



EVONIK
INDUSTRIES

INSILCO LIMITED

24th Annual Report 2011-12



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Pankaj Khandelwal - Managing Director
Mr. Dara Phirozeshaw Mehta - Chairman
Mr. Andreas Bernd Fischer - Director
Mr. Lear Bao - Director
Dr. Mustafa Siray - Director
Dr. Gurnad Singh Sodhi - Director
Mr. Keki Manchershaw Elavia - Director
Mr. Frank Heinz Lelek - Director

VICE PRESIDENT (FINANCE & ACCOUNTS) & COMPANY SECRETARY

Mr. Brijesh Arora

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

BANKERS

BNP Paribas
Standard Chartered Bank
The Royal Bank of Scotland N.V.

REGISTERED OFFICE & WORKS

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

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

COMPANY WEBSITE

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

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Message from the Managing Director

Dear Members,

This is my first message as Managing Director of your Company and it gives me immense pleasure to share with you the results and progress of Insilco during the last financial year. In FY 2011-12 Insilco achieved Sales of Rs. 770 million and Profit After Tax of Rs. 47 million.

I am pleased to inform you that during this year, Insilco successfully completed within budget the expansion of its production capacity by 6,000 MT per annum. For this we received full technical support from our parent company Evonik Degussa GmbH, Germany. The expanded capacity will go a long way in meeting the increased demand of our customers and will result in volume growth and higher profitability for your company in the coming year.

Insilco continues to receive full support from Evonik Degussa GmbH, in the area of sales and marketing, application engineering, product development, manufacturing technology and quality benchmarking. This has helped us to give world-class innovative products and technical support to our customers in India, thereby creating a strong bond with them. This has enabled us to fill the increased capacity quickly. We are now trying to further strengthen this close relationship with our customers so as to build a solid foundation for the future growth of your company.

Last year, the global and Indian economy did reasonably well resulting in good demand of our products from the end user sectors. Several of our customers are also expanding capacity and we expect this growth to be maintained in the coming years. I assure that we will not slow down in our efforts to look for growth opportunities in our business in the coming years.

I would like to sincerely thank you for all the support and confidence you have placed in Insilco. We will continue to do our utmost to live up to your expectations and trust. Last but not the least, I would like to place on record our deep appreciation of the valuable services rendered by Mr. Matthias Hau during his tenure as Managing Director of the Company and wish him all the very best in his future assignments.

With best wishes,

A handwritten signature in black ink, appearing to read 'Pankaj Khandelwal', with a stylized flourish at the end.

Pankaj Khandelwal
Managing Director

Place : Gurgaon

Date : 7th June, 2012

NOTICE

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

Day & Date : Thursday, 9th August, 2012

Time : 10:30 a.m.

**Venue : Insilco Limited
A-5, UPSIDC Industrial Estate
Bhartiagram, Gajraula - 244223, Uttar Pradesh**

to transact the following business:

A ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 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. Gurnad Singh Sodhi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Andreas Bernd Fischer, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-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. S.R. Batliboi & Associates, Chartered Accountants, (Firm Registration No. with ICAI – 101049W) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company.

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 115 of the Articles of Association of the Company, Mr. Lear Bao, who was appointed as a Director of the Company to fill up the casual vacancy caused due to the resignation of Mr. Hans Wolfgang Wilhelm Kirches 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. Lear Bao as candidate for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Pursuant to Article 114 of the Articles of Association of the Company, Mr. Pankaj Khandelwal, who was appointed as Additional Director of the Company by the Board of Directors with effect from 1st March 2012 and who holds office under Section 260 upto the 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. Pankaj Khandelwal as candidate for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modifications the following Resolution as Special Resolution:

“RESOLVED THAT subject to the provisions of Section 198, 269 & 309 read with Schedule XIII of the Companies Act 1956, and Ministry of Corporate Affairs’ (MCA) general circular no. 46/2011 dated 14th July, 2011 and Article 132 of the Articles of Association of the Company and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification (s) or re-enactment (s) thereof for the time being in force), Mr. Pankaj Khandelwal be and is hereby appointed as Managing Director of the Company for a period of 3 (three) years with effect from 1st March, 2012, at a remuneration not exceeding Rs. 4,500,000/- per annum as may be decided by the Board, which will be reviewed annually with effect from 1st April, 2013 onwards.

In addition to the above, Managing Director, Mr. Pankaj Khandelwal shall also be entitled to the following as per rules of the Company :

- a) Leave Encashment as per rules of the company.
- b) Hard furnishing scheme as per rules of the company with entitlement upto Rs. 5.00 Lacs during the tenure of service.
- c) Long Service Award as per rules of the company.
 - Payable after completion of 10 years of continuous service Rs. 1,000,000/-.
 - Payable after completion of 20 years of continuous service Rs. 1,500,000/-.

(This component is presently not relevant as no amount shall be payable during the current tenure of 3 (three) years).
- d) Coverage of Rs. 6 Lacs under Group Personal Accident Insurance Policy.
- e) Coverage of Rs. 2 Lacs under Group Mediclaim Family Floater Policy.
- f) Use of Company owned & maintained Car.
- g) Retirement Benefits as per the applicable laws and rules/policies of the company in this regard.

RESOLVED FURTHER THAT the said remuneration shall be payable to Mr. Pankaj Khandelwal irrespective of the fact whether the Company has earned any profit or not i.e. this remuneration shall be payable even in the event of inadequacy or absence of profits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all such action as may be necessary in this regard”.

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

“RESOLVED THAT Pursuant to Article 114 of the Articles of Association of the Company, Mr. Frank Heinz Lelek, who was appointed as Additional Director of the Company by the Board of Directors with effect from 3rd May, 2012 and who holds office under Section 260 upto the 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. Frank Heinz Lelek as candidate for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

By Order of the Board

Place : New Delhi
Date : 3rd May, 2012

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received at the Company's Registered Office at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula -244223, Uttar Pradesh not less than 48 hours before the time fixed for the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the appointing organisation. A form of Proxy and Admission Slip is enclosed. Shareholders are requested to bring their copy of the Annual Report to the Meeting.
3. Admission restricted to members or proxies only. Members / Proxy holders are requested to produce their admission slips at the entrance of the meeting hall.
4. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy verification of attendance at the Meeting.
5. The Register of Members and Share transfer books of the Company will remain closed for a period of 6 days from 4th August, 2012 to 9th August, 2012 (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 the Companies Act, 1956, relating to the Special Businesses to be transacted at the meeting (Item Nos. 5 to 8 of the notice) is attached.
8. As required under Clause 49 of Listing Agreement, the particulars of Directors seeking re-appointment/ appointment at Item Nos. 2,3,5,6,7 & 8 is given in the **Annexure-A**.
9. As required the Statement of Information under Section II of Part II of Schedule XIII to the Companies Act, 1956 as a part of explanatory statement to item nos. 6&7 is given in the **Annexure - B**.
10. 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.
11. Copies of all documents referred to in the Notice are available for inspection at the Registered Office of the Company between 10:30 a.m. to 12:00 Noon on all working days till the date of the Annual General Meeting.
12. Members are requested to visit the website of the Company 'www.insilcoindia.com' for viewing the quarterly and annual financial results and for more information on the Company.

EXPLANATORY STATEMENTS

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

Item No. 5

Mr. Lear Bao was appointed by the Board of Directors of the Company, as a Director with effect from 1st November, 2011 to fill up the casual vacancy caused due to the resignation of Mr. Hans Wolfgang Wilhelm Kirches. In terms of Section 262 of the Companies Act, 1956, Mr. Lear Bao shall hold office only up to the date up to which Mr. Hans Wolfgang Wilhelm Kirches, the Director in whose place he was appointed would have held office if it had not been vacated. Mr. Hans Wolfgang Wilhelm Kirches was liable to retire by rotation in this Annual General Meeting accordingly he would have held office only upto the date of this Annual General Meeting.

The Company has received a notice along with a deposit of Rs. 500/- from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Lear Bao for the office of Director.

Mr. Lear Bao is having a bachelor's degree in Chemical Engineering and a master's in Financial Management. He is having extensive experience of more than twenty years in diversified areas such as Production, Commercial, Supply Chain Management, Finance and Controlling.

The Board of Directors considers that in view of the background and experience of Mr. Lear Bao, it would be in interest of Company to appoint him as a Director of the Company. Mr. Lear Bao does not hold any share in the Company.

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

Item Nos. 6 & 7

Mr. Pankaj Khandelwal was appointed by the Board of Directors of the Company as Additional Director with effect from 1st March, 2012. The Board also appointed subject to the approval of Shareholders, Mr. Pankaj Khandelwal as Managing Director of the Company for a period of 3 (three) years with effect from 1st March, 2012, at a remuneration not exceeding Rs. 4,500,000/- per annum as may be decided by the Board, which will be reviewed annually with effect from 1st April, 2013 onwards.

In terms of Section 260 of the Companies Act, 1956, Mr. Pankaj Khandelwal will hold office as Additional Director upto the date of this Annual General Meeting. In terms of the provisions of Section 198, 269 & 309 read with Schedule XIII of the Companies Act, 1956, approval of shareholders is required for the appointment of Mr. Pankaj Khandelwal as Managing Director of the Company.

Mr. Pankaj Khandelwal is having a Degree in Production Engineering from Birla Institute of Technology, Ranchi, Post Graduate Diploma in Production Engineering & Management from University of Strathclyde, Glasgow, UK. He is MBA from University of Aston, Birmingham, UK. He has more than 30 years working experience in the field of Sales, Marketing, Purchase, Plant Operations and Business Development at senior positions.

The Company has received a notice along with deposit of Rs. 500/- from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Pankaj Khandelwal for the office of Director.

The members may note that the Remuneration Committee in its meeting held on 31st January, 2012 had approved the appointment of Mr. Pankaj Khandelwal as Managing Director of the company with effect from 1st March, 2012.

The members may also note that pursuant to the Ministry of Corporate Affairs's (MCA) general circular no. 46/2011 dated 14th July, 2011 approval of the Central Government of India under Para (c) of Section II of Part II of Schedule XIII to the Companies Act, 1956, will not be required for the appointment of Mr. Pankaj Khandelwal as Managing Director of the Company.

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

The copy of terms and conditions governing the appointment is available for inspection at Registered Office of the Company between 10:30 a.m. to 12:00 Noon on all working days till the date of the Annual General Meeting.

The Members are requested to kindly refer to Annexure - B of the Notice for Statement of Information as required under Section II of Part II of Schedule XIII to the Companies Act, 1956.

The above text along with Annexure - B of the Notice and Resolution may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the resolutions at item nos. 6 & 7 for approval by the Members. None of the Directors except Mr. Pankaj Khandelwal is concerned or interested in these resolutions.

Item No. 8

Mr. Frank Heinz Lelek was appointed by the Board of Directors of the Company, as Additional Director with effect from 3rd May, 2012. In terms of Section 260 of the Companies Act, 1956, Mr. Frank Heinz Lelek will hold office as Additional Director upto the date of this Annual General Meeting.

The Company has received a notice along with a deposit of Rs. 500/- from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Frank Heinz Lelek for the office of Director.

Mr. Frank Heinz Lelek has done Apprenticeship/Training on Industrial Business Administration Clerk, from Germany and Continuing Education, Export Academy. He is having extensive experience in the field of Sales and Marketing.

The Board of Directors considers that in view of the background and experience of Mr. Frank Heinz Lelek, it would be in interest of Company to appoint him as a Director of the Company. Mr. Frank Heinz Lelek does not hold any share in the Company.

The Board recommends the resolution for approval by the Members. None of the Directors except Mr. Frank Heinz Lelek is concerned or interested in this resolution.

