



**EVONIK**  
INDUSTRIES

# INSILCO LIMITED

26th Annual Report 2013-14



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Dara Phirozeshaw Mehta - Chairman  
 Mr. Pankaj Khandelwal - Managing Director  
 Dr. Mustafa Siray - Director  
 Mr. Frank Heinz Lelek - Director  
 Mr. Roberto Martin Vila Keller - Director  
 Mr. Guido Johannes Christ - Director

### VICE PRESIDENT (FINANCE & ACCOUNTS) & COMPANY SECRETARY

Mr. Brijesh Arora

### STATUTORY AUDITORS

M/s. S. R. Batliboi & Associates LLP  
 Chartered Accountants  
 Golf View Corporate Tower - B  
 Sector - 42, Sector Road  
 Gurgaon - 122002, Haryana

### INTERNAL AUDITORS

M/s. T. R. Chadha & Co.  
 B-30, Connaught Place  
 New Delhi - 110001

### BANKERS

BNP Paribas  
 Standard Chartered Bank  
 ICICI Bank

### REGISTERED OFFICE & WORKS

A-5, UPSIDC Industrial Estate  
 Bhartiagram, Gajraula -244223  
 Uttar Pradesh  
 Phone : (0) 98378 23893, 98379 23893  
 Fax : (05924) 252348

### CORPORATE OFFICE

"The Corenthum"  
 Office No. 2312, 3<sup>rd</sup> Floor,  
 2<sup>nd</sup> Lobe, Tower-A,  
 A-41, Sector 62,  
 Noida-201309, U.P.  
 Phone : (0120) 430 7910-12  
 Fax : (0120) 416 5888  
 Email: insilco@evonik.com

### REGISTRAR & SHARE TRANSFER AGENT

M/s. MCS Limited  
 F-65, 1<sup>st</sup> Floor  
 Okhla Industrial Area  
 Phase - I, New Delhi-110020  
 Phone : (011) 41406149/41406151/41406152/  
 41709885/41609386  
 Fax : (011) 41709881  
 Email : admin@mcsdel.com

### COMPANY WEBSITE

Visit Insilco at: [www.insilcoindia.com](http://www.insilcoindia.com)  
[www.evonik.com](http://www.evonik.com)

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**NOTICE**

Notice is hereby given that Twenty Sixth Annual General Meeting of Insilco Limited will be held at the registered office of the Company as under:

**Day & Date** : Thursday, 14<sup>th</sup> August 2014  
**Time** : 10.30 a.m.  
**Venue** : Insilco Limited  
A-5, UPSIDC Industrial Estate  
Bhartiagram, Gajraula - 244223, Uttar Pradesh

to transact the following business:

**A. ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pankaj Khandelwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To Appoint statutory auditors of the Company and to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to provisions of Section 139 and 140 of the Companies Act, 2013 and pursuant to Companies (Audit & Auditors ) Rules, 2014 and other applicable provisions, if any, M/s. S.R. Batliboi & Co LLP, Chartered Accountants, (Firm Registration No. with ICAI – 301003E ) be and are hereby re-appointed as Statutory Auditors of the Company for their first term of 2 years to hold the office from the conclusion of this Twenty Sixth Annual General Meeting till the conclusion of Twenty Eighth Annual General Meeting in place of retiring auditors M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No. with ICAI – 101049W) who have expressed their unwillingness to be re-appointed.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorized to fix the remuneration including out of pocket expenses of the Statutory Auditors.”

**B. SPECIAL BUSINESS**

4. **To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:-**

“RESOLVED THAT pursuant to provisions of section 149, 150, 152, Schedule IV – ‘Code for Independent Directors’ and other applicable provisions of the Companies Act, 2013, relevant rules made thereunder and provisions of revised Listing Agreement, Mr. Guido Johannes Christ, be and is hereby appointed as an Independent Director of the Company w.e.f. 29<sup>th</sup> April, 2014 for a non-rotational term upto five consecutive years.

RESOLVED FURTHER THAT the Company has received a notice in writing along with a deposit of Rs. 100,000/- under the provisions of section 160 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Company has received from Mr. Guido Johannes Christ, the consent of Director u/s 152 (5) , declaration of Director u/s 149 (6) & (7) and 164 and Disclosure of Interest u/s 184 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take all such actions as may be considered necessary to give effect to the aforesaid Resolution”.

**5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:-**

“RESOLVED THAT pursuant to provisions of section 149 , 150, 152 , Schedule IV – ‘Code for Independent Directors’ and other applicable provisions of the Companies Act, 2013, relevant rules made thereunder and provisions of revised Listing Agreement, the consent of the shareholders be and is hereby accorded to fix the term of Mr. Dara Phirozeshaw Mehta, Independent Director of the Company whose period of office was liable to determination by retirement of directors by rotation, for a non- rotational term of five consecutive years w.e.f. 1<sup>st</sup> April, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take all such actions as may be considered necessary to give effect to the aforesaid Resolution.”

**6. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution:**

“RESOLVED AS SPECIAL RESOLUTION THAT pursuant to provisions of section 297 of the Companies Act, 1956 (‘the Act’) and in compliance with approval No. 4/377/T-2/2013/UP/7402 dated 28<sup>th</sup> October, 2013 of Ministry of Corporate Affairs under section 297 of the Act and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification (s) or re-enactment (s) thereof for the time being in force), the Marketing and Sales Promotion Agreement dated 6<sup>th</sup> December, 2013 entered into between the Company and the Related Party-M/s. Evonik India Private Limited, be and is hereby approved.

RESOLVED FURTHER THAT pursuant to approval No. 4/377/T-2/2013/UP/7402 dated 28<sup>th</sup> October, 2013 of Ministry of Corporate Affairs under section 297 of the Act, the consent of the Company be and is hereby accorded to the effect that:

- (i) The Marketing and Sales Promotion Agreement dated 6<sup>th</sup> December, 2013 entered between the Company and Evonik India Private Limited (“ the Contract”) is competitive at an arm’s length without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties and the Company has not made any default u/s 297 in the past and there is no default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon and filed its up to date Balance Sheet and Annual Returns with the Registrar of Companies.
- (ii) The Contract is falling within the provisions of section 297 of the Act and provisions of section 198, 269, 309, 314 and 295 are not applicable to the contract.
- (iii) The Company and its Directors have complied with the provisions of section 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the said contract.”

**7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) thereto or re-enactment thereof, for the time being in force), M/s Ajay Ahuja and Associates, Cost Auditors (Registration No. 101142) appointed by the Board of Directors of the Company as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015, be paid a remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus out of pocket expenses, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By Order of the Board**

Sd/-

**(Brijesh Arora)**

Place: Noida

Date : 29<sup>th</sup> April, 2014

Vice President (Finance & Accounts) & Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received at the Company's Registered Office at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula -244223, Uttar Pradesh not less than 48 hours before the time fixed for the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the appointing organisation. A form of Proxy and Admission Slip is enclosed. Shareholders are requested to bring their copy of the Annual Report to the Meeting.
3. Admission restricted to members or proxies only. Members / Proxy holders are requested to produce their admission slips at the entrance of the meeting hall.
4. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy verification of attendance at the Meeting.
5. The Register of Members and Share transfer books of the Company will remain closed for a period of 6 days from 8<sup>th</sup> August 2014 to 13<sup>th</sup> August, 2014 (both days inclusive) in terms of Section 91 of the Companies Act, 2013.
6. Members are requested to send their queries, if any, to reach the Company's Registered Office at least 10 days before the date of the meeting so that information can be made available at the meeting.
7. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of business at item no. 3, 4, 5, 6 and 7 is enclosed.
8. Voting through Electronic means
  - i. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 26<sup>th</sup> Annual General Meeting (AGM) by Electronic means and business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL):

The Instruction of e-voting are as under:

**(A) In case of members receiving e-mail:**

- i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for Electronic Voting Sequence Number (EVSN ) of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN-140616002" along with "Insilco Limited " from the drop down menu and click on "SUBMIT"
- v) Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders).	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Bank Details#	Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: 'INSILCO123' in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <No. of shares >held by you as on 20<sup>th</sup> June, 2014 in the Bank details field.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
  - vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
  - viii) Click on the relevant EVSN on which you choose to vote.
  - ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
  - xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy], please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.

- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- II. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- III. The voting period begins on 6<sup>th</sup> August, 2014 (9.00 a.m) and ends on 7<sup>th</sup> August, 2014 (10.00 a.m). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20<sup>th</sup> June, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- IV. The voting rights of shareholders shall be in proportion of their shares of the paid up equity share capital of the Company as on cut – off date (record date) of 20<sup>th</sup> June, 2014.
- V. Mr. Nityanand Singh, Proprietor of M/s. Nityanand Singh and Co, Company Secretaries has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall within a period of not exceeding three ( 3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two (2) witnesses not in employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The results of evoting shall be declared by the Chairman in the Annual General Meeting of the Company. The result of the e-voting along with Scrutinizers Report shall also be posted on the website of the Company [www.insilcoindia.com](http://www.insilcoindia.com) and on the website of CDSL within 2 (two) days of passing the resolutions at the AGM of the Company and communicated to the BSE Limited.
9. Members can also download the notice of Annual General Meeting from the website of the Company i.e. [www.insilcoindia.com](http://www.insilcoindia.com).
10. Copies of Annual Report 2014 and the notice of 26<sup>th</sup> Annual General Meeting are being sent by electronic mode to all members whose email addresses are registered with the Company/ Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 and Notice of 26<sup>th</sup> Annual General Meeting are being sent by the permitted mode.
11. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant or with the Company to enable us to send you any future communications from the Company via email.
12. As required under Clause 49 of Listing Agreement, the particulars of Directors seeking Appointment/ Re-appointment / fixing of term at Item Nos. 2, 4 &5 are given in the Annexure-A.
13. Under the provisions of Section 72 of the Companies Act, 2013, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company.
14. Copies of all documents referred to in the Notice are available for inspection at the Registered Office of the Company during normal business hours (8.30 a.m. to 5.30 p.m.) on all working days till the date of the Annual General Meeting.
15. Members are requested to visit the website of the Company ‘[www.insilcoindia.com](http://www.insilcoindia.com)’ for viewing the quarterly and annual financial results and for more information on the Company.

**EXPLANATORY STATEMENT**

(Pursuant to Section 102(1) of the Companies Act, 2013)

**Item No. 3**

Consequent to the introduction and applicability of the Companies Act, 2013 ('the Act') w.e.f 1<sup>st</sup> April, 2014.

Pursuant to the provisions of section 139 of the Act and rules made thereunder, the Audit firm, if appointed as Auditor in the Annual General Meeting shall be appointed for a consecutive period of 5 years and the tenure of such audit firm shall not be more than two terms of five consecutive years.

It has also been mentioned in the said rules that the period for which the Audit firm has held office as an auditor prior to the commencement of the Act, shall be taken into account for calculating the period of five consecutive years or ten consecutive years, as the case may be. Additionally, in determining the tenure of the Audit Firm prior to 1<sup>st</sup> April, 2014, tenure of the other firms operating under the same network of audit firms would also be considered. The rules clarify that the term 'same network' includes the firms operating or functioning, hitherto or in future under the same brand, trade name or common control.

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No. with ICAI – 101049W) the existing Auditors, have expressed their unwillingness for re-appointment as Auditors of the Company on their retirement on this twenty sixth Annual General Meeting (AGM).

M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. with ICAI – 301003E) have expressed their willingness to act as Auditors of the Company, if appointed, and have provided the requisite documents as required under the Act.

Since, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. with ICAI – 301003E) is operating under the same network as that of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No. with ICAI – 101049W), the remaining maximum tenure of proposed Auditors would therefore, be of 7 years (1<sup>st</sup> Term- 2 years; 2<sup>nd</sup> Term-5 years) as M/s. S.R. Batliboi & Associates LLP, Chartered Accountants have been the Statutory Auditors of the Company since 23<sup>rd</sup> Annual General Meeting. Accordingly, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. with ICAI – 301003E) is proposed to be appointed as Statutory Auditors for their first term of two years.

The Audit Committee and Board of Directors in their respective meetings held on 29<sup>th</sup> April, 2014 have approved the appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. with ICAI - 301003E) as Statutory Auditors of the Company, for their first term of two years, to hold the office from the conclusion of forthcoming 26<sup>th</sup> Annual General Meeting till the conclusion of 28<sup>th</sup> Annual General Meeting.

The Board recommends the resolution for approval by the Members. None of the Directors, Key Managerial Personnel & their relatives is concerned or interested in this resolution.

**Item No.4**

Mr. Guido Johannes Christ was appointed as an Independent Director by the Board of Directors of the Company with effect from 29<sup>th</sup> April, 2014 to fill up the vacancy caused due to the Resignation of Mr. Keki Manchershia Elavia, Independent Director. Mr. Christ was appointed as an Independent Director to hold the office till the conclusion of this 26<sup>th</sup> Annual General Meeting.

Pursuant to provisions of section 149(10) of the Companies Act, 2013, an Independent Director shall hold the office for a term upto five consecutive years. Thus, Mr. Guido Johannes Christ is proposed to be appointed for a term upto five consecutive years from the date of his appointment i.e. 29<sup>th</sup> April, 2014.

Further as per provisions of section 150 (2) of the Companies Act, 2013, the appointment of Independent Director shall be approved by the Company in a General Meeting and therefore, the appointment of Mr. Guido Johannes Christ for a consecutive period of five years as per Item No. 4, requires your Approval.

The Company has received a notice along with a deposit of Rs. 100,000/- under provisions of section 160 of the Companies Act, 2013.

The Company has also received from Mr. Guido Johannes Christ, the consent of Director u/s 152 (5), declaration of Director u/s 149 (6) & (7) and 164 and Disclosure of Interest u/s 184 of the Companies Act, 2013.

Mr. Guido Johannes Christ has studied Mechanical Engineering at the University of Karlsruhe, Germany and graduated as M.Sc Engineering with focus on turbo machinery and material handling. He is having an extensive experience of about 38 years in the field of Research & Development and Sales & Marketing. He has also been acting as Deputy Director General at Indo-German Chamber of Commerce, since June 2008.

The Board of Directors considers that in view of the background and experience of Mr. Guido Johannes Christ, it would be in interest of Company to appoint him as an Independent Director of the Company. Mr. Guido Johannes Christ does not hold any share or any other interest in the Company.

Further, the Board of Directors is of the opinion that Mr. Guido Johannes Christ fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management.

The Board recommends the resolution for approval by the Members. None of the Directors, Key Managerial Personnel & their relatives except Mr. Guido Johannes Christ, who is an appointee, is concerned or interested in this resolution.

The draft terms and conditions of appointment of Mr. Guido Johannes Christ shall be open for inspection at the registered office of the company by any member on any working day during normal business hours till the date of Annual General Meeting.

**Item No. 5**

Mr. Dara Phirozeshaw Mehta, was appointed as an independent Director of the Company w.e.f. 31<sup>st</sup> December, 2005 and was later appointed as a Chairman of the Board of Directors during the year 2009. His period of office was liable to determination by retirement of directors by rotation.

Pursuant to provisions of section 149, 150, 152, Schedule IV – ‘Code for Independent Directors’ and other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company.

Further, pursuant to the aforesaid provisions, the term of Independent Directors shall not be liable to retire by rotation. Thus, the term of Mr. Dara Phirozeshaw Mehta, an existing Chairman and Independent Director of the Company is proposed to be fixed for a non rotational period of five consecutive years w.e.f. 1<sup>st</sup> April, 2014 and requires your Approval.

Mr. Dara Phirozeshaw Mehta has studied B.A from Poona University, the LL.B. from Bombay University and has done LL.M from Harvard University. He has vast experience in the field of legal, financial and corporate matters. He has been the Solicitor, Bombay High Court since 1957 and practicing as an Advocate of Supreme Court of India since 1958.

The Board of Directors considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Mehta as an Independent Director. Further, he does not hold any share or any other interest in the Company.

The Board of Directors is of the opinion that Mr. Dara Phirozeshaw Mehta fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management.

The Board recommends the resolution for approval by the Members. None of the Directors, Key Managerial Personnel & their relatives except Mr. Dara Phirozeshaw Mehta, who is an appointee, is concerned or interested in this resolution.

The draft terms and conditions related to fixation of term of Mr. Dara Phirozeshaw Mehta shall be open for inspection at the registered office of the company by any member on any working day during normal business hours till the date of Annual General Meeting.

**Item No. 6**

The Shareholders are hereby informed that pursuant to provisions of section 297 of the Companies Act, 1956, an approval from the Central Government was required in order to enter into an Agreement with Related Party.

Accordingly, the Company had applied to the Central Government (Powers delegated to the 'Regional Director') and received an approval in pursuance of Section 297 of the Companies Act, 1956 vide their letter no. 4/377/T-2/2013/UP/7402 dated 28<sup>th</sup> October, 2013 in respect of entering into Marketing and Sales Promotion Agreement with its related party – M/s. Evonik India Private Limited (EIPL).

The following rate and value in respect of the aforesaid Agreement was approved by the Central Government:

Period of Contract	Estimated value of Contract (Amount in Rs.)
01.11.2013 to 30.06.2014	2.75% of the Net Sales subject to the maximum of Rs.1.24 crore

As aforesaid, the Central Government has approved the Service Fee of 2.75 % of Net Sales subject to maximum of an average amount of Rs. 15.50 lakh per month.

The said approval as mentioned aforesaid was granted for the period of 8 months from 1<sup>st</sup> November, 2013 to 30<sup>th</sup> June, 2014 and was subject to certain conditions as re-iterated hereinafter:

"2. The Approval is granted subject to the following conditions:

- (a) the contract shall be for a period from 1.11.2013 to 30.06.2014.
- (b) there shall not be any increase in the contract for availing marketing and sales promotion services from the Contractee Company beyond the approved limits as mentioned in Para 1 above without prior approval of the Central Government.
- (c) The Proposed Contract should be placed in the next General Meeting of the Shareholders to be held by the Applicant Company for their post-facto approval.

