



EVONIK
INDUSTRIES



INSILCO LIMITED



22nd Annual Report 2009-2010

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Matthias Hau - Managing Director
Mr. Dara Phirozeshaw Mehta - Chairman
Mr. Andreas Bernd Fischer - Director
Mr. Hans Wolfgang Wilhelm Kirches - Director
Dr. Mustafa Siray - Director
Dr. Gurnad Singh Sodhi - Director
Mr. Keki Manchersha Elavia - Director

VICE PRESIDENT (FINANCE & ACCOUNTS) & COMPANY SECRETARY

Mr. Brijesh Arora

STATUTORY AUDITORS

M/s. Price Waterhouse
Building 8, 7th & 8th Floor,
Tower-B, DLF Cyber City,
Gurgaon-122002, Haryana

INTERNAL AUDITORS

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

BANKERS

ABN Amro Bank
BNP Paribas

REGISTERED OFFICE & GAJRAULA WORKS

A-5, UPSIDC Industrial Estate,
Bhartiagram, Gajraula -244223
Uttar Pradesh
Phone : (05924) 252341 & 42
Fax : (05924) 252348

CORPORATE OFFICE

Office No. 1 & 2,
12th Floor, DLF Building No. 9,
Tower B, DLF Cyber City,
Phase III, Gurgaon-122002
Haryana
Phone : 0124 - 4874555
Fax : 0124- 4874553

REGISTRAR & SHARE TRANSFER AGENT

MCS Limited
F-65, 1st Floor,
Okhla Industrial Area,
Phase-I, New Delhi-110020.
Phone : 41406149/41406151/41406152/
41709885/41609386
Fax No. : 41709881
Email : mcscomplaintsdel@mcsdel.com

Company Website:

Visit us at : www.insilcoindia.com
www.evonik.com

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Message from Managing Director

Dear Members,

It gives me great pleasure to share with you through this Annual Report, the results and progress of Insilco during the past year.

The company performance has been encouraging in the Financial Year 2009-10 despite the challenges arising out of the global economic meltdown. We have achieved a robust growth in financial results for the year ending March 31, 2010. The Sales for the year are Rs. 685 Million and Profit after Tax stands at Rs. 50 Million.

I am pleased to inform you that your company is implementing a capacity expansion at its Gajraula plant. This expansion is vital to meet the growing demand for our products and cater to the future requirements of the industries we serve. The additional capacities are expected to be available by mid 2011.

During the financial year under review, major energy conservation and efficiency improvement measures have been successfully implemented. Furthermore, the process of adding highly dispersible silica to our product range has almost been completed, enabling us to continue our track record of providing our customers with quality products and technical services of international standards.

Mr. Andreas Bernd Fischer has joined the Insilco Board as Non Executive Independent Director. Insilco will benefit immensely from the expert knowledge and vast experience of Mr. Fischer.

The company is positioned to stay on the growth track backed by its financial strengths and the healthy cash flows will keep the Company on sound financial footing. Our performance in the year 2009-10 enhances our confidence that we are well prepared for an increasingly competitive environment and reinforces our ability to deliver value products and services to our customers, who are and will remain the most essential element of our business. In the coming years we will strive to maintain our momentum by growing together with our customers in this vibrant market. However, this will not be achieved by merely placing additional capacities in the various targeted industry segments but through a clear focus on qualitative growth.

Personally, I would like to thank you for all the support and contribution provided towards the growth of the company as well as the confidence placed in it during, to say the least, a challenging year. I look forward to further develop our business and, together with you, reach new heights with and for our company.

With best wishes,

A handwritten signature in black ink, appearing to read 'M. Hau', written in a cursive style.

Matthias Hau
Managing Director

Date : 18th June, 2010

NOTICE

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

Day & Date : Tuesday, 3rd August 2010

Time : 11.00 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 31st March, 2010 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 Dr. Mustafa Siray who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Gurnad Singh Sodhi, who retires by rotation and being eligible offers himself for re-appointment.
4. 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 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Price Waterhouse, Chartered Accountants, Bangalore, (Firm Registration No. with ICAI - 007568S) be and are hereby appointed as Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company, in place of retiring auditors M/s. Price Waterhouse, Chartered Accountants, Delhi (Firm Registration No. with ICAI- 012754 N) 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 of the Statutory Auditors."

B. SPECIAL BUSINESS

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

"RESOLVED THAT Pursuant to Article 112 of the Articles of Association of the Company, Mr. Andreas Bernd Fischer, who was appointed as Additional Director of the Company by the Board of Directors w.e.f. 15th October 2009 and who holds office under Section 260 upto date of this meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a shareholder intimating his intention to propose Mr. Fischer as candidate for the office of a Director, be and is hereby appointed as a Non Executive Director of the Company liable to retire by rotation."

By Order of the Board

Place : Gurgaon
Date : 2nd July, 2010

(Brijesh Arora)
Vice President (F & A) & 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. 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 DPID numbers for easy verification of attendance at the Meeting.
5. The Register of Members of the Company will remain closed for a period of 5 days from 30th July 2010 to 3rd August 2010 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
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. An Explanatory Statement pursuant to Section 173(2) of Companies Act, 1956 in respect of item no. 5 related to special business is attached.
8. As required under Clause 49 of Listing agreement, the particulars of Directors seeking appointment and re-appointment at Item No. 2, 3 & 5 is given in the **Annexure-A**.
9. Under the provisions of Section 109A and 109B of the Companies Act, 1956, 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.
10. Copies of all documents referred to in the Notice and Explanatory Statement annexed thereto are available for inspection at the Registered Office of the Company between 10:30 a.m. to 12:00 p.m. on all working days till the date of the Annual General Meeting.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5

Mr. Andreas Bernd Fischer was appointed as Additional Director by the Board in its meeting held on 15th October 2009. In terms of Section 260 of the Companies Act, 1956, Mr. Fischer holds office upto date of forthcoming Annual General Meeting. The Company has received a deposit of Rs. 500 along with a notice from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Fischer for the office of Director.

Mr. Fischer is an Industrial Engineer, from University of Karlsruhe, Germany. He has wide experience in the area of Sales, Marketing and International Business.

The Board of Directors considers that in view of the background and experience of Mr. Fischer, it would be in interest of Company to appoint him as a Director of the Company

The Board recommends the resolution for approval by the Members. None of the Directors except Mr. Fischer is concerned or interested in passing of the resolution.

Annexure-A

Details of the Directors seeking appointment/re-appointment at the 22nd Annual General Meeting (Pursuant to Clause 49(IV)(E) of Listing Agreement)

1. Name of the Director : Mr. Andreas Bernd Fischer

Date of Birth	4 th February, 1964
Date of appointment	15 th October 2009
Qualifications	Industrial Engineering
Expertise in specific functional area	Wide experience in the area of Sales, Marketing and International Business
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 : Dr. Mustafa Siray

Date of Birth	1 st July 1956
Date of appointment	31 st January 2008
Qualifications	Chemist, Ph.D
Expertise in specific functional area	Wide Experience in Production, Technology and Engineering.
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

3. Name of the Director : Dr. Gurnad Singh Sodhi

Date of Birth	21 st January, 1951
Date of appointment	2 nd December 2008
Qualifications	Master of Business Administration, Columbia University, U.S.A. Doctor in Business Administration, Columbia University, U.S.A.
Expertise in specific functional area	Wide Experience in Sales, Marketing & International Business
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

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the 22nd Annual Report together with the Audited Accounts for the financial year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS

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

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
Gross Turnover	685	709
Other Income	56	42
Total Expenditure (including excise duty)	(622)	(715)
Profit before Depreciation & Exceptional Items	119	36
Depreciation	(36)	(38)
Profit/ (Loss) for the year before exceptional items	83	(2)
Profit/(Loss) on sale/ (provision) for impairment of Fixed Assets	(9)	23
Separation compensation to employees	-	(12)
Profit/(Loss) before tax	74	9
(Provision for)/Release of Taxation	(24)	(1)
Profit/(loss) after tax	50	8
Balance brought forward from previous year	226	219
Amount available for appropriation	276	226
Balance carried to the Balance Sheet	276	226

2. RESULTS OF OPERATIONS

The precipitated silica production and sales during the year is 15,144 MTs and 15,155 MTs as against 15,072 MTs and 15,504 MTs respectively in the previous year.

Your Company achieved a sales turnover of Rs. 685 Million during the year as compared to Rs. 709 Million during the previous year and recorded profit before depreciation & exceptional items of Rs. 119 Million as against Rs. 36 Million in the previous year.

The Company continues to strive for growth, higher realisations, energy optimization, better working capital management and better asset utilization.

3. FUTURE OUTLOOK

The Company is applying its core strengths of technical know-how with the support of the parent company, Evonik Degussa GmbH, Germany to maintain its market position. The Technical Support Services have been strengthened and manpower has been trained overseas. The close interaction with customers is being maintained to provide them with silica application support.

Your Company continues to explore alternative fuels, replacement of high energy consuming old equipments, installation of energy saving devices, optimization of running time of equipments and process modification to improve its performance.

4. FIRE AT CORPORATE OFFICE

A major fire broke out on 3rd December 2009 at the Corporate Office of the Company situated at Thapar House, 3rd Floor, Central Wing, 124 Janpath, New Delhi-110001. There was no impact on the profitability of the Company due to fire as the production unit of the Company is situated at a different location. Accordingly, there was no loss in revenue or production.

Fixed Assets which were damaged / destroyed in the fire have been de-capitalized. On the basis of the assessment made by the surveyor, the Company has accounted for Rs. 4.8 Million in other income and shown the same in loans and advances (Balance Sheet) as claim recoverable from Insurance Company.

5. BIOMASS GASIFIER UNIT

A Biomass Gasifier Unit (Producer gas plant) has been installed during the year ended 31st March 2010. This will result into savings due to reduction in fuel costs.

6. EXPANSION PLANS

To meet growing demand, the company has decided to increase its capacity for manufacture of precipitated silica at its production site in Gajraula (Uttar Pradesh) from 15000 MT per annum to 21000 MT per annum. The Company plans to invest Rs. 106.4 Million in the expansion project. The expansion project will be financed through internal accruals. The additional capacities will support the growing local demand.

7. SHIFTING OF CORPORATE OFFICE OF THE COMPANY

The corporate office of the company has been shifted to Office no. 1 & 2, 12th Floor, DLF Building No. 9, Tower B, DLF Cyber City, Phase III, Gurgaon-122002 .

8. DIVIDEND

No Dividend is recommended considering the future expansion plans and with a view to conserve resources of the Company and to improve Company's financial strength.

9. 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.

10. DIRECTORS

In accordance with provisions of Companies Act, 1956 and Articles of Association Dr. Mustafa Siray and Dr. Gurnad Singh Sodhi, Directors retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

Dr. Florian Bertram Kirschner, Whole Time Director ceased to be Whole Time Director w.e.f. 31st May 2009. He continued to be Director on the Board till 15th October 2009. The Board acknowledges valuable contribution and guidance extended by Dr. Kirschner during his association with the Company.