Annexure - A
Details of the Directors seeking re-appointment/appointment at the 24th Annual General Meeting (Pursuant to Clause 49(IV)(E)&(G) of the Listing Agreement)
1. 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 |

2. 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 field 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 |

3. Name of the Director : Mr. Lear Bao

| | |
|---|--|
| Date of Birth | 18 th November, 1968 |
| Date of Appointment | 1 st November, 2011 |
| Qualifications | Bachelor's degree in Chemical Engineering and Master's in Financial Management |
| Expertise in specific functional area | Extensive experience of more than twenty years in Production, Commercial, Supply Chain Management, Finance and Controlling |
| 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 |

Annexure - A (Contd.)**4. Name of the Director : Mr. Pankaj Khandelwal**

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

5. Name of the Director : Mr. Frank Heinz Lelek

| | |
|---|--|
| Date of Birth | 17 th September, 1968 |
| Date of Appointment | 3 rd May, 2012 |
| Qualifications | Apprenticeship/Training, Industrial Business Administration Clerk, Germany Continuing Education, Export Academy |
| Expertise in specific functional area | Extensive experience in the field of Sales and Marketing |
| 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 |

Annexure - B

Statement of Information under Section II of Part II of Schedule XIII to the Companies Act, 1956, as a part of explanatory statement to item nos. 6&7 :

| Sl. No. | Particulars | Information | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|---|---|-------------|-----------|-----------|-----------------------------------|---------|---------|-------------------------------|---------|---------|-----------------------------|--------|--------|------------------|--------|--------|-------------------------|------|------|----------------------|-----|-----|
| I. | General Information | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Nature of Industry | Chemical Manufacturing | | | | | | | | | | | | | | | | | | | | | |
| 2 | Date of commencement of commercial production | 1 st January, 1993 | | | | | | | | | | | | | | | | | | | | | |
| 3 | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not applicable as the Company is an existing Company | | | | | | | | | | | | | | | | | | | | | |
| 4 | Financial performance based on given indicators | <p style="text-align: right;">Rs. in '000 except EPS</p> <table> <tr> <th>Particulars</th><th>2011-2012</th><th>2010-2011</th></tr> <tr> <td>Turnover (including other income)</td><td>798,814</td><td>748,281</td></tr> <tr> <td>Total Expenditure</td><td>747,301</td><td>693,961</td></tr> <tr> <td>Profit Before Tax</td><td>51,513</td><td>54,320</td></tr> <tr> <td>Profit After Tax</td><td>46,584</td><td>46,907</td></tr> <tr> <td>Earning Per Share (EPS)</td><td>0.74</td><td>0.75</td></tr> <tr> <td>Dividend Rate (in %)</td><td>Nil</td><td>Nil</td></tr> </table> | Particulars | 2011-2012 | 2010-2011 | Turnover (including other income) | 798,814 | 748,281 | Total Expenditure | 747,301 | 693,961 | Profit Before Tax | 51,513 | 54,320 | Profit After Tax | 46,584 | 46,907 | Earning Per Share (EPS) | 0.74 | 0.75 | Dividend Rate (in %) | Nil | Nil |
| Particulars | 2011-2012 | 2010-2011 | | | | | | | | | | | | | | | | | | | | | |
| Turnover (including other income) | 798,814 | 748,281 | | | | | | | | | | | | | | | | | | | | | |
| Total Expenditure | 747,301 | 693,961 | | | | | | | | | | | | | | | | | | | | | |
| Profit Before Tax | 51,513 | 54,320 | | | | | | | | | | | | | | | | | | | | | |
| Profit After Tax | 46,584 | 46,907 | | | | | | | | | | | | | | | | | | | | | |
| Earning Per Share (EPS) | 0.74 | 0.75 | | | | | | | | | | | | | | | | | | | | | |
| Dividend Rate (in %) | Nil | Nil | | | | | | | | | | | | | | | | | | | | | |
| 5 | Export performance and net foreign exchange collaborations | <p style="text-align: right;">Rs. in '000</p> <table> <tr> <th>Particulars</th><th>2011-2012</th><th>2010-2011</th></tr> <tr> <td>F.O.B. Value of Exports</td><td>1,308</td><td>3,078</td></tr> <tr> <td>Total Foreign Exchange earned</td><td>1,308</td><td>3,078</td></tr> <tr> <td>Total Foreign Exchange used</td><td>6,733</td><td>12,713</td></tr> </table> | Particulars | 2011-2012 | 2010-2011 | F.O.B. Value of Exports | 1,308 | 3,078 | Total Foreign Exchange earned | 1,308 | 3,078 | Total Foreign Exchange used | 6,733 | 12,713 | | | | | | | | | |
| Particulars | 2011-2012 | 2010-2011 | | | | | | | | | | | | | | | | | | | | | |
| F.O.B. Value of Exports | 1,308 | 3,078 | | | | | | | | | | | | | | | | | | | | | |
| Total Foreign Exchange earned | 1,308 | 3,078 | | | | | | | | | | | | | | | | | | | | | |
| Total Foreign Exchange used | 6,733 | 12,713 | | | | | | | | | | | | | | | | | | | | | |
| 6 | Foreign investments or collaborators | <p>The company has not made any investment outside India. The company is a subsidiary of Evonik Degussa GmbH, Germany, which holds 73.11 % in the equity share capital of the Company. The Equity Shares of the Company are listed at Bombay Stock Exchange, Mumbai and as on 31st March, 2012 the total foreign equity share holding (including share holding of holding company) in the company was 73.52%. The Company also has Technical Assistance Agreement and License Agreement with Evonik Degussa GmbH, Germany, holding company.</p> | | | | | | | | | | | | | | | | | | | | | |
| II. | Information about the Appointee | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Background details | <p>Mr. Pankaj Khandelwal is having a Degree in Production Engineering from Birla Institute of Technology, Ranchi, Post Graduate Diploma in Production Engineering & Management from University of Strathclyde, Glasgow, UK. He is MBA from University of Aston, Birmingham, UK. Mr. Pankaj Khandelwal has more than 30 years working experience in the field of Sales, Marketing, Purchase, Plant Operations and Business Development at senior positions.</p> | | | | | | | | | | | | | | | | | | | | | |

Annexure - B (Contd.)

| Sl. No. | Particulars | Information |
|-------------|---|---|
| 2 | Past Remuneration | Nil from the company |
| 3 | Recognition or awards | Nil |
| 4 | Job profile and his suitability | Mr. Pankaj Khandelwal was appointed by the Board of Directors of the Company as Additional Director and Managing Director with effect from 1 st March, 2012. The Board has authorized Mr. Khandelwal for overall supervision and control of operations of the Company and to take all kind of decision for business operations. Mr. Pankaj Khandelwal has rich experience of more than 30 years and knowledge about the Chemical industry and adequate professional qualifications. He was responsible for the sales & marketing of Insilco Limited during the period July 2004 to March 2009 and contributed to the profitability of the Company by his incisive and broad based knowledge of the domestic and international markets. |
| 5 | Remuneration proposed | As stipulated in Special Resolution at item no. 7 of the Notice. |
| 6 | Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details should be w.r.t. the country of his origin) | For the responsibilities shouldered by Managing Director of the Company for overall supervision and control of operations of the Company, the remuneration of Mr. Pankaj Khandelwal compares favourably with the remuneration paid to the Managing Directors / business heads of companies in similar industry, like sized and similarly positioned businesses. |
| 7 | Pecuniary relationship directly or indirectly with the Company or Relationship with the managerial personnel, if any | Mr. Pankaj Khandelwal does not have directly or indirectly any pecuniary relationship with the Company, except in his position as Managing Director and Additional Director of the Company. Mr. Pankaj Khandelwal does not have any relationship with any managerial personnel of the Company. |
| III. | Other Information | |
| 1 | Reasons of loss or inadequate profits | Increasing cost of raw materials and fuel like Cullet and HSD has affected the performance of the Company. |
| 2 | Steps taken or proposed to be taken for improvement | The Company continues to strive for growth, higher realisations, energy optimization, better working capital management and better asset utilization. The Company is actively pursuing growth opportunities and looking at areas to reduce its cost of production. The Company is evaluating plans to have optimum utilization of the production capacity and to improve its product mix. |
| 3 | Expected increase in productivity and profits in measurable terms | On 31 st January, 2012, the company had successfully completed its expansion of production capacity by 6,000 MTs per annum (i.e. 40 % of the existing capacity). The expanded capacity will yield higher volumes and likely to result in higher profitability. |
| IV. | Disclosures | |
| 1 | The shareholders of the company shall be informed of the remuneration package of the managerial person | As stipulated in Special Resolution at item no. 7 of the Notice. |
| 2 | Other Disclosures | The Corporate Governance Report which forms part of the Director's Report contains the disclosures required to be mentioned therein. |

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 24th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2012.

1. FINANCIAL HIGHLIGHTS

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

| PARTICULARS | Year Ended 31-March-2012 | Year Ended 31-March-2011 |
|---|-------------------------------------|-------------------------------------|
| Gross Turnover | 770 | 710 |
| Other Income | 29 | 38 |
| Total Expenditure (including excise duty) | (726) | (660) |
| Profit before Depreciation & Exceptional Items | 73 | 88 |
| Depreciation | (28) | (32) |
| Profit/(Loss) for the year before exceptional items | 45 | 56 |
| Profit/(Loss) on sale/ (provision) for impairment of Fixed Assets | 7 | (2) |
| Profi/(Loss) before tax | 52 | 54 |
| (Provision for)/Release of Taxation | (5) | (7) |
| Profit/(Loss) after tax | 47 | 47 |

2. RESULTS OF OPERATIONS

The precipitated silica production and sales during the year is 16,299 MTs and 15,365 MTs as against 15,236 MTs and 15,213 MTs respectively in the previous year.

Your Company achieved a sales turnover of Rs. 770 Million during the year as compared to Rs. 710 Million during the previous year and recorded profit before depreciation & exceptional items of Rs. 73 Million as against Rs. 88 Million in the financial year 2010-11. There has not been made any transfer to reserves during the year.

The Company continues to strive for growth, higher realisations, energy optimization, better working capital management and better asset utilization. Our marketing policy is to provide products and services that always and unequivocally meet the agreed quality criteria.

3. PERFORMANCE HIGHLIGHTS

Your Directors are pleased to inform that during the year, your company had successfully completed its expansion of production capacity by 6,000 MTs per annum. The expanded capacity will yield higher volumes leading to higher profitability and growth in coming years.

4. FUTURE OUTLOOK

The Indian economy is experiencing strong growth. There are inherent opportunities available for the Company in a significant number of industries such as Tyres, Automotive Components, Toothpaste, Footwear, Agrochemicals and Food, all having silica applications which are growing rapidly.

The Company is actively pursuing growth opportunities and looking at areas to reduce its cost of production. The Company is evaluating plans to have optimum utilization of the production capacity and to improve its product mix.

5. DIVIDEND

No Dividend is recommended considering the funds needed for augmentation and to improve Company's financial strength.

6. TRANSFER OF FUND TO INVESTOR EDUCATION & PROTECTION FUND

There was no amount due for transfer to the investor education and protection fund during the year under review, pursuant to the provisions of Section 205C of the Companies Act, 1956.

7. VALUE CREATION FOR CUSTOMERS

We provide our internal and external customers products and services that always and unequivocally meet the agreed quality criteria. This is our declared goal and the measure of our actions. That is because only if the quality of our work lives up to the ever evolving requirements of our customers, we will continue to be successful in the future. The combination of our products and services enables us to offer package solutions that deliver real added value and make us the preferred business partner to our customers.

8. SOCIAL RESPONSIBILITY

Good governance demands adherence of social responsibility coupled with creation of value in the larger interest of the general public. We are committed to continuously improving our performance in the areas of environmental protection, health and safety as well as to the principles sustainable development and responsible care. Our code of conduct as well as our guidelines is exceeding the regulatory requirements. We continue to contribute towards society by some worthwhile causes. We aim to enhance the quality of life of the community in general and have a strong sense of social responsibility. The Company also extends support for promoting sports and socio-cultural activities for welfare of employees and their families.

9. WE BELIEVE IN QUALITY AS A SUCCESS FACTOR

Within the scope of Total Quality Management (TQM) we continuously improve the quality of our products, our services and our processes to enhance our high standard of quality. This constant optimization in partnership with our customers and suppliers is the driver towards market leadership and outstanding results in our core business.

Contemporaneously this enables us to fulfill the requirements as well as responsibilities to our employees just as well to society, environment and stakeholders, to develop in partnership too.

10. CUSTOMER ORIENTATION STARTS WITH TALENT DEVELOPMENT AND FAIRNESS

The key to achieving our goals is a motivated and skills workforce, a customer – oriented approach in our thoughts and actions, and a working relationship with our customers that is built on mutual trust.

11. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Central Government promulgated in December 2009, a set of Corporate Governance Voluntary Guidelines. The mandatory requirements under Clause 49 of the Listing Agreement with the Bombay Stock Exchange cover most of the elements of these Corporate Governance Voluntary Guidelines 2009 accordingly your company has not adopted these voluntary guidelines.

12. CERTIFICATIONS AND RECOGNITIONS

The Commitment to quality is a process of continual improvement. The Company is holding ISO 9001: 2008 and ISO 14001: 2004 and HACCP Certifications. Our quality management system has successfully maintained ISO 9001: 2008 and ISO 14001: 2004 certifications through regularly scheduled annual audits and HACCP Certification through regularly scheduled bi-annual audits.

13. 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.

14. DIRECTORS

During the year, Mr. Hans Wolfgang Wilhelm Kirches, resigned as Director of the Company with effect from 14th October, 2011. The Board places on record its deep appreciation for the invaluable support and guidance received from Mr. Kirches during his association as Director of the Company.

