designed focusing on employee and manager self-service. Last year, employees started applying for benefits, travel requests and

completing the goal setting and performance appraisal process on People Connect powered by Success Factors. The LMS modules have added value in one's development plan through easy availability of monthly calendars, training schedules, pre- and post-test, online development action plan. Our goal remains to empower employees with information, focus on simplified employee self-service, build a culture of self-learning through an integrated platform, and we will keep driving the same agenda in the future with several HR digital initiatives.

PCBL Challengers - Season 2

After creating a benchmark, PCBL launched the second season of PCBL Challengers – a pan India B-School Case Study Competition. The competition saw a befitting response with 15 top B-Schools from across India such as IIM-Lucknow, IIM-Ranchi, IIM-Raipur, IIM-Nagpur, IIM-Shillong, IIM-Sirmaur, IIM-Kashipur, NITIE, IIFT-Delhi, IMT-Ghaziabad, XIMB, XISS, GIM, IMI-Delhi and Kolkata participating in the event. We received a overwhelming response of 200 teams from across campuses. The theme of

Season 2 was 'Transforming One Bit at a Time', revolving around business digitisation initiatives. The event was judged by the top management of PCBL. The winner of PCBL Challengers-Season 2 was team 'Shared Destiny' from IMT Ghaziabad.

Other initiatives

- Pragati**
Workshop conducted for employees across levels to help them align with the organisational vision and impact them at the feeling, thinking and reaction level to enhance their organisational affinity.
- PCBLite Leader workshop**
Conducted for HoDs and functional heads to empower them to handle people processes effectively and efficiently.
- Workshop on carbon black industry fundamentals**
A two-day session for new recruits to understand the carbon black industry and its operations.
- Values and competency workshop**
To align our people to our Group's core values and RP-SG Group competency workshop.



Training Academy at Palej



Winners of PCBL Challengers

A safer workspace for all



Safety culture at PCBL

We are focused on creating a safer workplace and a safer environment, which not only reduces chances of injuries and exposure to hazardous materials, but also creates health and safety awareness among employees, contractors and vendors.

We have rolled out an occupational, health and safety management programme across our plants. Our plants were already certified to OHSAS 18001:2007 standards. Also, we are now certified to the new ISO 45001:2018 standard. Our teams (employees and contract workers) are covered by our occupational health and safety management programme.

Hazard identification, risk assessment, and incident investigation

Work related hazards are identified through HIRA, HAZOP, JSA Techniques and actions are initiated. A critical hazard at our plants is oil splashing. To eliminate these spills, deep trays have been installed. Our engineering control methods involve replacing loose flexible hose pipe with a permanent line. Material Safety Data Sheet (MSDS) have been displayed at charge pump area and job specific PPE trainings are regularly provided to workers.

Health and safety committee

We have established Safety Committee across all plants, which consists of Unit Head (Chairperson), Safety Head (Secretary), all department heads and contract worker representatives representing each contractor. The committee reviews the safety performance of the plant, based on which necessary actions are taken with management approval. Workers are also members of safety committee meetings, wherein they put forward their thoughts related to the safety of plants and employees and narrow down on decisive measures.

The following initiatives to create a safer workplace:

- We have a worker representative in the safety committee meetings representing each contractor,

ensuring a safer workplace not only for employees but also contractors

- We provide proper training to our employees on occupational health and safety topics like working in confined spaces, work at height, lock out tag out (LOTO), forklift operations, material handling, behaviour-based safety (BBS), use of personal protective equipment, general safety awareness.
- Annual medical check-ups are also organised for workers. Thorough medical check-ups are undertaken to check if employees are fit to work in certain situations like confined spaces, at certain heights and on a forklift, among others
- Under the contractor safety management, the workers are also provided with plant and equipment training related to safety
- Implemented an online safety training calendar

Occupational health services

- We have certified first aiders in our Plant who are competent enough to give first aid treatment in case of any incident
- Annual medical check-ups are also organised for workers
- Workers undergo medical examinations to ensure they are physically and emotionally capable of working in small space or at heights and with heavy equipment

Work-related injuries

| Details | 2018-19 | 2019-20 | 2020-21 |
|---|---------|---------|---------|
| Number of fatalities directly employed | 0 | 0 | 0 |
| Number of fatalities per 10,000 directly employed | 0 | 0 | 0 |
| Number of fatalities indirectly employed | 0 | 0 | 0 |
| Lost Time Injuries (LTIs) per million man-hours (directly employed) | 0 | 2 | 1 |
| Lost Time Injuries (LTIs) per million man-hours (indirectly employed) | 2 | 0 | 0 |
| Number of fatalities (involving third parties) | 0 | 0 | 0 |

Combating the pandemic

New normal demands rethinking priorities

The COVID-19 pandemic impacted lives, livelihoods, businesses, and economies. Countries took preventive measures and imposed a stringent lockdown to flatten the COVID-19 curve. We proactively took adequate steps and stepped up the safety requirements across all our offices and manufacturing facilities.

Standing by our people

Proactive engagement

We launched our 'Connecting with People' initiative, wherein members of the senior leadership connected with employees through virtual platforms. The interactions focused on employee well-being and business realities, with each leader interacting with employees at least twice a week.

The HR team also arranged online contests and games to keep employees engaged and motivated. We created a closed group on Facebook - 'PCBL All Together', to remain connected with the employees and facilitate employee engagement. Through this initiative, employees were encouraged to post videos and pictures of how they were spending their time during the lockdown. Additionally, the HR team also shared birthdays of all employees with team leaders to facilitate collective celebrations.

We also introduced our AI chatbot Leena during the pandemic to engage with employees and address their concerns.

Health first

- Organised medical health check-ups for all our employees and contractors
- Provided certified first-aid training to 31 employees through Red Cross Society and St. John Ambulance
- Monitoring and action compliance for EHS Indicators (unsafe act, unsafe condition, near miss, emissions) for employee and plant safety
- Conducted mock drills and emergency preparedness activities



Safety measures during pandemic

- Provided awareness on safety and health through tool box talks
- Prepared COVID-19 guidelines for maintaining workplace safety and hygiene
- Deployed COVID-19 task force in each unit with SHE Leads as the Task Force and Flu Manager to ensure adherence to the COVID-19 Guidelines at our manufacturing units
- Periodically sanitised all our plants
- Prepared area-wise guidelines to control unhealthy practices
- Controlled employee movement in plant premises and restrooms
- Installed a COVID-19 dashboard and organised discussion reviews for continuous monitoring and regulation
- Adhered to all State and Central Government guidelines and district healthcare audits for compliance with COVID-19 guidelines
- Organised COVID-19 testing and vaccination camps for employees and their family members
- Extended our support to local areas in and around our manufacturing units by creating awareness and providing resources for COVID-19 relief

Developing a clear strategy

Remaining agile

As normalcy gradually returned, we re-arranged the entire seating arrangement at our offices, laboratories and factories to abide by the social-distancing norms. We created a COVID taskforce at every plant to ensure the applicable guidelines outlined by the Government are adhered to. The employees at plants had to wear uniforms, masks, PPEs and use the Arogya Setu app launched by the Government.

A Flu Manager was appointed and tasked with overseeing the procedure regarding the employees' health conditions at the plant premises, review the data in the register and follow the outlined SOPs, should there be any health concern. Further, COVID prevention check-sheets was maintained at our four plants and other offices which were uploaded on an online dashboard that was developed in-house. This check-sheets recorded travel history, symptoms like fever,

cough and cold, breathlessness, history of contact of family members of employees with a COVID patient.

We kept sanitising the rooms and exposed areas such as doors (usually kept open to avoid physical contact), windows, tabletops, and other surfaces. The floors were also mopped once in every four hours. The employees were educated to consistently disinfect their personal devices with sanitisers and frequently wash their hands. The canteen was also sanitised at regular intervals and people were served food as a part of the laid-down guidelines.

We set up a disinfecting channel to sanitise the factory workers and materials entering the plant. We also focused on automation of certain processes to minimise human contact wherever possible. We further designed training programmes and safety precautions for truck drivers and contractual workers, ensuring safety and business sustainability.

Imparting training

We organised online webinars to train employees on scheduling virtual collaborative meetings and work on SAP-ERP modules. We leveraged self-learning through our Learning Management System (LMS), powered by Success Factors, which hosts a bouquet of online courses covering both technical and behavioural topics. We clocked in 252 dedicated man-hours during the lockdown, invested in training our employees on technical and safety subject matter, which included workshops such as Understanding GST by Finance & Accounts team, sessions on yield improvement and refractory temperature analysis by Process Technology team, CPP Preventive Maintenance and RCA sessions, bearing nomenclature, multimeter safety, hazards and safe working procedure in a battery bank, Manufacturing Excellence (ME) programmes on root cause analysis, 7QC tools, overall plant effectiveness, one-point lesson and learning events, 5S, DMT and DMAIC.

Further, based on the developmental goals received through B2MOM (Performance Management System at PCBL), employees were assigned online courses available on LMS platform for self-learning. Employees were also nominated for several online webinars conducted by our learning partners and vendors. AQMCS conducted an

online certification course on COVID-19: do's and don'ts for our employees. Additionally, the learning was not limited to internal courses available with us. Employees were also encouraged to take relevant courses available on online platforms such as Coursera and Udemy, ensuring our people remain at the cutting edge when it comes to enhancing their knowledge base and skills.

Organising digital meetings

Since the lockdown, work-from-home has gained immense traction and to inculcate the 'work from anywhere' culture, and ensure business sustainability, we started conducting digital meetings. This helped us save time and effort.

Enhancing motivation

AI chatbot Leena is helping the leadership team gather real-time insights about the overall culture of the Company. This helps improve the employee experience, driving engagement and enhancing workforce. The chatbot also provides an essential platform for our employees to understand the Company's policies and procedures and raise their concerns over the platform in the form of tickets, which are acknowledged by the concerned policy owner. Additionally, Leena is also enabling seamless communication between various internal stakeholders and interest groups during these remote working days.

Bolstering digital security

We hosted our IT infrastructure on cloud service of Amazon, namely AWS, helping users to securely connect to a VPN using two-step verification process to access the data centre. This not only ensured data security but also helped us sustain business operations seamlessly.

Managing cashflow prudently

Post-lockdown, all meetings were conducted on digital platforms and physical travel was discouraged. Additionally, corporate advertising and promotion were also minimised and only mandatory capital expenditure was permitted to rationalise expenses. A specific committee was formed and tasked with renegotiating contracts with vendors/suppliers, extended credit tenures were sought from vendors and suppliers. Voluntary pay cuts also helped us better rationalise our costs.

Supply chain relationships

Stepping up execution with deeper connections

We are increasing our engagement with supply chain partners to ensure seamless operations, which help strengthen business sustainability.

Our supply chain comprises 200+ strategic supply chain partners. We have broad-based our supply network by fostering longstanding relationships with multiple vendors to reduce dependence on any particular vendor. Both domestic and international suppliers form an integral part of our logistics network. **Indian suppliers form 95% of the supply chain strength, contributing to 30% of the procurement cost and international suppliers account for 5% of the supply chain, contributing 70% of the procurement cost.**

Our manufacturing facilities are located near ports. This facilitates switching over to alternative feedstock, depending on the production requirement, without interruption. This strategy also reduces our freight cost and minimises uncertainty. Besides, this leads to lower diesel consumption, which, in turn, reduces air pollution and helps conserve natural resources. Also, key to our value chain are petroleum refiners and blenders. We primarily use high quality CBFS such as Fluid Catalytic Cracking (FCC) bottom oil, Ethylene bottom oil and Anthracene oil for developing

various grades of rubber blacks and specialty blacks. Our primary raw material is heavy residue from the FCC units of refineries or residue from naphtha cracker units of petrochemical plants. Blenders play a major role in collecting these residues from refineries and blending them to match our specific quality requirements, rationalising logistical expense. We have a prudent inventory management mechanism that ensures seamless operations across all our plants. Our incoming raw materials pass through stringent quality checks.