Mr. Andreas Bernd Fischer has been appointed as Additional Director on the Board w.e.f. 15th October 2009. Mr. Fischer holds office upto the date of ensuing Annual General Meeting and the Company has received a notice u/s 257 of the Companies Act, 1956 from a member signifying his intention to propose candidature of Mr. Fischer for the office of Director at the ensuing Annual General Meeting.

11. AUDITORS

M/s. Price Waterhouse, Chartered Accountants, Delhi (Firm Registration No. with ICAI- 012754 N) the existing Auditors, have expressed their unwillingness for re-appointment as Auditors of the Company on their retirement at ensuing Annual General Meeting (AGM). Based on the recommendation of the Audit Committee, the Board of Directors of the Company proposed the appointment of M/s. Price Waterhouse, Chartered Accountants, Bangalore, (Firm Registration No. with ICAI - 007568S) as Auditors of the Company at the ensuing AGM. M/s. Price Waterhouse, Chartered Accountants, Bangalore have expressed their willingness to act as Auditor of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with provisions of Section 224(1B) of the Companies Act, 1956. The business has been included for your consideration at Item no. 4 of the Notice of this AGM.

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

12. 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 judgements 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 31st March 2010 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.

13. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure 'A' to the Directors' Report.

14. 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 'B' to the Directors' Report.

15. CORPORATE GOVERNANCE

Pursuant to Provisions contained in the Clause 49 of the Listing Agreement with the Stock Exchanges, the following are furnished as Annexure- C 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.

16. MANAGEMENT DISCUSSION AND ANALYSIS

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

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

None

18. INDUSTRIAL RELATIONS

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

19. 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 Governments of Uttar Pradesh and Maharashtra, other local authorities, Credit Rating Agencies, Bankers, Suppliers, Customers, Employees and other Stakeholders whose continued support has been a source of strength to the Company.

The Board of Directors also express their sincere gratitude to all the shareholders for their continued support and trust they have shown in the management. The continued 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

Date : 2nd July, 2010

Gurnad Singh Sodhi
Director

Matthias Hau
Managing Director

Annexure – A

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 for the Financial Year ended 31st March 2010

S I . No.	Name of the Managerial Personnel/ Employee	Mr. Matthias Hau	Dr. Florian Bertram Kirschner
1.	Age	47	50
2.	Qualification	Apprenticeship in Business Administration	Ph. D. in Chemistry
3.	Experience (No. of Years)	27	20
4.	Designation	Managing Director	Whole Time Director, Vice President Technology & Plant Manager (Gajraula)
5.	Nature of duties	Overall management	Overall responsibility for the Company's Technology & Plant Management Gajraula
6.	Date of Joining	01-05-2005	01-08-2005 as Vice President Technology & Plant Manager (Gajraula) * 20-07-2006 as Whole Time Director*
7.	Total Remuneration (Rs.)	79,11,834	679,746
8.	Previous Employment	Evonik Degussa GmbH, Germany (Formerly Degussa GmbH)	Degussa Corp. Parsippany, NJ, USA

* Ceased to be Vice President Technology & Plant Manager (Gajraula) w.e.f. 31st May 2009 & consequently Whole Time Director.

Note:

1. During the year no other employee was in receipt of remuneration more than the limits specified in Section 217(2A).
2. Nature of employment of all these persons is contractual in nature.

Annexure – B

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

i) Energy Conservation measures taken and implemented at plant location

Your Company always gives emphasis to energy conservation measures and efficient use of energy. There has been reduced fuel consumption per ton of silica as compared to previous year. There has been installed Biomass Gasifier Unit (Producer gas plant) during the year ended 31st March 2010. The erection and commissioning of Producer Gas Plant has been completed which will reduce fuel consumption.

ii) Additional investment & proposals being implemented for reduction in consumption of energy.

1. AC Drive for higher HP motors

Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production

In total the actions implemented resulted in energy savings in consumption of fuel besides improving operational efficiency.

I. Power and Fuel Consumption

Particulars	Unit	For the year ended 31 st March 2010	For the year ended 31 st March 2009
1. Electricity			
(a) Purchased			
Unit	000 KWH	5,510	6,389
Total Amount	Rs. Mio.	22	26
Rate	Rs. / KWH	3.99	4.00
(b) Own Generation			
(i) Diesel Generator			
Unit	000 KWH	1,792	943
Total Amount	Rs. Mio.	15	9
Rate	Rs. / KWH	8.37	9.54
(ii) Steam Turbine/Generator			
	-	-	-
2. Furnace Oil			
Quantity	KL	4,749	6,544
Total Amount	Rs. Mio	138	205
Average Rate	Rs./KL	29,058	31,279
3. Others/Internal Generation			
Bio Agro Fuel			
Quantity	MT	3,599	3,298
Total Cost	Rs. Mio.	14	14
Average Rate	Rs./MT	3,890	4,299
Fire Wood			
Quantity	MT	2,412	-
Total Cost	Rs. Mio.	13	-
Average Rate	Rs./MT	5,389	NA

II. Consumption per unit of production

Particulars	Unit	For the year ended 31st March 2010	For the year ended 31st March 2009
i. Production- Unit	MT	15,144	15,072
ii. Electricity	000 KWH	0.48	0.49
iii. Furnace Oil	KL	0.31	0.43
iv. Coal	-	-	-
iv. Others	MT	0.24	0.22
BBM	MT	0.16	-
Fire Wood			

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 itself. The Company was running an applied technology laboratory which has been closed down on Closure of Patalganga Plant.

Technology absorption, adaptation and Innovation

The technology for manufacture of various grades of precipitated silica has been supplied by parent company, Evonik Degussa GmbH, Germany. 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

Technical support to customers, cost reduction and increase in production.

C. Foreign exchange earnings and outgo

(Rs. in Million)

Total Foreign Exchange used and earned	Year ended 31st March 2010	Year ended 31st March 2009
a) Total Foreign Exchange earned	53	50
b) Total Foreign Exchange used	4	4

Annexure - C
CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-2010
1. Company's Philosophy on Corporate Governance

Your Company, as part of the Evonik Group, believes in the concept of Good Corporate Governance involving transparency, empowerment, accountability, equity and integrity with a view to enhance stakeholders value. The Company believes that sound Corporate Governance practice provides an important framework to assist the Board in fulfilling its responsibilities. 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. The Board has 7 Members comprising 1 Executive and 6 Non - Executive Directors. Out of Non Executive Directors, 3 are Independent Directors. 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 31st March 2010.

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 31st March 2010 are given below:

Name of the Director	Category	Designation	No. of Directorships, committee chairmanships/ memberships		
			Other Directorships#	Committee Chairmanship ##	Committee Memberships ##
Mr. Dara Phirozeshaw Mehta	Non Executive, Independent	Chairman	4	1	-
Mr. Matthias Hau	Executive	Managing Director	Nil	Nil	Nil
Dr. Florian Bertram Kirschner*	Executive@ Non Executive@@	Whole Time Director Director	Nil	Nil	Nil
Mr. Hans Wolfgang Wilhelm Kirches	Non Executive, Non Independent	Director	Nil	Nil	Nil
Dr. Mustafa Siray	Non Executive, Non Independent	Director	Nil	Nil	Nil
Dr. Gurand Singh Sodhi	Non Executive, Independent	Director	Nil	Nil	Nil
Mr. Keki Manchershia Elavia	Non Executive, Independent	Director	10	4	3
Mr. Andreas Bernd Fischer**	Non Executive, Non 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.

* Ceased to be Director w.e.f. 15th October 2009

@ Executive Director till 31st May 2009

@@ Non Executive Director from 1st June 2009 till 15th October 2009

** Appointed as Additional Director w.e.f. 15th October 2009

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 members for facilitating meaningful, informed and focused decisions at the meetings. In case of exigencies or urgency resolution 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.

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.

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 2009-10

There were held four Board Meetings during the financial year ended 31st March 2010. 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 2009-2010 are as under:

Sl. No.	Date	Board Strength	No. of Directors Present
1	14th May 2009	7	5
2	24th July 2009	7	5
3	15th October 2009	7	4
4	22nd January 2010	7	5

C. Attendance of Directors at Board Meetings held during the financial year 2009-2010 and at the 21st Annual General Meeting (AGM)

Name of the Director	Attendance		Whether Attended last AGM held on 24 th July 2009
	No. of Meetings Held during the tenure	Meetings Attended	
Mr. Matthias Hau	4	4	Yes
Mr. Dara Phirozeshaw Mehta	4	4	Yes
Dr. Florian Bertram Kirschner*	3	1	No
Mr. Hans Wolfgang Wilhelm Kirches	4	0	No
Dr. Mustafa Siray	4	2	Yes
Dr. Gurnad Singh Sodhi	4	4	Yes
Mr. Keki Manchersha Elavia	4	3	Yes
Mr. Andreas Bernd Fischer**	1	1	NA

*Ceased to be director w.e.f. 15th October 2009

** Appointed as director w.e.f. 15th October 2009

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.

All the members of the Board and Senior Management Personnel have affirmed compliance to the code as on 31st March 2010.

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 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 2009-2010 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.

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:

I. The Audit Committee shall have 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.

II. The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of 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 employees benefits plans.
 18. Oversee and review the Company policies regarding information technology and management information systems.

B. Composition

The Audit Committee presently comprises Four Non - Executive Directors, out of which three are Independent Directors. 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. Hans Wolfgang Wilhelm Kirches	Non Executive, Non Independent	Member
Dr. Gurnad Singh Sodhi	Non Executive, Independent	Member
Mr. Keki Manchersha Elavia*	Non Executive, Independent	Member

* Appointed as member w.e.f. 24th July 2009

The Chairman of the Audit Committee, Mr. Dara P. Mehta was present at the 21st Annual General Meeting of the Company held on 24th July 2009 to answer the queries of shareholders. The Managing Director, Vice President (F & A) & Company Secretary and Deputy Company Secretary are permanent invitees to the Audit Committee Meetings. The representative of the Statutory Auditors and 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
Details of Audit Committee Meetings held during the financial year 2009-2010

There were held four Audit Committee Meetings during the financial year ended 31st March 2010. The dates on which meetings were held are as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	14 th May 2009	3	2
2	24 th July 2009	3	2
3	15 th October 2009	4	3
4	22 nd January 2010	4	2

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

Attendance at Audit Committee Meetings held during the financial year 2009-10:

Name of Members	Attendance	
	No. of Meetings Held during the tenure	Meetings Attended
Mr. Dara P. Mehta, Chairman	4	4
Mr. Hans Wolfgang Wilhelm Kirches	4	0
Dr. Gurnad Singh Sodhi	4	4
Mr. Keki Manchersha Elavia	2	1

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

The composition of the remuneration committee is given below:

Name of Members	Category	Designation
Mr. Hans Wolfgang Wilhelm Kirches	Non Executive, Non Independent	Chairman
Mr. Dara P. Mehta*	Non Executive, Independent	Member
Dr. Mustafa Siray	Non Executive, Non Independent	Member
Mr. Keki Manchershya Elavia	Non Executive, Independent	Member
Dr. Gurnad Singh Sodhi**	Non Executive, Independent	Member

*Appointed as Member w.e.f. 24th July 2009

**Appointed as Member w.e.f. 14th May 2009

C. Meetings and Attendance

There was held one remuneration committee meeting during the financial year ended 31st March 2010. The date on which meeting was held is as follows:

Sl. No.	Date	Committee Strength	No. of members present
1	14 th May 2009	4	2

D. Attendance at Remuneration Committee Meeting held during the financial year 2009-10:

Name of Members	Meetings during the financial year 2009-2010	
	No. of Meetings Held during the tenure	Meetings Attended
Mr. Hans Wolfgang Wilhelm Kirches, Chairman	1	0
Dr. Mustafa Siray	1	0
Mr. Keki Manchershya Elavia	1	1
Dr. Gurnad Singh Sodhi	1	1
Mr. Dara P. Mehta	0	0

E. Remuneration Policy

The remuneration of executive directors of the Company is being paid as approved by the Board of Directors and Shareholders of the Company. The Remuneration Committee recommends the remuneration for executive directors before the same is considered by Board of Directors/Shareholders.