Your Directors appointed Mr. Lear Bao as a Director of the Company with effect from 1st November, 2011 to fill up the casual vacancy caused by the resignation of Mr. Hans Wolfgang Wilhelm Kirches. Mr. Lear Bao will hold office till the date Mr. Hans Wolfgang Wilhelm Kirches would have held office i.e. the date of the ensuing Annual General Meeting of the Company. The Company has received a notice along with a deposit of Rs. 500/- from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose

the candidature of Mr. Lear Bao for the office of Director. The Board recommends his appointment at the ensuing Annual General Meeting.

Mr. Matthias Hau, resigned as Managing Director and Directorship from Board and all Committees thereof with effect from 1st March, 2012. The Board places on record its deep appreciation of valuable services and contribution in the growth of the Company given by Mr. Matthias Hau during his tenure as the Managing Director of the Company.

Mr. Pankaj Khandelwal was appointed by the Board of Directors of the Company as Additional Director and Managing Director with effect from 1st March, 2012. In terms of Section 260 of the Companies Act, 1956, Mr. Pankaj Khandelwal will hold office as Additional Director upto the date of ensuing Annual General Meeting. In terms of the provisions of Section 198, 269 & 309 read with Schedule XIII of the Companies Act 1956 approval of shareholders is required for the appointment of Mr. Pankaj Khandelwal as Managing Director of the Company.

The Company has received a notice along with a deposit of Rs. 500/- from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Pankaj Khandelwal for the office of Director. The Board recommends his appointment as Director and Managing Director at the ensuing Annual General Meeting.

Mr. Frank Heinz Lelek appointed by the Board of Directors of the Company as Additional Director with effect from 3rd May, 2012. In terms of Section 260 of the Companies Act, 1956, Mr. Frank Heinz Lelek will hold office as Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with a deposit of Rs. 500/- from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Frank Heinz Lelek for the office of Director. The Board recommends his appointment as Director at the ensuing Annual General Meeting.

In accordance with provisions of Companies Act, 1956 and Articles of Association, Dr. Gurnad Singh Sodhi and Mr. Andreas Bernd Fischer, 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.

15. AUDITORS

M/s. S.R. Batliboi & Associates, Chartered Accountants, (Firm Registration No. with ICAI – 101049W), member firm of Ernst & Young Global Ltd., present Statutory Auditors of the Company holds office until the date of the ensuing Annual General Meeting. It is proposed to re-appoint them as statutory auditors of the Company until the conclusion of next Annual General Meeting. M/s. S.R. Batliboi & Associates, Chartered Accountants, (Firm Registration No. with ICAI – 101049W) have expressed their willingness for re-appointment as Statutory Auditors of the Company and have further confirmed that the said re-appointment would be in conformity with provisions of Section 224(1B) of the Companies Act, 1956.

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

16. COST AUDITORS

In terms of requirement of The Companies (Cost Accounting Records) Rules, 2011 as notified by the Ministry of Corporate Affairs vide its notification dated 3rd June, 2011, your company is maintaining all the prescribed cost records. Further the Company has appointed M/s Aseem Jain & Associates, as Cost Accountant of the Company under these Rules. The prescribed compliance report for the financial year ended 31st March, 2012, duly certified by M/s Aseem Jain & Associates, Cost Accountant of the Company, along with the prescribed annexure thereon will be filed with the Central Government within the prescribed time.

17. CHANGE IN ACCOUNTING POLICY

During the year, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

18. 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, 2012 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.

19. 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 as amended from time to time, is given in Annexure 'A' to the Directors' Report.

20. 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.

21. CORPORATE GOVERNANCE

Pursuant to Provisions contained in the Clause 49 of the Listing Agreement with the Stock Exchange, 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.

22. MANAGEMENT DISCUSSION AND ANALYSIS

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

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

None

24. INDUSTRIAL RELATIONS

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

25. FORWARD-LOOKING STATEMENT

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

26. ACKNOWLEDGEMENT

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

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

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

For & on behalf of the Board

| | | |
|--|----------------------------------|---|
| Place: New Delhi Date : 3 rd May, 2012 | Dara P. Mehta Chairman | Pankaj Khandelwal 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 as amended from time to time for the Financial Year ended 31st March, 2012

| Sl. No. | Name of the Managerial Personnel/Employee | Mr. Matthias Hau |
|---------|---|---|
| 1 | Age | 49 |
| 2 | Qualification | Apprenticeship in Business Administration |
| 3 | Experience (No. of Years) | 29 |
| 4 | Designation | Managing Director |
| 5 | Nature of Duties | Overall Management |
| 6 | Date of Joining | 1 st May, 2005 |
| 7 | Date of Reliving* | 1 st March, 2012 |
| 8 | Total Remuneration (Rs.) | 7,592,621 |
| 9 | Previous Employment | Evonik Degussa GmbH, Germany (Formerly Degussa GmbH) |

* Mr. Matthias Hau resigned as Managing Director and Director with effect from 1st March, 2012. Accordingly, Mr. Hau ceased to be an employee also with effect from 1st March, 2012.

Note:

- During the year no other employee was in receipt of remuneration more than the limits specified in Section 217(2A).
- Nature of employment is contractual in nature.
- Mr. Matthias Hau is not a relative of any Director of the Company.
- The remuneration paid to Mr. Matthias Hau, is in accordance with the approval of the Central Government.
- Total remuneration includes Basic Salary, Company Leased Accommodation, Security at Residence, Reimbursement of Club Fees/Expenses and Children Education, Leave Travel Assistance and encashment of unavailed leaves at the time of cessation.

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

Your Company always emphasizes on conservation of Energy and Natural Resources. The company is giving priority to energy conservation measures including regular review of energy generation, consumption and effective control on utilization of energy. We have successfully introduced some mechanical modifications during the year which resulted in significant saving of HSD and electricity without any major investment. This helped noticeably in Energy savings.

Total Energy Consumption and Energy Consumption per unit of Production
FORM - A
I. Power and Fuel Consumption

| Sl. No. | Particulars | Unit | For the year ended 31 st March 2012 | For the year ended 31 st March 2011 |
|-------------|-----------------------------------|-----------|---|---|
| 1 | Electricity | | | |
| (a) | Purchased | | | |
| | Unit | '000 KWH | 6,100 | 5,766 |
| | Total Amount | Rs. Mio. | 26 | 25 |
| | Rate/Unit | Rs. / KWH | 4.33 | 4.26 |
| (b) | Own Generation | | | |
| (i) | Diesel Generator | | | |
| | Unit | '000 KWH | 953 | 796 |
| | Units per ltr. of Diesel Oil | KWH/Ltr. | 3.28 | 3.24 |
| | Cost/Unit | Rs. | 10.78 | 9.81 |
| (ii) | Steam Turbine/Generator | - | - | - |
| 2 | Coal | - | - | - |
| 3 | Furnace Oil | | | |
| | Quantity | KL | 4,318 | 4,039 |
| | Total Amount | Rs. Mio. | 164 | 140 |
| | Average Rate | Rs./KL | 37,940 | 34,611 |
| 4 | Others/Internal Generation | | | |
| (i) | Bio Agro Fuel | | | |
| | Quantity | MT | 2,962 | 2,959 |
| | Total Cost | Rs. Mio. | 14 | 13 |
| | Average Rate | Rs./MT | 4,573 | 4,370 |
| (ii) | Fire Wood | | | |
| | Quantity | MT | 1,799 | 894 |
| | Total Cost | Rs. Mio. | 8 | 4 |
| | Average Rate | Rs./MT | 4,253 | 4,160 |

II. Consumption per unit of production

| Particulars | Unit | For the year ended 31 st March 2012 | For the year ended 31 st March 2011 |
|---|----------|---|---|
| i. Product (Precipitated Silica) - Unit | MT | 16,299 | 15,236 |
| ii. Electricity | '000 KWH | 0.43 | 0.43 |
| iii. Furnace Oil | KL | 0.26 | 0.27 |
| iv. Coal | — | — | — |
| v. Others | | | |
| Bio Agro Fuel | MT | 0.18 | 0.19 |
| Fire Wood | MT | 0.11 | 0.06 |

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.

Technology absorption, adaptation and Innovation

The technology for manufacture of various grades of precipitated silica has been supplied by the parent company, Evonik Degussa GmbH, Germany. The modification of process, equipments and products are carried out to meet changes in market requirements and to improve operational efficiency.

Benefits derived from the above efforts

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

Foreign exchange earnings and outgo

(Rs. in Million)

| Total Foreign Exchange used and earned | For the Year ended 31 st March 2012 | For the Year ended 31 st March 2011 |
|--|---|---|
| a) Total Foreign Exchange earned | 1 | 3 |
| b) Total Foreign Exchange used | 6 | 13 |

Annexure - C
CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011 - 2012
1. Corporate Governance and Company's Philosophy on Corporate Governance

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

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

2. BOARD OF DIRECTORS
2.1 Composition of Board

The Board of Insilco Limited consists of an optimum combination of Executive and Non- Executive Directors to ensure independent functioning of the Board. 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, 2012.

- 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, 2012 are given below:

| Name of the Director | Category | Designation | Number of Directorships, Committee Chairmanships/Membership | | |
|-------------------------------------|--------------------------------|--------------------------------------|---|---------------------------|--------------------------|
| | | | Other Directorships # | Committee Chairmanship ## | Committee Memberships ## |
| Mr. Dara P. Mehta | Non Executive, Independent | Chairman | 3 | 1 | Nil |
| Mr. Matthias Hau* | Executive | Managing 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 | 8 | 3 | 3 |
| Mr. Andreas Bernd Fischer | Non Executive, Non Independent | Director | Nil | Nil | Nil |
| Mr. Lear Bao*** | Non Executive, Non Independent | Director appointed in casual vacancy | Nil | Nil | Nil |
| Mr. Pankaj Khandelwal**** | Executive | Managing 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.

* Resigned as Managing Director and Directorship from Board with effect from 1st March, 2012.

** Resigned as Director with effect from 14th October, 2011.

*** Appointed as a Director with effect from 1st November, 2011 to fill up the casual vacancy caused due to the resignation of Mr. Hans Wolfgang Wilhelm Kirches.

**** Appointed as Additional Director and Managing Director with effect from 1st March, 2012.

2.3 BOARD MEETINGS AND PROCEDURE

A. BOARD PROCEDURE

The tentative annual calendar of meetings is determined at the beginning of each calendar year. The Board meetings are governed by a structured agenda and agenda papers are supported by comprehensive background

information to enable Directors to take informed decisions. The Managing Director and Company Secretary in consultation with other Directors and members of Senior Management, finalise the agenda papers for the Board Meetings.

Detailed Agenda and other explanatory statements in defined agenda format are circulated well in advance before the meeting amongst the Board Members for facilitating meaningful, informed and focused decisions at the meetings. In case of exigencies or urgency 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. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

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

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

B. DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2011-12

Four Board Meetings were held during the financial year ended 31st March, 2012. 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 2011-2012 are as under:

| Sl. No. | Date | Board Strength | No. of Directors Present |
|---------|-------------------------------|----------------|--------------------------|
| 1 | 24 th May 2011 | 7 | 5 |
| 2 | 5 th August 2011 | 7 | 5 |
| 3 | 1 st November 2011 | 7 | 7 |
| 4 | 31 st January 2012 | 7 | 6 |

C. ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2011- 2012 AND AT THE 23RD ANNUAL GENERAL MEETING (AGM)

| Name of the Director | Attendance | | Whether Attended last AGM held on 5 th August 2011 |
|-------------------------------------|--|-------------------|---|
| | No. of Meetings held during the tenure | Meetings Attended | |
| Mr. Dara Phirozeshaw Mehta | 4 | 4 | Yes |
| Mr. Matthias Hau* | 4 | 4 | Yes |
| Mr. Hans Wolfgang Wilhelm Kirches** | 2 | 0 | No |
| Dr. Mustafa Siray | 4 | 3 | No |
| Dr. Gurnad Singh Sodhi | 4 | 4 | Yes |
| Mr. Keki Manchershaw Elavia | 4 | 3 | Yes |
| Mr. Andreas Bernd Fischer | 4 | 3 | Yes |
| Mr. Lear Bao*** | 2 | 2 | N.A. |
| Mr. Pankaj Khandelwal **** | 0 | N.A. | N.A. |

* Resigned as Managing Director and Directorship from Board with effect from 1st March, 2012.

** Resigned as Director with effect from 14th October, 2011.

*** Appointed as a Director with effect from 1st November, 2011 to fill up the casual vacancy caused due to the resignation of Mr. Hans Wolfgang Wilhelm Kirches.

**** Appointed as Additional Director and Managing Director with effect from 1st March, 2012.

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, 2012.

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

3. COMMITTEES OF THE BOARD

There are four Committees of the Board namely:

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

The terms of reference of the Committees are reviewed by the Board from time to time. Meetings of each Board Committee are convened by respective Committee Chairman. Matters requiring Board's attention/approval are placed before the Board after approval/recommendation from Committee. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting. The role and composition of these Committees alongwith terms of reference of these Committees and details of the Committee meetings held during the Financial Year 2011-2012 and related attendance are provided below:

3.1 AUDIT COMMITTEE

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

A. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee covers all matters specified under Clause 49 of the Listing Agreement with Stock Exchange read with Section 292A of the Companies Act, 1956, which interalia includes the following:

I. The Audit Committee has the following powers:

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

II. The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of Statutory Auditors and the fixation of Audit Fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.