3. The Company while seeking approval of the Directors and shareholders as stated at Para 2(c) above in their meeting shall specifically take approval of the effect that:

- (a) Proposed Contract is competitive at an arm's length without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties and the Company has not made any default u/s 297 in the past and there is no default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon and filed its up to date Balance Sheet and Annual Returns with the Registrar of Companies.
- (b) The Proposed Contract is falling within the provisions of section 297 of the Act and provisions of section 198, 269, 309, 314 and 295 are not applicable in the proposed contract.
- (c) The Company and its Directors have complied with the provisions of section 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the proposed contract."

The Board of Directors have complied with the above conditions and necessary entries in the Register of Contracts u/s 301 of the Companies Act, 1956 had been made on 28<sup>th</sup> January, 2014.

The Board of Directors have also obtained a study in respect of Arm's length pricing of the Contract from Price Waterhouse Copper (PWC). PWC concluded that the terms of receipt of marketing and sales promotion services from EIPL, as subsumed in the Agreement between the Company and EIPL, as signed on 6<sup>th</sup> December, 2013 and approved by the Central Government under approval No. 4/377/T-2/2013/UP/7402 dated 28<sup>th</sup> October 2013, are in accordance with arm's length standard.

Further, pursuant to introduction and applicability of provisions of section 188 of the Companies Act, 2013 w.e.f. 1<sup>st</sup> April, 2013, no member of the company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party. Thus, M/s. Evonik Degussa GmbH, who is a Promoter shareholder of the Company and is also the

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holding Company of the Related Party- M/s. Evonik India Pvt Limited, being considered as Related Party, will not participate in the Special Resolution at Item No. 6.

In view of the same, the Board hereby recommends the passing of resolution at Item No. 6. None of the Directors, Key Managerial Personnel & their relatives except Mr. Pankaj Khandelwal, Managing Director and Mr. Frank Heinz Lelek, Director are concerned or interested in this Resolution.

A Copy of Marketing and Sales Promotion Agreement with Related Party and an Approval of Central Government bearing 4/377/T-2/2013/UP/7402 dated 28<sup>th</sup> October, 2013 are available for inspection at the Registered Office of the Company on any working day during normal business hours till the date of the Annual General Meeting.

### Item No. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Ajay Ahuja and Associates, Cost Auditors (Registration No. 101142) to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015 on a remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus out of pocket expenses, if any.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31<sup>st</sup> March, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

### Annexure - A

#### Details of the Directors seeking appointment/re-appointment/fixation of term at the 26<sup>th</sup> Annual General Meeting (Pursuant to Clause 49(VIII)(C)&(E) of the revised Listing Agreement)

##### 1. Name of the Director : Mr. Pankaj Khandelwal

Date of Birth	9 <sup>th</sup> October, 1956
Date of appointment	1 <sup>st</sup> March, 2012
Qualifications	Degree in Production Engineering from Birla Institute of Technology, Ranchi. Post Graduate Diploma in Production Engineering & Management from University of Strathclyde, Glasgow, UK. MBA from University of Aston, Birmingham UK.
Expertise in specific functional area	More than 30 years working experience in the field of Sales, Marketing, Purchase, Plant Operations and Business Development.
Directorships held in other public companies (excluding Directorships in foreign and private companies & alternate directorships)	Nil
Memberships / Chairmanships of Committees in Public Companies	Nil
Shareholding, if any, in the Company	Nil
Disclosure of relationship	Not related to any director of the Company

**2. Name of the Director : Mr. Guido Johannes Christ**

Date of Birth	13 <sup>th</sup> January, 1952
Date of Appointment	29 <sup>th</sup> April, 2014
Qualifications	M.Sc Engineering from University of Karlsruhe, Germany with a focus on turbo machinery and material handling.
Expertise in specific functional area	More than 38 years working experience in the field of Research and Development, Sales and Marketing.
Directorships held in other public companies (excluding Directorships in foreign and private companies & alternate directorships)	Hella India Lighting Limited
Memberships / Chairmanships of Committees in Public Companies	Nil
Shareholding, if any, in the Company	Nil
Disclosure of relationship	Not related to any director of the Company

**3. Name of the Director : Mr. Dara Phirozeshaw Mehta**

Date of Birth	13 <sup>th</sup> July, 1933
Date of Appointment	31 <sup>st</sup> December, 2005
Qualifications Expertise in specific functional area	B.A., LL.B., LL. M. Wide experience in legal and financial matters as an Advocate of Supreme Court of India & Bombay High Court
Directorships held in other public companies (excluding Directorships in foreign and private companies & alternate directorships)	1
Memberships / Chairmanships of Committees in Public Companies	Chairmanship – 1
Shareholding, if any, in the Company	Nil
Disclosure of relationship	Not related to any director of the Company

**By Order of the Board**

Sd/-

**(Brijesh Arora)**

Vice President (Finance & Accounts)  
& Company Secretary

Place : Noida  
Date : 29<sup>th</sup> April, 2014

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 26<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended March 31, 2014.

**1. FINANCIAL HIGHLIGHTS**

The summarized results for the year, rounded off to Rupees in millions, are given below:

<b>PARTICULARS</b>	<b>Year Ended 31-March-2014</b>	<b>Year Ended 31-March-2013</b>
Gross Turnover	<b>686</b>	844
Other Income	<b>27</b>	60
Total Expenditure (including excise duty)	<b>(733)</b>	(846)
Profit before Depreciation & Exceptional Items	<b>(20)</b>	58
Depreciation	<b>(25)</b>	(36)
Profit/(Loss) for the year before exceptional items	<b>(45)</b>	22
Exceptional item	<b>(74)</b>	(26)
Profit/(Loss) before tax	<b>(119)</b>	(4)
(Provision for)/Release of Taxation	<b>16</b>	(5)
Profit/(Loss) after tax	<b>(103)</b>	(9)

**2. RESULTS OF OPERATIONS**

Sales of Precipitated Silica during the year were 11,128 MT (previous year 15,103 MT) and were lower than the target of 14,362 MT. The Production during the year was 11,207 MT (previous year 14,259 MT).

Due to lower sales, your Company achieved a sales turnover of Rs. 686 Million during the year as compared to Rs. 844 Million in the previous year and recorded a loss before depreciation & exceptional items of Rs. (20) Million as against a profit of Rs. 58 Million in the previous financial year. No transfer has been made to reserves for the year.

The average cost of production for the year increased as compared to last year primarily due to higher diesel prices as a result of decontrol by government and higher power rates of UP Power Corporation. The company could only partly pass on the higher costs to the customers as whenever prices were increased the volumes were lost. The company has made every effort to keep its loyal customer base intact. However, some volumes were given up to minimize the losses. This resulted into lower volume as compared to targeted volumes.

The Company is looking at options to get back to the growth path and better asset utilization. With the support of Evonik, efforts are being made to optimize energy utilization, improve working capital management and achieve better realization from customers. Several customers value the quality, application & technical support and overall service of the company and have continued to support it by accepting higher prices.

**3. AVAILABILITY OF RAW MATERIAL, WATER AND POWER SUPPLY**

There are no problems in availability of raw materials and water, however, adequate power is not available from the Uttar Pradesh Power Corporation and the Company has to use expensive Diesel Generator to meet the shortfall. All raw materials are supplied by local vendors and water is available from own borewell.

**4. FUTURE OUTLOOK**

The Indian economy is showing signs of improvement and growth is expected to improve in the short to medium term. There are inherent opportunities available for the Company in the target industries such as Tyres, Automotive Components, Mechanical rubber goods, Footwear, Agrochemicals, Food and Toothpaste.

The Company continues to enjoy a high standing with its customers because of its quality and value added services. Besides, it is actively exploring options to reduce the energy costs and pursuing all growth opportunities so as to improve its results. Several customers have supported us till date and pay us a premium for our products, however, future growth of the company will depend upon our ability to optimize our costs and make our products more competitive.

**5. TRANSFER TO RESERVES**

During the year under review, no amount is proposed to be transferred to the Reserves of the Company.

**6. DIVIDEND**

There has not been recommended Dividend as the company is running into losses.

**7. SHIFTING OF CORPORATE OFFICE**

During the year under review, the Company has shifted its corporate office from Gurgaon, Haryana to a smaller office in Noida, Uttar Pradesh which is near to our plant. This has resulted in significant cost savings for the company.

**8. OPERATIONS AT PLANT**

The Plant operations had to be shut down few times during the year due to lower sales orders.

**9. VALUE CREATION FOR CUSTOMERS**

As a company, we are committed to provide our internal and external customers products and services that always unequivocally meet the agreed quality standards. This is our declared goal and the measure of our actions.

We offer a complete package solution of product plus service. This is one of the reasons that many of our customers prefer to buy from us.

**10. SOCIAL RESPONSIBILITY**

We view responsible conduct as a necessary input for long term business success. We accept responsibility for our businesses, our employees and society. That is how we define our corporate responsibility (CR).

To meet our corporate responsibility, we have included as part of our corporate strategy, economic megatrends such as resource efficiency, ecological and social challenges and then develop of all our business activities around these megatrends.

**11. WE BELIEVE IN QUALITY AS A SUCCESS FACTOR**

Within the scope of Total Quality Management (TQM), we are continuously striving to improve the quality of our products, services and processes.

Learning from the global best practices of our parent Evonik Industries, we offer the same to our customers. This is the most important factor that our customers value and continue to support us.

**12. PROCUREMENT EFFICIENCY AND SUPPLY CHAIN**

Procurement is a critical element in the value-chain. During the year, we integrated procurement with the overall supply-chain function at the plant to make it more efficient and part of a cross-functional team at the plant.

**13. CUSTOMER ORIENTATION STARTS WITH TALENT DEVELOPMENT AND FAIRNESS**

The key to any success is a motivated and committed workforce. With support from Evonik, we have been doing in-house skill development and training programs and also help our workforce to build a more customer – oriented approach.

**14. CERTIFICATIONS AND RECOGNITIONS**

To maintain our commitment to quality and continuous improvement our quality certifications of ISO 9001: 2008, ISO 14001: 2004 and HACCP are being periodically re-approved through regular audits by the accredited certification agencies.

**15. VOLUNTARY RETIREMENT SCHEME**

With a view to optimize the manpower, achieve operational efficiency and cost reduction, your Board of Directors had introduced a Voluntary Retirement Scheme during the year for all its permanent Executives and Workers who had completed 10 years of their service with the Company or completed 40 years of age.

Three Employees of the Company participated and availed the benefit of said Voluntary Retirement Scheme.

**16. FIXED DEPOSITS**

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

**17. INTRODUCTION AND APPLICABILITY OF NEW COMPANIES ACT, 2013**

The Ministry of Corporate affairs vide its Notification dated 26<sup>th</sup> March, 2014 has notified the commencement of New Companies Act, 2013 w.e.f. 1<sup>st</sup> April, 2014. In pursuance of General Circular No. 08/2014 issued by Ministry of Corporate Affairs, the Present Directors' Report is prepared in accordance with the provisions of the Companies Act, 1956 and thus the new provisions of Companies Act, 2013 will be complied with in the next

Director's Report.

Your Board of Directors are in process of complying with all other new requirements of the Companies Act, 2013.

#### 18. DIRECTORS

During the year, Mr. Keki Manchershya Elavia and Dr. Mustafa Siray, Directors, retired by rotation and have been re-appointed as Directors in the twenty fifth Annual General Meeting held during the year.

Mr. Keki Manchershya Elavia has resigned from the company on 31<sup>st</sup> March 2014 to comply with the requirements of number of directorships under the Companies Act, 2013. The Board places on record its deep appreciation for his invaluable support and guidance during his association as an Independent Director of the Company.

Your Directors have appointed Mr. Guido Johannes Christ as an Independent Director w.e.f. 29<sup>th</sup> April 2014 to fill up the vacancy caused due to the Resignation of Mr. Keki Manchershya Elavia, Independent Director. Mr. Guido Johannes Christ was appointed as Independent Director to hold the office till the conclusion of 26<sup>th</sup> Annual General Meeting.

Mr. Guido Johannes Christ has studied Mechanical Engineering at the University of Karlsruhe, Germany and graduated as M.Sc Engineering with focus on turbo machinery and material handling. He has extensive experience of about 38 years in the field of Research & Development and Sales & Marketing. Since June 2008, he is the Deputy Director General at the Indo-German Chamber of Commerce at New Delhi.

Further, in accordance with provisions of new Companies Act, 2013 and Articles of Association of the Company, Mr. Pankaj Khandelwal, Managing Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment. The Board recommends his re-appointment.

#### 19. AUDITORS

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. with ICAI – 101049W), member firm of Ernst & Young Global Ltd., present Statutory Auditors of the Company will retire at the ensuing Annual General Meeting.

Consequent to the introduction and applicability of the Companies Act, 2013 ('the Act') w.e.f 1<sup>st</sup> April, 2014, the statutory Auditors are required to be appointed as per new provisions of the said Act.

Pursuant to the provisions of section 139 of the Act and rules made thereunder, the Audit firm, if appointed as Auditor in the Annual General Meeting shall be appointed for a consecutive period of 5 years and the tenure of such audit firm shall not be more than two terms of five consecutive years.

It has also been mentioned in the said rules that the period for which the Audit firm has held office as an auditor prior to the commencement of the Act, shall be taken into account for calculating the period of five consecutive years or ten consecutive years, as the case may be. Additionally, in determining the tenure of the Audit Firm prior to 1<sup>st</sup> April, 2014, tenure of the other firms operating under the same network of audit firms would also be considered. The rules clarify that the term 'same network' includes the firms operating or functioning, hitherto or in future under the same brand, trade name or common control.

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. with ICAI – 101049W), the existing Auditors, have expressed their unwillingness for re-appointment as Auditors of the Company on their retirement on this twenty sixth Annual General Meeting (AGM).

M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. with ICAI – 301003E) have expressed their willingness to act as Auditors of the Company, if appointed, and have provided the requisite documents as required under the Act.

Since, M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. with ICAI – 301003E) is operating under the same network as that of M/s S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No. with ICAI – 101049W), the remaining maximum tenure of proposed Auditors would therefore, be of 7 years (1st Term- 2 years; 2nd Term- 5 years) as M/s S.R. Batliboi & Associates LLP, Chartered Accountants have been the Statutory Auditors of the Company since 23<sup>rd</sup> Annual General Meeting.

Accordingly, M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. with ICAI – 301003E) are proposed to be appointed as Statutory Auditors for their first term of two years in the ensuing Twenty Sixth Annual General Meeting to hold the office till the conclusion of Twenty Eighth Annual General Meeting.

The observations in the Auditors' Report read with the Notes to Accounts are self-explanatory and do not require any comments.

#### 20. COST AUDITORS

In terms of requirement of The Companies (Cost Accounting Records) Rules, 2011, your company is maintaining all the prescribed cost records. Further, the Company has appointed M/s. Ajay Ahuja & Associates as Cost

Auditors of the Company under these Rules. The cost audit report for the financial year ended 31<sup>st</sup> March, 2014 will be filed with the Central Government within the prescribed time.

**21. PRACTICING COMPANY SECRETARY**

M/s. Nityanand Singh & Co., Company Secretaries having their office at 14, 2nd Floor, Arjun Nagar, Safdarjung Enclave, New Delhi-110029 are the present practicing Company Secretary of the Company.

**22. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- a) That in preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
- b) That we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31<sup>st</sup> March 2014 and of the Profit of the Company for that period;
- c) That we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- d) That we have prepared the Annual Accounts on a going-concern basis.

**23. PARTICULARS OF EMPLOYEES**

During the year under review, there is no employee whose particulars are required to be disclosed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

**24. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' to the Directors' Report.

**25. CORPORATE GOVERNANCE**

Pursuant to Provisions contained in the Clause 49 of the Listing Agreement with the Stock Exchanges, the following are furnished as Annexure- 'B' forming part of this Directors Report:

- i. Report on Corporate Governance together with an Auditors Certificate on compliance of conditions of Corporate Governance as per clause 49 (VII) of the listing agreement.
- ii. Certificate by Managing Director regarding compliance of Code of Conduct by the members of Board and Senior Management as per clause 49 (I) (D)(ii) of the listing agreement.
- iii. Certificate from Managing Director/Chief Financial Officer regarding the financial statements presented to the Board as per Clause 49 (V) of the Listing Agreement.

**26. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report (Annexure 'C') forming part of the Corporate Governance forms part of Annual Report.

**27. MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE YEAR AND THE DATE OF THIS REPORT**

None

**28. INDUSTRIAL RELATIONS**

Your Company continued to enjoy cordial relations with all its employees. No man day was lost due to any Industrial Dispute.

**29. FORWARD-LOOKING STATEMENT**

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

**30. ACKNOWLEDGEMENT**

Your Board of Directors wish to thank and place on record their appreciation for the co-operation and support extended to the Company by the Government of India, State Government of Uttar Pradesh, other local authorities, Bankers, Suppliers, Customers, Distributors, Employees and other Stakeholders which have been a constant source of strength to the Company.

The Board of Directors also expresses its sincere gratitude to all the shareholders for their continuous support and trust they have shown in the management. The dedication and sense of commitment shown by the employees at all levels during the year deserve special mention.

Your Company is thankful to the parent Company Evonik Degussa GmbH, Germany for providing management, technical and marketing support.

**For & on behalf of the Board**

Sd/-

Sd/-

**Dara P. Mehta**  
Chairman

**Pankaj Khandelwal**  
Managing Director

Place : Noida

Date : 29<sup>th</sup> April, 2014

**Annexure – A**

**Information as required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.**

**A. Conservation of Energy**

Your Company always emphasizes on conservation of Energy and Natural Resources. The company is giving priority to energy conservation measures including regular review of energy generation, consumption and effective control on utilization of energy. During the year the company has achieved power saving for raw water pumping. No investments were made in respect of the same during the year.