Results of our sustainable engagement

Strengthening of sustainable procurement framework

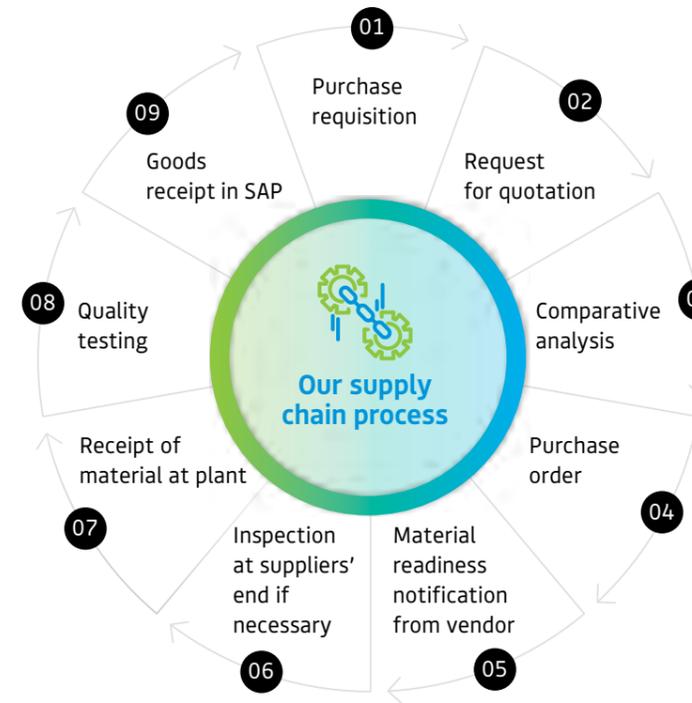
- Implementation of sustainable procurement policy
- Introducing 'Supplier Code of Conduct' for sustainable procurement

De-risking supply chain

- Increased domestic procurement of raw materials from 15% to 25%
- Developing multi-modal transportation model for cost-effective usage of domestic feedstock

Responsible consumption of resources

- Height of bulk bag increased to enhance loadability per bag and reduce polypropylene consumption per MT of carbon black
- Increased usage of plastic pallets made of recycled material



Supplier Code of Conduct

- At PCBL, we are committed to maintaining the highest standards of ethical conduct and social and environmental responsibility. We expect our suppliers to adhere to these standards in their business operations, and to have their own policies and processes in place, ensuring an ethical and sustainable supply chain. To align the suppliers to the same ethical, social and environmental goals, we have created a 'Supplier Code of Conduct', which sets out the standards expected of any supplier engaged in business with us
- The code of conduct is aligned with the principles of United Nations Global Compact, Carbon Disclosure Project, and aims to contribute to the SDGs
- We encourage our suppliers to implement best-in-class environmental and safety management practices

Making supply chain sustainable

We focus on the following parameters:

Social

- Adopting robust and relevant management practices in order to comply with applicable health and safety laws, rules, regulations and industry standards
- Training supply chain stakeholders and encouraging them to conduct training and awareness activities for employees on health and safety
- Encourage stakeholders to take reasonable actions to prevent accident and injuries by analysing and minimising risk exposure
- Encourage supply chain stakeholders to engage with local community for their social and economic development

Environmental

- Awareness training of supply chain stakeholders to implement systems and processes for responsible use of natural resources
- Regular monitoring through audits for their fulfillment of environmental needs
 - a. Reduction in emissions
 - b. Reduction in use of any hazardous or toxic materials
 - c. Reduction in usage of power, water, paper etc.

Ethical Standards

- Ensuring business with supply chain stakeholders complying to all applicable laws and regulations within the country of operation and all other applicable international laws and regulations
- Encourage suppliers to adopt free and fair trade practices. Implement anti-bribery policies
- Ensuring business with stakeholders:
 - a. who do not employ child labour
 - b. who comply with labour laws such as minimum wages, overtime payment etc.
 - c. who hire workforce without any discrimination on basis of race, colour, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition etc.

Supply chain relationships

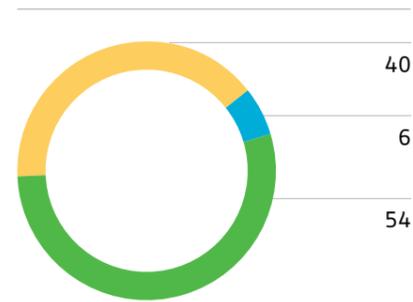


Supplier performance

We measure performance of almost 50 suppliers. Categories of suppliers whose performance is measured are raw material suppliers, packaging suppliers and suppliers supplying high-value items. Performance and regular feedback are provided to suppliers for their development. Performance evaluation parameters were quality of products, on-time delivery and service.

50 Suppliers
performance evaluated

Supplier performance (%)



- Suppliers scored in the range of 90% - 100% on the performance parameters
- Suppliers scored in the range of 80% - 89% on the performance parameters
- Suppliers scored in the range of 70% - 79% on the performance parameters

possible, ensuring improved energy efficiency and self-dependence. We encourage our suppliers to undertake measures to identify the scope of replacing conventional energy sources with sustainable and renewable sources in their respective operations. We recommend our suppliers to focus on reducing resource consumption to improve efficiency, investing in cutting-edge technology and reusing material by innovating products and processes.

Digital communication and processes

To reduce the usage of paper, save trees and conserve environment, we encourage our suppliers to focus on digital processes for services starting from submitting quotes/tender and raising digitally signed invoices to the acceptance of payments.

Green supply chain

We have identified the following measures for achieving responsible, green and sustainable supply chain:

Reduction in emissions and water consumption

We encourage our suppliers to identify sources of emissions like CO₂ and other greenhouse gases, SO_x, NO_x and particulate matter. Following the identification, we encourage them to make efforts to reduce emissions. We also encourage them to explore opportunities to reduce water consumption.

Efficient systems and process

Suppliers should strive towards enhancing the efficiency and performance of the equipment and processes by continuous improvement, monitoring and assessment of technology. Good practices should be followed to ensure environmental resources are valued and protected.

Reduction in the consumption of hazardous and toxic materials

We encourage our suppliers to curb their use of hazardous and toxic materials. In doing so, we also encourage the use of appropriate substitutes and replacements.

Waste management

We handle toxic waste under professional guidance, which is disposed of through authorised waste processors by the suppliers. We also do not allow toxic waste outside our premises without proper approval.

Responsible sourcing

We encourage our suppliers to analyse the waste to landfill process and strive to reduce the quantity of disposal to landfills. We focus on helping the suppliers figure out alternative waste disposal techniques to be adopted to reduce environmental impact. We recommend our suppliers to use renewable energy sources wherever

Packing and loadability optimisation

We encourage suppliers to take proactive steps to reduce the environmental impact of their packaging material by developing innovative, practical solutions to modify the design and disposal method.

Our products are packaged in bulk bags and paper bags on wooden pallets and plastic pallets. We have reduced the consumption of paper

bags and replaced a large chunk of packaging with bulk bags. Besides, we have also initiated the use of recycled black plastic pallets to replace virgin plastic pallets, which ensures a sustainable footprint and reduces cost.

On the loadability front, we have increased the height of our domestic bulk bag extensively and increased the size and loading

capacity, ensuring decreased polypropylene consumption while ensuring cost reduction.

With reduction in the number of bags, we have reduced the number of trucks, saving fuel per tonne per km.

Local procurement

Small and medium-sized local businesses serve as vital players in a company's progress. At PCBL, we see them as critical partners in growth and have developed various mechanisms and policies to support their development. Despite expansive opportunities for local manufacturing suppliers (LMS) in the carbon black industry, most of them struggle to leverage the market landscape due to lack of infrastructure and/or specific capability. Moreover, the complex nature of the LMS' makes it difficult for the procuring organisation to understand their level of maturity in terms of technology or competence.

We recognise that developing a LMS requires a strategic approach

to ensure all key areas get addressed. Besides, we understand the challenges in identifying the most appropriate LMS that will serve our purpose. Consequently, we have established a strategic local manufacturing development roadmap for our different purchase requirements.

Over the years, we have enabled different LMS' that serve our requirements for packaging, machineries and spares for machineries.

Packaging: As a strategic purchase item, we locally procure paper bags for automatic packaging machines in Mundra. Earlier, it was an imported item, but we buy

it locally now. We developed the LMS by sharing our experience, technology and providing extensive opportunities to develop the required product according to international standards.

Machineries and spares: We developed local manufacturers for different types of APH bellows, alloy casting tubes, gear box, palletiser, paper bag packing machines etc., cages, filter bags by reverse engineering. We are also trying to develop APH (one of the important equipment in carbon black) locally.

Sustainable logistics

We have helped our logistics partners across road and waterways to adopt best practices and reduce in-transit losses. Better quality packaging, for instance, lowers chances of product damage, while enhancing customer satisfaction. At the same time, packaging efficiency is enhanced by loading products into bigger bags. In a freight-sensitive industry, we

enjoy an advantage on our inbound and outbound materials, owing to the strategic location of our facilities.

We are doing coastal movement of material (through ships). Hence, the buoyancy of water transportation reduces weight by 40%, enabling reduction in fuel consumption.

We conduct annual meetings with major raw material suppliers

(comprising 80-90% of our purchased value) and vessel owners located outside India. We also meet our domestic suppliers frequently. Our interactions focus on market intelligence, quality, pricing and improvement areas. Besides, we also exchange thoughts at various levels through corporate events such as industrial fairs, conferences and seminars.

Research and innovation

Unveiling new prospects for the future



We have put in place robust and scalable infrastructure. Our experts constantly look at various ways to improve the yield and performance of our products, and unlock new prospects for various downstream applications.

Our principal focus areas are:

- **Novel carbon black**
Expansion of our carbon black product portfolio has been our primary focus, which has marked the development of novel carbon black grades and improvement in the performance of existing carbon black grades through physical and chemical modifications.
- **Process design**
We are constantly refining our manufacturing process through the use of the latest technology

to ensure greater productivity, enhanced performance of the product, cleaner grades and wider downstream applications.

- **Carbon Black Feedstock (CBFS)**
We analyse the quality excellence of the inbound feedstock to ensure consistency in carbon black properties and performances. Intra-organisational collaboration helps explore new suppliers of feedstock and ensures superior control on the produced carbon black.

- **Industry trends**
We keep an eye on the key trends and market realities to stay ahead of the curve and leverage opportunities arising from the trends. We also keenly follow patents and new product launches by our peers.

Our research and innovation centres serve as seeding ground for innovation, technology adoption, product development and improved customer engagement, among others. Further, we maintain stringent supervision over quality consistency and performance of our carbon black in alignment with our Quality Assurance laboratories at the four manufacturing locations.

₹80.19 cr

Spent on R&D

45+

R&D and Technology talent pool

15

Number of IPRs granted/filed

30+

New products/grades launched in the last three years

Achievements, FY 2020-21

Infrastructure

- Sushila Goenka Innovation Centre at Belgium was made operational
- Installed the modification process for carbon black
- Put in place the inline CBFS blending system

Operations

- New pelletiser design to improve pellet quality and loadability

- Combustor design for yield improvement
- Installation of high capacity conveying fan to improve plant reliability
- Maximisation of flame temperature of reactors for betterment of yield
- Make oil line modification to reduce chocking of OPH coil
- Compressed air injection in reactor to impart sustainability in product

Technology

- Developed hybrid filler technology of carbon black to expand functional performance and aesthetic appeal of the end products comprising the hybrid filler
- Introduced physical and chemical treatment of carbon black to develop powdered and surface modified carbon black for versatile applications

Research and innovation

Sustainable progress on innovation

Backed by our R&D expertise, we are constantly exploring sustainable and environment-friendly CBFS with minimum sulphur content and other contaminants to ensure that the generation of pollutant gases like SOx and NOx can be minimised.

Further, we focus on process and manufacturing technology to produce superior quality products and minimise solid wastes.

Trial run before rollout

Through the new product development planning process, we analyse sustainability of the product and focus on appropriate packaging and disposal plan for the trial run. In FY 2020-21, PCBL focused on developing new grades of carbon black.

Trial run for the following grades were performed:

Customised ASTM carbon black grades for tyre customers

Carbon black grades for specialised inks and plastics masterbatch applications

Sushila Goenka Research & Development Centre, Palej, Gujarat, India



Objectives

- Seeding ground for the development of new products and processes
- Inter-organisational collaboration with customers and vendors
- Customising products and processes
- Creating and protecting intellectual property for PCBL

Our Sushila Goenka Research & Development Centre at Palej, Gujarat will be converted to a Green Building in the near future.



Infrastructure

- 27,000 sq. ft. built-in area
- Sprawling 80,000 sq. ft. area

Laboratory at Sushila Goenka Research & Development Centre, Palej, Gujarat, India

Sushila Goenka Innovation Centre, Ghislenghien, Belgium



Outer view of Sushila Goenka Innovation Centre, Ghislenghien, Belgium

Objectives

- Scientists engaging in fundamental and market-driven research, promoting innovative and next-generation carbon black technologies and sustainable carbon black in line with our medium and long-term management strategy
- Development of superior quality CBFS
- Our two Research & Innovation centres are working in tandem to develop and transform new concepts with potential commercialisation value to meet customer needs



Infrastructure

- 21,528 sq. ft built in area
- State-of-the-art infrastructure and equipment facilities

Powder carbon black

The powder grade carbon black was developed between 2017 and 2021, an outcome of our relentless innovation. The project was initiated with an in-depth competitive intelligence, to map both business and technical requirements against the human capital of PCBL.

Subsequently, the infrastructure of product development was built in our R&D facilities (chemical treatment and characterisation facility) and plant level (powder packer and chemical treatment). Post the infrastructure establishment, small trials were conducted to receive customer feedback, which led to the final bulk trial to develop the supply samples.

PCBL introduced 10 new powder blacks, NuTone grade, for ink applications through accelerated research and development, coupled with a structured innovation approach.

Reducing rolling resistance and abrasion loss of rubber compounds

In the previous fiscal, we focused on developing sustainable carbon black grades, suitable for reducing rolling resistance of rubber compounds for tyre applications. This specific carbon black grade also helps improve abrasion resistance and tensile strength in tyres while lowering rolling resistance and thus increasing fuel efficiency.