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

B. COMPOSITION

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 Manchershah Elavia | Non Executive, Independent | Member |
| Mr. Lear Bao** | Non Executive, Non Independent | Member |

* Ceases to be member with effect from 14th October, 2011.

** Appointed as member with effect from 1st November, 2011.

The Committee is headed by an Independent Director. The Chairman of the Audit Committee, Mr. Dara P. Mehta was present at the 23rd Annual General Meeting of the Company held on 5th August, 2011 to answer the queries of shareholders. The Managing Director, Vice President (Finance & Accounts) & Company Secretary and Deputy Company Secretary are permanent invitees to the Audit Committee Meetings. The representatives of the Statutory Auditors are invited to attend the Audit Committee Meeting. The representatives of Internal Auditors are invited to attend the Audit Committee Meeting as and when required. The Company Secretary of the Company acts as Secretary to the Committee.

C. MEETINGS AND ATTENDANCE

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

I. Details of Audit Committee Meetings held during the Financial Year 2011-2012 :

Four Audit Committee Meetings were held during the Financial Year ended 31st March, 2012. The dates on which meetings were held are as follows:

| Sl. No. | Date | Committee Strength | No. of Members Present |
|----------------|-------------------------------|---------------------------|-------------------------------|
| 1 | 24 th May 2011 | 4 | 2 |
| 2 | 5 th August 2011 | 4 | 3 |
| 3 | 1 st November 2011 | 4 | 4 |
| 4 | 1 st January 2012 | 4 | 4 |

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.

II. Attendance at Audit Committee Meetings held during the Financial Year 2011-12 :

| 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* | 2 | 0 |
| Dr. Gurnad Singh Sodhi | 4 | 4 |
| Mr. Keki Manchershah Elavia | 4 | 3 |
| Mr. Lear Bao** | 2 | 2 |

* Ceases to be member with effect from 14th October, 2011.

** Appointed as member with effect from 1st November, 2011.

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 |
| Dr. Mustafa Siray | Non Executive, Non Independent | Member |
| Mr. Keki Manchershah Elavia | Non Executive, Independent | Member |
| Dr. Gurnad Singh Sodhi | Non Executive, Independent | Member |
| Mr. Lear Bao** | Non Executive, Non Independent | Chairman |

* Ceases to be Chairman and Member with effect from 14th October, 2011.

** Appointed as Chairman with effect from 1st November, 2011.

C. MEETINGS AND ATTENDANCE

I. Details of Remuneration Committee Meetings held during the Financial Year 2011-2012 :

During the financial year ended 31st March, 2012, one meeting of Remuneration Committee was held as follows :

| Sl. No. | Date | Committee Strength | No. of members present |
|---------|-------------------------------|--------------------|------------------------|
| 1 | 31 st January 2012 | 4 | 4 |

II. Attendance at Remuneration Committee Meeting held during the Financial Year 2011-2012 on 31st January, 2012 :

| Name of Members | Attendance | |
|------------------------------------|--|-------------------|
| | No. of Meetings held during the tenure | Meetings Attended |
| Mr. Hans Wolfgang Wilhelm Kirches* | 0 | N.A. |
| Dr. Mustafa Siray | 1 | 1 |
| Mr. Keki Manchershah Elavia | 1 | 1 |
| Dr. Gurnad Singh Sodhi | 1 | 1 |
| Mr. Lear Bao** | 1 | 1 |

* Ceases to be Chairman and Member with effect from 14th October, 2011. Accordingly, he was not a member as on 31st January, 2012 (i.e. the date of meeting).

** Appointed as Chairman with effect from 1st November, 2011.

D. REMUNERATION POLICY

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

The remuneration of Executive Directors of the Company is being paid as approved by the Board of Directors and Shareholders of the Company. The approval of Central Government is obtained wherever necessary.

a. Executive Directors
Detail of the remuneration paid to Executive Directors for the Financial Year 2011-2012

| Name of Director | Designation | Salaries (Rs.) | Benefits (Rs.) | Performance Pay/Bonus@ (Rs.) | Retirement Benefit (Rs.) | Total (Rs.) |
|-------------------------|-------------------|------------------|------------------|------------------------------|--------------------------|------------------|
| Mr. Matthias Hau* | Managing Director | 1,925,000 | 5,667,621 | — | — | 7,592,621 |
| Mr. Pankaj Khandelwal** | Managing Director | 150,000 | 121,000 | — | 40,500 | 311,500 |
| Total | | 2,075,000 | 5,788,621 | — | 40,500 | 7,904,121 |

@ Performance Pay / Bonus is based on achievements against targets.

Period of Contract, Notice Period & Severance Fees

| Name | Designation | Period of Contract | Notice Period | Severance Fees |
|-------------------------|-------------------|--|---|-----------------------|
| Mr. Matthias Hau* | Managing Director | 5 Years with effect from 1 st May 2005 2 Years with effect from 1 st May 2010 | 6 Months notice in writing by either side | 6 Months Basic Salary |
| Mr. Pankaj Khandelwal** | Managing Director | 3 Years with effect from 1 st March 2012 | 6 Months notice in writing by either side | 6 Months Basic Salary |

* Resigned as Managing Director and Directorship from Board and all Committees thereof with effect from 1st March, 2012.

** Appointed as Additional Director and Managing Director with effect from 1st March, 2012.

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, 2012.

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

The Details of Sitting Fees paid to Non - Executive Independent Directors during the financial year 2011-2012 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 | 80,000 | N.A. | 2,40,000 |
| Dr. Gurnad Singh Sodhi | 80,000 | 80,000 | 80,000 | 20,000 | 2,60,000 |
| Mr. Keki Manchershia Elavia | 60,000 | 60,000 | N.A. | 20,000 | 1,40,000 |

Employee Stock Option Scheme

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

3.3 SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**A. TERMS OF REFERENCE**

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

B. COMPOSITION

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

The composition of the Investors Grievance Committee is given below :

| Name | Category | Designation |
|-------------------------|----------------------------|-------------|
| Mr. Dara P. Mehta | Non-Executive, Independent | Chairman |
| Mr. Matthias Hau* | Executive | Member |
| Dr. Gurnad Singh Sodhi | Non-Executive, Independent | Member |
| Mr. Pankaj Khandelwal** | Executive | Member |

* Ceases to be member with effect from 1st March, 2012.

** Appointed as member with effect from 1st March, 2012.

C. MEETINGS AND ATTENDANCE**Details of Meetings held during the Financial Year 2011-2012 :**

Four Investors Grievance Committee Meetings were held during the Financial Year ended 31st March, 2012. The dates on which meetings were held are as follows :

| Sl. No. | Date | Committee Strength | No. of Members Present |
|---------|-------------------------------|--------------------|------------------------|
| 1 | 24 th May 2011 | 3 | 3 |
| 2 | 5 th August 2011 | 3 | 3 |
| 3 | 1 st November 2011 | 3 | 3 |
| 4 | 31 st January 2012 | 3 | 3 |

D. ATTENDANCE AT INVESTORS GRIEVANCE COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2011-2012

| Name of Members | Attendance | |
|-------------------------|--|-------------------|
| | No. of Meetings held during the tenure | Meetings Attended |
| Mr. Dara P. Mehta | 4 | 4 |
| Mr. Matthias Hau* | 4 | 4 |
| Dr. Gurnad Singh Sodhi | 4 | 4 |
| Mr. Pankaj Khandelwal** | 0 | N.A. |

* Ceases to be member with effect from 1st March, 2012.

** Appointed as member with effect from 1st March, 2012.

E NAME AND DESIGNATION OF COMPLIANCE OFFICER

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

The contact details are as follows:

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

F DETAILS OF THE COMPLAINTS RECEIVED AND REDRESSED

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

| Opening | Received during the year | Resolved during the year | Closing Balance |
|---------|--------------------------|--------------------------|-----------------|
| 0 | 111 | 111 | 0 |

3.4 RISK ASSESSMENT COMMITTEE

The Company has constituted a Risk Assessment Committee to monitor and review the risk management activities of the Company on regular basis. The Committee comprises of the Managing Director and Senior Management Personnel of the Company. The framework for risk assessment and minimization thereto has been evaluated and Company takes adequate measures for mitigating such assessed risk.

There was held one meeting of Risk Assessment Committee during the Financial Year ended 31st March, 2012. The details of the meeting are given below:

| Sl. No. | Date | Committee Strength | No. of Members Present |
|---------|--------------------------------|--------------------|------------------------|
| 1 | 28 th February 2012 | 6 | 4 |

4. SUBSIDIARY

The Company does not have a subsidiary.

5. DISCLOSURES**5.1 Disclosures of related party transactions**

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

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

5.2 Details of Non-Compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authorities on any matter related to capital markets during last three years:
None**5.3 Whistle Blower Policy and affirmation that no personnel 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, 2012.

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 2011-2012 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 2011-2012 regarding all material, financial and commercial transactions where they have a personal interest, which may have a potential conflict with interest of the Company at large.

7. SHAREHOLDERS

The brief resume of all the directors seeking re-appointment/ appointment are available in this report in the notice of the 24th Annual General Meeting. Statement of Information under Section II of Part II of Schedule XIII to the Companies Act, 1956, forms part of the explanatory statement annexed to the notice of the 24th Annual General Meeting. The Quarterly and Annual results of the Company are forwarded to Bombay Stock Exchange, where securities of the Company are listed. The quarterly financial statements as well as the annual financial statements are posted on the Company's website. Corporate Announcements made by the Company from time to time are also posted on the Company's website.

8. CEO/CFO CERTIFICATION

The Certificate required under Clause 49(V) of the Listing Agreement duly signed by CEO and CFO has been given to Board and attached as Annexure – I to this report. As required by clause 49 of the Listing Agreement, the certificate signed by CEO & CFO was placed before the Board of Directors at its meeting held on 3rd May 2012.

9. The Company submits a quarterly compliance report on Corporate Governance signed by Compliance officer to the Stock Exchange within 15 Days from the close of the corresponding quarter. Such quarterly compliance reports on Corporate Governance are also posted on the Company's website.
10. The Statutory Auditors' certificate, as stipulated in Clause 49 of the Listing Agreement with Stock Exchange that Company has complied with conditions of Corporate Governance is annexed to the Directors' Report. This certificate will be forwarded to the Stock Exchange alongwith the Annual Report of the Company.

11. MEANS OF COMMUNICATIONS**11.1 Quarterly Results**

The quarterly results of the Company are announced within 45 days of completion of the quarter. Audited Annual Results are announced within two months from the end of the financial year. The Company regularly intimates unaudited as well as audited financial results to the stock exchange, 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 ensures that the details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with media companies and/or their associates are promptly and prominently displayed on Company Website www.insilcoindia.com.
- 11.5 The official news releases and presentation to institutional investors and analysts whenever made by the Company are displayed on the Company's Website.