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.

a. Executive Directors**Detail of the remuneration paid to Executive Directors for the Financial Year 2009 -2010**

Name of Director	Designation	Salaries (Rs.)	Benefits (Rs.)	Provident fund (Rs.)	Total (Rs.)
Mr. Matthias Hau	Managing Director	21,00,000	53,49,834	4,62,000	79,11,834
Dr. Florian Bertram Kirschner*	Whole Time Director & Vice President -Technology & Plant Manager	3,00,000	3,79,746	0	679,746
Total		24,00,000	57,29,580	4,62,000	85,91,580

*Ceased to be Vice President -Technology & Plant Manager w.e.f. 31st May 2009 and consequently Whole Time Director

Period of Contract, Notice period & Severance fees

Name	Designation	Period of Contract	Notice Period	Severance Fees
Mr. Matthias Hau	Managing Director	5 Years w.e.f. 1st May 2005 2 Years w.e.f. 1st May 2010	6 Months notice in writing by either side	6 Months Basic Salary
Dr. Florian Bertram Kirschner*	Whole Time Director & Vice President -Technology & Plant Manager	3 Years w.e.f. 20th July 2006 as Whole Time Director 4 Years w.e.f. 1st August 2005 as Vice President -Technology & Plant Manager	Nil 3 Months notice in writing by either side	Nil 3 Months Basic Salary

*Ceased to be Vice President -Technology & Plant Manager w.e.f. 31st May 2009 and consequently Whole Time Director

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 31st March 2010.

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 shareholders. The sitting fees as determined by the Board are presently Rs. 20,000 for attending each meeting of Board, Audit Committee, Investors Grievances Committee and Remuneration Committee.

The Details of Sitting Fees paid to Non - Executive Independent Directors during the financial year 2009-2010 are as under:

Name of Directors	Sitting Fees (Rs.)				
	Board Meeting	Audit Committee Meeting	Investors Grievance Committee Meeting*	Remuneration Committee Meeting*	Total
Mr. Dara P. Mehta	80,000	80,000	60,000	NA	2,20,000
Dr. Gurnad Singh Sodhi	80,000	80,000	20,000	10,000	1,90,000
Mr. Keki Manchershah Elavia	60,000	20,000	NA	10,000	90,000

* The sitting fees of Investors Grievance Committee Meeting and Remuneration Committee Meeting have been increased from Rs. 10,000 per meeting to Rs. 20,000 per meeting by the Board w.e.f. 24th July, 2009.

Employee Stock Option Scheme

The Company does not have any employee stock option scheme.

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. Matthias Hau	Executive	Member
Dr. Florian Bertram Kirschner *	Executive@ Non-Executive@@	Member
Dr. Gurnad Singh Sodhi**	Non-Executive, Independent	Member

*Ceased to be member w.e.f. 15th October 2009

@ Executive Director till 31st May 2009

@@Non Executive Director from 1st June 2009 till 15th October 2009

**Appointed as member w.e.f. 15th October 2009

C. Meetings and Attendance

Details of Meetings held during the financial year 2009-2010

There were held four Investors Grievance Committee Meetings during the financial year ended 31st March 2010. The dates on which meetings were held are as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	14th May 2009	3	3
2	24th July 2009	3	2
3	15th October 2009	3	2
4	22nd January 2010	3	3

D. Attendance at Investors Grievance Committee Meetings held during the financial year 2009-2010

Name of Members	Attendance	
	No. of Meetings Held during the tenure	Meetings Attended
Mr. Dara P. Mehta, Chairman	4	4
Mr. Matthias Hau	4	4
Dr. Florian Bertram Kirschner	3	1
Dr. Gurnad Singh Sodhi	1	1

E. Name and Designation of Compliance Officer:

Mr. Brijesh Arora, Vice President (F & A) & Company Secretary.

The Contact details are as follows:

Address	Telephone Number	Fax Number
Office No. 1 & 2, 12th Floor, DLF Building No. 9, Tower B, DLF Cyber City, Phase III, Gurgaon-122002	0124 - 4874555	0124- 4874553

F. Details of the Complaints received and redressed:

Opening	Received during the year	Resolved during the year	Closing Balance
0	99	99	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 the company takes adequate measures for mitigating such assessed risks.

There was held one meeting of Risk Assessment Committee during the financial year ended 31st March 2010.

The details of the meeting are given below:

Sl. No.	Date	Committee Strength	No. of members Present
1	12th January 2010	6	5

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 4 forming part of Annual Accounts.

The Company has made sales to fellow subsidiary during Financial Year 2009-2010 as under:

Evonik Degussa Africa PTY Ltd. : Rs. 9,44,260

The Company has received marketing support services from Evonik Degussa India Private Limited and fees paid for these services for the financial year 2009-2010 is Rs. 10,604,140.

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 has 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 31st March 2010

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 2009-2010 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 2009-2010 regarding all material, financial and commercial transactions where they have a personal interest, that may have a potential conflict with interest of the Company at large.

7. Shareholders

The brief resume of all the directors retiring by rotation and re-appointed are available in this report in the notice of the 22nd 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.

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 17th May 2010.

9. The Company submits a Quarterly compliance report on corporate governance signed by Compliance officer to the Stock Exchange with in 15 Days from the close of the Quarter.

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 one month 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, All India Edition (English Language)" and "Jansatta (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.

11.4 The Company also posts its shareholding pattern and financial results in the EDIFAR system of SEBI at the website www.sebidifar.nic.in.

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	Special Resolutions Passed
21st Annual General Meeting	24th July 2009	1030 hrs	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh	Re-appointment of Mr. Matthias Hau as Managing Director
20th Annual General Meeting	10th September 2008	1200 hrs	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh	None
19th Annual General Meeting	26th October 2007	1015 hrs	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh	i. Redemption of Zero Interest Secured Redeemable Non Convertible Debentures. ii. Alteration in Articles of Association for the change in the name of the Promoter Company.

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

Date	3rd August 2010
Time	11.00 a.m.
Day	Tuesday
Venue	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh
Financial year	31st March 2010
Book Closure dates	30th July 2010 to 3rd August 2010 (both days inclusive)
Dividend Payment Dates	We have not recommended any dividend for financial year 2009-10.

13.2 Financial Calendar 2010-2011 (Tentative)

Financial Year 2010-11	
1st Quarter Results for quarter ending 30th June 2010	August 2010
2nd Quarter Results for quarter ending 30th September 2010	October / November 2010
3rd Quarter Results for quarter ending 31st December 2010	January / February 2011
4th Quarter Results for quarter ending 31st March 2011	May 2011
23rd Annual General Meeting	July /August 2011

13.3 Listing on Stock Exchange (With Stock Code)

Name and address of Stock Exchange	Stock Code
Bombay Stock Exchange (BSE) 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	500211

13.4 Listing Fee

Annual listing fee for the year 2010-2011 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 2010-11 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 2009-2010 are given below:

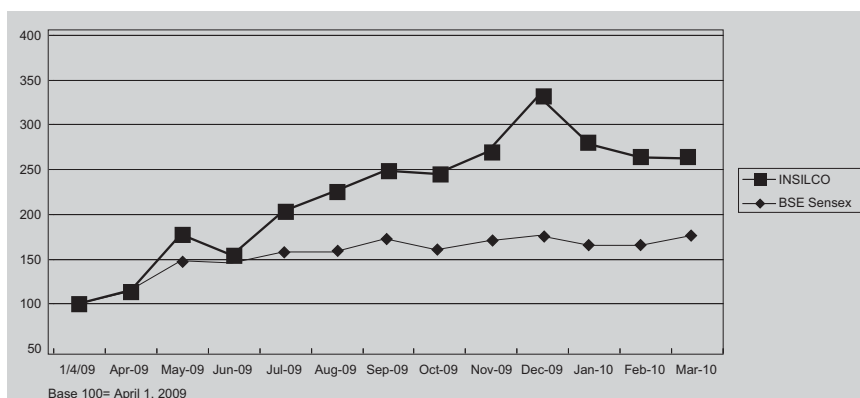
Month	Bombay Stock Exchange			
	Insilco Share Price		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2009	10.00	6.30	11492.1	9546.29
May 2009	12.37	7.40	14930.54	11621.30
June 2009	13.99	9.55	15600.30	14016.95
July 2009	14.50	10.01	15732.81	13219.99
Aug 2009	16.50	12.22	16002.46	14684.45
Sep 2009	21.75	13.55	17142.52	15356.72
Oct 2009	19.80	16.00	17493.17	15805.20
Nov 2009	21.80	15.90	17290.48	15330.56
Dec 2009	27.80	17.15	17530.94	16577.78
Jan 2010	24.85	19.05	17790.33	15982.08
Feb 2010	21.25	18.05	16669.25	15651.99
March 2010	21.00	17.00	17793.01	16438.45

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 2009-10 is given in the chart below:

INSILCO Closing Price vs BSE Sensex Closing April 2009 to March 2010



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 Numbers : 41406149/ 41406151/ 41406152/ 41709885/ 41609386

Fax number : 41709881

Email Address : mcscomplaintsdel@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 normally processed with in 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. Matthias Hau, Managing Director
- ii. Dr. Gurnad Singh Sodhi, Director
- iii. Mr. Brijesh Arora, Vice President (Finance & Accounts) and Company Secretary

The Committee met 24 times during the year.

Pursuant to Clause 47C of the listing agreement, certificate on quarterly basis confirming due compliance of Share Transfer formalities by Company and timely dematerialisation of shares as per SEBI (Depositories and Participants) Regulations, 1996 is sent to stock exchange.