The development of a customised product was triggered by the request from a major tyre company.

Client's demand

Enhanced tyre life cycle and better fuel efficiency.

PCBL's intervention

Our in-depth research identified potential ways to reduce rolling resistance as well as abrasion loss of rubber compounds. Various tailoring techniques of carbon black, such as judicious tuning of colloidal properties, aggregate size distribution and surface functionalisation was adopted to achieve the desired products.

Result

- Improved tyre life or durability
- Enhanced fuel efficiency
- Better handling of vehicles
- Reduced noise, vibration and harshness levels

Customer-centricity

Lasting relationships bolster our brand recall

Over the years, we have established ourselves as one of the most reputed carbon black brands owing to our product customisation, quality excellence and on-time delivery. We work with leading tyre companies within India and around the world. Our non-rubber customers include prominent global brands.

Customers are the principal catalysts of our business, and we believe in providing best-in-class products and services to them. 'Product responsibility' for us begins from the product development stage itself. Knowing the exact customer requirement, be it within India or outside, we have been able to develop a wide range of carbon black grades with extensive industry applications.

We have put in place the process of 'being fit' for customers' needs, product applications and regulation requirements. We are committed to manufacturing carbon blacks that comply with different food contact regulations globally, including the European Union, the US, India and China. There are a few parameters which make the Company a preferred supplier. These are collaborative efforts towards product development, best-in-class supply chain management, constant engagement and servicing, and customised grades of carbon black to meet specific requirements.

During the pandemic, we approached our customer with care and communicated with them on a regular basis to strengthen our relationship with them. Our digital focus enabled us to service our customers even in the most testing times, which helped us maintain our retention rate.

Committed to the core

We are delivering solutions to our customers through:

- On-time delivery
- Prompt response on product concerns

- Consistency in product performance
- Benchmarking products to global standards
- Interactions with customers at regular intervals
- A strong virtual communication infrastructure

We stood strong in the face of the COVID-19 pandemic and reorganised ourselves to be nimbler and more responsive towards our customers, while significantly sharpening our innovation focus. At PCBL, customer satisfaction continues to be our key priority. We undertake a customer satisfaction study annually. The satisfaction study is being captured with multi-disciplinary approach through various feedback mechanisms as mentioned below:

- Customer satisfaction survey
- Analysis of customers' regular feedback on:
 - Concern/issue resolution
 - Supplier's performance rating assigned by customers
 - Findings of various audits conducted by customers
 - Regular interaction with customers at different levels

Customer engagement platforms

Direct: We connect with customers to understand their requirements while also developing new products by touching base with the department concerned.

Supply chain partner: We rely on supply chain partners to understand the specific requirements of niche markets or

geographies. The supply chain partner is our gateway to reach micro-level customers and cater to their needs with our advanced technology.

Global conferences: We participate in conferences and exhibitions across the world to foster alliances with existing customers. Also, we reach out to prospective ones and communicate the evolving nature of our business.

Respond with speed

We single-handedly deal with customer complaints. It is managed through SAP, wherein, once any complaint is raised by any customer, it automatically gets registered in the system. The technical service team coordinator reaches out to the cross-functional team of the plant to identify the root cause of the problem and undertakes corresponding actions to mitigate the issue. On identification of the root cause at the plant level, the complaint is closed in the SAP system and the root cause analysis (RCA) report is submitted to customers via the marketing team. Besides, any action plan taken in one plant is deployed across the organisation, ensuring effectiveness of the corrective actions, which are reviewed through internal audits and customer feedback.

Number of customer feedback addressed in FY 2020-21

| Rubber | Non-rubber | Total |
|--------|------------|-------|
| 47 | 28 | 75 |

Elevating product quality

Objective

- Development of low hysteresis carbon black for major tyre manufacturers
- Development of carbon black for tyre tread application i.e. low rolling resistance and improved mileage

Interventions

We ensure that our newly developed products are in line with our quality consistency, while meeting evolving market demands. In achieving this

Outcomes

We have developed three new grades of carbon black to cater to potential business requirements for the tyre industry in the foreseeable future:

| Grade Reference | Application | Benefit |
|-----------------|------------------|--|
| N100 Series | Tyre tread | Low heat build-up and low abrasion loss |
| N200 Series | Tyre tread | Low rolling resistance and low abrasion loss |
| GAP Black | Tyre inner parts | Low hysteresis carbon black |

objective, our global R&D team focuses on delivering benchmarked products on the basis of the following inputs:

- Taking key notes on techno-commercial requirements of next-generation products/applications for tyre and non-tyre industries
- Re-engineering innate properties of the carbon black grade to meet product specifications

- Develop target products in association with process technology and manufacturing teams
- Validate product performance of newly-developed grade not only at the R&D centre, but also at the customers' end under joint product development process

Sustainable products

Our top three products which have been designed incorporating social or environmental concerns are as follows:

In support of Toluene & Ketone (NTNK) free solvent base ink for Gravure printing

We have recently introduced few grades by following future trends & current environmental laws applicable for ink segment. Our new grades comply with REACH and other European norms like EN 71-3 (Toy Norms), ROHS, SVHC & content low PAH substances in support to food safe packaging. These grades also help in preparation of lithographic Ink with low water

uptake property which reduces usage of water during offset printing. These new grades are easily dispersed during production without multi pass processing and save energy cost.

Role of Carbon Black in drip irrigation

We have developed this product by focusing on the drip irrigation segment by obeying green norms. Carbon black improves the long-term performance of drip irrigation systems. It resists UV rays and prevents degradation. It gives superior dispersion to avoid microscopic defects of the pipe walls. This will also help to increase

the life of the product and reduce the energy, cost of manufacturing and wastage of water.

Carbon Black for fertiliser

We have developed this product for colouring the fertiliser. This is a new application of carbon black which we identified. Since this product will be ultimately used for crop application, this product complies with European food contact regulation EC 10/2011, which ensures certain degree of purity in the carbon black. Two leading fertiliser producers in India already approved this product and product is under industrial trial.

Community commitments

Widening the arc of
community investments

We believe in giving back to the communities we work with. In doing so, we have created the foundation of a sustainable ecosystem around our manufacturing units through strategic targeted interventions in the realms of education, health and sanitation, environment sustainability and holistic community development.

CSR Policy

We have steadily upheld our tradition of community service and tried to reach out to the underprivileged to empower their lives and provide holistic development. Our focus areas comprise increasing access to health, education, environment sustainability, community development and holistic development, particularly for the underprivileged people living around our manufacturing units and other establishments.

Our Policy also puts emphasis on leveraging the full range of the Company's resources to broaden access to basic facilities for the underserved population. We wish to formalise and institutionalise our efforts made in the domain of Corporate Social Responsibility; and this policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the policy's spirit. This policy applies to the Company's entire range of CSR initiatives for the benefit of different sections of society.

The CSR Policy formulated by the Board of Directors creates an over-arching future direction, to benefit the Company and each of its stakeholders. The projects are undertaken in consultation with stakeholders to ensure that they are relevant and respond to the needs of the community for which they are implemented.

The projects are mostly undertaken by the Company's in-house team. We have involved our employees as volunteers engaged with various projects. Additionally, every project has a committee that participates in, and contributes to the project. We adopt a participatory approach while planning and implementing the community development initiatives. Our CSR projects at several locations are developed in consultation with and participation of various stakeholders,

including the local communities. Moreover, stakeholder consultations are held at regular intervals for all projects to ensure sustainability.

We conduct periodic assessment of projects under the broad umbrella of CSR initiatives. The Committee of the Board of Directors formulates and recommends to the Board a direction. It indicates the activities to be undertaken by us, recommends the amount of expenditure to be incurred on account of CSR activities, monitors the CSR Policy and reviews the implementation of projects and programmes undertaken by the Company during the year.

Reports are sought from implementing agencies, wherever they are involved, to understand the impact of initiatives.

In-house projects are also reviewed and monitored regularly.

Besides, the CSR Committee is also bestowed with the responsibility of reviewing, monitoring and providing a strategic direction to the Company's sustainability practices and integrating its social, environmental and economic responsibilities. During the year, the CSR Committee of the Board of Directors met twice to review the implementation of CSR activities and the Company's sustainability performance.

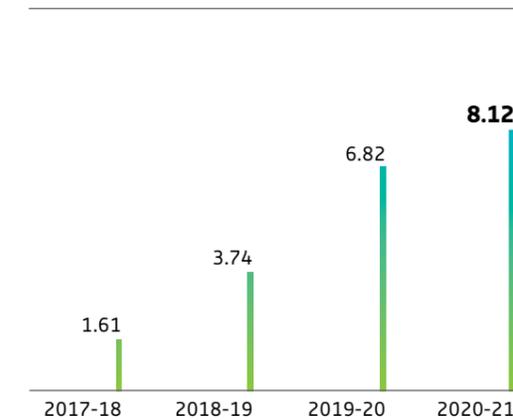
Zero

Non-compliance with laws and regulations in the social and economic area

CSR Committee Composition

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

CSR Expenditure (₹ in crore)



Community commitments

Education

We promote education and ensure the rise in literacy rate in our operating areas. We provide financial assistance to government-run schools in the vicinity of our facilities; and help them in infrastructure development, computer literacy programmes, facilitation of tuitions. We help promote sports for school children and distribute school-aid materials and uniforms.

Amenities to facilitate education

We undertook measures to provide basic amenities to the underprivileged students of Khudiram Colony School, such as:

- Study materials
- School bags
- School uniforms
- Shoes and socks

Other measures undertaken were:

- Completing the school's paintwork
- Repairing the school roof
- Providing basic amenities such as table, chair and almirah for teachers
- Providing wooden benches for students

Supporting rural students

Some schools are located in the Vadavucode – Puthencruz Panchayat near our Kochi factory. They were in poor structural condition and posed a serious threat to students. The Panchayat authorities approached us for financial support for the renovation. We contributed a lump sum amount of ₹12 lakhs towards renovation.



Government Upper Primary School Puthencruz, Kochi



Government J.B School, Brahmapuram, Kochi



CSR initiatives at Mundra, Gujarat

Community development

We undertake initiatives to strengthen community infrastructure in the areas of our operation. We provide financial assistance to various external projects in backward areas. Our initiatives comprise: constructing places of worship, construction of traffic barricades, contribution to excavation and beautification of roads and brickwork in the surrounding areas, promoting agricultural and rural development, facilitating transportation work, funding for village development work, and providing for street lights in rural areas.

We run our own socio-economic development initiatives in and around our manufacturing units. We continue to do our best to support our communities during the pandemic. We have also contributed to the PM CARES Fund.

Health and sanitation

Health and sanitation have always been a focus area in rural areas. Following the pandemic, the focus has increased drastically on creating health and sanitation awareness among the rural populace. We have helped build individual household toilets under the Swachh Bharat Abhiyan. We have also organised blood donation camps and medical aid in an event of the Bengal Chamber of Commerce and Industry (BCCI). We have funded projects in backward areas that focused on infrastructure development and livelihood generation. Each factory focuses on driving safe workplace initiatives, ensuring zero fatal accidents at our plants.

COVID infrastructure, Durgapur:

We provided a thermal screening gun to the Coke Oven Police Station in Durgapur and also facilitated them with a water cooler to cope with the intense summers of Durgapur. Further, we extended our help to the people of Khudiram Colony who were suffering due to the scarcity of basic amenities such as rice, pulses and potatoes, among others.

COVID relief, Palej: We distributed food packets totalling 4,600 kg of rice and other grains to financially backward families at Palej during the pandemic, owing to the fact that most had suffered income loss, illness and economic hardship.

We provided 10 oxygen cylinders to the COVID Centre.

COVID treatment, Mundra: People with lung infections and severe breathing problems are more susceptible to the virus. High Flow Humidifiers are an effective equipment suited for the treatment of such critical patients. We received an appeal from the Deputy Collector of Mundra for humidifiers, following which, we donated H-80 Series High Flow Humidifiers to the district hospital in Bhuj at the cost of ₹3,04,500.

Environment sustainability

In doing our part as a responsible corporate citizen, we have invested in equipment and systems to generate renewable energy, manage waste, harvest rainwater and create green belts. Riding on the back of our R&D strength, we have also initiated a process to generate power from the tail gas of the carbon black process, replacing an equivalent amount of fossil fuel. Further, we reached the Zero Liquid Discharge (ZLD) status by commissioning a new water treatment plant in the water-starved areas of Gujarat, was a major initiative in boosting business sustainability. During the year, we supplied organic fertilisers, cow fodder and grass to drought-prone villages located close to our plants. We planted saplings inside and outside our factory premises, developing green belts.



Distributing food essentials during the pandemic, Palej



Blood donation camp at Durgapur

Going forward, we plan to align ourselves with the National Action Plan on Climate Change (NAPCC) of the Government of India to mitigate the threat of global warming/climate change through continuous improvement in every sphere of our operations.