12. GENERAL BODY MEETINGS

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

| General Meeting | Date | Time | Location (Registered Office) | Special Resolutions Passed |
|---|-----------------------------|-------------|--|---|
| 23rd Annual General Meeting | 5 th August 2011 | 10:30 hrs | A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh | None |
| 22nd Annual General Meeting | 3 rd August 2010 | 11:00 hrs | A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh | None |
| 21st Annual General Meeting | 24 th July 2009 | 10:30 hrs | A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh | Re-appointment of Mr. Matthias Hau as Managing Director |

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 | 9 th August 2012 |
| Time | 10:30 a.m. |
| Day | Thursday |
| Venue | A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh |
| Financial Year | 31 st March 2012 |
| Book Closure Dates | 4 th August 2012 to 9 th August 2012 (both days inclusive) |
| Dividend Payment Dates | No dividend has been recommended for the Financial Year 2011-12 |

13.2 Financial Calendar 2012-2013 (Tentative)

| Financial Year 2012-13 | |
|---|-----------------------------|
| 1 st Quarter Results for quarter ending 30 th June 2012 | 9 th August 2012 |
| 2 nd Quarter Results for quarter ending 30 th September 2012 | October / November 2012 |
| 3 rd Quarter Results for quarter ending 31 st December 2012 | January / February 2013 |
| 4 th Quarter Results for quarter/Annual Accounts for the period ending 31 st March 2013 | May 2013 |
| 25 th Annual General Meeting | July /August 2013 |

13.3 Listing on Stock Exchange (With Stock Code)

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

13.4 Listing Fee

Annual Listing Fee for the year 2012-2013 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 2012-13 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 2011-2012 are given below:

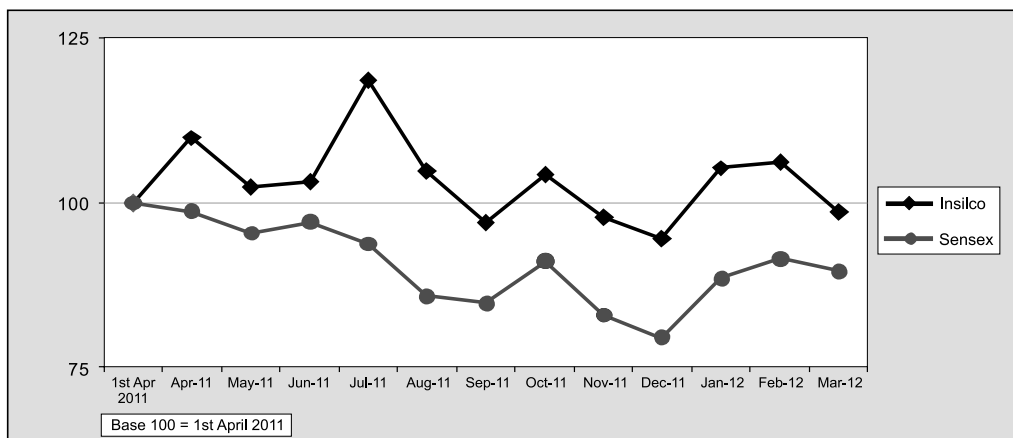
| Month | Bombay Stock Exchange | | | |
|------------|-----------------------|-----------|------------|-----------|
| | Insilco Share Price | | BSE Sensex | |
| | High (Rs.) | Low (Rs.) | High | Low |
| April 2011 | 17.20 | 13.10 | 19,811.14 | 18,976.19 |
| May 2011 | 15.75 | 13.00 | 19,253.87 | 17,786.13 |
| June 2011 | 16.00 | 12.55 | 18,873.39 | 17,314.38 |
| July 2011 | 17.50 | 14.00 | 19,131.70 | 18,131.86 |
| Aug 2011 | 17.60 | 12.80 | 18,440.07 | 15,765.53 |
| Sep 2011 | 15.45 | 13.00 | 17,211.80 | 15,801.01 |
| Oct 2011 | 15.00 | 13.51 | 17,908.13 | 15,745.43 |
| Nov 2011 | 18.70 | 13.71 | 17,702.26 | 15,478.69 |
| Dec 2011 | 15.17 | 12.85 | 17,003.71 | 15,135.86 |
| Jan 2012 | 15.00 | 13.11 | 17,258.97 | 15,358.02 |
| Feb 2012 | 17.00 | 14.50 | 18,523.78 | 17,061.55 |
| March 2012 | 15.20 | 13.40 | 18,040.69 | 16,920.61 |

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 2011-12 is given in the chart below:

INSILCO Closing Price vs BSE Sensex Closing April 2011 to March 2012


13.8 Registrar and Transfer Agent

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

Contact Details are:

Phone : (011) 41406149/ 41406151/ 41406152/ 41709885/ 41609386
Fax : (011) 41709881
Email : 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 and Transfer Agent, M/s. MCS Limited or by Company at its registered office. The Transfers & Transmission of shares in physical form is normally processed within 12-15 days from date of receipt of documents complete in all respects.

13.10 Share Transfer Committee

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

Composition

- i. Mr. Pankaj Khandelwal, Managing Director
- ii. Dr. Gurnad Singh Sodhi, Director
- iii. Mr. Brijesh Arora, Vice President (Finance & Accounts) & Company Secretary

During the year, the Committee was reconstituted, Mr. Pankaj Khandelwal, Managing Director was appointed as Member of the Committee with effect from 1st March, 2012. Mr. Matthias Hau ceased to be the Member of the Committee with effect from 1st March, 2012.

The Committee met 23 times during the year.

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

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

13.11 Dematerialisation of Shares & Liquidity

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The details of the no. of shares held in dematerialized form and physical mode as on 31st March, 2012 are as follows:

| Name | Physical | | Dematerialized | | Total | |
|---|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | No. of Shares | % to Paid up capital | No. of Shares | % to Paid up capital | No. of Shares | % to Paid up capital |
| Evonik Degussa GmbH, Germany (Formerly Degussa GmbH), Foreign Promoters | 45,853,315 | 73.11 | 0 | 0 | 45,853,315 | 73.11 |
| Others | 3,000,572 | 4.79 | 13,861,113 | 22.10 | 16,861,685 | 26.89 |
| Total | 48,853,887 | 77.90 | 13,861,113 | 22.10 | 62,715,000 | 100.00 |

13.12 As on 31st March 2012, the Distribution of Shareholding of the Company was as follows:

| No. of Equity Shares held | No. of Share held | % to Total | No. of Shareholders | % to Total |
|---------------------------|-------------------|---------------|---------------------|---------------|
| 1 to 500 | 5,694,151 | 9.08 | 41,261 | 91.25 |
| 501 to 1000 | 1,822,188 | 2.90 | 2,195 | 4.85 |
| 1001 to 2000 | 1,383,899 | 2.21 | 893 | 1.97 |
| 2001 to 3000 | 697,192 | 1.11 | 269 | 0.59 |
| 3001 to 4000 | 461,712 | 0.74 | 127 | 0.28 |
| 4001 to 5000 | 591,028 | 0.94 | 125 | 0.28 |
| 5001 to 10000 | 1,374,636 | 2.19 | 185 | 0.41 |
| 10001 to 50000 | 3,197,487 | 5.10 | 146 | 0.32 |
| 50001 to 100000 | 795,659 | 1.27 | 12 | 0.03 |
| 100001 and above | 46,697,048 | 74.46 | 6 | 0.02 |
| Total | 62,715,000 | 100.00 | 45,119 | 100.00 |

13.13 Shareholding Pattern of the Company as on 31st March 2012

| Holders | No. of Shares | % to total |
|---|-------------------|---------------|
| Promoters – Evonik Degussa GmbH (Formerly Degussa GmbH) | 45,853,315 | 73.11 |
| Residents (Individual) | 14,744,956 | 23.51 |
| Financial Institutions and Banks | 23,780 | 0.04 |
| Non-Resident Individuals/ OCBs | 257,214 | 0.41 |
| Indian Corporate Bodies/ Trusts | 1,821,775 | 2.91 |
| Mutual Funds/ Insurance Companies | 14,060 | 0.02 |
| Total | 62,715,000 | 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 |
|-----------------|---|

13.16 Address for Correspondence

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

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

Following are the contact numbers:

Phone : (011) 41406149 / 41406151 / 41406152 / 41709885 / 41609386
Fax : (011) 41709881
Email : 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, Haryana
Phone : (0124) 4874555
Fax : (0124) 4874553
Email : insilco@evonik.com

DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO)

I, Pankaj Khandelwal, Managing Director of Insilco Limited to best of my knowledge and belief hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Company Code of Conduct during the Financial Year ended 31st March, 2012.

Place: New Delhi
Date : 3rd May, 2012

Pankaj Khandelwal
Managing Director

Annexure - I

**CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO)
CERTIFICATION FOR THE FINANCIAL YEAR 2011-12**

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.

Place: New Delhi
Date : 3rd May, 2012

Pankaj Khandelwal
Managing Director

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

AUDITORS' CERTIFICATE

To

The Members of Insilco Limited

We have examined the compliance of conditions of Corporate Governance by **Insilco Limited**, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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

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

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

For S.R. Batliboi & Associates

Firm Registration No.: 101049W

Chartered Accountants

per Raman Sobti

Partner

Membership No.: 89218

Place : New Delhi

Date : 3rd May, 2012

Annexure – D

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overall Review

Insilco reported satisfactory financial results in the Financial Year 2011-12 despite the increase in input costs of Cullet, Power, Fuel and other raw materials. The sales turnover grew by 8% as compared to the previous year.

The Company's world class manufacturing technology available from its parent company Evonik Degussa GmbH, Germany, gives it an edge over its competitors as it enables it to manufacture new and innovative products to cater for the changing requirements of its customers.

Industry Structure and Developments

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

Opportunity, Threats, Outlook, Risks and Concerns

Your Company is always on the lookout for opportunities that exist in its business. The Growth shown by industrial segments having silica applications. The future expansion plans of our customers are leading to increased demand for silica and creating growth opportunities for your company. The economic growth is expected to have a favorable impact on demand for tyres and other industrial products which have silica applications.

Capacity expansion projects are under implementation by other silica manufacturers as well to meet the growing industry demand.

During the year, your company had successfully completed its expansion of production capacity by 6,000 MTs per annum. With the additional capacity your Company is well poised to meet the increasing demand in the market and to participate in growth of attractive segments in India. The expanded capacity will yield higher volumes leading to higher profitability and growth in coming years. The total cost incurred for the expansion project is 91.31 Million.

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

- Capability to introduce new, high quality products.
- Manufacturing products to International standards and maintaining product quality consistency.
- 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 local Applied Technology Lab and also from the parent company with its international network.
- Our environment friendly production site.
- Our commitment to a high standard code of conduct.

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 challenge for our industry is that it is raw material intensive. Many of these raw materials have commodity-like features. The fluctuation in raw material prices and volatility in Crude prices may affect the performance of the industry. The Company counters this by judicious buying, adequate storage of raw materials, developing alternate vendors, exploring alternative sources of energy, prudent business and risk management practices, timely adjustment and maintaining a conservative financial profile.

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

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
- that accounting records are properly maintained and financial statements are reliable and
- Statutory requirements are duly complied.

The key elements of internal control system are as follows:

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

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

the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

Risk Management

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

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

The number of employees as on March 31, 2012 was 145. Industrial Relations remained cordial.

Long term association with employees continues to be a matter of pride for Insilco. Seven employees were conferred the award of long service of 20 years during 2011 - 2012.

We continued our focus on building competencies of human resources by following our structured process of training by internal and external resources. Keeping in mind the rapidly changing Technical environment, nominations were made to upgrade employee skills in Technical and System related profiles. Considering the expansion project, there was a focus on training related to safety. Such sessions also included contract workers. Participation in international executive development programmes, workshops and seminars of our parent company was maintained. This has contributed to the growth and development of the employees. The range of our activities includes facilitating plantation of trees for better environment and organizing regular free health check up for employees and their families.

Insilco pays high attention to the adherence by employees to our Code of Conduct. New employees were also imparted information about the Code as part of the induction process. During the year an e-training session on this topic was also conducted with the support of parent company.

Prohibition of Insider Trading

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

Environment, Health & Safety

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

Insilco's EHS commitment is to become a "zero incidents site" in all activities and operations.

We endeavor to meet this target by:

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

Involving employees, contractors, suppliers and sub-contractors in EHS initiatives through brainstorming, inspection, detection and correction. We are pleased to share that year 2011-12 has been a Zero man days loss accident year. No accident has occurred in the Plant since 13th April, 2008.

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

Discussion on financial performance with respect to operational performance**A. FINANCIAL POSITION****1. Share Capital**

The Company has one class of shares - equity shares of par value Rs. 10 each. The authorized share capital of the Company is Rs. 657.15 Million (Mio.) divided into 65,715,000 equity shares of Rs. 10 each . The issued, subscribed and paid-up share capital stood at Rs. 627.15 Mio. as on year ended March 31, 2012.

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, 2012 is Rs. 379.85 Mio. as compared to Rs. 323.26 Mio. as on March 31, 2011. The opening balance of Reserve for taxation has been transferred during the year to the surplus in statement of Profit & Loss Account as this Reserve is now not required. The book value per share is Rs.16.06 as at the year end as compared to Rs. 15.31 at the end of previous year.

3. Non Current Liabilities**i. Deferred Tax Liabilities**

The net deferred tax liabilities as at the year end are of Rs. 28.53 Mio. as compared to Rs. 26.34 Mio. as on March 31, 2011. 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, provision for diminution in value of investments, expenditure debited to Profit & Loss Account in one year but allowed for tax purposes in following years.

ii. Long Term Provisions

Long Term Provisions as at the year end are of Rs. 3.15 Mio. as compared to Rs. 2.40 Mio. as on March 31, 2011. The provisions represent liabilities provided for Long Service Awards and provision for Lease Equalization.