In addition, as stipulated by Securities and Exchange Board of India (SEBI), a Secretarial 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 dematerialised 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 dematerialised form and physical mode as on 31st March 2010 are as follows:

Name	Physical		Demat		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	4,58,53,315	73.11	0	0	4,58,53,315	73.11
Others	31,83,927	5.08	1,36,77,758	21.81	1,68,61,685	26.89
Total	4,90,37,242	78.19	1,36,77,758	21.81	6,27,15,000	100

13.12 As on 31st March 2010, the Distribution of Shareholding of the Company was as follows:

No. of Equity Shares held	No. of Shares held	% to Total	No. of Shareholders	% to Total
1 to 500	60,18,741	9.60	43,381	91.50
501 to 1000	18,86,565	3.01	2,284	4.82
1001 to 2000	13,82,988	2.21	892	1.88
2001 to 3000	6,97,555	1.11	269	0.57
3001 to 4000	4,73,628	0.76	131	0.28
4001 to 5000	6,60,524	1.05	137	0.29
5001 to 10000	12,69,542	2.02	166	0.35
10001 to 50000	26,97,655	4.30	134	0.28
50001 to 100000	6,28,385	1.00	10	0.02
100001 and above	4,69,99,417	74.94	8	0.01
Total	6,27,15,000	100	47,412	100

13.13 Shareholding Pattern of the Company as on 31st March 2010

Holders	No. of Shares	% to total
Promoters – Evonik Degussa GmbH (Formerly Degussa GmbH)	4,58,53,315	73.11
Residents (Individual)	1,42,39,341	22.71
Financial Institutions and Banks	23,780	0.04
Non-Resident Individuals/ OCBs	2,46,424	0.39
Indian Corporate Bodies/ Trusts	23,37,880	3.73
Mutual Funds/ Insurance Companies	14,260	0.02
Total	6,27,15,000	100.00

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

Gajraula	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula -244223, Uttar Pradesh
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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, MCS Limited located at:

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

Following are the contact numbers:

Phone Numbers : 41406149/ 41406151/ 41406152 /41709885/ 41609386

Fax number : 41709881

Email Address : mcscomplaintsdel@mcsdel.com

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

Office no. 1 & 2,
12th Floor,
DLF Building No. 9,
Tower B,
DLF Cyber City,
Phase III, Gurgaon-122002
Telephone : 0124-4874555
Fax No. : 0124- 4874553
Email address : insilco@evonik.com

DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO)

I, Matthias Hau, 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 31st March 2010.

Sd/-
Matthias Hau
Managing Director

Place: New Delhi
Date: 17th May, 2010

Annexure –I

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION FOR THE FINANCIAL YEAR 2009-10

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.

Matthias Hau
Managing Director

Brijesh Arora
Vice President (F&A) &
Company Secretary

Place: New Delhi
Date: 17th May 2010

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of Insilco Limited

We have examined the compliance of conditions of Corporate Governance by Insilco Limited, for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For Price Waterhouse
Firm Registration Number 012754 N
Chartered Accountants

V. Nijhawan
Partner
Membership No F 87228

Place : Gurgaon
Date : 2nd July, 2010

Annexure - D

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overall Review

Insilco reported encouraging financial results in the Financial Year 2009-10 despite challenges arising out of the global economic meltdown.

Industry Structure and Developments

Precipitated silica has rubber and non-rubber applications. The rubber applications include - Tyres, Footwear, Rice Rollers, Rubber Auto Parts and other mechanical rubber goods. The non-rubber applications include - Plant Protection, Feed, Food, Toothpaste, Detergents, Battery Separators, Paints, Silicon rubber, FRP, Defoamers, Pharmaceuticals etc.

Opportunity, Threats, Outlook, Risks and Concerns

The Indian economy is experiencing strong growth. There are inherent opportunities available for the Company. All the industries having silica application are growing e.g. Tyres, Automotive Components, Toothpaste, Footwear, Pharmaceuticals, Agrochemicals, Food etc.

Some of the industries have started exploring cheaper alternates to Silica or cheaper grades of Silica being produced by the small-scale manufacturers. The organised sectors for example the Tyre industry are also facing price pressure. Capacity expansion projects are under implementation by other manufacturers as well to meet the growing industry demand.

Insilco will introduce this year new grades of silica to meet the sophisticated applications. To help Insilco introduce higher value added grades of silica, Evonik Degussa GmbH, Germany is providing technical and marketing support to the Company.

Insilco continues to be amongst the leading manufacturers of precipitated silica in India. We consistently supply international quality products and provide our customers with technical assistance for application solutions.

The economy in general is susceptible to possible changes in fiscal, monetary and economic policies of the Government

especially with regard to fuel, power and freight costs as well as infrastructure. The major concerns are constraints on overall capacity and continuation of upward trends in raw material prices.

Insilco manages these threats by timely adjustment and maintaining a conservative financial profile and following prudent business and risk management practices. The proposed expansion will enable us to limit the capacity constraint.

Our strengths include –

- Capability to introduce new, high quality products.
- Manufacturing products of international standards.
- Our access to the International Sales & Marketing Network of the parent company, Evonik Degussa GmbH, Germany.
- Technical assistance extended to our valued customers with support from our parent company and its international network.
- Our environment friendly production site.
- Our commitment to a high standard code of conduct.

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.

Internal Control Systems and their adequacy

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

- that assets are safeguarded and protected against loss from unauthorized use or disposition.
- that transactions are authorized, recorded and reported properly and
- that accounting records are properly maintained and financial statements are reliable.

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 Audit Committee reviews the Internal Audit Reports, performance of Internal Auditors, adequacy of Internal Control Systems and ensures compliance of Internal Control Systems.

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

Insilco continued its endeavour to build up competencies of its human resources by the schedule of training programmes covering behavioral, attitudinal and specialized training in respective fields. The company regularly assesses the existing vs. the required competencies of the employees. In order to bridge any possible gaps, the required training is being provided by both external and in-house training programs. In the last year the training sessions were focused on preparing employees to work according to HACCP guidelines.

The emphasis on learning and development of our people enabled your company to meet replacement of separations to a large extent internally. The job enhancements were supplemented by intensive training in the related field. This contributed to the growth and development of the employees. Critical technical positions were also met from external sources keeping in view the organizational needs.

The number of employees as on March 31, 2010 was 145.

Long term association with employees is a matter of pride for Insilco. This was well reflected in the first award of long service of 20 years to an employee during the year.

Environment & Pollution Control Measures

- To further improve our waste water management, Insilco installed a new sewage water system in the plant area.
- Rainwater harvesting system installed and commissioned both for Warehouse Building and Workshop buildings.
- Transfer of Trade Effluent – Implemented RCC hume pipe for 420 running meter for taking the trade effluent from built up drain to the Bagad River end through closed piping system.

- Insilco has been awarded HACCP Certification from Bureau Veritas. This certificate will help to secure current business and open additional opportunities in the segment of Food Industries.

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 6,57,15,000 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, 2010

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, 2010 is Rs. 276.36 Mio. The book value per share is Rs.14.57 as at the year end as compared to Rs. 13.77 at the end of previous year.

3. Deferred Tax Liabilities

The net deferred tax liabilities as at the year end are of Rs. 15.55 Mio. 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.

4. Fixed Assets

The additions made to Fixed Assets are of Rs. 40.77 Mio. during the current year which included Rs. 35.36 Mio. towards Plant and Machinery. The capital work-in-progress is of Rs. 6.80 Mio. which represents advances paid towards acquisition of fixed assets and the cost of assets not put to use. During the year, the Company retired/transferred various assets with a gross value of Rs. 20.08 Mio. The impairment provisions on Fixed Assets of Rs. 9.32 Million have been made during the current financial year. The assets that are intended for disposal of Rs. 55.28 Million (Net of impairment provisions of Rs. 0.96 Million) are mentioned in current assets as assets held for sale.

5. Investments

Investments of Rs. 254.84 Mio. at the end of the year represents the investments in Mutual Funds. The Net Asset Value (NAV) of Investments in Mutual Funds is of Rs. 258.39 Mio. as at the end of the year. Investments as on 31st March 2010 represent investments in Mutual funds having exposure to Government securities which are considered as safest securities.

6. Sundry Debtors

Sundry Debtors amount to Rs. 111.64 Mio. (net of provisions of Rs. 0.80 Mio.) as of March 31, 2010 as compared to Rs. 127.81 Mio. (net of provisions of Rs. 0.80 Mio.). These debtors 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 debtors depending on the management's perception of risk. Debtors are 16.30 % of revenue for the year ended March 31, 2010 as compared to 18.02% of revenue for the year ended March 31, 2009. This represents an outstanding of 59 days of revenue for the year as compared to 66 days in the previous year.

7. Inventories

Inventories amount to Rs. 69.85 million as on 31st March 2010 compared to Rs. 121.73 million as on 31st March 2009. The inventory has been reduced by Rs. 51.88 million during the year resulting into release of funds. The level of inventory in relation to sales has decreased by 7.57%.

8. Cash and Bank Balances

As at March 31, 2010, the Company had a cash and bank balance of Rs. 284.96 Mio. This represents 26.18 % of total assets and 41.60 % of the revenue of the current year.

9. Other Current Assets

Other current assets of Rs.68.17 Million include assets held for disposal of Rs. 55.28 Million (Net of impairment provisions of Rs. 0.96 Million) at lower of value or estimated realizable value.

10. Loans and advances

Net Loans and Advances amount to Rs. 33.76 Mio. as of March 31, 2010. Loans and Advances include Rs. 4.47 Mio. towards advance income tax, Rs. 16.74 Mio. towards advances recoverable in cash and kind, Rs. 10.42 Mio. towards deposits and Rs. 2.36 Mio. towards loans extended to the employees. Loans to employees are to enable purchase of assets and to meet any emergency requirements. Advance tax represents payments made towards tax liability and refunds due.

11. Current Liabilities

The Company owes an amount of Rs. 142.40 Mio. (representing 25.03% of total expenditure for the year ended March 31, 2010). These liabilities include the following:

Particulars	As of March 31, 2010 Rs. in Mio.
Sundry Creditors	38.44
Retention Money & Security Deposits	1.77
Other Liabilities	102.18

12. Provisions

Provisions as at the year end are of Rs. 8.92 Mio. Provisions represent liabilities provided for Gratuity, Leave Encashment & Long Service Awards for employees.

13. Net Current Assets

Net Current Assets as on 31st March 2010 are Rs. 417.06 Mio. as compared to Rs. 342.69 Mio. in the previous year. There has been significant improvement in effective working capital management during the financial year 2009-10. There has been released liquidity from working capital to the tune of Rs. 74.37 Mio.

B. Results of Operations

1. Cash Generated from operations

Net Cash generated from operating activities is Rs. 148.9 Mio. as compared to Rs. (-23.3 Mio.) in the previous year.

2. Turnover

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

Rs. in Mio.