Vegetable cultivation, Kochi: This project was initiated by us to increase the vegetable crop area of 20 acres around the Panchayat with active participation of residents, farm clubs and individual farmers. The first phase of the project was successfully completed in September 2019. Following the grand success of the first phase, we initiated the second phase and contributed ₹7,25,000 towards the initiative, helping harvest 120 tonnes of vegetables as on March 2020.

Sapling plantation in and around Durgapur, Palej, Kochi & Mundra : On the occasion of World Environment Day on June 5, 2020, we organised a sapling plantation drive, which comprised the following initiatives:

- Planted 5,000 + saplings in and around Durgapur, Palej, Kochi and Mundra units
- Road march and slogan to spread awareness about plantation in the nearby areas with banner displays at the plant gates



Vegetable cultivation project, Kochi

EcoVadis ratings

We were awarded the Silver Medal by EcoVadis in recognition of our CSR achievements. EcoVadis is a rating platform to assess corporate social responsibility and sustainable procurement.

Driving inclusive and participatory progress

Management approach

Operational capability is what we steadily build on, while adhering to the highest ethical standards. We ensure all our business activities are conducted in accordance with ethical principles, internal policies, procedures, and relevant laws and regulations. Our corporate governance structure ensures effective management of stakeholder expectations and helps us evolve with changing times.

Through our Enterprise Risk Management (ERM) framework, our management aims to identify risks that may negatively impact accomplishments of our strategic objectives

and adequately manage, monitor, and report those risks. Our units work towards ensuring 100% compliance with all the applicable laws.

We are consistently growing our market presence, revenue and profitability. While doing so, we remain committed to responsible growth through innovations, technological advancements and diverse product portfolios with best-in-class offerings.

Material topics

- **Ethics and governance**
- **Compliance**

Sustainable Development Goals



Corporate Governance

A culture of strong accountability

Good governance is at the very core of how we operate our business and we strongly believe in implementing good corporate governance across the entire organisation. Our aim is to ensure the highest standards of ethical and responsible conduct. Our robust corporate governance framework ensures effective engagement with our stakeholders and helps us evolve with the changing times. We have robust cyber security practices and data governance to protect sensitive employee and consumer data.

Our governance framework is structured primarily on an effective and Independent Board of Directors and the constitution of the committees of the Board of Directors, as required under applicable laws. Our idea of good governance is ensuring the highest levels of transparency, accountability, awareness and equity in all aspects of operations.

Our management provides the Board of Directors with detailed reports on a timely basis for increased transparency and improved monitoring of functions. Professionalism is a value inculcated in all our employees, and the executives tasked with certain responsibilities have the necessary authority delegated to them and are also held accountable for their actions and responsibilities.

As a listed company, we are in compliance with the applicable provisions of the Listing Regulations, as amended with respect to Corporate Governance, including the appointment of the Independent Directors and

constitution of the committees. The Board of Directors function either as a full Board or through various committees constituted to oversee specific operational areas. Our continuous endeavour aims at designing and improving the flow of activities in an effective manner and ensuring economic prosperity and long-term value creation for the enterprise as well as for the stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices.

In order to ensure we are complaint with statutory regulations, we have both internal and external auditors in place. Further, we have forayed into a digital journey with the adoption of automation in certain processes.

Our Board of Directors

We have a strong and active Board of Directors, who ensure the highest level of corporate governance with their experience and knowledge. Our Board of Directors comprise nine board

members, including five Independent Directors. Our Board is diverse in terms of skills and expertise in the fields of global business, strategy and planning, leadership, legal and regulatory matters, finance, environment, social and governance, risk management and relevant technologies. The Board meets at least once a quarter to review our performance and provide their valuable insights.



Kaushik Roy (MD-PCBL) recognised with the Management Excellence Award by CMA (Calcutta Management Association)

Board of Directors



Dr. Sanjiv Goenka
Chairman



Kaushik Roy
Managing Director
C G M



Preeti Goenka
Non-Executive Director



Shashwat Goenka
Non-Executive Director
M



K S B Sanjal
Non-Executive Director
Independent Director
M M M M



O P Malhotra
Non-Executive Director
Independent Director
C M



Paras K Chowdhary
Non-Executive Director
Independent Director
C M



Pradip Roy
Non-Executive Director
Independent Director
M M



Rusha Mitra
Non-Executive Director
Independent Director
C M



At PCBL, we believe in earning the right to grow through efficiency, values and integrity. We lead from the front in thought and action. We follow the highest standards of corporate governance and are very mindful of the environment.

– Dr. Sanjiv Goenka, Chairman

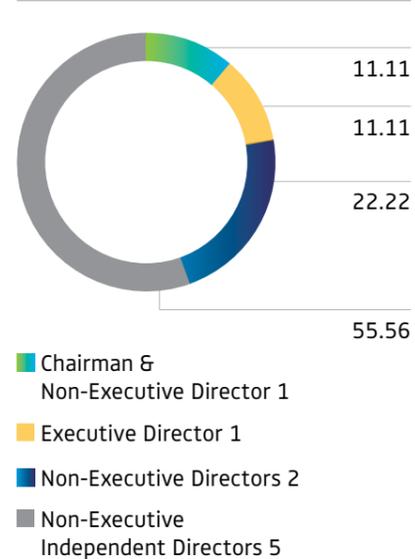
Committees

- Audit
- Nomination and Remuneration
- Stakeholders Relationship
- Risk Management
- Corporate Social Responsibility
- © Chairman
- Ⓜ Member

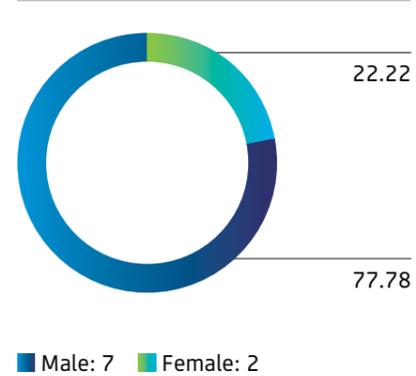
Corporate Governance

Board cross-section

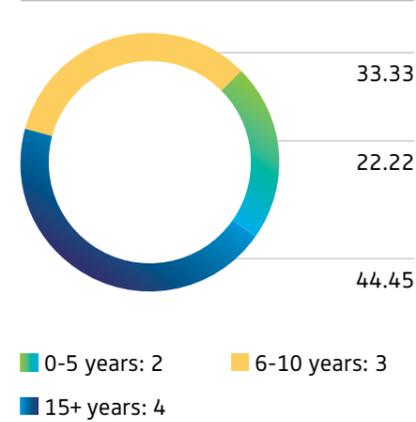
Composition of the Board (%)



Diversity of the Board (%)



Tenure of Directors



Board attendance

The Board of Directors met four times during the financial year ended 31st March, 2021, details of which are depicted below.

Date-wise attendance

| Date | Board strength | No. of Directors present |
|--------------------------------|----------------|--------------------------|
| 23 rd June, 2020 | 9 | 9 |
| 25 th August, 2020 | 9 | 9 |
| 16 th October, 2020 | 9 | 9 |
| 20 th January, 2021 | 9 | 9 |

Director-wise attendance

| Name of the Director | Board Meetings | | Attendance at the last Annual General Meeting held through Video Conference |
|------------------------|--------------------|----------|---|
| | Held during tenure | Attended | |
| Dr. Sanjiv Goenka | 4 | 4 | Yes |
| Mrs. Preeti Goenka | 4 | 4 | Yes |
| Mr. Shashwat Goenka | 4 | 4 | Yes |
| Mr. O.P. Malhotra | 4 | 4 | Yes |
| 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 |

*Ms. Kusum Dadoo has tendered her resignation as an Independent Director from the Board of Directors of the Company w.e.f. 4th February, 2021 owing to personal reasons. Ms. Risha Mitra was appointed as an Additional Non-Executive Independent Lady Director of the Company w.e.f. 8th April, 2021 for a tenure of 5 years and the same was approved by the Shareholders of the Company at the AGM held on 22nd June, 2021.

Board committees

The Board committees play a crucial role in the organisation and are constituted to review and deal with specific concerns and impact areas. The Board supervises the execution of its responsibilities through the committees and is responsible for their actions. The Chairman of the respective committees informs the Board about the summary of the discussions held in the committee meetings. The minutes of each such committee meeting is placed before the Board for review, at regular intervals. Currently, there are six committees of the Board.

Audit Committee

This committee is tasked with supervising our financial reporting process and the disclosure around our financial information to ensure that the financial information is correct, compliant and credible.

Nomination & Remuneration Committee

This committee has the responsibility for the nomination of Directors, appointment recommendations and recommendation of policies relating to remuneration of the Board of Directors, key managerial personnel and other senior managerial personnel.

Stakeholders' Relationship Committee

Identifying shareholders grievances and reviewing measures undertaken for the redressal of these grievances are the primary tasks of the committee.

Independent Directors Committee

This committee assesses 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 its duties.

Risk Management Committee

This committee assists the Board in formulating, monitoring and reviewing the entire risk management process.

Corporate Social Responsibility Committee

This committee is tasked with formulation of CSR policies and monitoring progress in our social, environmental and community development aspects.



Read more in the Corporate Governance section of our Annual Report 2020-21

Corporate Governance

Performance evaluation

The performance evaluation criteria for Non-Executive Directors, including Independent Directors, laid down by the Nomination and Remuneration Committee, includes

- Attendance and participation in Board meetings
- Preparedness for these meetings
- Understanding of our Company and the external environment in which we operate
- Contribution to strategic direction
- Raising of valid concerns to the Board and constructive contribution to issues and active participation in meetings
- Engaging with and challenging the management team without being confrontational or obstructionist

Board activities

The key matters considered by the Board during the year are set out below:

Financial performance

- Reviewed and approved the quarterly and annual results and trading updates
- Reviewed and approved the PCBL Annual Report and financial statements, ensuring they are fair, balanced and understandable
- Considered dividend recommendations and declarations aligned to our stated dividend policy
- Reviewed and approved the business plan for 2020-21 and the budgets, considering assumptions made and the reasonableness of the plan while focusing on the operational overviews, cash flow management and capital allocation

Strategy formulation and monitoring

- Strategy review session, considering current objective, its strategic focus, options for future growth, ensuring long-term sustainability
- Discussed and implemented the simplification of our corporate and operating structure
- Considered and approved a number of capital expenditure projects, taking into consideration the interests of key stakeholders
- Regular review of competitor and market analysis

Operational performance

- Detailed reports in relation to the fatalities and injuries and oversight of management's response
- Oversight on capacity utilisation, employee safety and environment protection among others
- Reports from the unit heads of the plants
- Monitored the implementation of a number of large capital projects, including capacity expansion and new R&D innovation (Belgium)

Governance and stakeholders

- Regular reports from the Chair of each committee
- Reviewed the PCBL's corporate governance framework in light of governance and regulatory developments
- Reviewed investor feedback
- Reviewed employee engagement and customer satisfaction survey results
- Reviewed feedback and inputs from key stakeholders
- Reviewed principal policies of PCBL
- Reviewed relevant details for the Annual General Meeting, in particular feedback received from shareholders and voting indications

Leadership

- Considered /recommended changes to the leadership team
- Considered succession and talent management plans, including initiatives to improve diversity ratios



Leadership team



Kaushik Roy
Managing Director
● 30 years



Raj Kumar Gupta
Chief Financial Officer
● 23 years



Kaushik Mukherjee
Company Secretary &
Chief Legal Officer
● 29 years



Sabyasachi Bhattacharya
Chief - HR & IT
● 30 years



Utpal Saha
Chief - Project Commercial
& Environment Compliance
● 41 years



Arun Batra
Chief - Specialty Blacks
● 31 years



Jiten Keluskar
Chief Procurement Officer
● 30 years



Vijay Joshi
Chief - Operations
● 32 years



Girish Singh
Chief - Projects, Specialty
Process & Technology
● 45 years



Dr. Mosongo Moukwa
Chief - Global R&D
● 30 years



Gautam Kalia
Chief - International Markets
(Rubber Blacks)
● 25 years



Mainackya Ghosh
Chief - National Markets
(Rubber Blacks)
● 22 years



Sinjan Pal Majumdar
Head - Business Development
and Technical Services
(Specialty Blacks)
● 27 years



Sudipto Kumar Ghosh
Head - Projects
● 26 years



Saibal Neogy
Head - Planning &
Customer Service
● 33 years



Valerie Smits
Head - Innovation Centre, Belgium
● 25 years



Soumyendra Mohan Lahiri
Unit Head - Durgapur
Head - Manufacturing
Excellence and EHS
● 35 years



Naresh Parekh
Unit Head - Mundra
● 35 years



Kingshuk Bose
Unit Head - Palej
● 29 years



Kevin Simon Chittilappilly
Unit Head - Kochi
● 12 years

● Total industry experience

Risk management

Strengthening our safeguards

A robust risk management framework enables us to proactively manage risks emanating from the internal and external environment. As a result, we have been able to consistently create value for all our stakeholders, despite industry cycles and economic headwinds.

According to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company must educate the Board Members on risk assessment and mitigation strategies. The Board is deemed responsible for framing, executing and monitoring of the risk management plan for the Company.