4. Current Liabilities

The Company owes an amount of Rs. 79.26 Mio. as compared to Rs. 93.66 Mio. as on March 31, 2011. This represents 11.64% of total expenditure for the year ended March 31, 2012 as compared to 14.96% of previous year. These liabilities include the following:

| Particulars | As of March 31, 2012 Rs. in Mio. |
|--|---|
| Trade Payables | 27.30 |
| Other Current Liabilities: | |
| Advance from customer and capital vendor balance | 16.47 |
| Retention Money & Security Deposits | 2.64 |
| Other Liabilities | 10.55 |
| Short Term Provisions: | |
| Provision for Income Tax | 13.60 |
| Provision for Gratuity | 3.44 |
| Provision for Long Service Awards | 1.13 |
| Provision for Leave Encashment | 4.13 |

5. Non Current Assets**i. Fixed Assets**

The additions made to Fixed Assets are of Rs. 111.71 Mio. during the current year which includes Rs. 14.13 Mio. towards Buildings, Rs. 84.20 Mio. towards Plant and Machinery, Rs. 2.96 Mio. towards Vehicles and Rs. 8.56 Mio. towards Electrical Installation & Fittings. The capital work-in-progress is of Rs. 3.28 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. 1.33 Mio. There has been made reversal in the impairment provision on Fixed Assets of Rs. 4.7 Mio. which had been made during the previous financial years.

ii. Long Term Loans & Advances

Long Term Loans & Advances amount to Rs. 26.19 Mio. as of March 31, 2012 as compared to Rs. 32.40 Mio. as on March 31, 2011. Long Term Loans and Advances include Rs. 16.60 Mio. towards MAT credit receivable, Rs. 8.90 Mio. towards security deposit, Rs. 0.12 Mio. towards capital advances and Rs. 0.57 Mio. towards loan to employees.

6. Current Assets**i. Current Investments**

Investments of Rs. 315.30 Mio. at the end of the year represents the investments in Mutual Funds as compared to Rs. 169.30 Mio. as on March 31, 2011. Investments include current portion of long term investments of Rs. 92.72 Mio. and current investments of Rs. 222.58 Mio. There has been provided a sum of Rs.0.42 Mio. on account of diminution in the value of current investments. Investments as on March 31, 2012 represent investments in Mutual funds having exposure to Government securities which are considered as safest securities with low risk of default.

ii. Inventories

Inventories amount to Rs. 131.52 Mio. as on March 31, 2012 as compared to Rs. 106.28 Mio. as on March 31, 2011. The inventory has been increased by Rs. 25.24 Mio. during the year. The level of inventory in relation to sales has increased by 3.82%.

iii. Trade Receivables

Trade Receivables amount to Rs. 156.28 Mio. (net of provisions of Rs. 1.08 Mio.) as of March 31, 2012 as compared to Rs. 124.95 Mio. (net of provisions of Rs. 1.14 Mio.). These trade receivables are considered to be good and realizable. The need for provisions is assessed based on various factors including collectability of specific dues, risk perception of the industry in which the customer operates and other general factors. Provisions are made for trade receivables depending on the management's perception of risk. Trade Receivables are 20.30 % of revenue for the year ended March 31, 2012 as compared to 17.59% of revenue for the year ended March 31, 2011. This represents an outstanding of 74 days of revenue for the year as compared to 64 days in the previous year.

iv. Cash and Bank Balances

As at March 31, 2012, the Company had a cash and bank balance of Rs. 95.19 Mio. This represents 8.51 % of total assets and 12.36 % of the revenue of the current year.

v. Short Term Loans & Advances

Short Term Loans & Advances amount to Rs. 51.64 Mio. as on March 31, 2012 as compared to Rs. 52.14 Mio. as on March 31, 2011. Short Term Loans & Advances includes Rs. 2.59 Mio. towards security deposit, Rs. 7.88 Mio. towards advances recoverable in cash or kind & Rs. 41.17 Mio. towards advance income tax, balance with statutory/government authorities, employee loans & prepaid expenses.

vi. Other Current Assets

Other current assets of Rs. 8.82 Mio. include assets held for disposal of Rs. 5.82 Mio. and interest accrued on fixed deposits of Rs. 3.00 Mio. The company has reversed the impairment provision of Rs. 2.00 Mio. on assets held for sale which had been made during the previous year.

B. RESULTS OF OPERATIONS**1. Turnover**

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

Rs. in Mio.

| Particulars | Year ended 31-March-2012 | Year ended 31-March-2011 |
|--------------------|-------------------------------------|-------------------------------------|
| Gross Turnover | 770 | 710 |
| Less: Excise Duty | 73 | 66 |
| Net Turnover | 697 | 644 |

2. Net Profit After Tax

The Net profit reduced by 1% to Rs. 46.58 Mio. for the year ended March 31, 2012 from Rs. 46.91 Mio. in the previous year. This represents 6.05% of Sales for the year ended March 31, 2012 as compared to 6.60% for the year ended March 31, 2011.

3. Earnings Per Share

The basic EPS reduced by 1% during the year to Rs. 0.74 per share from Rs. 0.75 per share in the previous year.

4. Raw Material Consumption

The raw material consumption for current year is Rs. 297.66 Mio. as compared to Rs. 247.86 Mio. for previous year. The Company continued to follow the procurement model of cullet instead of producing in house cullet.

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

The increase in inventory of finished goods & work in progress during the year is Rs. 46.05 Mio. It includes increase in finished goods inventory by Rs. 43.23 Mio. and in work in progress by Rs. 2.82 Mio.

6. Employee Benefits Expense

The employees' remuneration and benefits for the year ended March 31, 2012 are Rs. 67.11 Mio. as compared to Rs. 59.41 Mio. for the year ended March 31, 2011. The Company has 145 employees as on March 31, 2012 on its rolls.

7. Depreciation and Amortization Expense

There has been provided a sum of Rs.28.50 Mio. towards depreciation for the year ended March 31, 2012 representing 3.70% of gross sales. The depreciation as a percentage of average gross block is 2.97 % for the year ended March 31, 2012.

8. Other Expenses

The other expenses for the year ended March 31, 2012 are Rs. 333.25 Mio. as compared to Rs. 286.19 Mio. for the year ended March 31, 2011. The 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.

FINANCIAL DATA FOR THE YEAR ENDED MARCH 31, 2012

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

| Description | March-2012 | March-2011 |
|--|------------|------------|
| Financial Performance | | |
| Sales | 770.01 | 710.41 |
| Profit before Interest, Investment Income, Depreciation, Exceptional Items and Tax | 46.64 | 68.89 |
| Income from Interest & Investment | (27.17) | (19.87) |
| Interest Expenses | 0.50 | 0.19 |
| Depreciation and Amortization | 28.50 | 32.27 |
| (Profit)/Loss on Exceptional Items | (6.70) | 1.98 |
| Profit Before Tax | 51.51 | 54.32 |
| Taxation Charge / (Release) | 4.93 | 7.41 |
| Profit After Tax | 46.58 | 46.91 |
| Balance Sheet | | |
| Share Capital | 627.15 | 627.15 |
| Reserves and Surpluses | 379.85 | 333.26 |
| Net Worth | 1,007.00 | 960.41 |
| Non Current Liabilities | 31.67 | 28.74 |
| Non Current Assets | 359.18 | 325.74 |
| Net Current Assets | 679.49 | 663.41 |
| Total Assets | 1,117.93 | 1,082.81 |
| Per Share Data | | |
| Basic EPS (Rs.) | 0.74 | 0.75 |
| Book Value per share (Rs.) | 16.06 | 15.31 |
| Other Information | | |
| Number of Shareholders | 45,119 | 46,139 |

RATIO ANALYSIS FOR THE YEAR ENDED MARCH 31, 2012

| Description | March-2012 | March-2011 |
|---|------------|------------|
| Ratios-Financial Performance | | |
| Gross Profit/ Total Sales [%] | 24% | 24% |
| Profit Before Interest, Investment Income, Depreciation, Exceptional Item &Tax/ Total Sales [%] | 6% | 10% |
| Profit Before Interest, Investment Income, Depreciation & Tax/ Total Sales [%] | 7% | 9% |
| Ratios-Balance Sheet | | |
| Debt Equity Ratio (Long Term Debt : Equity) | - | - |
| Current Ratio | 9.57 | 8.08 |
| Days Sales Outstanding (DSO) | 74 | 64 |
| Depreciation/ Average Gross Block | 2.98% | 3.43% |

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, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. 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 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. 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;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss 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 Companies Act, 1956.
 - v. On the basis of the written representations received from the Directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates

Firm Registration No.: 101049W

Chartered Accountants

per Raman Sobti

Partner

Membership No.: 89218

Place : New Delhi

Date : 3rd May, 2012

Annexure referred to in paragraph 3 of our report of even date**Re: Insilco Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, sales tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income tax, sales tax, custom duty on account of any dispute, are as follows:

| Name of the Statute | Nature of Dues | Amount Involved (unpaid amount) (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|---|--|---|--|--|
| Income Tax Act, 1961 | Income Tax | 1,685,627 5,457,457 240,555 610,619 402,736 | A.Y. 1998-99 A.Y. 1993-94 A.Y. 2003-04 A.Y. 2004-05 A.Y. 2002-03 | Delhi High Court Income Tax Appellate Tribunal Income Tax Appellate Tribunal Income Tax Appellate Tribunal Assessing officer |
| Uttar Pradesh Tax on Entry of Goods into local Areas Act, 2007 | Entry Tax | 2,644,000 | 2008-09 | Tribunal Commercial Tax, Moradabad, Uttar Pradesh |
| Foreign Trade (Development and Regulation) Act, 1992 (refer note 32 of the accompanying financial statements) | Custom duty saved under EPCG, interest and penalty | 479,066,057 | 1999-2000 | Additional Director General of Foreign Trade |

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

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

Place : New Delhi
Date : 3rd May, 2012

per Raman Sobti
Partner
Membership No.: 89218

Balance Sheet as at 31st March, 2012

| | Note No. | As at 31-March-2012 (Rs. in '000) | As at 31-March-2011 (Rs. in '000) |
|--|----------|---|---|
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share capital | 3 | 627,150 | 627,150 |
| Reserves and surplus | 4 | 379,846 | 333,262 |
| Non-current liabilities | | | |
| Deferred tax liabilities (net) | 5 | 28,525 | 26,340 |
| Long-term provisions | 6 | 3,150 | 2,400 |
| Current liabilities | | | |
| Trade payables | 7 | 27,297 | 28,467 |
| Other current liabilities | 7 | 29,661 | 34,452 |
| Short-term provisions | 6 | 22,304 | 30,741 |
| Total | | 1,117,933 | 1,082,812 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 8 | 329,581 | 240,538 |
| Intangible assets | 9 | 137 | 181 |
| Capital work-in-progress | | 3,275 | 52,625 |
| Long-term loans and advances | 10 | 26,185 | 32,393 |
| Current assets | | | |
| Current investments | 11 | 315,301 | 169,302 |
| Inventories | 12 | 131,520 | 106,281 |
| Trade receivables | 13 | 156,284 | 124,952 |
| Cash and bank balances | 14 | 95,189 | 290,896 |
| Short-term loans and advances | 10 | 51,640 | 52,139 |
| Other current assets | 15 | 8,821 | 13,505 |
| Total | | 1,117,933 | 1,082,812 |
| Summary of significant accounting policies | 2.1 | | |

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

For S.R. Batliboi & Associates

Firm Registration No.: 101049W
Chartered Accountants

Per Raman Sobti

Partner
Membership No.: 89218

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

Dara P. Mehta
Chairman

Pankaj Khandelwal
Managing Director

Brijesh Arora

Vice President (Finance & Accounts) &
Company Secretary

Place: New Delhi
Date : 3rd May, 2012

Place: New Delhi
Date : 3rd May, 2012

Statement of Profit and Loss Account for the year ended 31st March, 2012

| | Note No. | For the year ended 31-March-2012 (Rs. in '000) | For the year ended 31-March-2011 (Rs. in '000) |
|--|----------|---|---|
| Income | | | |
| Revenue from operations (gross) | 16 | 770,010 | 710,413 |
| Less : Excise duty | | 73,024 | 65,791 |
| Revenue from operations (net) | | 696,986 | 644,622 |
| Other income | 17 | 28,804 | 37,868 |
| Total revenue (I) | | 725,790 | 682,490 |
| Expenses | | | |
| Cost of raw material consumed | 18 | 297,664 | 247,860 |
| Changes in inventories of finished goods and work-in-progress | 19 | (46,048) | 266 |
| Employee benefits expense | 20 | 67,114 | 59,406 |
| Finance costs | 21 | 499 | 191 |
| Depreciation and amortisation expense | 22 | 28,497 | 32,272 |
| Other expenses | 23 | 333,251 | 286,194 |
| Total (II) | | 680,977 | 626,189 |
| Profit before exceptional items and tax (I-II) | | 44,813 | 56,301 |
| Exceptional items | 24 | 6,702 | (1,981) |
| Profit/(loss) before tax | | 51,515 | 54,320 |
| Tax expense | 25 | | |
| Current tax | | 2,744 | (3,377) |
| Deferred tax | | 2,185 | 10,790 |
| Total tax expense | | 4,929 | 7,413 |
| Profit/(loss) for the year | | 46,586 | 46,907 |
| Earning per equity share: | 26 | | |
| [nominal value of shares Rs. 10 (31st March, 2011 Rs. 10)] | | | |
| Basic | | | |
| Computed on the basis of total profit for the year | | 0.74 | 0.75 |
| Diluted | | | |
| Computed on the basis of total profit for the year | | 0.74 | 0.75 |
| Summary of significant accounting policies | 2.1 | | |