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Gross Turnover	685	709
Less: Excise Duty	49	76
Net Turnover	636	633

3. Net Profit After Tax

The Net profit grew by 555% to Rs. 50.08 million for the year ended 31st March 2010 from Rs. 7.65 million in the previous year. This represents 7.31% of Sales for the year ended 31st March 2010 as compared to 1.08% for the year ended 31st March 2009.

4. Earnings Per Share

The basic EPS grew by 566% during the year to Rs. 0.80 per share from Rs. 0.12 per share in the previous year.

5. Raw Material Consumption

The raw material consumption for current year is Rs. 167.04 Mio. as compared to Rs. 221.55 Mio. for previous year.

6. Personnel Expenses/ Employee Remuneration and Benefits

The employees' remuneration and benefits for the year ended 31st March 2010 are Rs. 48.78 Mio. as compared to Rs. 49.79 Mio. for the year ended 31st March 2009. The Company has 145 employees as on 31st March 2010 on its rolls.

7. Operating and Other Expenses

The operating and other expenses for the year ended 31st March 2010 are Rs. 316.94 Mio. as compared to Rs. 374.74 Mio. for the year ended 31st March 2009. The operating and other expenses included various expenses pertaining to the Plants and Head Office of the Company. It includes Power & Fuel expenses, Repairs & Maintenance expenses, Freight & Forwarding charges, Packing expenses, Rent, Insurance, Selling & Marketing Expenses, Travelling and Conveyance expenses, etc.

8. Depreciation

There has been provided a sum of Rs. 36.10 Mio. towards depreciation for the year ended March 31, 2010 representing 5.27 % of gross sales. The depreciation as a percentage of average gross block is 3.68 % for the year ended March 31, 2010

FINANCIAL DATA FOR THE YEAR ENDED MARCH 31, 2010

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

	March 08	March 09	March 10
Description	12 Months	12 Months	12 Months
Financial Performance			
Sales	756.21	709.38	685.06
Profit before Interest Expense, Depreciation, Exceptional Items and Tax	15.27	36.57	118.94
Interest Expenses	0.12	0.41	0.15
Depreciation and Amortization	50.67	38.48	36.10
(Profit)/Loss on Exceptional Items	49.99	(11.24)	8.66
Profit Before tax	(85.51)	8.92	74.03
Taxation charge / (Release)	(55.08)	1.27	23.95
Profit after Tax	(30.43)	7.65	50.08
Balance Sheet			
Share Capital	627.15	627.15	627.15
Reserves and Surpluses	228.62	236.27	286.36
Net Worth	855.77	863.42	913.51
Long Term Debt	-	-	-
Net Fixed Assets	353.83	298.39	265.5
Investments	289.67	240.00	254.84
Net Current Assets	219.04	342.69	417.06
Total Assets	981.44	959.58	1088.37
Per Share Data			
Basic EPS (Rs.)	(0.49)	0.12	0.80
Book Value per share (Rs.)	13.65	13.77	14.57
Other Information			
Number of Shareholders	49,861	49,570	47,411

RATIO ANALYSIS FOR THE YEAR ENDED MARCH 31, 2010

	Mar-08	Mar-09	Mar-10
Description	12 Months	12 Months	12 Months
Ratios-Financial Performance			
Export Sales/ Total Sales [%]	20%	7%	8%
Domestic Sales/ Total Sales [%]	80%	93%	92%
Gross Profit/ Total Sales [%]	20%	21%	31%
Profit Before Interest Expense, Depreciation, Exceptional Item & Tax/ Total Sales [%]	2%	5%	17%
Profit Before Interest Expense, Depreciation & Tax/ Total Sales [%]	-5%	7%	16%
Ratios-Balance Sheet			
Debt Equity Ratio (Long Term Debt : Equity)	-	-	-
Current Ratio	2.84	5.37	3.76
Days Sales Outstanding (DSO)	79	66	59
Depreciation/ Average Gross Block	4.39%	3.62%	3.68%

AUDITORS' REPORT TO THE MEMBERS OF INSILCO LIMITED

1. We have audited the attached Balance Sheet of Insilco Limited (the "Company") as at March 31,2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in paragraph 3 above, 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31,2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31,2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 012754 N
Chartered Accountants

Place : Gurgaon
Date : May 17, 2010

Saugata Mukherjee
Partner
Membership Number : 57084

Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Insilco Limited on the financial statements for the year ended March 31, 2010]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the

size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) 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 Act.
- (b) 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 Act.
4. 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, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the 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 as applicable with the appropriate authorities. .
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, entry tax and sales tax, as at March 31,2010 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	3,254,891	AY 1990-91, AY 1991-92 AY 1998-99	Delhi High Court
Income Tax Act, 1961	Income tax	38,355,553	AY 1992-93 AY 1993-94 AY 2003-04 AY 2004-05	CIT(A)
Income Tax Act, 1961	Income tax	2,775,132	AY 1997-98 AY 2002-03	ITAT

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	3,15,428	AY 2006-07	Dispute Resolution Panel
Uttar Pradesh Tax on Entry of Goods into Local Areas Act, 2007	Entry Tax	4,85,936	2008-09	J C (Appeal), Moradabad, Uttar Pradesh
Bombay Sales Tax Act, 1959	Sales Tax	7,955,335	1999-2000	Appellate Tribunal, Navi Mumbai

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year, accordingly, the provisions of section 4 (xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 012754 N
Chartered Accountants

Place : Gurgaon
Date: May 17, 2010

Saugata Mukherjee
Partner
Membership Number : 57084

Balance Sheet as at March 31, 2010

	Schedules	As at 31-March-2010 (Rs.)	As at 31-March-2009 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	627,150,000	627,150,000
Reserves and surplus	2	286,355,423	236,273,235
Loan Fund			
Secured Loan	3	8,000,846	10,554,851
Deferred tax liabilities (net)	4	15,549,564	7,104,564
TOTAL		937,055,833	881,082,650
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	991,409,441	970,715,272
Less : Depreciation & impairment		733,054,343	705,259,249
Net block		258,355,098	265,456,023
Capital work in progress		6,799,285	32,936,887
		265,154,383	298,392,910
Investments			
	6	254,837,873	240,000,000
Current Assets, Loans And Advances			
Inventories	7	69,846,351	121,729,012
Sundry debtors	8	111,640,850	127,810,022
Cash and bank balances	9	284,960,938	36,520,928
Other current assets	10	68,166,462	93,905,201
Loans and advances	11	33,762,370	41,221,134
		568,376,971	421,186,297
Less : Current Liabilities and Provisions			
Liabilities	12	142,395,193	66,055,128
Provisions	13	8,918,201	12,441,429
		151,313,394	78,496,557
Net Current Assets		417,063,577	342,689,740
TOTAL		937,055,833	881,082,650
Significant Accounting Policies & Notes to Accounts	20		

The schedules referred to above form an integral part of the Balance Sheet

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

For Price Waterhouse

Firm Registration No.: 012754 N

Chartered Accountants

Saugata Mukherjee

Partner

Membership No.- 57084

**For and on behalf of the Board of Directors
of Insilco Ltd.**

Gurnad Singh Sodhi

Director

Matthias Hau

Managing Director

Brijesh Arora

Vice President (F&A) &
Company Secretary

Place : Gurgaon

Date : May 17, 2010

Place : New Delhi

Date : May 17, 2010

Profit & Loss Account for the year ended March 31, 2010

Schedules	For the year ended 31-March-2010 (Rs.)	For the year ended 31-March-2009 (Rs.)
INCOME		
Turnover (Gross)	685,060,741	709,377,450
(Net of claims and rebates Rs. 7,046,383 ; Previous year Rs.9,682,167)		
Less : Excise duty	<u>(49,345,781)</u>	<u>(75,605,634)</u>
Turnover (Net)	635,714,960	633,771,816
Other income	14 56,310,374	42,125,367
Increase / (Decrease) in inventories	15 <u>(40,327,887)</u>	<u>6,751,028</u>
TOTAL	<u>651,697,447</u>	<u>682,648,211</u>
EXPENDITURE		
Raw material consumed	16 167,036,966	221,545,303
Personnel expenses	17 48,777,613	49,786,226
Operating and other expenses	18 316,943,644	374,741,011
Depreciation /amortisation	5 36,100,968	38,483,521
Interest	150,839	409,130
	<u>569,010,030</u>	<u>684,965,191</u>
Profit / (loss) before taxation and exceptional items	<u>82,687,417</u>	<u>(2,316,980)</u>
Exceptional Items		
- Impairment Provision (Net) (Refer Note 8 of Schedule 20 'B')	(8,660,176)	23,507,698
- Provision for separation compensation for termination of employment	-	(12,269,200)
Profit / (loss) before taxation	<u>74,027,241</u>	<u>8,921,518</u>
Provision for taxation		
Current Tax		
- Earlier year	347,300	-
- Current year	15,152,753	-
Deferred tax charge	8,445,000	339,514
Fringe benefit tax	-	930,839
Profit / (loss) for the year after tax	<u>50,082,188</u>	<u>7,651,165</u>
Balance brought forward from previous year	<u>226,273,235</u>	<u>218,622,070</u>
Amount available for appropriation	<u>276,355,423</u>	<u>226,273,235</u>
Balance carried to Balance Sheet	<u>276,355,423</u>	<u>226,273,235</u>
Earnings per share		
Basic and Diluted earnings per share (Rs.)	19 0.80	0.12
Nominal value of shares Rs. 10		
Significant Accounting Policies & Notes to Accounts	20	

The schedules referred to above form an integral part of the Profit & Loss Account

This is the Profit & Loss referred to in our report of even date

For Price Waterhouse

Firm Registration No.: 012754 N

Chartered Accountants

Saugata Mukherjee

Partner

Membership No.- 57084

For and on behalf of the Board of Directors of Insilco Ltd.