Risk mitigation plan

The Board takes the following steps as a part of its risk management and mitigation plan:

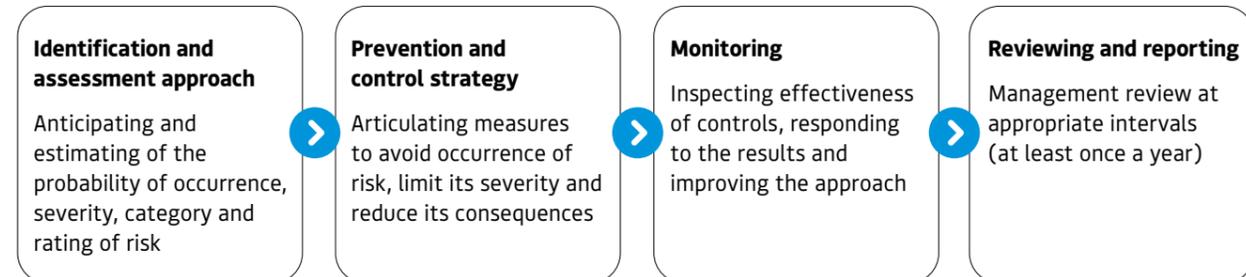
- Defines the roles and responsibilities of the Risk Management Committee
- Participates in major decisions affecting the organisation's risk profile
- Integrates risk management reporting with the Board's overall reporting framework

Risk Management Committee comprises the following members:

| Name | Position held | Nature of Directorship |
|-------------------|---------------|------------------------------------|
| Kaushik Roy | Chairman | Managing Director |
| Paras K Chowdhary | Member | Non-Executive Independent Director |
| Pradip Roy | Member | Non-Executive Independent Director |



Risk management



Identification and assessment approach

Anticipating and estimating of the probability of occurrence, severity, category and rating of risk



Prevention and control strategy

Articulating measures to avoid occurrence of risk, limit its severity and reduce its consequences



Monitoring

Inspecting effectiveness of controls, responding to the results and improving the approach



Reviewing and reporting

Management review at appropriate intervals (at least once a year)

Economic

| Definition | Mitigation strategy |
|---|---|
| <p>Economic risk</p> <p>Prolonged slowdown in the global and Indian economy may adversely impact our business prospects.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> • Our senior leadership team maps emerging trends, changes in regulations and economic environment to course-correct business strategies • Impact assessment studies are conducted, whenever considered necessary |
| <p>Country risk</p> <p>Risks associated with investment in any country arising out of uncertainty in political, economic, exchange rate or technological investments which could result in losses.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We evaluate country risk ratings by accredited agencies • We conduct detailed study on the economic, political, social and structural factors prevailing in the country • There are detailed discussions and deliberations in the senior leadership team and Board of Directors |
| <p>Investment risk</p> <p>Timely completion of projects and ensuring projects do not overshoot the budget capex that may impact cash flow or increase debt burden.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We undertake detailed project planning and feasibility study before initiating a project • We organise frequent review meetings on the update of such projects and schedule the key events properly to streamline the projects • We hire trained people to oversee the project; and leverage cutting-edge technologies to ensure timely deliveries |
| <p>Supply chain risk</p> <p>Disruption in supply of materials from the major suppliers would adversely affect operations. Further, volatility in crude prices may affect both raw material prices and end product prices, impacting profitability.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We maintain strong and enduring relationship with our suppliers and maintain alternative sources in case of exigencies • The senior management develops the weekly production plan and maintenance of a reasonable stock of Class A materials, to mitigate the risk • We offset the raw material price escalation by increasing non-contract sales price and undertaking specific cost-reduction initiatives • A significant portion of our volume is sold based on formula driven price adjustment mechanism, which allows for recovery of the changed raw material cost from customers |
| <p>Downstream risk</p> <p>Any slowdown in downstream industries may jeopardise the Company's growth.</p> <p>Likelihood of occurrence: Medium</p> | <ul style="list-style-type: none"> • We mitigate the risk by diversifying our product portfolio, ensuring a widespread geographic footprint and a large customer base |
| <p>Rate risk</p> <p>Sale of power also contributes a significant proportion to our total revenues; and any change in power tariff may affect our profitability as well.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We foster strategic bilateral power purchase agreements for short, medium and long-term |
| <p>Competition risk</p> <p>Competition from industry peers pose a threat to our market share and profitability.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • Customer feedback and review meetings help us ensure their satisfaction • We are strengthening market intelligence and product differentiation |

Risk management

| Definition | Mitigation strategy |
|--|---|
|  Operational risk Due to high automation in the production process, any breakdown in a machine could affect the entire operation. Likelihood of occurrence: Medium | <ul style="list-style-type: none"> To be in full control of the manufacturing process, we monitor the entire operations and have implemented predictive and preventive maintenance programmes and overhauling of equipment |
|  Financial risk Fluctuation in interest rate impacts our profitability. Further, inability to manage working capital effectively and ensuring adequate liquidity is yet another risk. We are also subject to non-payment risks from our debtors, adversely impacting profitability. Further, failure of complying with the conditions of our borrowing arrangements could impact our credit ratings. Likelihood of occurrence: Medium | <ul style="list-style-type: none"> To cushion ourselves from the interest rate risk, we maintain an optimal mix of fixed and floating borrowing rates. We regularly monitor the liquidity position and the cash in hand to ensure operational fund requirements are met The surplus cash generated over and above the operational fund requirements is invested in bank deposits, marketable debt securities and debt mutual fund schemes, which are highly liquid in nature To mitigate credit risk, we have put in place policies and procedures for every customer, based on their credit profiles and any change in their credit rating, regulatory changes, industry outlook and payment history is vigilantly monitored We also take different payment security modes for protecting ourselves against the payment from sale of power. Further, to avoid defaulting on any of our payments, we monitor our key debt covenants very carefully |
|  Currency risk Depreciation of the Indian rupee against foreign currencies impact profitability. Likelihood of occurrence: Medium | <ul style="list-style-type: none"> We maintain an optimal mix of domestic and international sales to cushion ourselves from currency fluctuation risk To control this currency risk better, we hedge our foreign currency exposure through forward contracts and cross currency interest rate swaps |
|  Product development risk Forays into new products in which we have limited experience and expertise may affect successful implementation and adversely affect business performance. Likelihood of occurrence: Low | <ul style="list-style-type: none"> Our R&D capabilities are assessed, and product gaps identified. Only post which, we invest and proceed further on a product development project We conduct regular testing of the products at the customer site early on to ensure that the product meets the customer requirement and helps the customer Before developing the product, informal market research is carried out to estimate the demand |
|  Technology risk The risk of technology obsolescence puts us at a risk of not being able to comply with quality standards and efficiency. Likelihood of occurrence: Medium/low | <ul style="list-style-type: none"> The management and the technical team keep updating themselves with the latest technological upgradations and qualified personnel are appointed to review the technology in use |
|  IT risk Disruptions in the information technology space coupled with network failures can lead to security breaches and unapproved dissemination of sensitive proprietary information. Likelihood of occurrence: Medium | <ul style="list-style-type: none"> We use best-in-class software and hardware to ensure less bottlenecks and improved security. A 24x7 monitoring of critical IT systems and frequent technology upgradation ensure smooth operations To mitigate connectivity loss, data-card and VPN-based access is given to core SAP systems for most critical transaction points like logistics and billing, among others We also monitor security and keep enhancing them at all internet gateways Further, we implement robust Intrusion Prevention System (IPS) engine at all gateways to protect ourselves from security breaches To educate and create awareness among our employees on security breaches, we conduct e-learning programmes about emails and other information technologies, along with rigorous internal audits At the Company-level, we are also trying to counter targeted cyber attacks by strengthening the ability to identify suspicious emails and monitor website security |

Environment

| Definition | Mitigation strategy |
|--|--|
|  Substitute risk Risk of carbon being substituted with environment-friendly products like silica would have an adverse impact on our profitability. CBFS is derived from crude, which is very economical at the moment. However, if crude prices rise and alternatives like CBFS from coal tar become more economical, it will affect operations and profitability. Likelihood of occurrence: Low | <ul style="list-style-type: none"> Our research team conducts market research, feasibility study and gap analysis to identify product needs before moving ahead with the production of a particular carbon black grade In case carbon black is moved to a coal tar-based CBFS, the new input material would be tested for reliability, and the process would be modified as and when required |
|  Regulatory risk Failure to comply with stringent regulatory norms can adversely impact operations. Certain legal proceedings can adversely impact the continuity of plant operations. Further, changes in environmental norms may mandate implementing Flue Gas Desulphurisation (FGD), which would again require capital expenditure, and a recurring operating cost. Likelihood of occurrence: Low | <ul style="list-style-type: none"> We monitor our regulatory compliance through Management Information System (MIS) We also identify the applicable acts, directives and regulatory requirements for manufacturing, employee health and safety, environment and governance to have a clear idea of the norms which are a mandate for us Further, to be ahead of the legalities, we maintain a list of pending legal cases, monitor them closely and make provisions wherein we feel there is a chance of an adverse impact on operations If the FGD mandate comes in, we would carry out an impact assessment study for the impending changes and ensure a smooth transition |
|  Environment impact risk Negative impact on environment may hamper operational sustainability. Likelihood of occurrence: Low | <ul style="list-style-type: none"> Using the process emission (off-gas) for power generation Preventive measures to arrest leakage Adherence to ISO14001:2015 (Environment Management System standard) Increasing awareness through regular trainings |
|  Climate change risk Climate related risks are created by a range of hazards like changes in temperature, precipitation leading to droughts, or agricultural losses, tropical storms and floods among others. The likely effect of these could impact business as usual. Likelihood of occurrence: Low | <p>We are actively monitoring our GHG emissions and working to reduce these. We engage with our stakeholders on the matter and take action on concerns. We evaluate climate change risks and take appropriate measures to control these.</p> |
| Social | |
|  Health risk The COVID-19 pandemic has brought in disruptions and impacted our operations. Likelihood of occurrence: Low | <ul style="list-style-type: none"> Strict adherence to SOPs for following the highest level of health and hygiene, protecting the spread of the pandemic in our manufacturing units, regional offices and corporate office Conducted vaccination drive for employees and their family members across all operating locations |
|  Safety risk Any incident at the plant premises would again affect operations. Likelihood of occurrence: Low | <ul style="list-style-type: none"> To be on top of accidental losses or mishaps, we have a dedicated hazard identification and risk analysis team for each process and also the entire suite of fire hydrant system, smoke detectors and CCTVs installed across the plants We also create safety awareness among our employees through learning events We have a comprehensive insurance cover for fire at offices, warehouses and factories, theft at offices and factories, medical benefit for employees and transit insurance |

Risk management

| Definition | Mitigation strategy |
|---|---|
|  <p>Human resource risk</p> <p>Inability to attract and retain top talent could adversely affect our operations. We might also face labour disruption and other planned and unplanned outages, adversely impacting operations. Relying on contractors for recruitment of contractual labourers can make us liable towards labourers under applicable Indian laws.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We have a robust recruitment process, which is transparent and fair, helping in hiring the right candidate for the right job • To ensure remuneration is at par with industry trends, we undertake salary benchmarking and motivate employees with incentives to align the organisational goals with that of the employees • Our employees are required to sign a 'non-compete' agreement with us, ensuring higher retention • Bi-annual talent review and succession planning also motivates our employees and ensures higher retention • Continuous feedback and monitoring are in place to ensure least planned outages, especially from the labour union • Further, we also design proper agreements, which outline our rights and obligations |

Governance

| | |
|--|--|
|  <p>Compliance risk</p> <p>Inability to adopt the fast-evolving laws and regulations could affect business operations.</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • Capturing regulatory requirements of different countries and complying with international regulations and norms • Engaging an expert agency as 'only representative' to help in REACH registration and meeting regulatory requirements for export of carbon black to European countries • Emphasising continuously on updating domain knowledge, analysing and highlighting implications and staying ahead of the compliance curve |
|  <p>Reputation risk</p> <p>Loss of goodwill of the company may impact business growth and profitability</p> <p>Likelihood of occurrence: Low</p> | <ul style="list-style-type: none"> • We have established ourselves as one of the reputed carbon black brands owing to our product customisation, quality excellence and on-time delivery • Robust policy framework along with regular training and awareness programmes on ethics, integrity, governance and compliance |

Embracing newer opportunities

PCBL evaluates key opportunities across digitisation, new products, new markets and new technology while assessing the key market trends for risks. It's a periodic process which is communicated to the Senior Management along with the approach to ensure best outcomes. Moreover, per capita low penetration of motor vehicles in developing economies, growing industrialisation in emerging economies, personal mobility preference in the wake of COVID-19, older vehicle scrappage policy in India provide wider opportunities for growth for the downstream industries we cater to, driving demand for carbon black.

Disclaimer: The management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. The management is not an expert in assessment of risk factors, risk mitigation measures and the management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

Compliance and policies

Conforming to best industry practices

We have institutionalised policies and frameworks that are accepted globally in the industry in which we operate. These practices demarcate our boundaries and guide us in our way forward.