**Total Energy Consumption and Energy Consumption per unit of Production**

**FORM - A**

**I. Power and Fuel Consumption**

Sl. No.	Particulars	Unit	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>1.</b>	<b>Electricity</b>			
<b>(a)</b>	<b>Purchased</b>			
	Unit	000 KWH	<b>5,124</b>	5,599
	Total Amount	Rs. Mio.	<b>34</b>	29
	Rate/Unit	Rs. / KWH	<b>6.61</b>	5.21
<b>(b)</b>	<b>Own Generation</b>			
<b>(i)</b>	<b>Diesel Generator</b>			
	Unit	000 KWH	<b>630</b>	1,078
	Units per ltr. of Diesel Oil	KWH/Ltr.	<b>3.24</b>	3.27
	Cost/Unit	Rs.	<b>16.21</b>	11.40
<b>(ii)</b>	<b>Steam Turbine/Generator</b>	-	-	-
<b>2.</b>	<b>Coal</b>	-	-	-
<b>3.</b>	<b>Furnace Oil</b>			
	Quantity	KL	<b>3,235</b>	3,979
	Total Amount	Rs. Mio.	<b>188</b>	167
	Average Rate	Rs./KL	<b>57,980</b>	42,048

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Sl. No.	Particulars	Unit	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>4.</b>	<b>Others/Internal Generation</b>			
(i)	Bio Agro Fuel			
	Quantity	MT	<b>1,790</b>	1,788
	Total Cost	Rs. Mio.	<b>9</b>	9
	Average Rate	Rs./MT	<b>5,115</b>	4,763
(ii)	Fire Wood			
	Quantity	MT	<b>1,134</b>	1,836
	Total Cost	Rs. Mio.	<b>6</b>	9
	Average Rate	Rs./MT	<b>4,993</b>	4,813

**II. Consumption per unit of production**

Particulars	Unit	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
i. Product (Precipitated Silica) - Unit	MT	<b>11,207</b>	14,259
ii. Electricity	000 KWH	<b>0.51</b>	0.47
iii. Furnace Oil / HSD	KL	<b>0.29</b>	0.28
iv. Coal	—	—	—
v. Others			
Bio Agro Fuel	MT	<b>0.16</b>	0.13
Fire Wood	MT	<b>0.10</b>	0.13

**B. Technology Absorption**

**Research & Development (R & D)**

The Company is a manufacturing organization and is not engaged in any major Research and Development activity in India.

**Technology absorption, adaptation and Innovation**

The technology for manufacture of various grades of precipitated silica has been supplied by the parent company, Evonik Degussa GmbH, Germany. We believe that in future we can offer an even broader technology support /base to meet our customers' growing long-term needs. The modification of process, equipments and products are carried out to meet changes in market requirements and to improve operational efficiency.

**Benefits derived from the above efforts**

Focus on value added products, technical support to customers, increase in production and higher yield.

**C. Foreign exchange earnings and outgo**

- a) During the year, year Company has made exports to Nepal, Bangladesh and Sri Lanka.
- b) Foreign exchange used and earned:

(Rs. in '000)

Total Foreign Exchange used and earned	Year ended 31 <sup>st</sup> March 2014	Year ended 31 <sup>st</sup> March 2013
a) Total Foreign Exchange earned	3,477	5,495
b) Total Foreign Exchange used	4,540	8,878

**For & on behalf of the Board**

Sd/-

Sd/-

**Dara P. Mehta**  
Chairman

**Pankaj Khandelwal**  
Managing Director

Place : Noida  
Date : 29<sup>th</sup> April, 2014

Annexure - 'B'

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013 - 2014**

**1. Corporate Governance and Company's Philosophy on Corporate Governance**

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structure, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial performance, future plans and material development affecting the Company, is an integral part of Corporate Governance. The Adoption of good Corporate Governance practices helps to develop a good image of the organization, keeps stakeholders satisfied and attracts best talent.

Your Company, as part of the Evonik Group, believes that sound Corporate Governance is critical to enhance and retain investors' trust and recognizes the importance of transparency and integrity in dealings at all levels. Accordingly, your Company is always keen to ensure that the business is carried on with integrity, honesty and fairness. The Company's philosophy is based on Accountability, Ethical conduct, Compliance with statutes in true spirit, Interest of all stakeholders, Transparency and Timely disclosure. The Company is in full compliance with all the mandatory requirements under Clause 49 of the Listing Agreement with the Bombay Stock Exchange. The Company has professionals on its Board of Directors.

**2. BOARD OF DIRECTORS**

**2.1 Composition of Board**

The Board of Insilco Limited consists of an optimum combination of Executive and Non-Executive Directors to ensure independent functioning of the Board. Till 30<sup>th</sup> March 2014, the Board has 6 Members comprising 1 Executive and 5 Non-Executive Directors. One of Independent Directors has resigned from 31<sup>st</sup> March 2014, accordingly as on closing hours of 31<sup>st</sup> March 2014, the Board has 5 Members comprising of 1 Executive and 4 Non-Executive Directors. As on closing hours of 31<sup>st</sup> March 2014, out of Non-Executive Directors, 1 (one) is Independent Director. The Chairman of the Board is an Independent Director. The Composition of the Board is in conformity with clause 49 of the listing agreement relating to the composition in terms of non-executive/independent directors.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 committees as specified in Clause 49, across all the companies in which he is a Director. The Directors have made necessary disclosures regarding committee positions in other companies as at 31<sup>st</sup> March 2014.

**2.2** The names and categories of the Directors on the Board and the number of directorships and committee memberships/chairmanship held by them in other Companies as on 31<sup>st</sup> March 2014 are given below:

Name of the Director	Category	Designation	Number of Directorships, Committee Chairmanships/Membership		
			Other Directorships #	Committee Chairmanship ##	Committee Memberships ##
Mr. Dara Phirozeshaw Mehta	Non Executive, Independent	Chairman	1	1	Nil
Mr. Pankaj Khandelwal	Executive	Managing Director	Nil	Nil	Nil
Mr. Roberto Martin Vila Keller	Non Executive, Non Independent	Director	Nil	Nil	Nil
Dr. Mustafa Siray	Non Executive, Non Independent	Director	Nil	Nil	Nil
Mr. Frank Heinz Lelek	Non Executive, Independent	Director	Nil	Nil	Nil

# Excludes Directorship held in Private Limited Companies, Foreign Companies, Companies formed under Section 25 of the Companies Act, 1956, Directorships held as an Alternate Director and Membership of Managing Committees of Chambers of Commerce /Professional Bodies.

## In accordance with Clause 49, Chairmanships/ Memberships of only Audit Committee and Shareholders/ Investors Grievance Committees of All Public Limited Companies (Excluding Insilco Limited) have been considered.

**2.3 BOARD MEETINGS AND PROCEDURE**

**A. BOARD PROCEDURE**

The tentative annual calendar of meetings is determined at the beginning of each calendar year. The Board meetings are governed by a structured agenda and agenda papers are supported by comprehensive background information to enable directors to take informed decisions. The Managing Director and Company Secretary in consultation with other directors and members of Senior Management, finalise the agenda papers for the Board Meetings.

Detailed Agenda and other explanatory statements in defined agenda format are circulated well in advance before the meeting amongst the board members for facilitating meaningful, informed and focused decisions at the meetings. In case of exigencies or urgency, resolutions are passed by circulation.

The required information as enumerated in Annexure IA to clause 49 of the listing agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

Minutes of proceedings of Board Meetings are properly recorded. The draft Minutes are circulated amongst the members of Board for their comments. The final minutes of proceedings of meetings are entered in Minutes Book and signed by the Chairman of the Board within the prescribed timelines.

The Board periodically reviews compliance reports made by the Managing Director and Chief Financial Officer of laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances, if any.

**B. DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2013-14**

Four Board Meetings were held during the financial year ended 31st March 2014. The Board meets at least once in a quarter with intervening gap of not more than four months as prescribed under Clause 49 of the listing agreement.

The details of the Board meetings held during the year 2013-2014 are as under:

Sl. No.	Date	Board Strength	No. of Directors Present
1	29 <sup>th</sup> April 2013	6	6
2	13 <sup>th</sup> August 2013	6	6
3	8 <sup>th</sup> November 2013	6	4
4	28 <sup>th</sup> January 2014	6	6

**C. Attendance of Directors at Board Meetings held during the Financial Year 2013- 2014 and at the 25<sup>th</sup> Annual General Meeting (AGM)**

Name of the Director	Attendance		Whether Attended last AGM held on 13 <sup>th</sup> August 2013
	No. of Meetings held during the tenure	Meetings Attended	
Mr. Dara Phirozeshaw Mehta	4	4	Yes
Mr. Pankaj Khandelwal	4	4	Yes
Mr. Roberto Martin Vila Keller	4	3	Yes
Dr. Mustafa Siray	4	3	Yes
Mr. Frank Heinz Lelek	4	4	Yes
Mr. Keki Manchersha Elavia	4	4	Yes

**D. Code of Conduct**

The Code of Conduct of Insilco Limited is applicable to Directors, Senior Management Team and employees of the Company.

The Code of Conduct is available on Company's website [www.insilcoindia.com](http://www.insilcoindia.com).

All the members of the Board and Senior Management Personnel have affirmed compliance to the code as on 31<sup>st</sup> March 2014.

The Declaration of Managing Director regarding compliance with Code of Conduct by Directors and Senior Management Personnel is attached to this report.

**3. COMMITTEES OF THE BOARD**

There are four Committees of the Board namely:

1. The Audit Committee
2. The Remuneration Committee
3. The Investors Grievance Committee
4. The Risk Assessment Committee

The terms of reference of the Committees are reviewed by the Board from time to time. Meetings of each Board Committee are convened by respective Committee Chairman. Matters requiring Board's attention/approval are placed before the Board after approval/recommendation from Committee. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting. The role and composition of these Committees alongwith terms of reference of these Committees and details of the Committee meetings held during the Financial Year 2013-2014 and related attendance are provided below:

**3.1 AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing agreement with stock exchange read with Section 292A of the Companies Act, 1956. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors and to meet out the requirements of Clause 49 of the Listing Agreement.

**A. Terms of reference**

The terms of reference of the Audit Committee covers all matters specified under Clause 49 of the listing agreement with stock exchange read with Section 292A of the Companies Act, 1956 which inter alia includes the following:

**The Audit Committee has the following powers:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee and from the records of the Company.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**The role of the Audit Committee 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, the appointment, re-appointment and if required, the replacement or removal of Statutory Auditors and the fixation of Audit Fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.

- Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgement by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
  - 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  6. Reviewing with the management, the performance of Statutory and Internal Auditors, adequacy of internal control systems & to ensure compliance of internal control systems.
  7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  8. Discussion with Internal Auditors, any significant findings and follow up thereon and scope of Internal audit.
  9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain areas of concern including observations of auditors.
  11. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
  12. To review the functioning of the Whistle Blower Mechanism, if any.
  - 12A. Approval of Appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
  13. Carrying out such other function(s) as may be specifically referred to the Committee by the Board of Directors and/or other Committee(s) of Directors of the Company.
  14. To review the following information:
    - The management's 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;
    - All material individual transactions with related parties or others, which are not on an arm's length basis, together with management's justification for the same;
    - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
    - Internal audit reports relating to internal control weaknesses.
  15. The appointment, removal and terms of remuneration of the Chief Internal Auditor, if any, shall be subject to review by the Audit Committee.
  16. To review and monitor management responsiveness to findings and recommendations of Internal Auditors.
  17. Review the Company's Compliance with employee's benefits plans.
  18. Oversee and review the Company policies regarding information technology and management information systems.

**B. Composition**

Till 30<sup>th</sup> March 2014, the Audit Committee comprised of 3 Non-Executive Directors, out of which 2 were Independent Directors. One of Independent Directors has resigned from 31<sup>st</sup> March 2014, accordingly as on closing hours of 31<sup>st</sup> March 2014, the Audit Committee has 2 Non-Executive Directors, out of which 1 is Independent Director. The Chairman of the Audit Committee is an Independent Director. The Composition of Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the listing Agreement.

All the members of the Committee are financially literate and at least one member possesses accounting or related financial management expertise. The quorum of the Committee is two members or one-third of its members, whichever is higher.

The composition of the Audit Committee is given below:

Name of Members	Category	Designation
Mr. Dara P. Mehta	Non Executive, Independent	Chairman
Mr. Frank Heinz Lelek	Non Executive, Non Independent	Member

The Committee is headed by an Independent Director. The Chairman of the Audit Committee, Mr. Dara P. Mehta was present at the 25<sup>th</sup> Annual General Meeting of the Company held on 13<sup>th</sup> August 2013 to answer the queries of shareholders. The Managing Director and Vice President (Finance & Accounts) & Company Secretary are permanent invitees to the Audit Committee Meetings. The representatives of the Statutory Auditors are invited to attend the Audit Committee Meeting. The representatives of Internal Auditors are invited to attend the Audit Committee Meeting as and when required. The Company Secretary of the Company acts as Secretary to the Committee.

**C. Meetings and Attendance**

The tentative annual calendar of committee meetings is determined at the beginning of each calendar year.

**Details of Audit Committee Meetings held during the Financial Year 2013-2014**

Four Audit Committee Meetings were held during the financial year ended 31<sup>st</sup> March 2014. The dates on which meetings were held are as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	29 <sup>th</sup> April 2013	3	3
2	13 <sup>th</sup> August 2013	3	3
3	8 <sup>th</sup> November 2013	3	3
4	28 <sup>th</sup> January 2014	3	3

The intervening period between two audit committee meetings was well with in the maximum gap of four months prescribed under Clause 49 of the listing agreement.

**Attendance at Audit Committee Meetings held during the Financial Year 2013-14:**

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Dara P. Mehta, Chairman	4	4
Mr. Keki Manchersha Elavia	4	4
Mr. Frank Heinz Lelek	4	4

**3.2 Remuneration Committee:**

**A. Terms of Reference**

- 1) To approve the remuneration and commission/incentive remuneration payable to the Executive Directors.
- 2) Such other matter as Board may from time to time request the Remuneration Committee to examine and recommend.

**B. Composition**

Till 30<sup>th</sup> March 2014, the Remuneration Committee comprised of 4 Non-Executive Directors, out of which 2 are Independent Directors. One of Independent Directors has resigned from 31<sup>st</sup> March 2014, accordingly as on closing hours of 31<sup>st</sup> March 2014, the Remuneration Committee has 3 Non-Executive Directors, out of which 1 is Independent Director.

The composition of the Remuneration Committee is given below:

Name of Members	Category	Designation
Dr. Mustafa Siray	Non Executive, Non Independent	Chairman
Mr. Frank Heinz Lelek	Non Executive, Non Independent	Member
Mr. Dara P. Mehta	Non Executive, Independent	Member

**C. Meetings and Attendance**

Details of Remuneration Committee Meeting held during the Financial year 2013-2014

During the Financial Year ended 31<sup>st</sup> March 2014, one meeting of Remuneration Committee was held as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	29 <sup>th</sup> April 2013	4	4

Attendance at Remuneration Committee Meeting held during the Financial Year 2013–2014 on 29<sup>th</sup> April 2013:

Name of Members	Meeting during the Financial Year 2013-2014	
	No. of Meetings held during the tenure	Meetings Attended
Dr. Mustafa Siray	1	1
Mr. Frank Heinz Lelek	1	1
Mr. Dara P. Mehta	1	1
Mr. Keki Manchershya Elavia	1	1

**D. Remuneration Policy**

The Committee recommends remuneration package of Executive Directors to the Board by reference to individual's qualifications and experience. The remuneration is fixed keeping in view the overall limit laid down under the Companies Act, 1956 and also considering the overall financial results of the Company.

The remuneration of executive directors of the Company is being paid as approved by the Board of Directors and Shareholders of the Company.

**a. Executive Directors**

**Detail of the remuneration paid to Executive Director for the Financial Year 2013 -2014**

Name of Director	Designation	Salaries (Rs.)	Benefits (Rs.)	Performance Pay/Bonus@ (Rs.)	Retire-ment Benefit (Rs.)@@	Total (Rs.)
Mr. Pankaj Khandelwal	Managing Director	2,070,000	1,614,000	431,250	558,900	4,674,150
<b>Total</b>		<b>2,070,000</b>	<b>1,614,000</b>	<b>431,250</b>	<b>558,900</b>	<b>4,674,150</b>

@ The Performance bonus paid during the year was based on the achievement of the following criteria determined by the Board:

- (i) Safety Targets
- (ii) Productivity targets
- (iii) Management of fixed costs

@@ Retirement benefits do not include provision for Leave encashment and contribution to gratuity fund, as separate figures for individual employee are not available for the same.

(ii) The Contract of Appointment of Mr. Pankaj Khandelwal can be terminated by either party by giving to the other party, without assigning any reasons whatsoever, six months notice in writing of its intention to do so or equivalent amount of basic salary in lieu thereof.

(iii) He shall be entitled to the following retirement benefits as per rules of the Company at the time of his retirement/ or cessation of service from the Company (a) Provident Fund (b) Superannuation (c) Gratuity (d) encashment of unavailed leave as per rules of the Company.

**b. Non-Executive Directors**

The Company does not have any pecuniary relationship with any of its Non-Executive Directors. The Non-Executive Directors do not hold any shares or convertible instruments in the Company as on 31<sup>st</sup> March 2014.

The Non-Executive Directors are not paid any remuneration other than the sitting fee to Non-Executive Independent Directors. The Non-Executive Independent Directors are entitled to sitting fees for attending meetings of the Board and the committees thereof as approved by the Board. The sitting fees as determined by the Board are presently Rs. 20,000 per meeting for attending meeting of Board, Audit Committee, Investors Grievance Committee and Remuneration Committee which is within the limits prescribed under the Companies Act, 1956.