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

For S.R. Batliboi & Associates

Firm Registration No.: 101049W
Chartered Accountants

Per Raman Sobti

Partner
Membership No.: 89218

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

Dara P. Mehta
Chairman

Pankaj Khandelwal
Managing Director

Brijesh Arora

Vice President (Finance & Accounts) &
Company Secretary

Place: New Delhi
Date : 3rd May, 2012

Place: New Delhi
Date : 3rd May, 2012

Cash Flow Statement for the year ended 31st March, 2012

| Particulars | Year ended 31-March-2012 (Rs. in '000) | Year ended 31-March-2011 (Rs. in '000) |
|---|--|--|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit / (loss) before tax | 51,515 | 54,320 |
| Adjustments for : | | |
| - Depreciation/amortisation | 28,497 | 32,272 |
| - Impairment provision | (6,702) | 1,981 |
| - (Profit) / loss on disposal of fixed assets | (199) | (12,178) |
| - Dividend income | (625) | (429) |
| - Profit on disposal of investments | (3,875) | (3,488) |
| - Interest (net) | (22,165) | (15,763) |
| - Balances written off/(back) | (509) | (5,049) |
| - Provision for diminution of investments | 415 | - |
| - Provision for doubtful debts / advances | (58) | 341 |
| Operating profit before working capital changes | 46,294 | 52,006 |
| Adjustment for : | | |
| - Trade & other receivables (Including loans & advances and other assets) | (31,145) | (9,339) |
| - Inventories | (25,240) | (36,414) |
| - Payables(Including trade payables, other liabilities and provisions) | 2,482 | 6,807 |
| Cash generated (utilised) from operations | (7,609) | 13,061 |
| - Direct tax (paid) adjustment | (10,234) | (20,408) |
| Net cash from / (used in) operating activities (A) | (17,843) | (7,347) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| - Purchase of fixed assets | (65,326) | (74,418) |
| - Sale of fixed assets | 536 | 7,078 |
| - Advance received against fixed asset sale | 2,250 | - |
| - Purchase of investments | (639,997) | (8,000) |
| - Sale of investments | 497,458 | 97,024 |
| - Dividend received | 625 | - |
| - Deposits with more than three months | (64,006) | (203,852) |
| - Maturity of deposits with more than three months | 203,852 | 251,027 |
| - Interest received | 27,091 | 18,409 |
| Net cash from / (used in) investing activities (B) | (37,517) | 87,268 |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| - Cash credit facilities | - | (8,001) |
| - Payment of unpaid debenture principal & interest | - | (18,619) |
| - Interest paid | (499) | (191) |
| Net cash from / (used in) financing activities | (499) | (26,811) |
| Net increase in cash & cash equivalents (A + B + C) | (55,859) | 53,110 |
| Cash & cash equivalents as at 31-March-11 (refer note 14) | 87,044 | 33,934 |
| Cash & cash equivalents as at 31-March-12 (refer note 14) | 31,183 | 87,044 |

Notes :

1. 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.
2. Figures in brackets indicate cash outflow.
3. The significant accounting policies and notes to the accounts schedule 2.1 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 S.R. Batliboi & Associates
Firm Registration No.: 101049W
Chartered Accountants

Per Raman Sobti
Partner
Membership No.: 89218

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

Dara P. Mehta
Chairman

Pankaj Khandelwal
Managing Director

Brijesh Arora
Vice President (Finance & Accounts) &
Company Secretary
Place : New Delhi
Date : 3rd May, 2012

Place : New Delhi
Date : 3rd May, 2012

Notes to Financial Statements for the Year ended 31st March, 2012**1. Corporate Information**

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

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies**a. Change in accounting policy****Presentation and disclosure of financial statements**

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of estimates

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

c. Tangible Fixed Assets

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

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

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

d. Depreciation on Tangible Fixed Assets

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

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

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

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

Leasehold improvements are amortized over the unexpired lease period.

e. Intangible Assets

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

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

f. Impairment of Assets

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the

asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

g. Borrowing Cost

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

h. Investments

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

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

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

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

i. Inventories

Raw materials, stores and spares & packing materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

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

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

j. Revenue Recognition

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

Sale of goods

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

Interest

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

Dividends

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

k. Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

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

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

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability:

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

I. Employee benefits

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

2. *Long Term :*

i) Defined Contribution plans:

- Provident Fund:

All employees (other than excluded employee) 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 at the year end by an independent actuary using the projected unit credit method. Actuarial gains and losses are charged or credited to the profit and loss account in the year in which such gains or losses arise.

iii) Other Long Term Employee Benefit Plan

- Compensated Absence

Liability in respect of compensated absences is provided both for encashable leave and those expected

to be availed based on actuarial valuation at year end, which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.

- Long Term Service Award

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

m. 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.

n. Leases

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

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

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

o. Income taxes

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

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

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

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

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

p. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

q. Provisions

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

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

r. Contingent Liabilities

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

s. Cash and cash equivalents

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

t. Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11 are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

| | As at 31-March-2012 (Rs. in'000) | As at 31-March-2011 (Rs. in'000) |
|---|--|--|
| NOTES (3) SHARE CAPITAL | | |
| Authorised share capital | | |
| 65,715,000 (Previous year 65,715,000) equity shares of Rs.10 each | 657,150 | 657,150 |
| Issued, subscribed and fully paid up shares | | |
| 62,715,000 (Previous year 62,715,000) equity shares of Rs.10 each fully paid up | 627,150 | 627,150 |
| Total issued, subscribed and fully paid up shares | 627,150 | 627,150 |

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

| | As at 31-March-2012 Numbers (Rs. in '000) | As at 31-March-2011 Numbers (Rs. in '000) |
|------------------------------------|---|---|
| At the beginning of the year | 62,715,000 | 62,715,000 |
| Issued during the year | — | — |
| Outstanding at the end of the year | 62,715,000 | 62,715,000 |

b. Terms/rights attached to equity shares

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

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

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

| | As at 31-March-2012 Numbers (Rs. in '000) | As at 31-March-2011 Numbers (Rs. in '000) |
|--|---|---|
| c. Shares held by holding company | | |
| Evonik Degussa GmbH, the holding company | 45,853,315 | 45,853,315 |

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

| | As at 31-March-2012 Numbers % holding in the class | As at 31-March-2011 Numbers % holding in the class |
|--|---|---|
| Evonik Degussa GmbH, the holding company | 45,853,315 73.11% | 45,853,315 73.11% |

| | As at 31-March-2012 (Rs. in'000) | As at 31-March-2011 (Rs. in'000) |
|---|--|--|
| Note (4) Reserves and surplus | | |
| Reserve for taxation | | |
| Balance as per last financial statement | 10,000 | 10,000 |
| Less: Amount transferred to surplus balance in the statement of profit and loss | (10,000) | - |
| Closing balance | - | 10,000 |
| Surplus/(deficit) in the statement of profit and loss | | |
| Balance as per last financial statement | 323,262 | 276,355 |
| Add: Amount transferred from reserve for taxation in the statement of profit and loss | 10,000 | - |
| Profit for the year | 46,584 | 46,907 |
| Closing balance | 379,846 | 323,262 |
| | 379,846 | 333,262 |

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, now such separate reserve is not required, therefore same has been transferred back to the surplus in statement of profit and loss account.

Note (5) Deferred tax liabilities (net)

| | | |
|--|---------------|---------------|
| Deferred tax liabilities | | |
| Depreciation on fixed assets | 36,599 | 39,297 |
| Gross deferred tax liabilities | 36,599 | 39,297 |
| Deferred tax assets | | |
| Unabsorbed depreciation and loss | 1,892 | 4,322 |
| Impairment on fixed assets | 1,492 | 3,667 |
| Provision for inventory obsolescence | 1,414 | 1,414 |
| Provision for diminution in value of investments | 135 | - |
| Employee benefits - Long service award | 935 | 1,025 |
| Employee benefits - Leave encashment | 1,339 | 1,230 |
| Employee benefits - VRS | - | 407 |
| Employee benefits - Gratuity | - | 318 |
| Employee benefits - Bonus | 63 | 149 |
| Others | 804 | 425 |
| Gross deferred tax assets | 8,074 | 12,957 |
| Net deferred tax liabilities | 28,525 | 26,340 |

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

| | Long term | | Short term | |
|---|---|---|---|---|
| | As at 31-March-2012 (Rs. in '000) | As at 31-March-2011 (Rs. in '000) | As at 31-March-2012 (Rs. in '000) | As at 31-March-2011 (Rs. in '000) |
| Note (6) Provisions | | | | |
| Provision for income tax (net of advance tax) | - | - | 13,602 | 22,269 |
| Provision for gratuity (note no. 27) | - | - | 3,445 | 3,920 |
| Provision for long service award (note no.27) | 1,753 | 2,400 | 1,129 | 761 |
| Provision for leave encashment (note no.27) | - | - | 4,128 | 3,791 |
| Provision for lease equalisation | 1,397 | - | - | - |
| Total provisions | 3,150 | 2,400 | 22,304 | 30,741 |

| | As at 31-March-2012 (Rs. in'000) | As at 31-March-2011 (Rs. in'000) |
|--|--|--|
| Note (7) Trade payable and other current liabilities | | |
| Trade payable (refer note 33 for details of dues to micro and small enterprises) | 27,297 | 28,467 |
| Other current liabilities | | |
| Capital vendors | 1,172 | 10,376 |
| Advance from customers | 543 | 698 |
| Advance received against disposal of fixed assets (Refer note 40) | 14,750 | 12,500 |
| Retention money of vendors | 1,497 | 954 |
| Security deposits from customers | 1,148 | 1,197 |
| Others | | |
| TDS payable | 936 | 1,095 |
| Excise duty and service tax payable | 6,275 | 1,743 |
| Employee retailed liabilities | 3,340 | 3,066 |
| Other payables | - | 2,823 |
| Total other current liabilities | 29,661 | 34,452 |
| | 56,958 | 62,919 |

NOTE (8) TANGIBLE ASSETS**(Rs in '000)**

| Tangible assets | Freehold land | Lease hold land | Building | Plant & machinery | Furniture & fixtures | Vehicles | Office equip-ments | Leasehold improve-ments | Electrical installation and fittings | Computers | Total |
|-------------------------------------|---------------|-----------------|----------------|-------------------|----------------------|---------------|--------------------|-------------------------|--------------------------------------|---------------|------------------|
| At 1st April 2010 | 104 | 17,404 | 174,295 | 714,256 | 2,902 | 7,973 | 2,797 | - | 55,509 | 13,866 | 989,106 |
| Additions | - | - | 2,051 | 5,037 | 2,415 | 982 | 399 | 7,556 | 1,943 | 1,325 | 21,708 |
| Disposals/adjustments | - | - | - | 121,610 | - | 1,404 | 198 | - | 191 | 164 | 123,567 |
| At 31st March 2011 | 104 | 17,404 | 176,346 | 597,683 | 5,317 | 7,551 | 2,998 | 7,556 | 57,261 | 15,027 | 887,247 |
| Additions | - | - | 14,129 | 84,196 | 112 | 2,960 | 619 | - | 8,557 | 1,118 | 111,691 |
| Disposals | - | - | - | 304 | 26 | - | 112 | - | 707 | 178 | 1,327 |
| Transfer from assets held for sale | - | - | - | 23,556 | - | - | - | - | - | - | 23,556 |
| At 31st March 2012 | 104 | 17,404 | 190,475 | 705,131 | 5,403 | 10,511 | 3,505 | 7,556 | 65,111 | 15,967 | 1,021,167 |
| Depreciation | | | | | | | | | | | |
| At 1st April 2010 | - | 3,464 | 79,685 | 574,822 | 2,588 | 2,898 | 1,703 | - | 45,840 | 10,790 | 721,790 |
| Additions | - | 202 | 5,661 | 19,474 | 122 | 1,293 | 351 | 523 | 2,742 | 1,202 | 31,570 |
| Disposals | - | - | - | 114,383 | - | 1,165 | 118 | - | 154 | 151 | 115,971 |
| At 31st March 2011 | - | 3,666 | 85,346 | 479,913 | 2,710 | 3,026 | 1,936 | 523 | 48,428 | 11,841 | 637,389 |
| Additions | - | 202 | 5,852 | 15,077 | 211 | 1,488 | 360 | 1,051 | 2,978 | 1,214 | 28,433 |
| Disposals | - | - | - | 166 | 8 | - | 47 | - | 616 | 153 | 990 |
| Transfer from assets held for sale | - | - | - | 22,156 | - | - | - | - | - | - | 22,156 |
| At 31st March 2012 | - | 3,868 | 91,198 | 516,980 | 2,913 | 4,514 | 2,249 | 1,574 | 50,790 | 12,902 | 686,988 |
| Impairment provision | | | | | | | | | | | |
| At 1st April 2010 | - | - | - | 9,320 | - | - | - | - | - | - | 9,320 |
| At 1st April 2011 | - | - | - | 9,320 | - | - | - | - | - | - | 9,320 |
| Additions | - | - | - | - | - | - | - | - | - | - | - |
| Reversal [refer note 39(i)] | - | - | - | 4,722 | - | - | - | - | - | - | 4,722 |
| At 31st March 2012 | - | - | - | 4,598 | - | - | - | - | - | - | 4,598 |
| Net Block at 31st March 2012 | 104 | 13,536 | 99,277 | 183,553 | 2,490 | 5,997 | 1,256 | 5,982 | 14,321 | 3,065 | 329,581 |
| Net Block at 31st March 2011 | 104 | 13,738 | 91,000 | 108,450 | 2,607 | 4,525 | 1,062 | 7,033 | 8,833 | 3,186 | 240,538 |