We adhere to the mandatory requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets. 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.

Code of conduct

We believe that economic value cannot be sustained unless it is created on a foundation of ethics and responsibility. It has a strong legacy of fair, transparent and ethical governance practices. We have a 'Code of Conduct for Board Members and Senior Management Personnel' in place to serve as a guiding principle for all

Directors and Senior Management of our Company.

A Board-approved policy on 'Ethics and Code of Conduct' serves as a guiding principle for PCBL's corporate governance philosophy, which is anchored in the RP-Sanjiv Goenka Group core values of:

- Customer First – Keep customer at the core of every action,
- Execution Excellence – Strive to be the best in everything we do,
- Credibility – Instill trust, confidence and accountability with our actions,
- Agility – Move ahead of time quickly
- Risk-taking – Dare to go beyond
- Humaneness- Be fair, respectful, transparent and sensitive.

PCBL employees are bound by the 'Ethics and Code of Conduct' policy for conducting their day-to-day work affairs, participating in activities outside their jobs in a lawful manner and without any conflict with their responsibilities as employees. The policy is also intended for ensuring fair dealings with customers, suppliers, contractors and other stakeholders of our business.

As a part of the Corporate Governance structure and the Code of Conduct, the Company has placed necessary safeguards to avoid any conflict of interest. The management is required to confirm that it has not entered into any material transaction that may have potential conflict of interest to its business.

Ethical business conduct

| Category | Number of complaints filed during the financial year | Number of complaints pending as on the end of the financial year |
|----------------------------|--|--|
| Child labour/forced labour | 0 | 0 |
| Involuntary labour | 0 | 0 |
| Sexual harassment | 0 | 0 |
| Discriminatory employment | 0 | 0 |
| Shareholders' complaints | 2 | 0 |
| Legal non-compliances | 0 | 0 |

Compliance and policies

Anti-bribery policy

We continue to have a stated policy of zero tolerance towards bribery and corruption. We have a strong anti-bribery policy, which validates our responsibility towards anti-corruption laws around the world to ensure that third parties that we engage with abide by these laws. The scope of the policy extends to all employees, officers, directors, consultants, and contractors working with us. We have a very stringent zero-tolerance approach towards offenders, and we consider the violation of such an act to be ethical corrosion of the highest standards.



Increasing awareness about anti-bribery policy

Child labour policy

To ensure an ethical working environment is in place, we uphold the laws of the nation. We comply with the laws to ensure a child-labour free society. We abide by the Child and Adolescent Labour (Prohibition and Regulation) Act of 1986. Under the child labour policy, we ensure :

- No child is ever on our payroll or that of our supply chain partners
- Encourage our business partners to abide by the child labour policy. Further, we also state that upon violation of the policy, we would take serious actions against the particular business partner, which also includes discontinuation of business relationship

Whistleblower policy

We also have a whistleblower policy in place that provides for adequate safeguards to defend the members of senior management as well as employees and other personnel who avail the vigil mechanism. The policy provides direct access to the Chairperson of the Audit Committee.

Safety, health and environment policy

We are compliant with the safety, health and environment (SHE) policy. We demonstrate our compliance through the following steps:

- Provide safe and healthy working environment for the employees
- Set targets under SHE and evaluate the performance with the help of periodic reviews
- Eliminate hazards and reduce occupational health and safety risks, ensuring better control over process
- Educate workers about the importance of SHE and raising awareness among the stakeholders through effective communication

- Minimise effluent generation, emissions, improve waste management and optimise the use of non-renewable resources

Prevention of sexual harassment policy

We have 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. An Internal Complaints Committee (ICC) is set up for the purpose of providing protection against the sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for related issue and possible incident.

We have rolled out a module on sexual harassment to amplify awareness on the subject.



Increasing awareness for prevention of sexual harassment

Insider Trading Prohibition Code

In keeping with the SEBI Regulation on Prohibition of Insider Trading, we implement a comprehensive code of conduct for our Directors, senior management officers and designated person. The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made while dealing with the shares of our Company.

We have rolled out a campaign on Prohibition of insider trading to strengthen awareness on the subject.



Module on prohibition of Insider Trading (Click here)

Policy details

Details of the policies and codes adopted by PCBL are as under:

| Policies | Links |
|--|--|
| Sustainability policy | www.pcblltd.com/responsibility/policy |
| Climate change policy | www.pcblltd.com/responsibility/policy |
| Supplier Code of Conduct | www.pcblltd.com/responsibility/policy |
| Corporate Social Responsibility policy | www.pcblltd.com/investor-relation/general-policies |
| Policy on Related Party Transactions | www.pcblltd.com/investor-relation/general-policies |
| Risk Management policy | www.pcblltd.com/investor-relation/general-policies |
| Policy for Determining of Material Subsidiary Companies | www.pcblltd.com/investor-relation/general-policies |
| Statement on materiality and dealing with related parties | www.pcblltd.com/investor-relation/general-policies |
| Determination of materiality of events and information for disclosure to stock exchanges | www.pcblltd.com/investor-relation/general-policies |
| Persons authorised to determine materiality of events or information for disclosure to the stock exchanges | www.pcblltd.com/investor-relation/general-policies |
| Policy on preservation of documents | www.pcblltd.com/investor-relation/general-policies |
| Insider Trading Prohibition Code | www.pcblltd.com/investor-relation/general-policies |
| Code of conduct for Board members and senior management | www.pcblltd.com/investor-relation/share-information/code-of-conduct |
| Familiarisation programmes for Independent Directors | www.pcblltd.com/investor-relation/general-policies |
| Vigil mechanism/ Whistleblower policy | www.pcblltd.com/responsibility/policy |
| Anti-bribery policy | www.pcblltd.com/responsibility/policy |
| Policy on Prevention of Sexual Harassment at Workplace | www.pcblltd.com/responsibility/policy |
| Remuneration policy | www.pcblltd.com/investor-relation/general-policies |
| Quality policy | www.pcblltd.com/responsibility/policy |
| Safety, Health & Environment Policy | www.pcblltd.com/responsibility/safety-and-health |
| Sustainable procurement policy | www.pcblltd.com/responsibility/policy |
| Succession planning for Board and senior management | www.pcblltd.com/investor-relation/general-policies |
| Dividend Distribution Policy | www.pcblltd.com/investor-relation/general-policies |
| Child Labour Policy | www.pcblltd.com/responsibility/policy |
| Ethics and Code of Conduct | www.pcblltd.com/responsibility/policy |
| Work from Home Policy | www.pcblltd.com/responsibility/policy |

Internal audit

The Internal Audit team has a well-laid internal audit methodology, which assesses and promotes strong ethics and values within the organisation and facilitates in managing changes in the business and regulatory environment. It encompasses all the aspects of business such as operational, financial, information systems, risk management and all the regulatory compliances are reviewed periodically. The Internal Auditor makes presentations and reports to the Audit Committee of the Board of Directors of the Company on a quarterly basis pertaining to the key internal audit findings and the action plan agreed with the management.

Internal financial control system and its adequacy

We have adequate internal financial control systems in all areas of operation. The 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, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The services of the internal and external auditors are utilised from time to time, as also the in-house expertise and resources. The Company continuously upgrades these systems in line with the best available practices. Reports and deviations are regularly discussed with the Management Committee members and actions are taken whenever necessary.

An Independent Audit Committee of the Board reviews the adequacy of the internal financial control.

GRI Content Index

This report has been prepared in accordance with the GRI Standards Comprehensive option.