The Details of Sitting Fees paid to Non - Executive Independent Directors during the Financial Year 2013-2014 are as under:

Name of Directors	Sitting Fees (Rs.)				Total
	Board Meeting	Audit Committee Meeting	Investors Grievance Committee Meeting	Remuneration Committee Meeting	
Mr. Dara P. Mehta	80,000	80,000	80,000	20,000	2,60,000
Mr. Keki Manchershya Elavia	80,000	80,000	N.A.	20,000	1,80,000

**Employee Stock Option Scheme**

The Company does not have any employee stock option scheme for the employees and Directors.

**3.3 Shareholders/Investors Grievance Committee**

**A. Terms of Reference**

The Investors Grievance Committee looks into redressal of the shareholders and investors complaints like transfer of shares, dematerialization, issue of duplicate shares and other matters relating to investors grievances and investors relations.

**B. Composition**

The Committee presently comprises of three directors. The Chairman of the Committee is a Non-Executive Independent Director.

The composition of the Investors Grievance Committee is given below:

Name	Category	Designation
Mr. Dara P. Mehta	Non-Executive, Independent	Chairman
Mr. Frank Heinz Lelek	Non Executive, Non Independent	Member
Mr. Pankaj Khandelwal	Executive	Member

**C. Meetings and Attendance**

**Details of Meetings held during the Financial Year 2013-2014**

Four Investors Grievance Committee Meetings were held during the Financial Year ended 31<sup>st</sup> March 2014. The dates on which meetings were held are as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1.	29 <sup>th</sup> April 2013	3	3
2.	13 <sup>th</sup> August 2013	3	3
3.	8 <sup>th</sup> November 2013	3	3
4.	28 <sup>th</sup> January 2014	3	3

**D. Attendance at Investors Grievance Committee Meetings held during the Financial Year 2013-2014.**

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Dara P. Mehta	4	4
Mr. Frank Heinz Lelek	4	4
Mr. Pankaj Khandelwal	4	4

**E. Name and Designation of Compliance Officer**

Mr. Brijesh Arora, Vice President (Finance & Accounts) & Company Secretary.

The Contact details are as follows:

Address	Telephone Number	Fax Number
"The Corenthum" Office # 2312, 3rd Floor, 2 <sup>nd</sup> Lobe, Tower-A, A-41, Sector-62, Noida-201309 Uttar Pradesh, India	(0120) 4307910-12	(0120) 4165888

**F. Details of the Complaints received and redressed**

The Company addresses all investor complaints and grievances expeditiously and sends replies/ resolve issues within the prescribed time. The Status of total number of complaints received during the year under review is as follows:

Opening	Received during the year	Resolved during the year	Closing Balance
0	78	78	0

**3.4 Risk Assessment Committee**

The Company has constituted a Risk Assessment Committee to monitor and review the risk management activities of the Company on regular basis. The Committee comprises of the Managing Director and senior management personnel of the Company. The framework for risk assessment and minimization thereto has been evaluated and company takes adequate measures for mitigating such assessed risk. The last meeting of Risk Assessment Committee was held on 20<sup>th</sup> March 2014.

**4. SUBSIDIARY**

The Company does not have a subsidiary.

**5. DISCLOSURES**

**5.1 Disclosures of related party transactions**

The required disclosures with respect to the related party transactions, if any were duly made to Audit Committee on a quarterly basis in terms of Clause 49(IV) (A) and other applicable laws.

There are no materially significant related party transactions of the Company which have potential conflict with the interest of Company at large. The related party transactions have been disclosed under note 30 of Notes to Accounts to Financial Statements.

**5.2 Details of Non-Compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authorities on any matter related to capital markets during last three years: None**

**5.3 Whistle blower Policy and affirmation that no personnel have been denied access to the Audit Committee:**

The Company has not adopted a Whistle Blower Policy. The Company has not denied access to any personnel to approach the management on any issue.

**5.4 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:**

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The Company has not adopted any non-mandatory requirement of the Clause 49.

**5.5 Disclosure of Accounting Treatment**

There is no deviation in following the treatment prescribed in any Accounting Standards (AS) in the preparation of financial statements of the Company.

**5.6 Detail of Public Funding**

We have not obtained any public funding during the financial year ended 31<sup>st</sup> March 2014.

**5.7 Inter-se Relationship between directors of the Company**

None

**6. Management**

Management discussion and analysis of results of operations and financial condition is included in the Annual Report for the financial year 2013-2014 and this report contains all the applicable

information specified under Clause 49 of listing agreement. The disclosures have been made by all Senior Management Personnel for the financial year 2013-2014 regarding all material, financial and commercial transactions where they have a personal interest, which may have a potential conflict with interest of the Company at large.

**7. Shareholders**

The brief resume of all the directors seeking appointment /re-appointment/ fixation of term are available in this report in the notice of the 26<sup>th</sup> Annual General Meeting. The Quarterly and Annual results of the Company are forwarded to Bombay Stock Exchange, where securities of the Company are listed. The quarterly financial statements as well as the annual financial statements are posted on the Company's website. Corporate Announcements made by the Company from time to time are also posted on the Company's website.

**8. CEO/CFO Certification**

The Certificate required under Clause 49(V) of the listing agreement duly signed by CEO and CFO has been given to Board and attached as Annexure – I to this report. As required by clause 49 of the listing agreement, the certificate signed by CEO & CFO was placed before the board of directors at its meeting held on 29<sup>th</sup> April, 2014.

9. The Company submits a quarterly compliance report on corporate governance signed by Compliance officer to the Stock Exchange within 15 Days from the close of the corresponding quarter. Such quarterly compliance reports on corporate governance are also posted on the Company's website.

10. The Statutory Auditors certificate, as stipulated in Clause 49 of the listing agreement with Stock Exchange that Company has complied with conditions of corporate governance is annexed to the Directors' Report. This certificate will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

**11. Means of Communications**

**11.1 Quarterly Results:** The quarterly results of the Company are announced within 45 days of completion of the quarter. Audited Annual Results are announced within two months from the end of the financial year. The Company regularly intimates unaudited as well as audited financial results to the stock exchanges, immediately after these are approved. The quarterly and annual financial results are normally published in "Financial Express/ Mint Newspaper - All India Edition" (English Language) and "Jansatta/ Rashtriya Sahara" (Vernacular Language).

**11.2 Annual Report:** Annual Report containing inter-alia Audited Accounts, Directors' Report, Management Discussion and Analysis Report (MD&A), Auditors' Report, Corporate Governance Report including information for Shareholders and other important information is circulated to the members and others entitled thereto.

**11.3** The Company also ensures that financial results are promptly and prominently displayed on Company Website [www.insilcoindia.com](http://www.insilcoindia.com).

**11.4** The Company also ensures that the details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with media companies and/or their associates are promptly and prominently displayed on Company Website [www.insilcoindia.com](http://www.insilcoindia.com).

**11.5** The official news releases and presentation to institutional investors and analysts whenever made by the Company are displayed on the Company's Website.

**12. General Body Meetings**

Location, date and time of the Annual General Meetings held during the preceding three years and Special Resolution passed thereat are as follows:

General Meeting	Date	Time	Location (Registered Office)	Special Resolutions Passed
<b>25<sup>th</sup> Annual General Meeting</b>	13 <sup>th</sup> August 2013	10:30 hrs	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh	Revision in remuneration of Mr. Pankaj Khandelwal, Managing Director of the Company from existing Rs. 4,500,000/- per annum to Rs. 5,200,000/- per annum with effect from 1 <sup>st</sup> April, 2013.
<b>24<sup>th</sup> Annual General Meeting</b>	9 <sup>th</sup> August 2012	10:30 hrs	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh	Appointment of Mr. Pankaj Khandelwal as Managing Director with effect from 1 <sup>st</sup> March, 2012.
<b>23<sup>rd</sup> Annual General Meeting</b>	5 <sup>th</sup> August 2011	10:30 hrs	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh	None

**12.1 Postal Ballot**

No Special Resolution requiring a postal Ballot is proposed for ensuing Annual General Meeting.

**13. GENERAL SHAREHOLDERS INFORMATION**

**13.1 Particulars of ensuing Annual General Meeting**

<b>Date</b>	14 <sup>th</sup> August 2014
<b>Time</b>	10:30 a.m.
<b>Day</b>	Thursday.
<b>Venue</b>	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh
<b>Financial Year</b>	31 <sup>st</sup> March 2014
<b>Book Closure Dates</b>	8 <sup>th</sup> August 2014 to 13 <sup>th</sup> August 2014
<b>Dividend Payment Dates</b>	No dividend has been recommended for the Financial Year 2013-14.

**13.2 Financial Calendar 2014-2015 (Tentative)**

Financial Year 2014-15	
1 <sup>st</sup> Quarter Results for quarter ending 30 <sup>th</sup> June 2014	14 <sup>th</sup> August 2014
2 <sup>nd</sup> Quarter Results for quarter ending 30 <sup>th</sup> September 2014	October / November 2014
3 <sup>rd</sup> Quarter Results for quarter ending 31 <sup>st</sup> December 2014	January / February 2015
4 <sup>th</sup> Quarter Results for quarter/Annual Accounts for the period ending 31 <sup>st</sup> March 2015	April / May 2015
27 <sup>th</sup> Annual General Meeting	July /August 2015

**13.3 Listing on Stock Exchange (With Stock Code)**

Name and Address of Stock Exchange	Stock Code
The Bombay Stock Exchange Limited(BSE), 25 <sup>th</sup> Floor, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai-400001	500211

**13.4 Listing Fee**

Annual listing fee for the year 2014-2015 has been paid to Bombay Stock Exchange.

**13.5 ISIN No. in NSDL & CDSL: INE901A01011**

The Company has paid the annual custodial fees for the year 2014-15 to both depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**13.6 Stock Market Data**

The Monthly High/Low stock prices of Company Equity Shares at Bombay Stock Exchange and BSE Sensex during Financial Year 2013-2014 are given below:

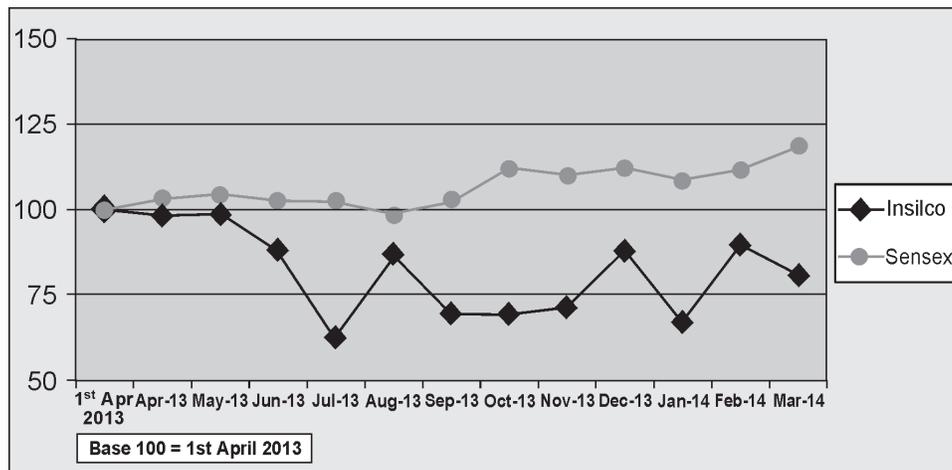
Month	Bombay Stock Exchange			
	Insilco Share Price		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2013	15.24	13.01	19,622.68	18,144.22
May 2013	15.46	13.25	20,443.62	19,451.26
June 2013	14.24	11.26	19,860.19	18,467.16
July 2013	12.72	8.65	20,351.06	19,126.82
Aug 2013	12.65	7.15	19,569.20	17,448.71
Sep 2013	12.25	9.60	20,739.69	18,166.17
Oct 2013	10.15	9.16	21,205.44	19,264.72
Nov 2013	10.14	8.67	21,321.53	20,137.67
Dec 2013	12.20	9.18	21,483.74	20,568.70
Jan 2014	12.41	8.77	21,409.66	20,343.78
Feb 2014	14.18	8.20	21,140.51	19,963.12
Mar 2014	12.50	10.64	22,467.21	20,920.98

Source: www.bseindia.com

**13.7 Stock Performance in Comparison to BSE Sensex**

The performance of the Company's Closing Share price relative to the BSE Sensex for the year 2013-14 is given in the chart below:

INSILCO Closing Price vs BSE Sensex Closing April 2013 to March 2014



**13.8 Registrar and Transfer Agent**

M/s. MCS Ltd.  
F-65, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110020

**Contact Details are:**

Phone : (011) 41406149/ 41406151/ 41406152/ 41709885/ 41609386  
Fax : (011) 41709881  
Email : admin@mcsdel.com

**13.9 Share Transfer System**

The application for Transfer, Transmission and issue of duplicate shares are received at the office of Registrar Transfer Agent, M/s. MCS Limited or by Company at its registered office. The Transfers & Transmission of shares in physical form is processed within 12-15 days from date of receipt of documents complete in all respects.

**13.10 Share Transfer Committee**

With a view to expedite the process of share transfer which are received in physical form, the Board had constituted a "Share Transfer Committee" which usually meets every fortnight to consider and approve the shares received for transfer transmission, rematerialization etc. A summary of transfer/transmission of securities so approved by the committee are placed periodically at Board Meetings.

**Composition**

- i. Mr. Pankaj Khandelwal, Managing Director
- ii. Mr. Frank Heinz Lelek, Director
- iii. Mr. Brijesh Arora, Vice President (Finance & Accounts) and Company Secretary
- iv. Ms. Sheetal Saluja, Asst. Manager (Legal & Company Secretary)\*

\* Appointed as Member with effect from 29<sup>th</sup> April, 2013.

The Committee met 22 times during the year.

Pursuant to Clause 47C of the listing agreement, certificate on half yearly basis confirming due compliance of Share Transfer formalities by RTA and timely dematerialisation of shares as per SEBI (Depositories and Participants) Regulations, 1996 is obtained from a practicing company secretary within one month of the end of each half of the financial year and the same is sent to stock exchange within prescribed time.

In addition, as stipulated by Securities and Exchange Board of India (SEBI), a Reconciliation of Share Capital Audit Report by a practicing company secretary for reconciliation of the Share Capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and total number of dematerialized shares held by NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the Stock Exchange.

**13.11. Dematerialisation of Shares & Liquidity**

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The details of the no. of shares held in dematerialized form and physical mode as on 31<sup>st</sup> March 2014 are as follows:

Name	Physical		Dematerialized		Total	
	No. of Shares	% to Paid up capital	No. of Shares	% to Paid up capital	No. of Shares	% to Paid up capital
Evonik Degussa GmbH, Germany (Formerly Degussa GmbH), Foreign Promoters	45,853,315	73.11	0	0	45,853,315	73.11
Others	2,905,202	4.63	13,956,483	22.26	16,861,685	26.89
<b>Total</b>	<b>48,758,517</b>	<b>77.74</b>	<b>13,956,483</b>	<b>22.26</b>	<b>62,715,000</b>	<b>100.00</b>

**13.12 As on 31<sup>st</sup> March 2014, the Distribution of Shareholding of the Company was as follows:**

No. of Equity Shares held	No. of Share held	% to Total	No. of Shareholders	% to Total
1 to 500	5,457,597	8.70	39,916	90.92
501 to 1000	1,817,558	2.90	2,187	4.98
1001 to 2000	1,410,171	2.25	913	2.08
2001 to 3000	704,162	1.12	271	0.62
3001 to 4000	526,345	0.84	145	0.33
4001 to 5000	609,269	0.97	128	0.29
5001 to 10000	1,405,520	2.24	189	0.43
10001 to 50000	2,903,358	4.63	132	0.30
50001 to 100000	868,195	1.39	13	0.03
100001 and above	47,012,825	74.96	9	0.02
<b>Total</b>	<b>62,715,000</b>	<b>100.00</b>	<b>43,903</b>	<b>100.00</b>

**13.13 Shareholding Pattern of the Company as on 31<sup>st</sup> March 2014:**

Holders	No. of Shares	% to total
Promoters – Evonik Degussa GmbH (Formerly Degussa GmbH)	45,853,315	73.11
Residents (Individual)	14,795,411	23.59
Financial Institutions and Banks	23,680	0.04
Non-Resident Individuals/ OCBs	277,201	0.44
Foreign Institutional	50,000	0.08
Indian Corporate Bodies/ Trusts	1,701,333	2.72
Mutual Funds/ Insurance Companies	14,060	0.02
<b>Total</b>	<b>62,715,000</b>	<b>100.00</b>

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

No GDRs/ADRs/Warrants or any convertible instruments has been issued by the Company.

**13.15 Plant Location**

<b>Gajraula</b>	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula -244223, Uttar Pradesh, India
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**13.16 Address for Correspondence**

- i. All correspondence regarding transfer and dematerialization of shares certificates should be addressed to our Registrar and Share Transfer Agent, M/s. MCS Limited located at:

F-65, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi - 110020

Following are the contact numbers:

Phone Numbers : (011) 41406149/ 41406151/41406152 /41709885/ 41609386  
 Fax number : (011) 41709881  
 Email Address : admin@mcsdel.com

- ii. For any other information, the Shareholders may contact the Company Secretary at the Head office of the Company situated at:

“The Corenthum”, Office #2312, 3rd Floor, 2nd Lobe, Tower-A,  
A-41, Sector 62, Noida, 201309, Uttar Pradesh, India  
Telephone : (0120) 4307910-12  
Fax No. : (0120) 4165888  
Email address : insilco@evonik.com  
Website : www.insilcoindia.com

**DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO)**

I, Pankaj Khandelwal, Managing Director of Insilco Limited to best of my knowledge and belief hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Company Code of Conduct during the financial year ended 31<sup>st</sup> March 2014.