Gurnad Singh Sodhi

Director

Matthias Hau

Managing Director

Brijesh Arora

Vice President (F&A) &
Company Secretary

Place : Gurgaon

Date : May 17, 2010

Place : New Delhi

Date : May 17, 2010

Cash Flow Statement for the year ended March 31, 2010

PARTICULARS	Year ended 31-March-2010 (Amount in Rs.)	Year ended 31-March-2009 (Amount in Rs.)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax	74,027,241	8,921,518
Adjustments for :-		
- Depreciation/amortisation/impairment loss	44,761,144	14,975,823
- (Profit) / loss on disposal of fixed assets	(1,215,343)	(9,521)
- Dividend income	(190,447)	(993,946)
- Profit on disposal of investments	(22,857,447)	(21,290,911)
- Interest (net)	(12,224,198)	(1,266,138)
- Balances written off/(back)	(7,646,593)	(2,406,648)
- Provision for doubtful debts / advances	161,545	696,564
Operating profit before Working capital changes	74,815,902	(1,373,259)
Adjustment for (increase)/decrease in:-		
- Trade & other receivables	26,289,060	44,852,490
- Inventories	51,882,661	(26,589,841)
- Payables	8,116,764	(35,501,549)
Cash generated from Operations	161,104,387	(18,612,159)
- Direct tax adjustment	(12,181,094)	(4,658,786)
Net Cash (used in) / from Operating activities	148,923,293	(23,270,945)
B) CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of fixed assets	(14,631,739)	(40,418,875)
- Sale of fixed Assets	27,139,291	2,293,202
- Advance received against fixed asset sale	73,250,000	500,000
- Purchase of investments	(288,000,000)	(330,993,946)
- Sale of investments	296,019,574	401,955,890
- Dividend received	190,447	993,946
- Interest received	8,255,137	2,774,998
Net Cash from / (used in) Investing activities	102,222,710	37,105,215
C) CASH FLOW FROM FINANCING ACTIVITIES		
- Cash Credit facilities	(2,554,005)	10,554,851
- Interest paid	(151,988)	(417,847)
Net Cash used in Financing activities	(2,705,993)	10,137,004
Net increase in Cash & Cash equivalents	248,440,010	23,971,274
Cash & Cash equivalents as at 31-March-09	36,520,928	12,549,654
Opening Cash in hand & Bank balances (Refer Schedule 9)		
Cash & Cash equivalents as at 31-March-10	284,960,938	36,520,928
Closing Cash in hand & Bank balances (Refer Schedule 9)		

Notes :

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outflow.
- The significant Accounting Policies & Notes to the Accounts (Schedule 20) and other schedules form an integral part of the Cash Flow Statement.

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

For Price Waterhouse

Firm Registration No.: 012754 N
Chartered Accountants

Saugata Mukherjee

Partner

Membership No.- 57084

**For and on behalf of the Board of Directors
of Insilco Ltd.****Gurnad Singh Sodhi**

Director

Matthias Hau

Managing Director

Brijesh Arora

Vice President (F&A) &
Company Secretary

Place : Gurgaon

Date : May 17, 2010

Place : New Delhi

Date : May 17, 2010

Schedules to the Balance Sheet

	As at 31-March-2010 (Rs.)	As at 31-March-2009 (Rs.)
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
65,715,000 (Previous year 65,715,000) equity shares of Rs.10 each	657,150,000	657,150,000
	<u>657,150,000</u>	<u>657,150,000</u>
Issued, Subscribed and Paid up		
62,715,000 (Previous year 62,715,000) equity shares of Rs.10 each fully paid up	627,150,000	627,150,000
of the above, 45,853,315 (Previous year 45,853,315) equity shares are held by Evonik Degussa GmbH, the Holding Company.		
	<u>627,150,000</u>	<u>627,150,000</u>

SCHEDULE 2 : RESERVES AND SURPLUS

Balance in Profit & Loss account	276,355,423	226,273,235
Reserve for Taxation (Refer Note 6 of Schedule 20 'B')	10,000,000	10,000,000
	<u>286,355,423</u>	<u>236,273,235</u>

SCHEDULE 3 : LOAN FUND

Secured Loan		
From Bank		
- cash credit facility	8,000,846	10,554,851
(Refer note 5 of schedule 20 'B')		
	<u>8,000,846</u>	<u>10,554,851</u>

SCHEDULE 4 : DEFERRED TAX LIABILITIES (NET)

Deferred tax liabilities		
Depreciation / Impairment of fixed assets	35,185,471	43,814,191
Employee Benefits	-	47,885
Gross Deferred tax liabilities	<u>35,185,471</u>	<u>43,862,076</u>
Deferred tax assets		
Unabsorbed depreciation and loss	16,123,696	33,418,963
Provision for doubtful debts	256,717	270,568
Employee Benefits	3,255,494	3,067,981
Gross Deferred tax assets	<u>19,635,907</u>	<u>36,757,512</u>
Net Deferred tax liabilities	<u>15,549,564</u>	<u>7,104,564</u>
Deferred tax charge for the year	<u>8,445,000</u>	<u>339,514</u>

Schedule 5 : Fixed Assets

Particulars	Gross Block (at cost)			Accumulated Depreciation / Amortisation				Impairment Provision as at 31.3.10 (Refer Note 8 of Schedule 20 'B')	Net Block	
	At 1.4.2009	Additions	Deductions / Adjustments	At 31.3.2010	At 1.4.2009	Additions	Deductions / Adjustments	At 31.3.2010	At 31.3.2010	At 31.3.2009
Tangible Assets										
Land Leasehold	17,403,697	-	-	17,403,697	3,262,135	201,782	-	3,463,917	13,939,780	14,141,562
Land Freehold	104,338	-	-	104,338	-	-	-	-	104,338	104,338
Leasehold Improvement	8,468,246	-	8,468,246	-	6,630,748	634,088	7,264,836	-	-	1,837,498
Buildings	173,763,907	531,279	-	174,295,186	74,037,841	5,647,352	-	79,685,193	94,609,993	99,726,066
Plant & Machinery	680,729,201	35,355,167	1,828,389	714,255,979	553,230,717	23,231,399	1,639,671	574,822,445	130,113,660	127,498,484
Elect. Installations & Fittings (Electrical Appliances)	56,126,530	107,109	725,192	55,508,447	43,686,269	2,655,517	501,736	45,840,050	9,668,397	12,440,261
Office Equipment	3,016,134	937,705	1,156,639	2,797,200	2,259,145	365,635	921,612	1,703,168	1,094,032	756,989
Computers	15,484,980	1,194,649	2,813,643	13,865,986	11,740,807	1,498,464	2,448,577	10,790,694	3,075,292	3,744,173
Furniture & Fixtures	3,080,736	167,674	397,161	2,851,249	2,899,710	32,956	395,900	2,536,766	314,483	181,026
Vehicles	10,183,258	2,475,758	4,685,902	7,973,114	6,076,514	1,274,642	4,453,416	2,897,740	5,075,374	4,106,744
Intangible Assets										
Computer Software	2,354,245	-	-	2,354,245	1,435,363	559,133	-	1,994,496	359,749	918,882
Total	970,715,272	40,769,341	20,075,172	991,409,441	705,259,249	36,100,968	17,625,748	723,734,469	9,319,874	258,355,098
Previous Year	1,157,139,754	8,566,049	194,990,531	970,715,272	753,275,626	38,483,521	86,499,898	705,259,249	265,456,023	443,403,266
Capital Work In Progress (including capital advances of Rs 171,732 (Previous year 37,800))									6,799,285	32,936,887
Grand Total									265,154,383	298,392,910

Note: 'Deductions/Adjustments above includes gross block of assets located at the Head Office in New Delhi amounting to Rs. 12,983,441 and related accumulated depreciation/amortisation of Rs. 11,062,898 destroyed by fire during the current year. Insurance claim receivable amounting to Rs. 4,796,849 for these assets has been included in 'Loans & Advances' Schedule 11' of the financial statements.'

	As at 31-March-2010 (Rs.)	As at 31-March-2009 (Rs.)
SCHEDULE 6 : INVESTMENTS		
Long Term - (unquoted, at cost unless otherwise specified) Other than Trade		
2,279,524 units of Rs 10 each in ING Fixed Maturity Fund XXXII Intl.	-	25,000,000
3,500,000 units of Rs 10 each in DWS Fixed Term Fund Series 47	-	35,000,000
3,000,000 units of Rs 10 each in IDFC/Standar Chartered FMP	-	30,000,000
7,000,000 units of Rs 10 each in Kotak FMP	-	70,000,000
2,000,000 units of Rs 10 each in TEMPLETON Fixed Horizon Fund Series VIII	-	20,000,000
4,000,000 units of Rs 10 each in Fidelity Fixed Maturity Plan Series	-	40,000,000
1,004,965 units (Previous year 1,004,965) of Rs 10 each in G87	10,000,000	10,000,000
IDFC GSF Investment Plan B-Dividend		
583,787.3 units (Previous year 1,000,000) of Rs 10 each in G80	5,837,873	10,000,000
IDFC GSF Short Term Plan B-Qtrly Dividend		
5,468,603 units of Rs 10 each in ICICI Prudential Gilt Fund - Treasury Plan-Growth	131,500,000	-
5,108,007 units of Rs 10 each in Kotak GILT (Savings) - Growth	107,500,000	-
	<u>254,837,873</u>	<u>240,000,000</u>
- Net asset value of unquoted investments in mutual funds is Rs. 258,390,805 (Previous year Rs. 255,791,560).		
- The following investments were purchased and sold during the year		

Scheme	No. of Units Purchased	No. of Units Sold
Current Year		
G78 IDFC-GSF-short term-Plan B Growth	4,886,074	4,886,074

SCHEDULE 7 : INVENTORIES

(At cost or net realisable value, which ever is lower)

Stores and spares, Packing materials	20,164,976	29,737,265
Raw materials	21,764,477	23,746,962
Work-in-progress	10,379,066	50,797,191
Finished goods	17,537,832	17,447,594
(includes goods in transit of Rs. 6,804,214 (previous year Rs. 662,928))		
	<u>69,846,351</u>	<u>121,729,012</u>

SCHEDULE 8 : SUNDRY DEBTORS

(unsecured)

Debts outstanding for a period exceeding six months

Considered good	1,317,769	1,824,422
Considered doubtful	796,022	796,022

Other debts

Considered good	110,323,081	125,985,600
	112,436,872	128,606,044

Less : Provision for doubtful debts	(796,022)	(796,022)
	<u>111,640,850</u>	<u>127,810,022</u>

SCHEDULE 9 : CASH AND BANK BALANCES

Cash on hand	109,924	107,988
Cheques on hand	97,477	3,971,381
Balances with scheduled banks:		
- on current accounts	21,726,214	20,016,235
(including Share/Debenture Application Money Refund Account)		
- on fixed deposit accounts	263,027,323	12,425,324
	<u>284,960,938</u>	<u>36,520,928</u>

	As at 31-March-2010 (Rs.)	As at 31-March-2009 (Rs.)
SCHEDULE 10 : OTHER CURRENT ASSETS		
(unsecured, considered good)		
Interest accrued on deposits	9,853,568	5,733,668
Export benefits receivable	3,030,818	10,074,631
Assets held for sale (net of impairment provision of Rs. 961,877; Previous year Rs. 24,956,366) (Refer Note 7 of Schedule 20 'B')	55,282,076	78,096,902
	<u>68,166,462</u>	<u>93,905,201</u>

SCHEDULE 11 : LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

- Staff Loans	2,364,027	1,419,905
- Advances recoverable in cash or in kind or for value to be received*	16,744,830	15,017,677
- Advance payment of income tax/tax deducted at source (net of tax provision of Rs 64,602,854 ; Previous year Rs 49,732,801)	4,474,321	7,822,533
- Balance with Excise Authorities	-	4,383,452
- Security Deposits	10,422,131	12,658,961
	<u>34,005,309</u>	<u>41,302,528</u>
Less : Provision for Doubtful advances	(242,939)	(81,394)
	<u>33,762,370</u>	<u>41,221,134</u>

Note :

*Due from a private limited company in which a director is a director Rs 147,250 (Previous year Rs 494,984)