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|--|---|---|
| GRI 102: GENERAL DISCLOSURES 2016 | | |
| ORGANISATIONAL PROFILE | | |
| 102-1 | Name of the organisation | Cover |
| 102-2 | Activities, brands, products, and services | 14-17 |
| 102-3 | Location of headquarters | Back cover |
| 102-4 | Location of operations | 12-13 |
| 102-5 | Ownership and legal form | Inside cover |
| 102-6 | Markets served | 12-13 |
| 102-7 | Scale of the organisation | 8-13 |
| 102-8 | Information on employees and other workers | 28-29, 49-50 |
| 102-9 | Supply chain | 28-29, 56-59 |
| 102-10 | Significant changes to the organisation and its supply chain | None |
| 102-11 | Precautionary principle or approach | 31 |
| 102-12 | External initiatives | 10 |
| 102-13 | Membership of associations | 11 |
| STRATEGY | | |
| 102-14 | Statement from senior decision-maker | 6-7 |
| 102-15 | Key impacts, risks, and opportunities | 78-82 |
| ETHICS AND INTEGRITY | | |
| 102-16 | Values, principles, standards, and norms of behaviour | 9, 70-71, 83-85 |
| 102-17 | Mechanisms for advice and concerns about ethics | 84 |
| GOVERNANCE | | |
| 102-18 | Governance structure | 72-75 |
| 102-19 | Delegating authority | Sustainability is at the heart of all our business processes and we conduct our operations in a responsible manner. We have implemented Sustainability Policy in 2018, approved by the Board of Directors. Further, the Board provides the overall direction and guidance for implementation of this policy and reviews the progress of our efforts regularly through its Board CSR Committee. The Managing Director (MD), leadership team and functional heads are a part of the Management Committee, which meets quarterly and has the responsibility to get the efforts implemented in line with the policy. The responsibility to inform the Board CSR Committee rests with the MD |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | The executive - level responsibility for sustainability topics rests with the MD. Further sustainability is a part of our business model and is implemented across functions under the direction set by the Board CSR Committee |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|--------------|--|--|
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | MD places report before the Business Review Board meetings (quarterly) with the Chairman and leadership team, and functional and plant heads. Consultation is usually through various functions connecting with different stakeholder groups e.g. CSR team, and their feedback is presented quarterly at the Business Review Board meetings (attended by the Chairman and leadership team). <i>Read more on stakeholder engagement on pages 22-23</i> |
| 102-22 | Composition of the highest governance body and its committees | Composition of the Board of Directors, which is the highest governing body, and its committees is defined on pages 80-90, of PCBL Annual Report FY 2020-21 The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets as above, and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries/fields from where they come. The names of the Board of Directors with the number of Directorships and Committee positions held by them in other companies and the shareholdings in the Company are given on page 81 of PCBL Annual Report FY 2020-21 |
| 102-23 | Chair of the highest governance body | The chair of the highest governance body is a Non-Executive Director in the organisation |
| 102-24 | Nominating and selecting the highest governance body | The Nomination and Remuneration Committee is responsible for identifying persons qualified to become Directors or hold senior management positions and advise the Board for such appointments/removals where necessary. It also formulates criteria for determining qualifications, positive attributes and independence of a Director. Further details are on pages 85-87 of PCBL Annual Report FY 2020-21 |
| 102-25 | Conflict of interest | Our Ethics and Code of Conduct defines the areas considered as conflict of interest for the Company. This policy provides a common code of conduct, which should be adhered to by all PCBL employees. Corrective action may be required even if an employee reports a potential conflict of interest. A Group Ethics Committee comprising of the President, Human Resources and two Sector Heads nominated by the Group Chairman, has been formed at the Group level. Any potential conflict of interest should be referred to this committee, for further action. Our Whistle Blower Policy provides Directors, employees, customers and vendors an avenue and necessary safeguards to raise concerns, in line with the commitment of the Company, for the highest possible standards of ethical, moral and legal business conduct, and its commitment to open communication. Refer page 85 for the policies. |
| 102-26 | Role of the highest governance body in setting purpose, value and strategy | The MD, leadership team and functional heads are a part of the Management Committee which plays a major role in the development and implementation of strategies, policies, and goals related to economic, environmental and social topics. The Board of Directors approves the strategies, policies and goals. The Sustainability Policy of the Company was approved by the Board on May 4, 2018 |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|--------------|---|--|
| 102-27 | Collective knowledge of highest governance body | Sustainability is at the heart of all our business processes and we conduct our operations in a responsible manner. We have implemented our Sustainability Policy in 2018, approved by the Board of Directors. Further, the Board provides the overall direction and guidance for implementation of this policy and reviews the progress of our efforts regularly through the Board CSR Committee. The MD, leadership team and functional heads are a part of the Management Committee which meets quarterly and has the responsibility to get the efforts implemented in line with the policy. The responsibility to inform the Board CSR Committee rests with the MD |
| 102-28 | Evaluating the highest governance body's performance | The executive-level responsibility for sustainability topics rests with the MD. Further sustainability is a part of our business model and is implemented across functions under the direction set by the Board CSR Committee |
| 102-29 | Identifying and managing economic, environmental and social impacts | MD places report before the Business Review Board meetings (quarterly) with the Chairman and leadership team, and functional and plant heads. Consultation is usually through various functions connecting with different stakeholder groups e.g. CSR team, and their feedback is presented quarterly at the Business Review Board meetings (attended by the Chairman and leadership team). <i>Read more on stakeholder engagement on pages 22-23</i> |
| 102-27 | Collective knowledge of highest governance body | Page 90 of Annual Report FY 2020-21. |
| 102-28 | Evaluating the highest governance body's performance | Page 85 of Annual Report FY 2020-21. |
| 102-29 | Identifying and managing economic, environmental and social impacts | The Board Risk Management Committee looks into the monitoring and review of the risk management plan formulated by the Company covering risks and opportunities arising from economic, environmental and social topics. Stakeholder consultation and concerns relevant to economic, environmental and social aspects are presented as part of the risks for the Company. We have implemented a robust risk management framework. <i>Read more on risk management on pages 78-82</i> |
| 102-30 | Effectiveness of risk management processes | Effectiveness of risk management processes is reviewed by the Board Risk Management Committee annually |
| 102-31 | Review of economic, environmental and social topics | There is a review of risks arising from economic, environmental, and social topics as part of risks and associated management plan annually by the Board Risk Management Committee |
| 102-32 | Highest governance body's role in sustainability reporting | The Board of Directors approves the Sustainability Report of the Company after the approval of the MD, Company Secretary & Chief Legal Officer, and Head- Manufacturing Excellence & EHS. The Sustainability Review 2018 was approved by the Board on May 20, 2019 |
| 102-33 | Communicating critical concerns | Our Whistle Blower Policy provides Directors, employees, customers and vendors an avenue and necessary safeguards, to raise concerns. These concerns are evaluated through the set process. The critical concerns are then evaluated through the vigil mechanism. In exceptional cases, where the complainant is not satisfied with the outcome of the investigation carried out by the Authorised person, he/she can make a direct appeal to the Chairman of the Audit Committee of PCBL. Please also refer page 84-85 |
| 102-34 | Nature and total number of critical concerns | No critical concerns were reported this year |
| 102-35 | Remuneration policies | 85 |
| 102-36 | Process for determining remuneration | The remuneration is determined based on the remuneration policy of the Company. Further details are on pages 85-87 of Annual Report FY 2020-21 |
| 102-37 | Stakeholders' involvement in remuneration | Page 86 of Annual Report FY 2020-21 |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|-------------------------------|--|--|
| 102-38 | Annual total compensation ratio | The compensation data is classified as business sensitive and cannot be disclosed due to confidentiality constraints. |
| 102-39 | Percentage increase in annual total compensation ratio | The compensation data is classified as business sensitive and cannot be disclosed due to confidentiality constraints |
| STAKEHOLDER ENGAGEMENT | | |
| 102-40 | List of stakeholder groups | 22-23 |
| 102-41 | Collective bargaining agreements | We are committed to absolute fairness when it comes to employee concerns such as wages, working hours, benefits and conflict resolution processes. We sign legally binding collective bargaining agreements to ensure we operate fairly and consistently with all our staff. In FY 2020-21, the percentage of unionised PCBL sites stood at 50%. If conflicts occur, we have communications and conflict resolution measures in place for our employees to make their concerns known |
| 102-41 | Identifying and selecting stakeholders | 22-23 |
| 102-43 | Approach to stakeholder engagement | 22-23 |
| 102-44 | Key topics and concerns raised | 22-23 |
| REPORTING PRACTICE | | |
| 102-45 | Entities included in the consolidated financial statements | Phillips Carbon Black Cyprus Holdings Limited, Phillips Carbon Black Vietnam Joint Stock Company and PCBL (TN) Limited |
| 102-46 | Defining report content and topic boundaries | 1 |
| 102-47 | List of material topics | 24-25 |
| 102-48 | Restatements of information | None |
| 102-49 | Changes in reporting | None |
| 102-50 | Reporting period | 1 |
| 102-51 | Date of most recent report | 1 |
| 102-52 | Reporting cycle | 1 |
| 102-53 | Contact point for questions regarding the report | 1 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 1 |
| 102-55 | GRI content index | 86-93 |
| 102-56 | External assurance | 94-99 |
| GRI 200: ECONOMIC | | |
| GRI 201: ECONOMIC 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 24-27 |
| 103-2 | The Management approach and its components | 24-27 |
| 103-3 | Evaluation of the management approach | 24-27 |
| 201-1 | Direct economic value generated and distributed | 10 |
| 201-2 | Financial implications and other risks and opportunities due to climate change | 81 |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|-------------------------------|--|---|
| 201-3 | Defined benefit plan obligations and other retirement plans | Benefits and facilities for permanent employees: Provident Fund Gratuity Term Life Insurance Medical Insurance to all the permanent employees and their families Personal Accidental Insurance In case of unfortunate demise of a serving employee, the spouse continues to get the medical insurance coverage. Benefits and facilities for contractual employees : Term Life Insurance Employee's State insurance |
| 201-4 | Financial assistance received from the government | None |
| GRI 300: ENVIRONMENTAL | | |
| GRI 301: MATERIAL 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 30-31 |
| 103-2 | The Management approach and its components | 30-31 |
| 103-3 | Evaluation of the management approach | 30-31 |
| 301-1 | Materials used by weight or volume | 30-45 |
| 301-2 | Recycled input materials | 38-39, 42-45 |
| 301-3 | Percentage of reclaimed products and their packaging materials for each product category | We use paper bags for packaging our products. There is no reclamation of product packaging |
| GRI 302: ENERGY 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 34-37 |
| 103-2 | The Management approach and its components | 34-37 |
| 103-3 | Evaluation of the management approach | 34-37 |
| 302-1 | Energy consumption within the organisation | 35 |
| 302-2 | Energy consumption outside of the organisation | Not applicable |
| 302-3 | Energy intensity | 35, 37 |
| 302-4 | Reduction of energy consumption | 37 |
| 302-5 | Reductions in energy requirements of products and services | The information is currently not captured. Our product is carbon black, which is used by customers to manufacture various products. While our customers may measure the corresponding energy gain in their manufacturing processes, we have no access or control over it |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|---|---|--|
| GRI 303: WATER AND EFFLUENTS 2018 | | |
| 103-1 | Explanation of the material topic and its boundary | 42-45 |
| 103-2 | The Management approach and its components | 42-45 |
| 103-3 | Evaluation of the management approach | 42-45 |
| 303-1 | Interactions with water as a shared resource | 42-45 |
| 303-2 | Management of water discharge-related impacts | 42-45 |
| 303-3 | Water withdrawal | 45 |
| 303-4 | Water discharge | 45. We are maintaining zero water discharge across our plants, hence there is no discharge of water to surroundings. We are treating effluents and using the treated water from Effluent Treatment Plant (ETP) in our processes and Sewage Treatment Plant (STP) water for gardening purpose |
| 303-5 | Water consumption | 42-44 |
| GRI 305: EMISSIONS 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 30-31 |
| 103-2 | The Management approach and its components | 30-31 |
| 103-3 | Evaluation of the management approach | 30-31 |
| 305-1 | Direct (Scope 1) GHG emissions | 34-35 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 34-35 |
| 305-3 | Other indirect (Scope 3) GHG emissions | 34-35 |
| 305-4 | GHG emissions intensity | 34-35 |
| 305-5 | Reduction of GHG emissions | 34-35 |
| 305-6 | Emissions of ozone-depleting substances (ODS) | Indicator omitted The information is currently not captured |
| 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | 41 |
| GRI 306: EFFLUENTS AND WASTE 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 38-39, 42-45 |
| 103-2 | The Management approach and its components | 38-39, 42-45 |
| 103-3 | Evaluation of the management approach | 38-39, 42-45 |
| 306-1 | Water discharge by quality and destination | 45 |
| 306-2 | Waste by type and disposal method | 39 |
| 306-3 | Significant spills | 39 |
| 306-4 | Transport of hazardous waste | Hazardous waste is collected and segregated at plant and stored separately. The transportation of hazardous waste is the responsibility of authorised recyclers or TSDF facility |
| 306-5 | Water bodies affected by water discharges and/or runoff | None |
| GRI 307: ENVIRONMENTAL COMPLIANCE 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 30-31 |
| 103-2 | The Management approach and its components | 30-31 |
| 103-3 | Evaluation of the management approach | 30-31 |
| 307-1 | Non-compliance with environmental laws and regulations | 33 |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|--|---|--|
| GRI 400: SOCIAL | | |
| GRI 401: EMPLOYMENT 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 46-47 |
| 103-2 | The Management approach and its components | 46-47 |
| 103-3 | Evaluation of the management approach | 46-47 |
| 401-1 | New employee hires and employee turnover | 49 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 50-53 |
| 401-3 | Parental leave | 50 |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | | |
| 103-1 | Explanation of the material topic and its Boundary | 53 |
| 103-2 | The management approach and its components | 53 |
| 103-3 | Evaluation of the management approach | 53 |
| 403-1 | Occupational health and safety management system | 53 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | 53 |
| 403-3 | Occupational health services | 53 |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 53 |
| 403-5 | Worker training on occupational health and safety | 53 |
| 403-6 | Promotion of worker health | 53 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 53 |
| 403-8 | Workers covered by an occupational health and safety management system | 53 |
| 403-9 | Work-related injuries | 53 |
| 403-10 | Work-related ill health | 53 |
| GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 46-50 |
| 103-2 | The Management approach and its components | 46-50 |
| 103-3 | Evaluation of the management approach | 46-50 |
| 405-1 | Diversity of governance bodies and employees | 48-50, 73 |
| 405-2 | Ratio of basic salary and remuneration of women to men | The compensation data is classified as business sensitive and cannot be disclosed due to confidentiality constraints |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER/ RESPONSE/ OMISSION & REASON FOR OMISSION |
|--|---|---|
| GRI 406: NON-DISCRIMINATION 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 46-52 |
| 103-2 | The Management approach and its components | 46-52 |
| 103-3 | Evaluation of the management approach | 46-52 |
| 406-1 | Incidents of discrimination and corrective actions taken | There were no reported incidents of discrimination |
| GRI 408: CHILD LABOR 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 84-85 |
| 103-2 | The Management approach and its components | 84-85 |
| 103-3 | Evaluation of the management approach | 84-85 |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | 57. Through our third-party due diligence screening system, we have not identified any suppliers with incidents of child labour or forced or compulsory labour. PCBL's Code of Ethics and Supplier terms and Conditions prohibit child labour |
| GRI 409: FORCED OR COMPULSORY LABOUR 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 84-85 |
| 103-2 | The Management approach and its components | 84-85 |
| 103-3 | Evaluation of the management approach | 84-85 |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Through our third-party due diligence screening system, we have not identified any suppliers with incidents of child labour or forced or compulsory labour. PCBL's Code of Ethics and Supplier Term and Conditions prohibit forced or compulsory labour |
| GRI 413: LOCAL COMMUNITIES 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 66-67 |
| 103-2 | The Management approach and its components | 66-67 |
| 103-3 | Evaluation of the management approach | 66-67 |
| 413-1 | Operations with local community engagement, impact assessments and development programmes | 66-69 |
| 413-2 | Operations with significant potential or actual negative impacts on local communities. | 67 |
| GRI 419: SOCIO-ECONOMIC COMPLIANCE 2016 | | |
| 103-1 | Explanation of the material topic and its boundary | 66-67 |
| 103-2 | The Management approach and its components | 66-67 |
| 103-3 | Evaluation of the management approach | 66-67 |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | 67 |

Note

Omission and reason for omission

Assurance statement



Independent Assurance Statement

'Phillips Carbon Black Limited' (hereafter PCBL) engaged TUV India Private Limited (TUVI) to conduct the independent non-financial assurance of Sustainability Report (hereinafter 'the Report'), which includes "Limited" level of assurance of PCBL Sustainability information for the applied reporting period, 01st April 2020 to 31st March 2021. The verification was conducted via the MS Teams application.

Management's Responsibility

PCBL developed the Report's content. PCBL management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in the Report (web-based and print), including website maintenance, integrity, and for ensuring its quality and accuracy in accordance with the applied criteria stated in the GRI standards: Comprehensive option, such that it's free of intended or unintended material misstatements.

Scope and Boundary

The scope of work includes the assurance of the following non-financial performance / KPI disclosed in the Report. In particular, the assurance engagement included the following:

- Review of the disclosures submitted by PCBL;
- Review of the quality of information;
- Review of evidence (on a sample basis) for identified non-financial indicators

TUVI has verified the below KPI's disclosed in the Report

| | |
|---|---------------------------------|
| Governance | 102-18, 102-20, 103-01 to 103-3 |
| GRI 302: Energy | 302-1, 302-3 to 302-5 |
| GRI 303: Water and effluents | 303-3 to 303-5 |
| GRI 305: Emissions | 305-1 to 305-5, 305-7 |
| GRI 306: Effluents and waste | 306-1 to 306-4 |
| GRI 401: Employment | 401-3 |
| GRI 403: Occupational health and safety | 403-1 to 403-10 |
| GRI 413: Local Communities | 413-1 |

The remote verification was conducted at PCBL Corporate Team, during July 2021. The assurance activities were carried out together with a desk review as per reporting boundary. Applicable boundaries for disclosures are explained in the Report.