Sd/-

Place: Noida  
Date: 29<sup>th</sup> April, 2014

**Pankaj Khandelwal**  
Managing Director

**Annexure - I**

**CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO)  
CERTIFICATION FOR THE FINANCIAL YEAR 2013-14**

We hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee:
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-

Place : Noida  
Date: 29<sup>th</sup> April, 2014

**Pankaj Khandelwal**  
Managing Director

Sd/-

**Brijesh Arora**  
Vice President (Finance & Accounts)  
& Company Secretary

**AUDITORS' CERTIFICATE**

**To**

**The Members of Insilco Limited**

We have examined the compliance of conditions of corporate governance by **Insilco Limited**, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W

Sd/-

**per Raman Sobti**

Partner

Membership No.: 89218

Place : Gurgaon

Date : 29<sup>th</sup> April, 2014

Annexure – C

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Overall Review**

Production and sales during the year were 11,207 MT and 11,128 MT as against 14,259 MT and 15,103 MT respectively in the previous year. The sales turnover during the year is Rs. 686 Million as compared to Rs. 844 Million in the previous year. The Average cost of power and fuel increased significantly during the year as compared to the previous year. We could not sufficiently increase the prices of our products to cover the full impact of the cost increases to avoid losing important customers and significant sales volumes.

The Company's world class manufacturing plant at Gajraula based on technology from its parent company Evonik Degussa GmbH, Germany gives it an edge over its competitors as it can offer high quality and innovative products to its customers.

**Industry Structure and Developments**

Precipitated silica is used for rubber and specialty applications. The rubber applications include - Tyre, Footwear and Mechanical Rubber Goods. The specialty applications include - Agrochemicals, Feed, Food, Toothpaste, Detergents, Battery Separators, Cosmetics and Defoamer. All end-user segments are showing good growth.

**Opportunity, Threats, Outlook, Risks and Concerns**

Evonik Degussa GmbH, Germany is providing all necessary technical and marketing support to us to promote our higher value added product portfolio. Your company continues to be amongst the leading manufacturers of precipitated silica in India. We consistently supply international quality products and also provide our customers with technical assistance for application solutions with the technical back-up from Evonik Degussa GmbH, Germany. Our strengths include—

- Capability to introduce new, high quality products.
- Products manufactured to International standards with consistent quality.
- Access to the International Sales & Marketing Network of our parent company, Evonik Degussa GmbH, Germany.
- Local technical assistance to our valued customers from the Application Technology Lab operated by our parent company as part of its international network.
- Environment friendly production site.
- Commitment to a high standard code of conduct and ethics.

Our operations in general are susceptible to possible changes in fiscal, monetary and economic policies of the Government especially with regard to fuel, power and freight costs. The major challenge for our industry is that it is raw material and energy intensive and any fluctuation in their prices has a significant impact on our performance, e.g. the change in Government policy to remove subsidies on diesel has seriously impacted our profitability and has become an issue of concern. The cost of production of the company became significantly higher due to high energy costs as compared to our peers. The future growth of the company depends upon willingness of customers to pay higher premium for our products.

With prudent business and risk management practices, the Company is continually looking at ways to minimize the impact of the cost increases by passing these on to customers, judicious buying, adequate stocking, developing alternate vendors, exploring alternative sources of energy, etc.

Risk of fire, flood and accident are common risks attached to the working of any plant/company. The Management has taken reasonable steps to counter the risk by maintaining the industrial all-risk insurance policy for its manufacturing facility.

**Segment-wise or Product-wise Performance**

The Company is engaged in the manufacture of a single product i.e. Precipitated Silica and hence there is only one primary segment.

**Outlook**

The Indian economy is expected to grow in the short to medium term and there are inherent opportunities available for the Company in our target industries such as Tyres, Automotive Components, Mechanical rubber goods,

Footwear, Agrochemicals, Food and Toothpaste. The Company enjoys a high standing with its customers and is actively pursuing all growth opportunities so as to improve its results.

#### **Internal Control Systems and their adequacy**

The Company has an adequate system of internal controls to provide reasonable assurance:

- Assets are safeguarded and protected against loss from unauthorized use or disposition.
- All transactions are authorized, recorded and reported properly and
- All accounting records are properly maintained and financial statements are reliable.
- All statutory requirements are duly complied.

The key elements of internal control system are as follows:

- Clearly defined organization structure.
- Well-defined authorization for conducting business.
- Revenue and capital budgeting monitoring system.
- Management control through monthly MIS system.

The Company has appointed a firm of independent and reputed Chartered Accountants to conduct on-going internal audits. The Auditors have access to all records and information of the Company. The Audit Committee and Board periodically review the findings and recommendations of the auditors and take necessary corrective actions wherever necessary. The Audit Committee also reviews the performance of Internal Auditors, adequacy of Internal Control Systems and ensures compliance of Internal Control Systems. The Audit Committee and Board recognize the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

#### **Risk Management**

Risk Management is the identification and measurement of risks, which can affect the organization and implementation of strategy for monitoring, controlling and mitigation of these risks by systematic actions in a planned manner. The Company has constituted a Risk Assessment Committee to monitor and review the risk management activities of the Company on regular basis. The Committee comprises of the Managing Director and senior management personnel of the Company. The framework for risk assessment and minimization thereto has been evaluated and company takes adequate measures for mitigating such assessed risk.

#### **Material Developments in Human Resources/Industrial Relations Front including number of people employed**

There were 124 employees as on March 31, 2014.

Most of our employees have continued their long term association with Insilco. During 2013-2014, 13 employees were conferred the 20 years Long Service Award. Of the total employees in the company, 60 have completed this milestone till date.

Industrial Relations remained cordial during the year. The annual wage settlement was concluded peacefully.

Our focus during the year was in building competencies of human resources by a policy of job re-definition and job rotation. These organizational changes were implemented in line with the business situation and strategy. This has contributed to the growth and development of the employees and offered them the opportunity to develop new job skills and obtain wider exposures. This has also resulted in reduction in Head Count and better efficiency.

Insilco continued the high attention to the adherence by employees to our Code of Conduct.

We also initiated an evaluation of existing processes and policies and upgraded our HR Manual during the year.

During the year, we provided several internal and external trainings to the employees to update their knowledge and develop them for growth.

For employees engagement, regular social and sporting activities are organized on the colony campus under the aegis of the Employees Social Club. These activities involve the families and is a good forum for overall development of community living.

### Prohibition of Insider Trading

The Company has implemented a policy prohibiting Insider trading in conformity with applicable regulations of the Securities Exchange Board of India (SEBI). Necessary procedures have been laid down for prohibition of Insider Trading. The policy and the procedures are periodically communicated to directors and the employees who are considered as insiders of the Company. Trading window closures are intimated to all employees and directors in advance, whenever required.

### Environment, Health & Safety

We are committed to conserve and protect the environment through continuous support and participation of all employees. Our plant at Gajraula is certified under the Environment Management standard ISO-14001 and Quality Management Standard ISO 9001-2000. During the year, recertification audit of the Environment Management standard ISO-14001 and Quality Management Standard ISO 9001-2000 was successfully completed.

Environment, Health and Safety (EHS) is one of the primary values for your Company. Your Company focuses on pollution abatement, resource optimization and waste minimization, which leads to sustainable development. The company has set up elaborate safety system to ensure a proper safe work environment. Emphasis is given to prevention of any accident. As a result of strict safety norms being followed, the company has been able to maintain very good safety record. Your Company also gives priority and attention to the health of its employees and trains the employees to work as per prescribed procedures designed to meet all EHS requirements.

Insilco's EHS commitment is to become a "zero incidents site" in all activities and operations. We endeavor to meet this target by:

- Strictly adhering to the defined procedures set for the organization.
- Committing to process safety in all operations.
- Reinforcing the belief that all incidents are preventable.

To achieve this, we involve all employees, contractors, suppliers and sub-contractors in EHS initiatives through brainstorming, inspection, detection and correction. We are pleased to report that year 2013-14 is a Zero man days loss accident year. No accident has occurred in the Plant since 13<sup>th</sup> April, 2008.

Your company is having state of art effluent treatment system as per Evonik International standards which is controlled /monitored through DCS /Electronic control system.

### Discussion on financial performance with respect to operational performance

#### A. Financial Position

##### 1. Share Capital

The Company has one class of shares - equity shares of par value Rs. 10 each. The authorized share capital of the Company is Rs. 657.15 Million (Mio.) divided into 65,715,000 equity shares of Rs. 10 each. The issued, subscribed and paid-up share capital stood at Rs. 627.15 Mio. as on year ended March 31, 2014.

During the year there is no change in share capital of the Company.

##### 2. Reserves and Surplus

The balance retained in the Profit & Loss Account as on March 31, 2014 is Rs. 267.93 Mio. as compared to Rs. 370.98 Mio. as on March 31, 2013. The book value per share at the end of the year is Rs. 14.27 as compared to Rs. 15.92 at the end of previous year.

##### 3. Non Current Liabilities:

###### (i) Deferred Tax Liabilities

The net deferred tax liabilities as at the year end are NIL as compared to Rs. 16.60 Mio. as on March 31, 2013. The Deferred tax liabilities/Assets represent tax impact of the timing differences in financial and tax books arising from depreciation on assets, provision for doubtful debts, expenditure debited to Profit & Loss Account in one year but allowed for tax purposes in following years.

###### (ii) Long Term Provisions

Long Term Provisions as at the year end are 1.16 Mio. as compared to Rs. 2.32 Mio. as on March 31, 2013. The provisions represent liabilities provided for Long Service Awards.

**4. Current Liabilities:**

The Company owes an amount of Rs. 49.80 Mio. as compared to Rs. 57.53 Mio. as on March 31, 2013. This represents 6.79% of total expenditure for the year ended March 31, 2014 as compared to 6.80% of previous year. These liabilities include the following:

Particulars	As of March 31, 2014 Rs. in Mio.
Trade Payables	15.43
<b>Other Current Liabilities:</b>	
Advance from customer	12.77
Retention Money & Security Deposits	1.98
Other Liabilities	7.11
<b>Short Term Provisions:</b>	
Provision for Income Tax	6.93
Provision for Long Service Awards	0.76
Provision for Leave Encashment	4.11
Provision for Sick Leave	0.71

**5. Non Current Assets:**

**(i) Fixed Assets**

Additions of Rs. 2.42 Mio. were made to Fixed Assets during the current year and this includes Rs. 1.64 Mio. towards Plant and Machinery, Rs. 0.16 Mio. towards Computers and Rs. 0.35 Mio. towards Office Equipments. The capital work-in-progress is of Rs. 0.17 Mio. this represents advances paid towards acquisition of fixed assets and the cost of assets not put to use. The Company retired/ transferred various assets with a gross value of Rs. 16.05 Mio. and recorded an impairment provision of Rs. 74.30 Mio. for some Plant & Machinery. The company has estimated realizable value of Rs. 7.47 mio. based on scrap value determined by external expert.

**(ii) Long Term Loans & Advances**

Long Term Loans and Advances amount to Rs 41.99 Mio. as of March 31, 2014 as compared to Rs. 40.54 Mio. as on March 31, 2013. Long term Loans and Advances include Rs. 5.71 Mio. towards security deposit, Rs. 0.07 Mio. towards Capital Advances and Rs. 0.19 Mio. towards loan to employees as per company policy.

**6. Current Assets:**

**(i) Current Investments**

Investments of Rs. 360.93 Mio. at the end of the year represents the investments in Mutual Funds as compared to Rs. 406.67 Mio. as on March 31, 2013. All investments have been classified as current investments. A sum of Rs. 1.11 Mio. on account of diminution has been provided in the value of current investments. Investments as on March 31, 2014 represent investments in Mutual funds having exposure to Government securities which are considered as safest securities with low risk of default.

**(ii) Inventories**

Inventories amount to Rs. 93.93 Mio. as on March 31, 2014 as compared to Rs. 82.39 Mio. as on March 31, 2013. The inventory has been increased by Rs. 11.54 Mio. during the year. The level of inventory in relation to sales has increased by 1.68%.

**(iii) Trade Receivables**

Trade Receivables amount to Rs. 97.77 Mio. (net of provisions of Rs. 0.19 Mio.) as of March 31, 2014 as compared to Rs. 93.74 Mio. (net of provisions of Rs. 0.35 Mio.) as on March 31, 2013. These trade receivables are considered to be good and realizable. The need for provisions is assessed based on various factors including collectability of specific dues, risk perception of the industry in which the customer operates and other general factors. Provisions are made for trade receivables depending on the management's perception of risk. Trade Receivables are 14.26% of revenue for the year ended March 31, 2014 as compared to 11.11%

of revenue for the year ended March 31, 2013. This represents an average outstanding of 52 days of revenue for the year as compared to 41 days in the previous year.

**(iv) Cash and Bank Balances**

As at March 31, 2014, the Company had a cash and bank balance of Rs. 159.99 Mio. This represents 16.91% of total assets and 23.34% of the revenue of the current year. The cash & bank balances include deposits of Rs 114.19 Mio. for original maturity between 3 months to 12 months.

**(v) Short Term Loans & Advances**

Short Term Loans & Advances amount to Rs. 8.39 Mio. as on March 31, 2014 as compared to Rs. 14.14 Mio. as on March 31, 2013. Short term loans & advances includes Rs.3.73 Mio. towards advances recoverable in cash or kind & Rs.4.66 Mio. towards balance with statutory/government authorities, employee loans & prepaid expenses.

**(vi) Other Current Assets**

Other current assets amount to Rs. 5.72 Mio. as compared to Rs. 8.06 Mio. as on March 31, 2013. Other current assets include interest accrued on fixed deposits of Rs. 5.05 Mio.

**B. Results of Operations**

**1. Turnover**

The detail of turnover of the company is as per table given below:

Particulars	Rs. in Mio.	
	Year ended 31-March-2014	Year ended 31-March-2013
Gross Turnover	686	844
Less: Excise Duty	70	86
<b>Net Turnover</b>	<b>616</b>	<b>758</b>

**2. Net Profit/Loss After Tax**

The Net loss after tax for the year is Rs 103.05 Mio. as against loss after tax of Rs 8.87 Mio. for previous year.

**3. Earnings Per Share**

The basic EPS for the year is Rs (-) 1.64 per share as against Rs (-) 0.14 per share in the previous year.

**4. Raw Material Consumption**

The raw material consumption for current year is Rs. 215.72 Mio. as compared to Rs. 287.28 Mio. for previous year. The Company continued to follow the procurement model of cullet instead of producing in house cullet.

**5. Changes in inventories of Finished Goods & Work in progress**

The increase in inventory of finished goods & work in progress during the year is Rs. 2.95 Mio. It includes increases in finished goods inventory by Rs.9.21 Mio. and decrease in work in progress by Rs. 6.26 Mio.

**6. Employee Benefits Expense**

The employees' remuneration and benefits for the year ended March 31, 2014 are Rs. 66.56 Mio. as compared to Rs. 73.52 Mio. for the year ended March 31, 2013. The Company has 124 employees as on March 31, 2014 on its rolls.

**7. Depreciation and Amortization Expense**

There has been provided a sum of Rs. 25.00 Mio. towards depreciation for the year ended March 31, 2014 representing 3.64% of gross sales. The depreciation as a percentage of average gross block is 2.59% for the year ended March 31, 2014.

**8. Other Expenses**

The other expenses for the year ended March 31, 2014 are Rs. 383.61 Mio. as compared to Rs. 370.34 Mio. for the year ended March 31, 2013. The other expenses includes Power & Fuel expenses, Repairs & Maintenance expenses, Freight & Forwarding charges, Packing expenses, Rent, Insurance, Selling & Marketing Expenses, Travelling and Conveyance expenses, etc.