SCHEDULE 12 : LIABILITIES

Sundry creditors

- Due to Micro and small enterprise (Refer note 9 of Schedule 20 'B')	210,420	-
- Due to creditors other than Micro and small enterprises	38,234,129	34,447,213
Advance received against disposal of fixed assets	73,250,000	-
Retention money and security deposits	1,774,169	1,749,169
Share/debenture rights issue application money refundable	63,336	63,336
Unclaimed debenture interest	11,081,154	11,082,302
Unclaimed debenture principal	7,537,809	7,542,359
Balance payable to Excise Authorities	2,066,308	-
Other liabilities	8,177,868	11,170,749
	<u>142,395,193</u>	<u>66,055,128</u>

Note :

There are no amounts outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE 13 : PROVISIONS

Provision for fringe benefit tax	-	29,253
Provision for gratuity	3,075,756	8,085,932
Provision for leave encashment	3,240,995	2,280,367
Provision for long service award	2,601,450	2,045,877
	<u>8,918,201</u>	<u>12,441,429</u>

Schedules to the Profit & Loss Account

	For the year ended 31-March-2010 (Rs.)	For the year ended 31-March-2009 (Rs.)
SCHEDULE 14 : OTHER INCOME		
Interest		
- Bank deposits (Tax Deducted at Source Rs. 1,255,499; Previous year Rs. 244,086)	11,962,147	1,119,805
- Others (Tax Deducted at Source Rs.61,210; Previous year Rs. 24,742)	412,890	555,463
Dividend income	190,447	993,946
Export incentives	1,931,137	872,861
Provisions no longer required written back	8,519,525	4,876,404
Profit on Sale of Investments	22,857,447	21,290,911
Foreign exchange gain (net)	1,212,419	2,855,593
Profit on disposal/discard of fixed assets (net)	1,215,343	9,521
Increase / (Decrease) in Excise duty on FG	154,179	2,990,687
Insurance claim receivable	4,796,849	-
Miscellaneous income	3,057,991	6,560,176
	<u>56,310,374</u>	<u>42,125,367</u>

SCHEDULE 15 : INCREASE / (DECREASE) IN INVENTORIES

Closing Inventories		
Work-in-progress	10,379,066	50,797,191
Finished goods	17,537,832	17,447,594
	<u>27,916,898</u>	<u>68,244,785</u>
Opening Inventories		
Work-in-progress	50,797,191	22,451,323
Finished goods	17,447,594	39,042,434
	<u>68,244,785</u>	<u>61,493,757</u>
Increase / (Decrease) in Inventories	<u>(40,327,887)</u>	<u>6,751,028</u>

SCHEDULE 16 : RAW MATERIAL CONSUMED

Opening stock of Raw Material	23,746,962	10,813,387
Add: Purchases	165,054,481	234,478,878
Closing stock of Raw Material	21,764,477	23,746,962
Raw Material consumed	<u>167,036,966</u>	<u>221,545,303</u>

SCHEDULE 17 : PERSONNEL EXPENSES

Salaries, wages and bonus	34,033,362	35,885,106
Contribution to provident, gratuity and other fund	9,631,344	9,155,490
Workmen and staff welfare expenses	5,112,907	4,745,630
	<u>48,777,613</u>	<u>49,786,226</u>

	For the year ended 31-March-2010 (Rs.)	For the year ended 31-March-2009 (Rs.)
SCHEDULE 18 : OPERATING AND OTHER EXPENSES		
Consumption of stores and spares	7,221,843	6,744,756
Power and fuel	203,873,741	254,746,554
Packing expenses	22,547,981	18,165,663
Repairs and maintenance :		
Plant & Machinery	7,970,129	12,207,466
Buildings	2,375,541	1,951,999
Others	97,591	49,786
Rent	5,985,265	5,944,346
Rates and taxes	2,841,538	2,167,685
Insurance	2,338,251	2,235,745
Travelling and conveyance	2,806,779	4,546,050
Office Expenses	2,611,014	3,237,962
Legal and professional fees	4,492,714	2,707,650
Director's sitting fee	500,000	360,000
Director's remuneration	8,591,580	9,322,498
Auditors remuneration	1,299,508	858,330
Freight and forwarding charges (net)	6,596,509	10,813,275
Selling & Marketing Expenses	15,244,847	15,954,208
Provision for doubtful advances	161,545	696,564
Balances written off	872,932	2,469,756
Fixed Assets destroyed by fire	1,920,544	-
Miscellaneous expenses	16,593,792	19,560,718
	<u>316,943,644</u>	<u>374,741,011</u>

SCHEDULE 19 : EARNINGS PER SHARE (EPS)

Profit after tax	50,082,188	7,651,165
Weighted average number of equity shares outstanding during the year	62,715,000	62,715,000
Basic and Diluted Earning per share	<u>0.80</u>	<u>0.12</u>

Note :

There were no potential dilutive shares outstanding as at year end

SCHEDULE 20 : NOTES TO ACCOUNTS

Part A: Significant accounting policies

1. Background

Insilco Limited, a subsidiary of Evonik Degussa GmbH, Germany is engaged in the manufacturing and selling of precipitated silica. Insilco produces different grades of precipitated silica, catering to the requirements of customers in rubber and non-rubber industries.

2. Statement of Significant Accounting Policies

a. Basis of preparation

The financial statements have been prepared to comply in all material respects with all the applicable Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the historical cost convention on an accrual basis.

b. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c. Fixed Assets

Fixed assets are stated at original cost less accumulated depreciation and cumulative impairment. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

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.

d. Depreciation/ Amortization

Cost of leasehold land is being amortised over the lease period. Assets costing less than or equal to Rs. 5000 are depreciated fully in the year of purchase. Leasehold improvements are amortised over the unexpired lease period.

Depreciation on hard furnishing items (included under electrical installation) given to employees is provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on all other fixed assets has been provided on straight-line method (SLM) at the rates mentioned hereunder which are greater than or equal to the corresponding rate prescribed in Schedule XIV to the Companies Act, 1956. For this purpose, part of the plant has been considered as continuous process plant, based on technical opinion.

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	4.75
(Adjusted in accordance with the no. of shifts working)		

Particulars	Rates at which assets are depreciated (%)	Rates as per Schedule XIV (%)
Electronic data processing equipment	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

In the opinion of the management these rates reflect the economic useful life of the assets.

Computer software is amortized over a period of four years, being the estimated useful life.

e. Impairment of Assets

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

f. Borrowing Cost

Borrowing costs are expensed in the year in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use in which case it is capitalized.

g. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long term investments are stated at cost. Where applicable, provision is made where there is a permanent fall in valuation of the investments.

h. Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packing materials: 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 used, are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work in progress and finished goods: 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 finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and cost incurred to make the sale.

i. Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of Goods: Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed on to the buyer.

Interest: Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend: Dividend income is recognized when the right to receive dividend is established.

j. Foreign currency translation

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 on the date of the transaction.

Conversion: Foreign currency monetary items are restated as at year-end using the closing rate. Non – monetary items which are carried at historical cost which are denominated in a foreign currency are reported using the exchange rate at the date of the transactions.

Exchange Differences: 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 recognised as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes: The premium or discount arising at the inception of forward exchange contracts is amortised as an expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as an income or as expense for that year.

k. Employee benefits

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

2. *Long Term :*

i) Defined Contribution plans:

- Provident Fund:

All employees (other than excluded 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.

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 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.

- 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.

- Long Term Service Award

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

I. 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

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.

n. Income taxes

Tax expense comprises both current and deferred tax. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Deferred tax assets on other items are recognised 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. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

o. Earnings per Share

- Basic 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 were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).
- Diluted earnings per share:* For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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 and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Part B: Notes to Accounts
1. Contingent Liabilities
(Rs. in '000)

Particulars	31.3.10	31.3.09
Bank guarantee outstanding	1,000	3,101
Show cause notice for shortfall in stamp duty / registration charges (including penalty) on debenture trust deed	-	133,640
Disputed tax matters :		
(a) Sales tax/ Value added tax	68,211	55,181
(b) Income tax	63,087	31,939
(c) Other tax matters	74	374
TOTAL	132,372	224,235

2. Capital Commitments

(Rs. in '000)

Particulars	31.03.10	31.03.09
Estimated amounts of contracts remaining to be executed on capital account and not provided for	1,224	361

3. Segment Information

Geographical segments

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

Sales by Geographical Market – by location of customers

(Rs. in '000)

Particulars	2009-10	2008-09
Export sales	53,875	53,003
Domestic sales (Including excise duty and cess recoverable)	631,186	656,374

All the segment assets are located in India.

4. Related Party Disclosure

Disclosure of related parties / related party transactions

List of Related Parties

Name of Related Party	Relationship
Evonik Industries	Ultimate holding company
1. Evonik Degussa GmbH (Formerly known as Degussa GmbH)	Holding company
1. Evonik Degussa Africa PTY Ltd. 2. Evonik Degussa India Pvt. Ltd. 3. Thai Aerosil 4. Evonik Degussa (China) Co. Ltd.	Fellow subsidiaries with whom the company has transacted
1. Mr. Matthias Hau, Managing Director 2. Dr. Florian Bertram Kirschner resigned as Whole Time Director, w.e.f. May 31, 2009. Non executive director from June 01, 2009 till October 15, 2009.	Key management personnel

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

(Rs. in '000)

Particulars	Holding Company (Evonik Degussa GmbH)		Fellow Subsidiary		Key Management Personnel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Transactions during the year						
Sales	-	10,660	-	-	-	-
- Evonik Degussa Africa Pty Ltd	-	-	944	878	-	-
Rental income						
-Evonik Degussa India Pvt. Ltd	-	-	1,195	1,227	-	-
Marketing Support Services fees: Paid						
-Evonik Degussa India Pvt. Ltd	-	-	10,604	11,204	-	-
-Evonik Degussa (China) Co. Ltd.	-	-	626	-	-	-

Particulars	Holding Company (Evonik Degussa GmbH)		Fellow Subsidiary		Key Management Personnel	
Remuneration Paid						
-Mr. Matthias Hau	-	-	-	-	7,912	7,000
-Dr. Florian Bertram Kirschner	-	-	-	-	680	2,322
SAP license fees Paid	568	808	-	-	-	-
IT related services	1,411	919	-	-	-	-
Export License fee paid	1,555	-	-	-	-	-
Reimbursements of expenses incurred by the company	4,707	9,023	-	-	-	-
-Thai Aerosil	-	-	153	-	-	-
-Evonik Degussa India Pvt. Ltd	-	-	141	144	-	-
Balances as at year end						
Other receivables	-	2,293	-	-	-	-
-Evonik Degussa India Pvt. Ltd	-	-	147	-	-	-
Other payable						
-Evonik Degussa India Pvt. Ltd	-	-	-	1,194	-	-
Provision for Marketing Support Services fees						
-Evonik Degussa India Pvt. Ltd	-	-	786	843	-	-
-Evonik Degussa (China) Co. Ltd.	-	-	590	-	-	-

- The company has credit facilities amounting to Rs. 10,000('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.
- Having regard to the income tax matters for various years settled/pending before the Income tax department/appellate authorities, the company as a matter of prudence in the year ending 31st December 2004, had over and above the provision for taxation made in the books of accounts as was considered appropriate and adequate, set apart Rs. 10,000('000) as 'Reserve for Taxation'. Based on the management assessment of the pending tax matters, no further transfer to/from the said reserve in the current year is considered necessary.
- Assets held for sale represents certain fixed assets (primarily land, building and plant and machinery) related to the closed Patalganga plant having net book value of Rs. 55,282 ('000) [previous year Rs. 78,097 ('000)] at the year end. This is net of impairment provision of Rs. 961 ('000) [previous year Rs. 24,956 ('000)].
- The company has at the year end tested for impairment the carrying value of certain assets (mainly representing plant and machinery) transferred from Patalganga to Gajraula plant and accordingly created a provision for impairment amounting to Rs. 9,320 ('000).