Limitations

TUVI did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, TUVI draws no conclusion on the prospective information. During the assurance process, TUVI did not come across any limitation to the agreed scope of the assurance engagement. TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

Our Responsibility

TUVI's responsibility in relation to this engagement was to perform a limited level of assurance and to express a conclusion based on the work performed. This engagement did not include an assessment of the adequacy or the effectiveness of PCBL's strategy, management of sustainability-related issues or the sufficiency of the Report against principles of GRI Standards: Comprehensive option, and ISAE 3000 (revised), other than those mentioned in the scope of the assurance. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and



qualitative information disclosed by PCBL. This assurance engagement assumes that the data and information provided to us by PCBL are complete and true.

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosures. TUVI has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

- TUVI examined and reviewed the documents, data, and other information made available by PCBL for non-financial KPI's (non-financial disclosures);
- TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of PCBL;
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability-related policies and data management (qualitative and quantitative);
- TUVI reviewed the level of adherence to principles of GRI standards: Comprehensive option.

Opportunities for Improvement

The following are the opportunities for improvement reported to PCBL. However, they are generally consistent with PCBL management's objectives and programs.

- PCBL may strengthen the materiality assessment process and define its periodicity;
- PCBL can establish and conduct internal audit of sustainability disclosure data. Periodic validation and verification of data can be performed by internal team;
- SBTi target evaluation following sectoral de-carbonization approach or absolute based targets or economic approach may be performed and present targets can be calibrated accordingly;
- The existing supplier assessment manual can be calibrated with the contemporary best practices example ISO 20400.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the "disclosures on sustainability performance" and reference information provides a fair representation of the material topics, related strategies, and meets the general content and quality requirements of the GRI Standards: Comprehensive option.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements in accordance with the "Comprehensive option". PCBL refers to general disclosure to Report contextual information about PCBL, while the 'Management Approach' is discussed to Report the management approach for each material topic.

Universal Standard: PCBL followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management's Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that this report has been prepared in accordance with the GRI Standards: 'Comprehensive option'.

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to Report information on the organization's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that PCBL used to prepare its Report are appropriately identified and addressed.

Limited Assurance Conclusion: Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. TUVI found the sustainability information to be reliable in all material respects, with regards to the reporting criteria ("Comprehensive option") of the GRI Standards.

In the context of Assurance, the following contemporary principles has been observed:

Assurance statement



Evaluation of the adherence to other contemporary Principles

Inclusivity: Stakeholder identification and engagement is carried out by PCBL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Materiality: The materiality assessment process has been carried out, based on the requirements of the GRI Standards, considering topics that are internal and external to the PCBL range of businesses. The Report fairly brings out the aspects and topics and its respective boundaries of the diverse operations of PCBL. In our view, the Report meets the requirements.

Responsiveness: TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e. disclosures on PCBL policies and management systems including governance. In our view, the Report meets the requirements.

Impact: PCBL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Ethical and other policies. PCBL reports on sustainability performance to the Top Management, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues.

This assurance statement has been prepared in accordance with the terms of our engagement. In accordance to the ISAE 3000 (revised) requirements

Independence:

TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the assurance team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The assessment team was safeguarded from any type of intimidation.

Quality control:

The assurance team complies with the code of ethics for professional accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Assurance Team and Independence

TUVI is an independent, neutral third-party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "no conflict of interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with PCBL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service



Date: 20-07-2021
Place: Mumbai, India
Project Reference No: 8119352017
www.tuv-nord.com/in

Carbon Service



Independent Assurance Statement

Introduction and Engagement

'Phillips Carbon Black Limited' (hereafter PCBL) commissioned TUV India Private Limited (TUVI) to conduct the independent assurance of GHG emission, which includes a "limited level of assurance" of direct and indirect emissions. This assurance engagement has been conducted against the methodology & standards of ISO 14064-3 and GHG protocol and ISAE 3000 (revised), ISAE 3410 (GHGs) to verify 'PCBL' GHG emissions. The verification was conducted during June 2021 remotely via the MS team app. The GHG data covers 'PCBL's GHG emission information from 01st April 2020 to 31st March 2021.

Management's Responsibility

'PCBL's management is responsible for the accurate preparation of all information/data disclosures in GHG data in accordance with the criteria stated in the ISO 14064, ISAE 3000 (revised), ISAE 3410 (GHGs), and GHG Protocol. This responsibility includes identifying relevant GHG inventory, monitoring, quality control (QA/ QC) measures for data accuracy, data aggregation, calculation, and data disclosure. 'PCBL' is responsible for designing, implementing, and maintaining systems and processes relevant for preparing the GHG data in such a way that it is free of intended or unintended – material misstatements. TUVI undertook the assurance engagement of the GHG data in accordance with the terms of the contract.

Scope, Boundary and Limitations of Assurance

The scope of the assurance includes the verification of the direct and indirect GHG emissions. In particular, the assurance engagement included the following:

- Verification of the application of the input parameters, associated emission factors, and principles of calculation as mentioned in ISO 14064-1, ISAE 3000 (revised), ISAE 3410 (GHGs), and GHG protocol
- Verification of quality of GHG information presented in the GHG data over the reporting period

'PCBL' applies the operational control approach for the consolidation of emissions. All 'PCBL' Durgapur plant, Kochi plant, Mundra plant and Palej plant in India were considered as a part of boundary for GHG verification.

Our engagement did not include an assessment of the adequacy or effectiveness of 'PCBL's strategy or management of GHG-related issues. During the assurance process, TUVI did not come across limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as a part of this engagement.

Limitation and Assumption

Below limitations are part of the "Limited" Assurance Statement

- The applied year GHG assessment does not include the GHG emissions from PCBL offices at Gurgaon & Mumbai RO
- The Assurance Statement is limited to disclose inventory and associated calculations. All the categories of the GHG emission are not covered as part of Assurance engagement

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, concentrating on verification efforts related to GHG sources (direct and indirect) with the agreed level of GHG emission. TUVI has verified the statements and claims made in the GHG data and assessed the robustness of the underlying data management system, information flow, and controls. In doing so:

- Agreement on the assurance level, objectives, criteria, organizational scope, relevance, and materiality thresholds;
- TUVI verified the GHG emission reported in the GHG data and assessed the robustness of the data management system, information flow, and controls;

Assurance statement



- TUVI examined and reviewed the documents, data, and other information made available by 'PCBL' for direct and indirect GHG emission;
- TUVI conducted interviews with key representatives, including data owners and decision-makers of 'PCBL';
- TUVI verified sample-based checks of the processes for generating, gathering, and managing the quantitative data and qualitative information included in the GHG data for the reporting period
- Evaluation of the internal quality assurance procedures and results

The scope of verification comprised of the assessment of reported data, GHG excel worksheets, bills, log sheet, bill scan copy, SAP records, assumptions, and processes, along with exhaustive interviews with members of management (persons responsible for data collection and processing) at 'PCBL.' Data and documents have been provided; verified and found consistent with the 'PCBL's GHG results. The below table shows the sources of GHG emission with the Emission Factor.

Source:

| Sr. No | Parameter | CO ₂ Emission Factor | Unit | Source |
|--------|--|---------------------------------|---|---|
| 1 | Tail gas-Fuel (Captive power generation) | 0.258 | tonne CO ₂ /tonne of fuel | Reference to PCBL the fuel gas Analysis report and calculations |
| 2 | Diesel | 3.954 | tonne CO ₂ /tonne of Diesel | UK Government Department of Environment, Food and Rural Affairs conversion factor 2020 (DEFRA) |
| 3 | Diesel | 3.314 | tonne CO ₂ /litter of Diesel | |
| 4 | LPG | 3.298 | tonne CO ₂ /tonne of LPG | |
| 5 | Shipping -Container ship | 0.01614 | kg CO ₂ e/ ton.km | |
| 6 | CO ₂ base fire extinguisher | 1 | kg CO ₂ e/ kg | |
| 7 | Purchased electricity | 0.83 | tonne CO ₂ /MWh | CEA User guide ver15 (2019) |
| 8 | freight vehicles HDV (>12 T) | 0.7375 | kg CO ₂ e/km | https://indiaghg.org/transport-emission-factors |
| 9 | Premium SUV - 4 wheeler | 0.29 | kg CO ₂ e/km | |
| 10 | Rail passenger transport | 0.00797 | kg CO ₂ e/ passenger.km | |
| 11 | Air domestic | 0.121 | kg CO ₂ e/ passenger.km | |
| 12 | R22 refrigerant | 1810 | kg CO ₂ e/ kg | https://www.beeindia.in/air-conditioner-refrigerants-r32-vs-r410a-vs-r22-vs-r290 |

Conclusions

In our opinion, based on the scope of this assurance engagement, the disclosures on GHG emission reported in the GHG data adequately. During the verification we have performed nothing has come to our attention (except explicitly stated "Limitations") that causes us to believe that the information subject to the limited assurance engagement is not prepared, w.r.t. GHG emission (direct and indirect), in accordance with the TNCC20, ISO 14064, ISAE 3000 (revised), ISAE 3410 (GHGs) and GHG Protocol.

GHG Emissions: 'PCBL' has reported the following GHG emissions for reporting period

| Emission Category | Value (tCO ₂ e) |
|---|----------------------------|
| Direct Emissions –(GHG Protocol scope 1) | 548,525 |
| Category 2: Indirect GHG emissions from imported energy (GHG Protocol scope 2) | 1,730 |
| Category 3: Upstream Transportation (GHG Protocol scope 3) | 264,347 |
| Category 3: Downstream Transportation (GHG Protocol scope 3) | 7,760 |
| Category 3: Business Travel by Bus, car and employee commuting (GHG Protocol scope 3) | 1,717 |

* The above results are limited to the reported emission categories. Other emission sources are not part of Assurance

TUVI did not perform any assurance of procedures on the prospective information, such as targets, expectations, and ambitions. Consequently, TUVI draws no conclusion on the prospective information. This assurance statement has been prepared in accordance with the terms of our engagement. In accordance with the ISAE 3000 (revised) requirements read in conjunction with ISAE 3410, the below principles were adhered

- Independence:** TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the



Assurance Team is selected to avoid situations of self-interest, self-review, advocacy, and familiarity. The Assessment Team was safeguarded from any type of intimidation.

- Quality control:** The Assurance Team complies with the Code of Ethics for Professional Accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In the context of GHG reporting the following contemporary principles has been observed:

Inclusivity: 'PCBL' included the GHG sources under direct and indirect. All concerned data owners were engaged through corporate communications. 'PCBL' engaged with their different plants in India, encouraging them to disclose GHG emissions. GHG data describes the chosen approach for GHG emission accounting in a structured and transparent manner in line with the GHG Protocol and ISO 14064-1.

Materiality: The principle of materiality has been considered by including all relevant GHG emission sources. GHG data is updated annually to reflect the GHG emission value and material issue. In accordance with the requirements of its key stakeholders, 'PCBL' has identified its significant emission sources within the chosen scope.

Responsiveness: Responsiveness is integrated into the stakeholder engagement process. GHG-related information is intended to be shared with intended stakeholders.

Impact: 'PCBL' is monitoring and measuring the environment KPIs through there sustainability report.

TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. The intended users of this assurance statement are the management of 'PCBL'. The management of the 'PCBL' is responsible for the information provided in the GHG data as well as the process of collecting; analysing and reporting the information as presented in the worksheet. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes GHG emission (direct and indirect) disclosed by 'PCBL' in the GHG data. This assurance engagement is based on the assumption that the data and the information provided to TUVI are complete and true.

TUV's Competence and Independence

TUVI is an independent, neutral, third-party providing carbon services, with qualified environmental and Greenhouse gas (GHG) verifier. TUVI states its independence and impartiality with regard to this assurance engagement. In the reporting year, TUVI did not work with 'PCBL' on any engagement that could compromise the independence or impartiality of our findings, conclusions. TUVI was not involved in the preparation of any statements or data included in the GHG data, with the exception of this Assurance Statement. TUVI maintains complete impartiality towards any people interviewed during the assurance engagement. The sole responsibility for the preparation and content of the GHG data lies with 'PCBL'. TUVI did not interact with 'PCBL' or its stakeholders in any prior engagements which could impair the impartiality of the results and recommendations made in this statement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar

Manojkumar Borekar
Product Head – Sustainability Assurance Service
TUV India Private Limited



Date: 12/07/2021
Place: Mumbai, India
Assurance Statement no: 8119352017
www.tuv-nord.com/in

Greenhouse Gases Verification

Greenhouse Gases Verification



Phillips Carbon Black Limited

Registered Office

31, Netaji Subhas Road, Kolkata 700 001

Phone: +91 33 6625 1443

Fax: +91 33 2248 0140

Corporate Office

RPSG House, 4th Floor

2/4 Judges Court Road, Kolkata - 700 027

West Bengal, India

Phone: +91 33 4087 0500/0600

Email: pcbl@rpsg.in

CIN: L23109WB1960PLC024602

Follow us on: [!\[\]\(b08f4f96de4c6ba4fc669305d1e10e4d_img.jpg\)](#) [!\[\]\(dcf8b2c160014bc86396a9e954e0e431_img.jpg\)](#) [!\[\]\(81930af87db8f36dae78f7ca06bd2d7d_img.jpg\)](#) [!\[\]\(791470e4cf4a469e6a37f1769c8e9ea6_img.jpg\)](#)