**FINANCIAL DATA FOR THE YEAR ENDED MARCH 31, 2014**

[Rs. in Mio. except ratios, per share data and other information]

Description	March 2014	March 2013	March 2012
<b>Financial Performance</b>			
Sales	685.59	843.64	806.70
Profit before Interest, Investment Income Depreciation, Exceptional Items and Tax	(41.45)	10.42	46.64
Income from Interest & Investment	(21.37)	(47.45)	(27.17)
Interest Expenses	0.28	0.07	0.50
Depreciation and Amortization	24.99	35.90	28.50
(Profit)/Loss on Exceptional Items	74.30	25.94	(6.70)
Profit/(Loss) Before tax	(119.65)	(4.04)	51.51
Taxation charge / (Release)	(16.60)	4.83	4.93
Profit/(Loss) after Tax	(103.05)	(8.87)	46.58
<b>Balance Sheet</b>			
Share Capital	627.15	627.15	627.15
Reserves and Surpluses	267.93	370.98	379.85
Net Worth	895.08	998.13	1,007.00
Non Current Liabilities	1.16	18.92	31.68
Non Current Assets	219.32	317.90	359.18
Net Current Assets	676.90	699.20	679.49
Total Assets	946.04	1,074.58	1,117.93
<b>Per Share Data</b>			
Basic EPS (Rs.)	(1.64)	(0.14)	0.74
Book Value per share (Rs.)	14.27	15.92	16.06
<b>Other Information</b>			
Number of Shareholders	43,902	44,759	45,119

**RATIO ANALYSIS FOR THE YEAR ENDED MARCH 31, 2014**

Description	March 2014	March 2013	March 2012
<b>Ratios-Financial Performance</b>			
Gross Profit/ Total Sales [%]	16%	21%	27%
Profit /(Loss) Before Interest, Investment Income Depreciation, Exceptional Item & Tax/ Total Sales [%]	(6)%	1 %	6%
Profit/(Loss) Before Interest, Investment Income Depreciation & Tax/ Total Sales [%]	(17)%	(2)%	7%
<b>Ratios-Balance Sheet</b>			
Debt Equity Ratio (Long Term Debt : Equity)	-	-	-
Current Ratio	14.59	13.15	9.57
Days Sales Outstanding (DSO)	52	41	71
Depreciation/ Average Gross Block	2.59%	3.60%	2.98%

## **INDEPENDENT AUDITORS' REPORT**

TO

THE MEMBERS OF INSILCO LIMITED

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Insilco Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4<sup>th</sup> April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4<sup>th</sup> April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31,

2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 101049W  
Sd/-

**per Raman Sobti**

Partner

Membership No.: 89218

Place : Gurgaon  
Date : 29<sup>th</sup> April, 2014

**Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory requirements' of our report of even date**

**Re: Insilco Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable and hence not commented upon.  
(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve rendering of services. During the course of our audit, no major weakness has been noticed in the internal control system or continuing failure to correct major weakness in internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956, related to the manufacture of Precipitated Silica and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service-tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. *However, one undisputed due in respect of income tax for assessment year 1992-93 amounting to Rs.27,97,203 is unpaid for which the Company has applied for stay of demand requesting adjustment of refunds of other assessment years to Deputy Commissioner of Income tax. The Company is yet to receive the acceptance or rejection of the application.*
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount is relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,086,728	A.Y. 1998-99	Delhi High Court
		3,569,864	A.Y. 1993-94	Income Tax Appellate Tribunal
		2,759,623	A.Y. 2005-06	Income Tax Appellate Tribunal
		402,736	A.Y. 2002-03	Assessing officer
		16,669,750	A.Y. 2006-07	Income Tax Appellate Tribunal

- (x) The Company has no accumulated losses at the end of the financial year *but it has incurred cash losses during the year*. In the immediately preceding financial year, the Company had not incurred cash losses.
- (xi) The Company has not taken loans from bank, financial institution or debenture holders. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. : 101049W

Sd/-

**per Raman Sobti**

Partner

Membership No.: 89218

Place : Gurgaon  
Date : 29<sup>th</sup> April, 2014

**Balance Sheet as at 31st March, 2014**

Particulars	Note No.	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>Equity and Liabilities</b>			
<b>Shareholder's Funds</b>			
Share capital	3	627,150	627,150
Reserves and surplus	4	267,927	370,977
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	5	-	16,603
Long-term provisions	6	1,161	2,315
<b>Current liabilities</b>			
Trade payables	7	15,430	19,721
Other current liabilities	7	21,862	22,719
Short-term provisions	6	12,511	15,093
<b>TOTAL</b>		<b>946,041</b>	<b>1,074,578</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	177,106	275,057
Intangible assets	9	51	91
Capital Work-in-progress		166	2,210
Long-term loan and advances	10	41,994	40,540
<b>Current assets</b>			
Current investments	11	360,925	406,668
Inventories	12	93,934	82,389
Trade receivables	13	97,765	93,745
Cash and Bank Balances	14	159,991	151,677
Short-term loans and advances	10	8,385	14,143
Other current assets	15	5,724	8,058
<b>TOTAL</b>		<b>946,041</b>	<b>1,074,578</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Firm Registration No.: 101049W

Chartered Accountants

Sd/-

**Per Raman Sobti**

Partner

Membership No.: 89218

**For and on behalf of the Board of Directors  
of Insilco Limited**

Sd/-

**Dara P. Mehta**

Chairman / Director

Sd/-

**Pankaj Khandelwal**

Managing Director

Sd/-

**Brijesh Arora**

Vice President (Finance & Accounts) &

Company Secretary

Place: Gurgaon

Date : 29<sup>th</sup> April, 2014

Place: Noida

Date : 29<sup>th</sup> April, 2014

Statement of Profit and Loss Account for the year ended 31st March, 2014

Particulars	Note No.	For the year ended 31-March-2014 (Rs. in '000)	For the year ended 31-March-2013 (Rs. in '000)
<b>INCOME</b>			
Revenue from operations (Gross)	16	685,593	843,637
Less : Excise duty		69,989	86,079
Revenue from operations (Net)		615,604	757,558
Other income	17	27,247	59,804
<b>Total Revenue (I)</b>		<b>642,851</b>	<b>817,362</b>
<b>Expenses</b>			
Cost of raw material consumed	18	215,722	287,277
Changes in inventories of Finished Goods and Work-in-progress	19	(2,953)	28,345
Employee benefits expense	20	66,563	73,514
Finance costs	21	279	75
Depreciation and amortisation expense	22	24,989	35,904
Other expenses	23	383,607	370,344
<b>Total (II)</b>		<b>688,207</b>	<b>795,459</b>
Profit/ (loss) before exceptional items and tax (I-II)		(45,356)	21,903
Exceptional items	24	74,297	25,940
<b>Loss before tax</b>		<b>(119,653)</b>	<b>(4,037)</b>
<b>Tax expense</b>	25		
Current tax		-	155
Mat credit reversed		-	16,599
Deferred tax		(16,603)	(11,922)
<b>Total Tax expense</b>		<b>(16,603)</b>	<b>4,832</b>
<b>Loss for the year</b>		<b>(103,050)</b>	<b>(8,869)</b>
<b>Loss per equity share (Rs.):</b>	26		
<b>[nominal value of shares Rs. 10 (31<sup>st</sup> March 2013 Rs. 10)]</b>			
<b>Basic</b>			
Computed on the basis of total loss for the year		(1.64)	(0.14)
<b>Diluted</b>			
Computed on the basis of total loss for the year		(1.64)	(0.14)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Firm Registration No.: 101049W

Chartered Accountants

Sd/-

**Per Raman Sobti**

Partner

Membership No.: 89218

**For and on behalf of the Board of Directors  
of Insilco Limited**

Sd/-

**Dara P. Mehta**

Chairman / Director

Sd/-

**Pankaj Khandelwal**

Managing Director

Sd/-

**Brijesh Arora**

Vice President (Finance & Accounts) &  
Company Secretary

Place: Gurgaon

Date : 29<sup>th</sup> April, 2014

Place: Noida

Date : 29<sup>th</sup> April, 2014

**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014**

Particulars	Year ended 31-March-2014 (Rs. in '000)	Year ended 31-March-2013 (Rs. in '000)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net loss before tax</b>	(119,653)	(4,037)
Adjustments for :-		
- Depreciation/amortisation	24,989	35,904
- Impairment provision	74,297	-
- Profit on sale of fixed assets	(1,735)	(7,310)
- Loss on discard of plant & machinery	-	25,940
- Profit on disposal of investments	(8,474)	(36,161)
- Interest (net)	(12,616)	(11,218)
- Liabilities no longer required written back	(246)	(1,320)
- Bad debts & advances written off	4	159
- Provision for diminution of investment	897	(205)
- Provision for slow moving inventory	3,333	416
- Reversal of provision for bad debts	-	(279)
<b>Operating profit/(loss) before Working capital changes</b>	<b>(39,204)</b>	<b>1,889</b>
Adjustment for :-		
- Trade receivables and other current assets	(4,020)	63,440
- Loans & advances	5,172	10,182
- Inventories	(14,879)	48,716
- Trade payables, other current liabilities and provisions	(8,475)	(12,153)
<b>Cash generated (Utilised) from Operations</b>	<b>(61,406)</b>	<b>112,074</b>
- Direct tax (paid)	-	(4,600)
<b>Net Cash from / (used in) Operating activities</b>	<b>(61,406)</b>	<b>107,474</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchase of fixed assets	(625)	(10,284)
- Sale of fixed Assets	2,949	10,464
- Advance received / (adjusted) against fixed asset sale	-	(2,250)
- Purchase of investments	(200,194)	(367,780)
- Sale of investments	253,512	312,780
- Deposits with original maturity more than three months	(114,315)	(137,755)
- Maturity of deposits with original maturity more than three months	137,755	64,006
- Interest received	14,359	6,158
<b>Net Cash from / (used in) Investing activities</b>	<b>93,441</b>	<b>(124,661)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Interest paid	(279)	(75)
<b>Net Cash used in Financing activities</b>	<b>(279)</b>	<b>(75)</b>
<b>Net Increase/ (decrease) in Cash &amp; Cash equivalents (A + B + C)</b>	<b>31,756</b>	<b>(17,262)</b>
<b>Cash &amp; Cash equivalents as at beginning of the year</b>	<b>13,921</b>	<b>31,183</b>
<b>Opening Cash in hand &amp; Bank balances (Refer Note 14)</b>		
<b>Cash &amp; Cash equivalents as at the end of the year</b>	<b>45,677</b>	<b>13,921</b>
<b>Closing Cash in hand &amp; Bank balances (Refer Note 14)</b>		

Notes :

1. The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3.

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Firm Registration No.: 101049W  
Chartered Accountants

Sd/-  
**Per Raman Sobti**  
Partner

Membership No.: 89218

**For and on behalf of the Board of Directors  
of Insilco Limited**

Sd/-  
**Dara P. Mehta**  
Chairman / Director

Sd/-  
**Brijesh Arora**  
Vice President (Finance & Accounts) &  
Company Secretary

Sd/-  
**Pankaj Khandelwal**  
Managing Director

Place : Gurgaon  
Date : 29<sup>th</sup> April, 2014

Place : Noida  
Date : 29<sup>th</sup> April, 2014

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### 1. Corporate Information

Insilco Limited is a subsidiary of Evonik Degussa GmbH, Germany. The Company is a public company and is incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange. The Company is engaged in the manufacturing and selling of precipitated silica. Insilco produces different grades of precipitated silica, catering to the requirements of customers in different industries.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4<sup>th</sup> April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### 2.1 Summary of significant accounting policies

#### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### b. Tangible Fixed Assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### c. Depreciation on Tangible Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. For this purpose, part of the plant has been considered as continuous process plant, based on technical opinion. The Company has used the following rates to provide depreciation on its fixed assets:

Particulars	Rates at which assets are depreciated (%)	Rates as per Schedule XIV (%)
Buildings		
– Factory	3.34	3.34
– Non- factory	3.34	1.63
Plant and machinery		
– Continuous process plant	5.28	5.28
– Workshop equipments	7.92	4.75
– Laboratory equipments	10.34	4.75
– Other plants	4.75-15.00	4.75
Electronic data processing equipment/Computers	23.75	16.21
Furniture and fixture	6.33	6.33
Electrical installations and fittings – Related to plant & machinery	4.75	4.75
Electrical installations and fittings- Other than those related to plant & machinery	19.00	4.75
Office equipments	19.00	4.75
Vehicles	19.00	9.50

Leasehold land is amortized on straight line basis over the period of lease i.e. 90 years.

Assets costing less than or equal to Rs. 5,000/- are depreciated fully in the year of purchase.

Leasehold improvements are amortized over the unexpired lease period. (refer note 28).

**d. Intangible Assets**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at cost less accumulated amortization and impairment.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life. Computer software is amortized over a period of four years, being the estimated useful life.

**e. Impairment of Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**f. Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**g. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**h. Inventories**

Raw materials, stores and spares & packing materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the 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. Cost of raw materials, packing materials and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of Work-in-progress is determined on a weighted average basis.

Cost of finished goods includes excise duty and is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**i. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

**Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**Dividends**

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

**j. Foreign currency translation**

Foreign currency transactions and balances

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Exchange differences arising on the settlement of monetary items or restatement at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**k. Employee benefits**

1. *Short Term*: Short term employee benefits are recognized in the year during which the services have been rendered.

2. *Long Term* :

i) Defined Contribution plans:

- Provident Fund:

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India.

The Company's contribution to the scheme is expensed off in the Profit and Loss Account. The Company has no further obligations under the plan beyond its monthly contributions.

- Superannuation:

The Company has taken group policy with Life Insurance Corporation of India (LIC) to fund its liability towards employee's superannuation. Superannuation fund is administered by LIC and contributions made to the fund are charged to revenue. The Company has no further obligations under the plan beyond its monthly contributions.

ii) Defined benefit plans

- Gratuity

Gratuity is a post employment defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually at the year end by

an independent actuary using the projected unit credit method. Actuarial gains and losses are charged or credited to the profit and loss account in the year in which such gains or losses arise.

iii) Other Long Term Employee Benefit Plan

• Compensated Absence

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed based on actuarial valuation at year end, which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year and are treated as long term benefits. Actuarial gains and losses are charged or credited to the profit and loss account in the year in which such gains or losses arise.

• Long Term Service Award

The liability towards long terms service award is determined based on actuarial valuation at the year end.

**l. Segment Reporting**

The Company is engaged in the manufacture of a single product viz. precipitated silica and hence there is one primary segment. The analysis of geographical segments is based on the areas in which the Company operates.

**m. Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially, all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**n. Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the

case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence 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 in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**o. Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. 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.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**p. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**q. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**r. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>NOTES (3) SHARE CAPITAL</b>		
<b>Authorised share capital</b> 65,715,000 (Previous year 65,715,000) equity shares of Rs.10 each	657,150	657,150
<b>Issued, Subscribed and fully Paid up Shares</b> 62,715,000 (Previous year 62,715,000) equity shares of Rs.10 each fully paid up	627,150	627,150
<b>Total issued, subscribed and fully paid up shares</b>	<b>627,150</b>	<b>627,150</b>

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31-March-2014 Numbers (Rs. in '000)		As at 31-March-2013 Numbers (Rs. in '000)	
At the beginning of the year	62,715,000	627,150	62,715,000	627,150
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>62,715,000</b>	<b>627,150</b>	<b>62,715,000</b>	<b>627,150</b>

### b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to vote. Dividend if declared, then paid in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

### c. Shares held by holding company

	As at 31-March-2014 Numbers (Rs. in '000)		As at 31-March-2013 Numbers (Rs. in '000)	
Evonik Degussa GmbH, the holding company	45,853,315	458,533	45,853,315	458,533

### d. Details of shareholders more than 5% shares in the company

	As at 31-March-2014 Numbers % holding in the class		As at 31-March-2013 Numbers % holding in the class	
Evonik Degussa GmbH, the holding company	45,853,315	73.11%	45,853,315	73.11%

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	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>Note (4) Reserves and surplus</b>		
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statement	370,977	379,846
Loss for the year	(103,050)	(8,869)
<b>Closing Balance</b>	<b>267,927</b>	<b>370,977</b>

	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>Non-Current Liabilities</b>		
<b>Note (5) Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets	26,481	26,590
<b>Gross Deferred tax liabilities</b>	<b>26,481</b>	<b>26,590</b>
<b>Deferred tax assets</b>		
Unabsorbed depreciation	-	6,067
Impairment on fixed assets	20,897	-
Provision for doubtful debts & Advances	413	115
Provision for inventory obsolescence	2,630	1,549
Provision for diminution in value of investments	-	68
Employee benefits	2,541	2,188
<b>Gross Deferred tax assets</b>	<b>26,481</b>	<b>9,987</b>
<b>Net Deferred tax liabilities</b>	<b>-</b>	<b>16,603</b>

The Company follows Accounting Standard (AS 22) "Account for taxes on Income", as notified by the Companies Accounting Standard Rules, 2006. Due to carried forward losses, the Company has deferred tax asset on unabsorbed depreciation besides on other components. Since the Company has sufficient timing differences, against which such deferred tax assets can be realised in future, hence the deferred tax asset has been recognized to the extent of deferred tax liabilities.