Provision for impairment created in the past amounting to Rs. 659 ('000) relating to certain plant & machinery have been written back during the current year on their disposal.

- 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 31,2010. The disclosure pursuant to the said act is as under:

(Amount in Rs.)

Sl. No.	Particulars	2009-10	2008-09
1.	Principal amount remaining unpaid as on 31st March, 2010	207,055	Nil
2.	Interest due thereon as on March 31, 2010	3,365	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.	Interest - Nil; Principal - Rs. 216,308	Nil

Sl. No.	Particulars	2009-10	2008-09
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 on March 31, 2010	3,365	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.

10. Managerial Remuneration

Managing and whole time directors' remuneration.

(Rs. in '000)

Particulars	2009-10	2008-09
Salaries	2,400	3,900
Contribution to Provident Fund	462	210
Perquisites	5,730	5,212
	8,592	9,322

Includes Rs. 679,746 Managerial Remuneration of Dr. Florian Bertram Kirschner who ceased to be a Whole Time Director with effect from May 31,2009.

Sitting Fees to non-executive directors Rs.500 ('000) [previous year Rs. 360 ('000)]

11. Auditors' Remuneration

(Rs. in '000)

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Audit fee	750	440
Tax audit fee	110	70
Others	710	630
Out of pocket expenses	130	78
	1,700	1,218
Less : Refunded by holding company	(400)	(360)
	1300	858

12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

a. Raw Material Consumed

Particulars	2009-10		2008-09	
	Qty. (MT)	Value (Rs. in '000)	Qty. (MT)	Value (Rs. in '000)
Sand	5,478	11,961	15,568	31,505
Soda Ash	2,737	45,731	8,070	139,159
Sulphuric Acid	6,867	17,705	6,768	49,102

Cullet	17,684	89,251		0
Others		2,389		1,779
Total		167,037		221,545

b. Sales

Particulars	Opening Stock		Sales		Closing Stock	
	Qty. (MT)	Value (Rs. in '000)	Qty. (MT)	Value (Rs.in '000)	Qty. (MT)	Value (Rs.in '000)
Precipitated Silica	492	17,448	15,155	635,715	481	17,538
	(924)	(39,042)	(15,504)	(633,508)	(492)	(17,448)

*Amount in bracket represents previous year figures.

c. Particulars in respect of goods manufactured, licensed capacity, installed capacity and actual production. (As certified by Management)

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Precipitated Silica	MT	N.A	N.A.	15,000	15,000	15,144	15,072

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

Particulars	Percentage of Total Consumption		Value Rs. in ('000)	
	2009-10	2008-09	2009-10	2008-09
Raw Materials Consumed				
Imported	-	-	-	-
Indigenously obtained	100%	100%	167,037	221,545
	100%	100%	167,037	221,545
Stores and Spares Consumed (Including booked under Packing expenses and Repair and Maintenance)				
Imported	5%	25%	1,516	8,350
Indigenously Obtained	95%	75%	28,187	24,453
	100%	100%	29,703	32,803

e. Value of imports calculated on CIF basis

Particulars	Value Rs. in ('000)	
	2009-10	2008-09
Stores, Spares & Packing Materials	918	6,059

f. Expenditure in foreign currency (on cash basis)

Particulars	Value Rs. in ('000)	
	2009-10	2008-09
Exports Commission	683	1,444
I.T Support charges	1,155	919

SAP License fees	608	807
Export License fee	1,555	-
Others	-	1244
Total	4,001	4,414

g. Earnings in foreign currency

Particulars	Value Rs. in ('000)	
	2009-10	2008-09
F.O.B. value of Exports	52,989	49,868

13. 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.

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

	(Rupees in '000)
Employers Contribution to Provident Fund.*	2,041
Employers Contribution to Superannuation Fund.*	3,098

B. State Plans

- a. Employers Contribution to Employee State Insurance.*
- b. Employers Contribution to Employee's Pension Scheme 1995.*

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

	(Rupees in '000)
Employers Contribution to Employee State Insurance.	460
Employers Contribution to Employee's Pension Scheme 1995.*	914

*Included in Contribution to Provident, Gratuity and other fund under Personnel expenses (Refer schedule 17)

C. Defined Benefit Plans

- a. Employee's Gratuity Fund.
- b. Leave Encashment.
- c. Long Service Award

In accordance with Accounting Standard 15 (Revised 2005), an actuarial valuation was carried out on the basis of employee / payroll data as on March 31, 2010 in respect of the aforesaid defined benefit plans based on the following assumptions.

Particulars	Employees Gratuity Fund	Leave Encashment (Non funded)	Long Service Award (Non funded)
Discount Rate (per annum)	7.90% (7.50%)	7.90% (7.50%)	7.90% (7.50%)
Expected Rate of increase in compensation levels	8.00% (6.00%)	8.00% (6.00%)	8.00% (6.00%)
Expected Rate of return on plan assets	9.25% (9.25%)	NA (N.A)	NA (N.A)
Expected Average remaining working lives of employees (years)	16 (17)	16 (17)	16 (17)

Reconciliation of opening and closing balances of present value obligation
(Rupees in '000)

Particulars	Employees Gratuity Fund	Leave Encashment	Long Service Award
Opening balance of defined benefit obligation	9,571 (15,808)	2,280 (3,601)	2,046 (2,242)
Current service cost	970 (726)	402 (322)	228 (178)
Interest cost	718 (1,265)	171 (288)	153 (179)
Benefits Paid	(310) (-10,619)	(497) (-2,219)	(174) (-20)
Actuarial (gain)/ loss	2,299 (2,392)	885 (288)	348 (-533)
Closing defined benefit obligation	13,248 (9,571)	3,241 (2,280)	2,601 (2,046)

Reconciliation of opening and closing balances of fair value of plan assets:
(Rupees in '000)

Particulars	Employees Gratuity Fund
Opening balance of fair value of plan assets	1,485 (9,315)
Expected return on plan assets	824 (862)
Contributions	8,173 (2,477)
Benefits Paid	(310) (-10,619)
Actuarial gain/ (loss)	- (-550)
Closing balance of plan assets	10,172 (1,485)

Amount recognized in the Balance Sheet:
(Rupees in '000)

Particulars	Employees Gratuity Fund	Leave Encashment	Long Service Award
Present value of defined benefit obligation	13,248 (9,571)	3,241 (2,280)	2,601 (2,046)
Fair value of plan assets	10,172 (1,485)	Nil (Nil)	Nil (Nil)
Net Asset/ (Liability) recognized in Balance Sheet.	(3,076) (-8,086)	(3,241) (-2,280)	(2,601) (-2,046)

Amount of expense recognized in the Profit and Loss Account:

(Rupees in '000)

Particulars	Employees Gratuity Fund	Leave Encashment	Long Service Award
Current service cost	971 (726)	402 (322)	228 (178)
Interest cost	718 (1,265)	171 (288)	153 (179)
Expected return on Plan Assets	(825) (-861)	Nil (Nil)	Nil (Nil)
Net Actuarial (gain)/ loss recognized during the year	2,299 (2,942)	884 (288)	348 (-533)
Total Expense recognized in Profit & Loss Account.	3,163* (4,072)	1,457** (899)	729** (-176)

* Included in Contribution to Provident, Gratuity and Other Funds under Personnel expenses (Refer schedule 17)

** Included in Salaries, wages & bonus under Personnel expenses (Refer schedule 17)

Investment details of plan assets:

The Plan assets are maintained with Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the Company and have not been disclosed.

Amount in bracket represents previous year figures.

14. The Company has taken office space under operating lease .The lease rental expense recognized in the profit and loss account for the year in respect of such leases is Rs 1,253 (000) (Previous Year Nil).The future minimum lease payments and payment profile of non-cancelable operating lease as at March 31, 2010 is as follows:

(Rupees in '000)

Periods	Future minimum lease payments	
	31.3.2010	31.3.2009
Payable not later than one year	852	-
Payable later than one year and not later than five years	-	-
Payable later than five years	-	-
Total Minimum Lease payments	852	-

15. Previous Year figures have been reclassified and regrouped wherever necessary to confirm to the classification adopted in these accounts.

Signature to the Notes `1' to `15' above

For and on behalf of the
Board of Directors of Insilco Ltd.

For Price Waterhouse
Firm Registration No.: 012754 N
Chartered Accountants

Gurnad Singh Sodhi
Director

Matthias Hau
Managing Director

Saugata Mukherjee
Partner
Membership No.- 57084

Brijesh Arora
Vice President (F & A) & Company Secretary

Place : New Delhi
Date : May 17, 2010

Place : Gurgaon
Date : May 17, 2010

Statement pursuant to Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

(i)	Registration Details Registration No. 20-10141 Balance Sheet Date 31.03.2010	State Code 20
(ii)	Capital raised during the year (Amount in Rs. Thousands) Public Issue Nil Bonus Issue Nil	Right Issue Nil Private Placement Nil
(iii)	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) Total Liabilities 937,056 Source of Funds Paid up Capital 627,150 Secured Loans 8,001 Deferred Tax Liabilities 15,550 Application of Funds Net Fixed Assets 265,154 Net Current Assets 417,064 Accumulated Losses Nil	Total Assets 937,056 Reserve and Surplus 286,355 Unsecured Loans Nil Investments 254,838 Misc. Expenditure Nil
(iv)	Performance of the Company (Amount in Rs. Thousands) Turnover (including other Income) 741,371 Profit before Tax 74,027 Earnings per Share 0.80	Total Expenditure 667,344 Profit after Tax 50,082 Dividend Rate % Nil
(v)	Generic name of principal product of the Company (As per monetary terms) Items code No. (ITC code) Product Description	250510.01 Precipitated Silica

Gurnad Singh Sodhi
Director

Matthias Hau
Managing Director

Place : New Delhi
Date : May 17, 2010

Brijesh Arora
Vice President (F&A)
& Company Secretary

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Uttar Pradesh