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	Long term		Short term	
	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>Note (6) Provisions</b>				
Provision for Income Tax (Net of advance Tax)	-	-	6,935	6,971
Provision for Gratuity (Note No. 27)	-	-	-	3,201
Provision for Long Service Award	1,161	2,315	757	203
Provision for Leave Encashment	-	-	4,107	4,111
Provision for Sick Leave	-	-	712	607
<b>Total provisions</b>	<b>1,161</b>	<b>2,315</b>	<b>12,511</b>	<b>15,093</b>

	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>Note (7) Trade payable and other current liabilities</b>		
Trade Payable (refer note 33 for details of dues to Micro & Small Enterprises)	15,430	19,721
<b>Other Current Liabilities</b>		
Capital Vendors	-	129
Advance from Customers	269	252
Advance received against disposal of fixed assets (Refer note 40a)	12,500	12,500
Retention money of Vendors	783	776
Security Deposits from Customers	1,200	1,250
<b>Others</b>		
TDS payable	645	1,144
Excise Duty and Service tax Payable	3,370	2,536
Employee related liabilities	2,722	4,080
Other Statutory Liabilities	373	52
<b>Total Other current liabilities</b>	<b>21,862</b>	<b>22,719</b>
	<b>37,292</b>	<b>42,440</b>

**NOTE (8) TANGIBLE ASSETS**

Tangible assets	(Rs in '000)										Total
	Freehold land	Lease hold land	Building	Plant & machinery	Furniture & fixtures	Vehicles	Office equipments	Leasehold improvements	Electrical installation and fittings	Computers	
<b>At 1st April 2012</b>	104	17,404	190,475	705,131	5,403	10,511	3,505	7,556	65,111	15,967	1,021,167
Additions	-	-	339	6,489	198	-	297	-	373	2,731	10,427
Disposal	-	-	-	(23,181)	(123)	(3,219)	(759)	-	(143)	(3,968)	(31,393)
Transfer to assets held for sale (refer note 40b)	-	-	-	(32,246)	-	-	-	-	-	-	(32,246)
<b>At 31st March 2013</b>	104	17,404	190,814	656,193	5,478	7,292	3,043	7,556	65,341	14,730	967,955
Additions	-	-	173	1,639	15	-	348	-	93	156	2,424
Disposal	-	-	-	(5,371)	(291)	(932)	(204)	(7,161)	(1,755)	(336)	(16,050)
Transfer from assets held for sale	-	-	-	468	294	-	-	-	-	-	468
Other Adjustments	-	-	-	-	-	-	101	(395)	-	-	-
<b>At 31st March 2014</b>	104	17,404	190,987	652,929	5,496	6,360	3,288	-	63,679	14,550	954,797
<b>Depreciation</b>											
<b>At 1st April 2012</b>	-	3,868	91,198	516,980	2,913	4,514	2,249	1,574	50,790	12,902	686,988
Additions	-	202	6,191	18,299	331	1,501	388	5,144	2,539	1,263	35,858
Disposal	-	-	-	(17,293)	(121)	(2,102)	(716)	-	(137)	(3,753)	(24,122)
Transfer to assets held for sale (refer note 40b)	-	-	-	(5,826)	-	-	-	-	-	-	(5,826)
<b>At 31st March 2013</b>	-	4,070	97,389	512,160	3,123	3,913	1,921	6,718	53,192	10,412	692,898
Additions	-	202	5,983	13,921	254	1,246	381	456	1,102	1,404	24,949
Disposal	-	-	-	(5,079)	(224)	(760)	(136)	(7,021)	(1,361)	(297)	(14,878)
Transfer from assets held for sale	-	-	-	425	-	-	-	-	-	-	425
Other Adjustments	-	-	-	-	116	-	37	(153)	-	-	-
<b>At 31st March 2014</b>	-	4,272	103,372	521,427	3,269	4,399	2,203	-	52,933	11,519	703,394
<b>Impairment Provision</b>											
<b>At 1st April 2012</b>	-	-	-	4,598	-	-	-	-	-	-	4,598
Additions	-	-	-	-	-	-	-	-	-	-	-
Reversal [Refer Note 39(i)]	-	-	-	(4,598)	-	-	-	-	-	-	(4,598)
<b>At 31st March 2013</b>	-	-	6,896	62,672	-	-	-	-	4,729	-	74,297
Additions [Refer note 39(ii)]	-	-	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-	-	-
<b>At 31st March 2014</b>	-	-	6,896	62,672	-	-	-	-	4,729	-	74,297
<b>Net Block at 31st March 2013</b>	104	13,334	93,425	144,033	2,355	3,379	1,122	838	12,149	4,318	275,057
<b>Net Block at 31st March 2014</b>	104	13,132	80,719	68,830	2,227	1,961	1,085	-	6,017	3,031	177,106

**Note (9) Intangible assets – Computer Software**

(Rs in '000)

<b>At 1st April 2012</b>	2,898
Additions	–
Disposal	–
<b>At 31st March 2013</b>	2,898
Additions	–
Disposal	–
<b>At 31st March 2014</b>	2,898
<b>Amortisation</b>	
<b>At 1st April 2012</b>	2,761
Additions	46
Disposal	–
<b>At 31st March 2013</b>	2,807
Additions	40
Disposal	–
<b>At 31st March 2014</b>	2,847
<b>Net Block at 31st March 2013</b>	91
<b>Net Block at 31st March 2014</b>	51

	Non Current		Current	
	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>Note (10) Loans and advances</b>				
<b>Capital Advances</b>				
Unsecured, considered good	74	-	-	-
	74	-	-	-
<b>Security Deposit</b>				
Unsecured, considered good	5,704	5,468	-	3,720
Doubtful	103	103	-	-
	5,807	5,571	-	3,720
Less: Provision for doubtful security deposit	(103)	(103)	-	-
	5,704	5,468	-	3,720
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	3,731	3,940
Doubtful	-	-	978	-
	-	-	4,709	3,940
Less: Provision for doubtful advances	-	-	(978)	-
	-	-	3,731	3,940
<b>Other loans and advances</b>				
Employee Loan	190	492	385	580
Advance Income Tax (Net of Provision for Tax)	33,926	32,304	-	-
Prepaid expenses	-	-	2,920	4,226
Balance with Statutory/government authorities	2,100	2,276	1,349	1,677
	36,216	35,072	4,654	6,483
	<b>41,994</b>	<b>40,540</b>	<b>8,385</b>	<b>14,143</b>

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	<b>As at 31-March-2014 (Rs. in '000)</b>	<b>As at 31-March-2013 (Rs. in '000)</b>
<b>Note (11) Investments</b>		
<b>Current portion of Long term Investments (valued at cost)</b>		
<b>Unquoted Mutual Funds, Non Trade</b>		
Nil (Previous year 374,050) units of Rs 10 each in Kotak Gilt (Savings) - Growth	-	8,013
Nil (previous year 1,254,682) units of Rs 10 each in L&T Gilt Fund Growth Plan (formerly known as Fidelity Flexi Gilt Fund-Growth Plan)*	-	31,084
<b>Current Investments - (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Unquoted Mutual Funds, Non Trade</b>		
Nil (previous year 1,591,276 ) units of Rs 10 each in ICICI Prudential Gilt Fund Treasury -Direct Plan -Growth	-	46,938
1,781,924 (previous year 1,781,924 ) units of Rs 10 each in Birla Sun Life Govt. Security Long Term Growth -Direct Plan	61,342	61,342
1,353,521 (previous year 1,353,521 ) units of Rs 10 each in Kotak Gilt Fund - Direct Plan growth	55,000	55,000
1,889,928 (previous year 1,891,346) units of Rs 10 each in Templeton India Govt. Securities Fund-Long Term Growth Plan -Direct	51,190	50,000
1,910,706 (previous year 1,910,706) units of Rs 10 each in Principal Government Securities fund-Direct Plan Growth**	45,000	44,962
1,278,261 (previous year 1,278,261) units of Rs 10 each in Templeton India Govt. Securities Fund-Composite Growth Plan-Direct***	49,500	49,333
5,981,278 (previous year 5,981,278) units of Rs 10 each in Morgan Stanley Gilt Fund-Direct Growth Plan****	60,000	59,996
2,932,293 (previous year Nil) units of Rs 10 each in DWS Gilt Fund-Direct Plan-Growth*****	38,893	-
	<b>360,925</b>	<b>406,668</b>

Aggregate amount of unquoted investment Rs. 360,925 ('000) [Previous year Rs. 406,668 ('000)]

\*Pursuant to sale of Fidelity mutual fund with L&T mutual fund 6,838,987 units of Fidelity Flexi GILT fund-Growth plan converted into 3,459,551 units of L&T GILT fund-Growth plan

\*\*Aggregate provision for diminution in value of investment NIL (previous year Rs.38 ('000))

\*\*\*Aggregate provision for diminution in value of investment NIL (previous year Rs.168 ('000))

\*\*\*\*Aggregate provision for diminution in value of investment NIL (previous year Rs.4 ('000))

\*\*\*\*\*Aggregate provision for diminution in value of investment Rs.1,107 (previous year NIL)

	<b>As at 31-March-2014 (Rs. in '000)</b>	<b>As at 31-March-2013 (Rs. in '000)</b>
<b>Note (12) Inventories</b>		
(At cost and net realisable value, whichever is lower)		
Raw materials [includes material in transit of Rs.2,065 ('000); [Previous year Rs. 1,200 ('000)]]	18,468	4,296
Work-in-progress	8,472	14,729
Finished goods [includes material in transit of Rs. 8,859 ('000); [Previous year Rs. 7,727 ('000)]]	39,834	30,625
Stores and spares [includes material in transit of Rs. 49 ('000); (Previous year Rs.343 ('000))]	25,858	30,299
Packing Materials [includes material in transit of Rs. Nil ('000); (Previous year Rs.55('000))]	1,302	2,440
	<b>93,934</b>	<b>82,389</b>

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	As at 31-March-2014 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)
<b>Notes (13) Trade receivables</b>		
<b>Debts outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, Considered good	68	19
Doubtful	194	353
	<u>262</u>	<u>372</u>
Provision for doubtful receivables	(194)	(353)
	<u>68</u>	<u>19</u>
<b>Other Receivables</b>		
Secured, Considered good	1,100	1,175
Unsecured, Considered good	96,597	92,551
	<u>97,765</u>	<u>93,745</u>

## Notes (14) Cash and bank balances

### Cash & cash equivalents

#### Balance with Banks:

On Current accounts*	15,537	13,802
Deposits with Original Maturity of less than three months	30,000	-
Cash on hand	140	119
	<u>45,677</u>	<u>13,921</u>

#### Other Bank balances:

Deposits with Original Maturity of more than 3 months but less than 12 months	114,190	137,641
Deposits under lien**	124	115
	<u>114,314</u>	<u>137,756</u>
	<u>159,991</u>	<u>151,677</u>

\*Sweep fixed deposits with bank have been considered as part of current account balances with banks.

\*\*Deposit of Rs. 124 ('000) [previous year Rs. 115 ('000)] are under lien on account of debenture interest.

The Company has credit facilities amounting to Rs. 5,000 ('000) from a Bank which includes cash credit, export packing credit, export post shipment credit and bill discounting facilities. This limit is secured by hypothecation of stock of finished goods, work in progress, raw materials and book debts both present and future of the Company on first pari passu charge basis.

## Note (15) Other current assets

### Unsecured, considered good unless stated otherwise

Interest accrued on Fixed Deposits	5,054	7,510
Export Benefit receivable	64	26
Fixed Assets held for sale	24	522
Other receivables	582	-
	<u>5,724</u>	<u>8,058</u>

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	For the year ended 31-March-2014 (Rs. in '000)	For the year ended 31-March-2013 (Rs. in '000)
<b>Note (16) Revenue from operations</b>		
<b>Sale of products</b>		
Finished Goods	645,481	795,072
<b>Other operating revenue</b>		
Waste Sale	36	259
Freight and forwarding charges - Income	40,076	48,306
<b>Revenue from operations (gross)</b>	<b>685,593</b>	<b>843,637</b>
Less: Excise duty #	69,989	86,079
<b>Revenue from operations (net)</b>	<b>615,604</b>	<b>757,558</b>

# Excise duty on sales amounting to Rs. 69,989 ('000) (Previous year Rs. 86,079 ('000)) has been reduced from Sales in Statement of Profit & Loss and excise duty on increase/(Decrease) in stock amounting to Rs. 1,037 ('000) (Previous year Rs. (4,626) ('000)) has been considered as (Income)/Expense in note 23 of the financial statements.

<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Precipitated Silica	645,481	795,072

**Note (17) Other income**

Interest Income on		
Bank Deposits	12,211	10,507
Interest on Income tax refund	664	772
Others	20	14
Profit on sale of Current Investment	8,474	36,161
Profit on sale of Fixed Assets, net [refer note 40b ]	1,735	7,310
Reversal of provision for Bad and Doubtful Debts	-	280
Liabilities no longer required written back	246	1,320
Insurance claim income	111	227
Export Incentive	72	26
Scrap Sales	1,022	3,137
Miscellaneous Income (Refer note 27)	2,692	50
	<b>27,247</b>	<b>59,804</b>

**Note (18) Cost of raw material consumed**

Inventory at the beginning of the year	4,296	22,133
Add: Purchases	229,894	269,440
	234,190	291,573
Less: Inventory at the end of the year	18,468	4,296
<b>Cost of Raw Material Consumed</b>	<b>215,722</b>	<b>287,277</b>
<b>Details of Raw Material Consumed</b>		
Cullet	192,034	246,591
Sulphuric Acid	21,988	34,726
Others	1,700	5,960
	<b>215,722</b>	<b>287,277</b>
<b>Details of Raw material inventory</b>		
Cullet	16,593	3,168
[includes material in transit of Rs. 2,065 ('000); [Previous year Rs. 1,200 ('000)]]		
Others	1,875	1,128
	<b>18,468</b>	<b>4,296</b>

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	For the year ended 31-March-2014 (Rs. in '000)	For the year ended 31-March-2013 (Rs. in '000)
<b>Note (19) (Increase) / Decrease in Finished Goods and Work-in-progress</b>		
<b>(Increase)/ Decrease in Finished Goods</b>		
<b>Opening Stock</b>		
Finished Goods	30,625	64,739
<b>Closing Stock</b>		
Finished Goods	39,834	30,625
	<b>(9,209)</b>	<b>34,114</b>
<b>(Increase)/ Decrease in Work in Progress</b>		
<b>Opening Stock</b>		
Work-in-progress	14,728	8,959
<b>Closing Stock</b>		
Work-in-progress	8,472	14,728
	6,256	(5,769)
	<b>(2,953)</b>	<b>28,345</b>
<b>Details of Inventory</b>		
<b>Finished Goods - Precipitated Silica</b>	<b>39,834</b>	<b>30,625</b>
<b>Work-in-progress</b>		
Water Glass stage	5,646	5,981
Drying stage	1,140	6,630
Others	1,686	2,117
	<b>8,472</b>	<b>14,728</b>

**Note (20) Employee Benefit Expenses**

Salaries, Wages, Dearness Allowance and Bonus (including prior period Sick leave provision Rs. Nil ('000) (previous year prior period 333('000)))	51,918	54,382
Contribution to Provident and other Funds (Note 27)	8,779	9,181
Gratuity Expense (Note 27)	-	3,201
Staff Welfare Expenses	5,866	6,750
	<b>66,563</b>	<b>73,514</b>

**Note (21) Finance cost**

Interest Expense	279	75
	<b>279</b>	<b>75</b>

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	For the year ended 31-March-2014 (Rs. in '000)	For the year ended 31-March-2013 (Rs. in '000)
<b>Note (22) Depreciation on Tangible and Intangible assets</b>		
Depreciation on Tangible assets	24,949	35,858
Amortization on Intangible assets	40	46
	<u>24,989</u>	<u>35,904</u>

**Note (23) Other Expenses**

Stores & Spare parts Consumed	21,393	9,699
Packing Material Consumed	18,068	21,633
Power & Fuel	246,472	226,144
Repairs to Building	651	2,148
Repairs to Machinery	5,610	9,135
Repairs to Others	888	969
Provision for obsolete stores, spares and packing bags	3,333	415
Increase/(Decrease) in provision for excise duty on finished goods	1,037	(4,626)
Rent (Refer note 28)	3,000	5,762
Rates & Taxes	1,319	801
Insurance	4,175	3,751
Discount, Rebates and Allowances	2,249	2,844
Selling & marketing expenses	9,516	12,247
Freight and forwarding charges - Expense	40,962	47,359
Bad debts / Advances Write off	112	604
Less: Adjustment with provision for Doubtful debts	<u>108</u>	<u>446</u>
Directors' sitting fee	440	580
Payment to auditor (Refer details below)	1,709	1,591
Legal & Professional	3,428	2,615
Travelling & Conveyance	1,842	6,291
Exchange Difference (Net)	132	31
Insurance claim loss	-	673
Provision for Doubtful advances	978	103
Provision for Doubtful Debts	51	-
Royalty (including prior period Rs. Nil ('000) (previous year prior period 281('000))	1,654	1,718
Diminution of Investments (Net of reversal)	897	211
Miscellaneous expenses	13,799	18,092
	<u>383,607</u>	<u>370,344</u>
<b>Payment to Auditor</b>		
As auditor:		
- Audit Fee	810	750
- Tax Audit Fee	150	150
- Limited Review	660	600
For Reimbursement of Expenses	89	91
	<u>1,709</u>	<u>1,591</u>

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	For the year ended 31-March-2014 (Rs. in '000)	For the year ended 31-March-2013 (Rs. in '000)
<b>Note (24) Exceptional Items</b>		
Loss on discard of Plant & Machinery not in use (Refer note 40b) Impairment Provision [Refer note 39(ii)]	— 74,297 <u>74,297</u>	25,940 — <u>25,940</u>

	For the year ended 31-March-2014 (Rs. in '000)	For the year ended 31-March-2013 (Rs. in '000)
<b>Note (25) Tax Expense</b>		
Current Tax	—	—
Tax adjustment of previous years	— <u>—</u>	155 <u>155</u>
MAT Credit reversed	—	16,599
<b>Deferred Tax</b>	<b>(16,603)</b>	<b>(11,922)</b>

	For the year ended 31-March-2014 (Rs. in '000)	For the year ended 31-March-2013 (Rs. in '000)
<b>Note (26) Earning Per Share (EPS)</b>		
The following reflects the profit & share data used in the basic & diluted EPS computations:		
Total Operations for the year		
Profit/(Loss) after tax	(103,050)	(8,869)
Net profit/(loss) for calculation of basic & diluted EPS	<b>(103,050)</b>	<b>(8,869)</b>
Weighted average no. of equity shares in calculation Basic & diluted EPS (in No. '000)	<u>62,715</u>	<u>62,715</u>

27. The Company has calculated the various benefits provided to employees as per Accounting Standard-15 (revised 2005) 'Employee Benefits' as under:

**A. Defined Contribution Plans**

- a. Provident Fund.
- b. Superannuation Fund.
- c. Employers Contribution to Employee State Insurance.
- d. Employers Contribution to Employees' Pension Scheme 1995.

During the year, the Company has recognized the following amounts in the Profit and Loss account:–

(Rupees in '000)

Particulars	2013-14	2012-13
Employers Contribution to Provident Fund*	2,947	2,911
Employers Contribution to Superannuation Fund*	4,694	4,776
Employers Contribution to Employee State Insurance*	144	395
Employers Contribution to Employees' Pension Scheme 1995*	842	907

\* Included in Contribution to Provident and other funds under Employee Benefit expenses (Refer note 20)

**B. Defined Benefit Plans**

Employees' Gratuity Fund:

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The completion of continuous service of 5 years shall not be applicable for an employee who attains the age of superannuation or normal age of retirement before completion for the continuous service of 5 years. The Company has funded the gratuity liability with Life Insurance Corporation of India (LIC). Rate of return is as given by the insurance company. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2013-2014	2012-2013
Discount Rate (per annum)	9.10%	8.00%
Expected Rate of increase in compensation levels	9.00%	10.00%
Expected Rate of return on plan assets	8.75%	9.25%
Expected Average remaining working lives of employees (years)	13	14

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Reconciliation of opening and closing balances of present value obligation**

(Rupees in '000)

Particulars	2013-2014	2012-2013
Opening balance of defined benefit obligation	23,481	19,602
Current service cost	1,381	1,625
Interest cost	1,878	1,686
Benefits Paid	(1,893)	(1,066)
Actuarial (gain)/ loss	(3,473)	1,634
Closing defined benefit obligation	21,374	23,481

**Reconciliation of opening and closing balances of fair value of plan assets:**

(Rupees in '000)

Particulars	2013-14	2012-13
Opening balance of fair value of plan assets	20,280	16,157
Expected return on plan assets	1,876	1,745
Contributions	3,200	3,444
Benefits Paid	(1,893)	(1,066)
Actuarial gain/ (loss)	26	-
Closing balance of plan assets	23,489	20,280

**Amount of expense recognized in the Profit and Loss Account:**

(Rupees in '000)

Particulars	2013-14	2012-13
Current service cost	1,381	1,625
Interest cost	1,878	1,686
Expected return on Plan Assets	(1,876)	(1,745)
Net Actuarial (gain)/ loss recognized during the year	(3,498)	1,635
Total (income)/expense recognized in Profit & Loss Account.	(2,115)*	3,201

\*The excess of fair value of planned assets over present value of defined obligation has been disclosed under Miscellaneous Income

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	2013-14	2012-13
Investments with insurer	100%	100%

**Net Asset/ (Liability) recognized in Balance Sheet (including experience adjustment impact):**

(Rupees in '000)

Sl. No.	Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
1	Present value of Defined Benefit Obligation	21,374	23,481	19,602	16,104	13,248
2	Fair value on Plan Assets	23,489	20,280	16,157	12,184	10,172
3	Net Asset/(Liability) recognized in Balance Sheet	2,114	(3,201)	(3,445)	( 3,920)	(3,076)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	26	-	-	-	-
5	Experience Adjustment of obligation [(Gain)/Loss]	(42)	737	1,448	738	711

**Gratuity:**

The Company expects to contribute NIL to gratuity in next year [31<sup>st</sup> March 2013 Rs.3,201 ('000)].

**C. Other Long Term Employee Benefits**
**a. Leave Encashment.**

Under this plan, employees are entitled to encash their leaves at the time of leaving the service. Upto certain level of employees may encash leaves every year subject to the limits specified.

**b. Long Service Award**

As per the Company policy, every employee is entitled for Long Service Award. The award is payable upon completion of 10 years & 20 years of continuous service.

c. Compensated Absence

Under this plan every employee is entitled to Sick leave, which can be accumulated up to the limit specified. However, the same is not encashable.

During the year, the Company has recognized the following amounts in the Profit and Loss account:-

(Rupees in '000)

Particulars	2013-14	2012-13
a. Leave Encashment	700	549
b. Long Service Awards	43	1,461
c. Compensated Absence	107	273

28. Leases

The Company has taken its corporate office at Noida with effect from 1<sup>st</sup> May 2013 under non cancelable operating lease for a period of 3 years. The Lease Deed further gives a right to the company to renew the Lease after expiry of 3 years for 2 further periods of 3 years.

The lease rental expense recognized in the profit & loss account for the year in respect of lease transaction is Rs. 3,000 ('000) [previous year Rs. 5,762 ('000)] (refer note 23).

The future minimum lease payments and payment profile of non-cancelable operating lease as at March 31, 2014 are as follows:

(Rupees in '000)

Periods	Future minimum lease payments	
	2013-14	2012-13
Payable not later than one year	1,928	3,077
Payable later than one year and not later than five years	2,089	8,148
Payable later than five years	-	9,583
<b>Total minimum lease payments</b>	<b>4,017</b>	<b>20,808</b>

29. Segment Information

Disclosure regarding segment reporting as per Accounting Standard 17 'Segment Reporting', have not been provided since the Company has a single business segment namely Precipitated Silica

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced

Particulars	Value Rupees in ('000)	
	2013-14	2012-13
Domestic Operations	641,627	789,170
Foreign Operations	3,854	5,902
<b>Total</b>	<b>645,481</b>	<b>795,072</b>

There were overseas trade receivables of Rs. 1,925('000) [previous year Nil('000)] as at year end. The company has common other assets for producing goods to domestic and overseas market. Hence, separate figures for other assets/addition to fixed assets have not been furnished.

30. Related Party Disclosure

a. List of Related Parties

Relationship	Name of Related Party
<b>Related parties where control exists</b>	
Ultimate Holding Company	RAG-Stiftung
Intermediate Holding Company	Evonik Industries AG
Holding Company	Evonik Degussa GmbH

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Related parties with whom transactions have taken place during the year	
Fellow Subsidiaries with whom the Company has transacted	1. Evonik India Pvt. Ltd. (Formerly known as Evonik Evonik Degussa India Pvt. Ltd. 2. Evonik Services GmbH 3. Evonik (SEA) Pte Ltd. 4. Industriepark Wolfgang GmbH
Key Management Personnel	1. Mr. Pankaj Khandelwal, Managing Director

**b. Description of transaction with the related party in the normal course of business:**

(Rupees in '000)

Particulars	Holding Company & Intermediate Holding Company		Fellow Subsidiary		Key Management Personnel	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Transactions during the year</b>						
Commission on sales paid – Evonik India Pvt. Ltd	–	–	9,056	12,412	–	–
Managerial remuneration* – Mr.Pankaj Khandelwal	–	–	–	–	4,674	4,019
SAP license & Microsoft license fees paid** – Evonik Industries AG	686	1,667	–	–	–	–
Royalty – Evonik Degussa GmbH	1,654	1,718	–	–	–	–
IT related services paid (net of reversals)** – Evonik Services GmbH – Evonik (SEA) Pte Ltd – Industriepark Wolfgang GmbH	– – –	– – –	1,812 (62) 27	3,462 222 18	– – –	– – –
Travelling & conveyance expense (reimbursement made) – Evonik India Pvt. Ltd.	–	–	20	209	–	–
Training expense paid** – Evonik Services GmbH	–	–	227	403	–	–
Reimbursement of expenses received – Evonik Industries AG – Evonik India Pvt. Ltd.	747 –	– –	– 783	– 2,038	– –	– –
<b>Outstanding balances:</b>						
Loans and advances – Evonik India Pvt. Ltd – Evonik Industries AG – Evonik Service GmbH	– – –	– 347 –	7 – –	142 – 17	– – –	– – –
Trade payables – Evonik Service GmbH – Evonik India Pvt. Ltd	– –	– –	10 603	– 843	– –	– –
Provision for Royalty, SAP licence & IT support fee payable to:*** – Industriepark Wolfgang GmbH – Evonik Gegussa GmbH – Evonik Industries AG – Evonik Services GmbH – Evonik (SEA) Pte Ltd	– 349 192 – –	– – 437 – –	6 – – 844 –	– – – 952 62	– – – – –	– – – – –

\* As the future liability for Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to key management personnel not included above.

\*\* These expenses have been included under the head miscellaneous expenses in financial statements.

\*\*\* The above balances have been included under the head Trade Payables in financial statements.

**31. Capital and Other Commitments**

(Rupees in '000)

Particulars	2013-14	2012-13
Estimated amounts of contracts remaining to be executed on capital account and not provided for	-	130
Other Commitments (non callable contractual commitments)	-	-

**32. Contingent Liabilities**

(Rupees in '000)

Particulars	2013-14	2012-13
(a) Income tax claims disputed by the Company relating to issues of applicability and determination pertaining to various assessment years.*	37,690	14,725
(b) Other tax matters disputed by the Company relating to availment of CENVAT credit on outdoor catering services.*	-	74
(c) Other claims against the Company not acknowledged as debts.*	-	77
(d) Notice received from Nagar Panchayat Office Gajraula, District Amroha, raising demand for payment of House Tax since the year 1995 -1996 till the year 2013-2014 @ Rs. 5,00,000/- per annum amounting to Rs. 9,500,000/- with the financial penalty of Rs. 2,375,000/- aggregating to Rs. 11,875,000/- **	11,875	11,250
<b>TOTAL</b>	<b>49,565</b>	<b>26,126</b>

\* The future cash flows on account of the same cannot be determined unless the judgment/ decisions are received from the appropriate forums/parties.

\*\* The company has received notice for demand of Rs. 11,875 (000s) from Nagar Panchayat office, Gajraula for payment of House tax including penalty from the year 1995 to 2014. The company believes that the demand notice of Nagar Panchayat is not tenable in law pursuant to Memorandum of Settlement (MoS) between Town Area Committee/ Nagar Panchayat, Gajraula and Gajraula Industries Association, Gajraula. Nagar Panchyat has contended that the waiver of tax as per MoS is not as per UP Municipal Act 1916. The Company has also obtained legal opinion on the matter. Based on legal opinion and MoS, the Company does not anticipate any liability in this regard. Pending resolution of above dispute, demand of Rs 11,875 (000s) has been disclosed under contingent liability.

**33. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2014. The disclosure pursuant to the said act is as under:

(Rupees in '000)

Sl. No.	Particulars	2013-14	2012-13
1.	Principal amount remaining unpaid as at year end	Nil	Nil
2.	Interest due thereon as at year end	Nil	Nil
3.	Interest paid by the Company in term of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year.	Nil	Nil
4.	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 the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
5.	Interest accrued and remaining unpaid as at year end	Nil	Nil
6.	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

**34. Value of imports calculated on CIF basis**

Particulars	Value Rupees in ('000)	
	2013-14	2012-13
Stores and Spares	147	3,033
Capital Goods	–	2,063
<b>Total</b>	<b>147</b>	<b>5,096</b>

**35. Expenditure in foreign currency (on accrual basis)**

Particulars	Value Rupees in ('000)	
	2013-14	2012-13
Exports Commission	142	120
I.T. Support charges & SAP License Fee	2,463	5,772
Royalty	1,654	1,718
Professional charges	227	403
Others	54	865
<b>Total</b>	<b>4,540</b>	<b>8,878</b>

**36. Value of imported and indigenous raw material, stores and spares (including booked under Repair & Maintenance) consumed and the percentage of each to the total consumption.**

Particulars	Percentage of Total Consumption		Value Rupees in ('000)	
	2013-14	2012-13	2013-14	2012-13
<b>Raw Materials Consumed</b>				
Imported	–	–	–	–
Indigenously obtained	100%	100%	215,722	287,277
	<b>100%</b>	<b>100%</b>	<b>215,722</b>	<b>287,277</b>
<b>Stores and Spares (Including booked under Repair and Maintenance)</b>				
Imported	–	10%	917	1,765
Indigenously Obtained	100%	90%	25,092	16,343
	<b>100%</b>	<b>100%</b>	<b>26,009</b>	<b>18,108</b>
<b>Packing Material Consumed</b>				
Imported	–	–	–	–
Indigenously Obtained	100%	100%	18,068	21,633
	<b>100%</b>	<b>100%</b>	<b>18,068</b>	<b>21,633</b>

**37. Earnings in foreign currency (on accrual basis)**

Particulars	Value Rupees in ('000)	
	2013-14	2012-13
F.O.B. Value of Exports	3,477	5,495

**38. Unhedged foreign currency exposure as at the reporting date**

Particulars	Value Rupees in ('000)	
	2013-14	2012-13
Export trade receivable	US \$ 32 Rs. 1,925	Nil
Export Commission	US \$ 2 Rs. 142	Nil
Support Service Charges	Euro 12 Rs. 1,042	Euro 21 Rs. 1,451

- 39.** (i) The plant & machinery on which impairment provision amounting to Rs. 4,598 ('000) was created in earlier years has been disposed off in the previous year (year ended March 31, 2013) and the difference between the carrying value and net realizable value has been disclosed in profit on sale of fixed assets.
- (ii) Given the economic and business scenario, there has been significant decline in demand for the Company's products resulting in sharp drop in the capacity utilization. Further, the future business plan and projections of the Company also depict excess capacity available leading to likelihood of certain fixed assets being rendered idle. Accordingly, the management has assessed an impairment of the said assets and provided an impairment provision of Rs.74,297('000) in these financial statements. The carrying value of these

assets were Rs 81,767 ('000). The company has considered recoverable value of Rs. 7,470('000) based on estimated net selling price as determined by external expert.

40. a) The Company had received an advance of Rs. 12,500 ('000) against a total contract value of Rs. 13,000 ('000) for the transfer of leasehold rights in residential flats at Patalganga, the transfer of said flats in the name of buyer is still pending. The transfer is subject to necessary approvals from the local authorities. These said assets were fully depreciated and recorded under 'Fixed Assets held for Sale' in the financial statements at nominal value.
- b) During the previous year Company had transferred Gasifier plant to fixed assets held for sale. The Company had made significant efforts to align Gasifier plant in the production line. However it failed to produce adequate results on a consistent basis and is not likely to result in desired cost saving. Therefore after a detailed technical evaluation, management has decided to discontinue with its operations and has transferred it to fixed assets held for sale. The difference between the carrying amount of Gasifier plant of Rs. 26,420 ('000) at the year end and net realizable value of Rs. 480 ('000) has been disclosed under note 24 exceptional item of the statement of profit & loss. During current year, the Gasifier plant has been disposed off in the current year and the profit from the sale has been disclosed in profit on sale of fixed assets.

**41. Previous year comparatives:**

The Company has reclassified previous year figures to conform to this year's classification.

**For S.R. Batliboi & Associates LLP**

Firm Registration No.: 101049W

Chartered Accountants

Sd/-

**per Raman Sobti**

Partner

Membership No.: 89218

Place : Gurgaon

Date : 29<sup>th</sup> April, 2014

**For and on behalf of the**

**Board of Directors of Insilco Ltd.**

Sd/-

**Dara P. Mehta**

Chairman / Director

Sd/-

**Brijesh Arora**

Vice President (Finance & Accounts) &  
Company Secretary

Sd/-

**Pankaj Khandelwal**

Managing Director

Place : Noida

Date : 29<sup>th</sup> April, 2014

**FORM NO. MGT-11**  
**26<sup>TH</sup> ANNUAL GENERAL MEETING**  
**PROXY FORM**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

**INSILCO LIMITED**

CIN: L34102UP1988PLC010141

Registered Office: A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh  
 Tel: (0) 98378 23893, 98379 23893, Fax: (05924) 252348 Website: [www.insilcoindia.com](http://www.insilcoindia.com) Email: [Insilco@evonik.com](mailto:Insilco@evonik.com)

Name of the member (s): _____	E-mail Id: _____
Registered address: _____	Folio No./ Client Id: _____
DP ID: _____	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

1. Name: ..... Address: .....  
 E-mail Id: ..... Signature:....., or failing him
2. Name: ..... Address: .....  
 E-mail Id: ..... Signature:....., or failing him
3. Name: ..... Address: .....  
 E-mail Id: ..... Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, the 14th day of August, 2014 at 10.30 a.m. at the Registered office of the Company at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula -244223, Uttar Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Optional*		
Ordinary Business	For	Against	
1. Adoption of Balance Sheet of the Company as at 31 <sup>st</sup> March, 2014 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon			
2. Appointment of Director in place of Mr. Pankaj Khandelwal, who retires by rotation and being eligible offers himself for re-appointment			
3. Appointment of M/s S.R. Batliboi & Co LLP, Chartered Accountants, (Firm Registration No. with ICAI – 301003E ) as Statutory Auditors of the Company in place of retiring Auditors – M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No. with ICAI – 101049W) who have expressed their unwillingness to be re-appointed			
Special Business			
4. Appointment of Mr. Guido Johannes Christ as an Independent Director			
5. Fixation of Term of Mr. Dara Phirozeshaw Mehta, Independent Director			
6. Approval for Marketing and Sales Promotion Agreement dated 6 <sup>th</sup> December, 2013 with Evonik India Private Limited pursuant to Approval No. 4/377/T-2/2013/UP/7402 dated 28 <sup>th</sup> October, 2013 of Ministry of Corporate Affairs.			
7. Approval of Remuneration of the Cost Auditor for the financial year ending 31 <sup>st</sup> March, 2015			

Signed this..... day of..... 2014

\_\_\_\_\_  
 Signature of Shareholder (s)

\_\_\_\_\_  
 Signature of Proxy holder(s)

Affix Revenue Stamp
---------------------------

- Note:**
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
  2. A Proxy need not be a member of the Company.
  3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
  4. \*This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

## INSILCO LIMITED

CIN: L34102UP1988PLC010141

Registered Office: A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh

Tel: (0) 98378 23893, 98379 23893, Fax: (05924) 252348 Website: [www.insilcoindia.com](http://www.insilcoindia.com)

Email: [Insilco@evonik.com](mailto:Insilco@evonik.com)

### 26<sup>TH</sup> ANNUAL GENERAL MEETING ATTENDANCE SLIP

*DP ID No.	Regd. Folio No.
*Client ID No.	No. of Shares Held

Name of Member/Members \_\_\_\_\_

Name of Proxy \_\_\_\_\_

(To be filled only when a proxy attends the meeting).

I hereby register my presence at the 26<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> August, 2014 at 10:30 a.m. at Registered Office of the Company situated at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh.

\_\_\_\_\_  
Member(s)/Proxy's signature

\*Applicable for the investors holding shares in electronic form.

- Notes:
1. Member/Proxy attending the meeting must complete this attendance slip and hand it over at entrance.
  2. Shareholders are requested to bring their copy of Annual Report for reference at the meeting.

### **Green Initiative**

The new Companies Act, 2013 ('the Act') effective from 1<sup>st</sup> April, 2014, permits the Companies to send the Notice/documents including Annual Reports through electronic mode to all those shareholders whose email addresses are registered with the Company or their respective Depository Participants. Members who intend to receive notice/documents including Annual Reports through email are requested to register/update their email addresses for receiving electronic communications.

**REGISTERED BOOK-POST**

*If undelivered please return to:*

**INSILCO LIMITED**

A-5, UPSIDC Industrial Estate, Bhartiagram,  
Gajraula - 244223, Uttar Pradesh