(Rs in '000)

Note (9) Intangible assets

| | |
|-------------------------------------|--------------|
| At 1st April 2010 | 2,354 |
| Additions | 524 |
| Disposals | - |
| At 31st March 2011 | 2,878 |
| Additions | 20 |
| Disposals | - |
| At 31st March 2012 | 2,898 |
| Amortisation | |
| At 1st April 2010 | 1,995 |
| Additions | 702 |
| Disposals | - |
| At 31st March 2011 | 2,697 |
| Additions | 64 |
| Disposals | - |
| At 31st March 2012 | 2,761 |
| Net block at 31st March 2012 | 137 |
| Net block at 31st March 2011 | 181 |

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at 31-March-2012 (Rs. in '000) | As at 31-March-2011 (Rs. in '000) | As at 31-March-2012 (Rs. in '000) | As at 31-March-2011 (Rs. in '000) |
| Note (10) Loans and advances | | | | |
| Capital advances | | | | |
| Unsecured, considered good | 122 | 6,361 | - | - |
| | 122 | 6,361 | - | - |
| Security deposit | | | | |
| Unsecured, considered good | 8,895 | 9,893 | 2,589 | 729 |
| Doubtful | - | 91 | - | - |
| | 8,895 | 9,984 | 2,589 | 729 |
| Less: Provision for doubtful security deposit | - | 91 | - | - |
| | 8,895 | 9,893 | 2,589 | 729 |
| Advances recoverable in cash or kind | | | | |
| Unsecured, considered good | - | - | 7,879 | 5,665 |
| Doubtful | - | - | - | 81 |
| | - | - | 7,879 | 5,746 |
| Less: Provision for doubtful advances | - | - | - | 81 |
| | - | - | 7,879 | 5,665 |
| Other loans and advances | | | | |
| Employee loan | 569 | 986 | 722 | 809 |
| Advance income tax (net of provision for tax) | - | - | 32,752 | 35,375 |
| MAT credit receivable | 16,599 | 15,153 | - | - |
| Prepaid expenses | - | - | 3,326 | 4,196 |
| Balance with statutory/government authorities | - | - | 4,372 | 5,365 |
| | 17,168 | 16,139 | 41,172 | 45,745 |
| | 26,185 | 32,393 | 51,640 | 52,139 |

| | As at 31-March-2012 (Rs. in'000) | As at 31-March-2011 (Rs. in'000) |
|--|--|--|
| Note (11) Investments | | |
| Current portion of long term investments (valued at cost) | | |
| Unquoted mutual funds, non trade | | |
| 3,694,239 (Previous year 4,864,713) units of Rs 10 each in ICICI Prudential Gilt Fund Treasury Plan - Growth | 88,703 | 116,885 |
| 187,867 (Previous year 1,621,565) units of Rs 10 each in Kotak GILT (Savings) - Growth | 4,013 | 34,417 |
| Nil (Previous year 1,004,965) units of Rs 10 each in IDFC GSF - Investment Plan B-Dividend | - | 10,000 |
| Current investments (valued at lower of cost and fair value, unless stated otherwise) | | |
| Unquoted mutual funds, non trade | | |
| 1,783,152 units of Rs 10 each in Birla Sun Life Govt. Security Long Term - Growth # | 54,885 | - |
| 3,337,741 units of Rs 10 each in Templeton India Govt. Security Fund Treasury Plan ## | 59,700 | - |
| 7,979,437 units of Rs 10 each in Fidelity Flexi Gilt Fund - Growth | 100,000 | - |
| 162,161 (Previous year 162,161) units of Rs 10 each in ICICI Prudential Gilt Fund Treasury Plan - Growth | 4,000 | 4,000 |
| 186,183 (Previous year 186,183) units of Rs 10 each in Kotak GILT (Savings) - Growth | 4,000 | 4,000 |
| | 315,301 | 169,302 |
| Aggregate amount of unquoted invesment Rs. 315,301 ('000) [Previous year Rs. 169,302 ('000)] | | |
| # Aggregate provision for diminution in value of investment Rs. 116 ('000) (Previous year Nil) | | |
| ## Aggregate provision for diminution in value of investment Rs. 300 ('000) (Previous year Nil) | | |

Note (12) Inventories

(At cost or net realisable value, whichever is lower)

| | | |
|--|----------------|----------------|
| Raw materials | 22,133 | 45,979 |
| {includes material in transit of Rs. 1,263 ('000); [Previous year Rs. 1,000 ('000)]} | | |
| Work-in-progress | 8,959 | 6,139 |
| Finished goods | 64,739 | 21,511 |
| {includes material in transit of Rs. 14,601 ('000); [Previous year Rs. 6,461('000)]} | | |
| Stores and spares | 31,761 | 30,223 |
| {includes material in transit of Rs. 1,056 ('000); [Previous year Rs.Nil]} | | |
| Packing materials | 3,928 | 2,429 |
| | 131,520 | 106,281 |

| | As at 31-March-2012 (Rs. in'000) | As at 31-March-2011 (Rs. in'000) |
|---|--|--|
| Notes (13) Trade receivables | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good unless stated otherwise | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 145 | 704 |
| Doubtful | 1,079 | 1,137 |
| | <u>1,224</u> | <u>1,841</u> |
| Provision for doubtful receivables | <u>(1,079)</u> | <u>(1,137)</u> |
| | 145 | 704 |
| Other receivables | | |
| Unsecured, considered good | 156,139 | 124,248 |
| | <u>156,284</u> | <u>124,952</u> |

Notes (14) Cash and bank balances
Cash & cash equivalents
Balance with banks:

| | | |
|---|---------------|---------------|
| On current accounts* | 4,735 | 66,017 |
| Deposits with original maturity of less than three months | 21,914 | 20,896 |
| Cheques/drafts on hand | 4,417 | 33 |
| Cash on hand | 117 | 98 |
| | <u>31,183</u> | <u>87,044</u> |

Other bank balances:

| | | |
|---|---------------|----------------|
| Deposits with original maturity of more than 3 months but less than 12 months | 63,900 | 201,444 |
| Deposits under lien** | 106 | 2,408 |
| | <u>64,006</u> | <u>203,852</u> |
| | <u>95,189</u> | <u>290,896</u> |

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

**Deposit of Rs. 106 ('000) [previous year Rs. 2,407 ('000)] are under lien on account of debenture interest.

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

Note (15) Other current assets
Unsecured, considered good unless stated otherwise

| | | |
|--|--------------|---------------|
| Interest accrued on fixed deposits | 2,993 | 7,420 |
| Dividend accrued on investment | - | 429 |
| Export benefit receivable | - | 409 |
| Fixed assets held for sale (Refer note 40) | 5,828 | 5,247 |
| | <u>8,821</u> | <u>13,505</u> |

| | For the year ended 31-March-2012 (Rs. in '000) | For the year ended 31-March-2011 (Rs. in '000) |
|--|---|---|
| Note (16) Revenue from operations | | |
| Sale of products | | |
| Finished goods | 769,408 | 709,614 |
| Other operating revenue | | |
| Scrap sales | 602 | 799 |
| Revenue from operations (gross) | 770,010 | 710,413 |
| Less: Excise duty # | 73,024 | 65,791 |
| Revenue from operations (net) | 696,986 | 644,622 |

Excise duty on sales amounting to Rs. 73,024 ('000) [previous year Rs. 65,791 ('000)] has been reduced from sales in profit and loss accounts and excise duty on increase/(decrease) in stock amounting to Rs. 5,851 ('000) [previous year Rs. 108 ('000)] has been considered as (income)/expense in note 23 of the financial statements.

Details of products sold
Finished goods sold

| | | |
|--------|---------|---------|
| Silica | 769,408 | 709,614 |
|--------|---------|---------|

Note (17) Other income

| | | |
|--|---------------|---------------|
| Interest income on | | |
| Bank deposits | 22,641 | 15,908 |
| Others | 23 | 46 |
| Dividend from current investments - other than trade | 625 | 429 |
| Profit on sale of long term investments | 3,875 | 3,488 |
| Profit on sale of fixed assets | 199 | 12,178 |
| Provision for bad and doubtful debts | 58 | - |
| Balances written back | 1,306 | 4,860 |
| Miscellaneous income | 77 | 959 |
| | 28,804 | 37,868 |

Note (18) Cost of raw material consumed

| | | |
|---|----------------|----------------|
| Inventory at the beginning of the year | 45,979 | 21,764 |
| Add: Purchases | 273,818 | 272,075 |
| | 319,797 | 293,839 |
| Less: Inventory at the end of the year | 22,133 | 45,979 |
| Cost of raw materials consumed | 297,664 | 247,860 |
| Details of raw materials consumed | | |
| Cullet | 258,536 | 211,504 |
| Sulphuric acid | 36,263 | 34,540 |
| Others | 2,865 | 1,816 |
| | 297,664 | 247,860 |
| Details of raw material inventory | | |
| Cullet | 20,837 | 44,891 |
| {includes material in transit of Rs. 1,263 ('000); [previous year Rs. 1,000 ('000)]} | | |
| Others | 1,296 | 1,088 |
| | 22,133 | 45,979 |

| | For the year ended 31-March-2012 (Rs. in '000) | For the year ended 31-March-2011 (Rs. in '000) |
|---|--|--|
| Note (19) Decrease/(increase) in finished goods and work-in-progress | | |
| Decrease/(increase) in finished goods | | |
| Opening stock | | |
| Finished goods | 21,511 | 17,537 |
| Closing stock | | |
| Finished goods | 64,739 | 21,511 |
| | <u>(43,228)</u> | <u>(3,974)</u> |
| Decrease/(increase) in work-in-progress | | |
| Opening stock | | |
| Work-in-progress | 6,139 | 10,379 |
| Closing stock | | |
| Work-in-progress | 8,959 | 6,139 |
| | <u>(2,820)</u> | <u>4,240</u> |
| | <u>(46,048)</u> | <u>266</u> |
| Details of inventory | | |
| Finished goods - silica | <u>64,739</u> | <u>21,511</u> |
| Work-in-progress | | |
| Water glass stage | 2,296 | 3,780 |
| Drying stage | 5,984 | 2,277 |
| Others | 679 | 82 |
| | <u>8,959</u> | <u>6,139</u> |

Note (20) Employee benefit expenses

| | | |
|---|---------------|---------------|
| Salaries, wages, dearness allowance and bonus | 47,493 | 42,016 |
| Contribution to provident and other funds (note 27) | 8,641 | 7,441 |
| Gratuity expense (note 27) | 3,445 | 2,940 |
| Staff welfare expenses | 7,535 | 7,009 |
| | <u>67,114</u> | <u>59,406</u> |

Note (21) Finance cost

| | | |
|------------------|------------|------------|
| Interest expense | 499 | 191 |
| | <u>499</u> | <u>191</u> |

| | For the year ended 31-March-2012 (Rs. in '000) | For the year ended 31-March-2011 (Rs. in '000) |
|--|---|---|
| Note (22) Depreciation on tangible and intangible assests | | |
| Depreciation on tangible assets | 28,433 | 31,570 |
| Amortisation on intangible assets | 64 | 702 |
| | 28,497 | 32,272 |

Note (23) Other expenses

| | | |
|--|----------------|----------------|
| Stores & spare parts consumed | 5,530 | 5,169 |
| Packing material consumed | 21,763 | 18,930 |
| Power & fuel | 221,627 | 188,833 |
| Repairs to building | 1,941 | 2,236 |
| Repairs to machinery | 7,411 | 8,479 |
| Repairs to others | 831 | 799 |
| Provision for obsolete stores and spares | - | 1,403 |
| Decrease/(increase) in provision for excise duty on finished goods | 5,851 | 108 |
| Rent | 11,520 | 9,496 |
| Rates and taxes | 1,040 | 745 |
| Insurance | 3,462 | 2,804 |
| Freight and forwarding charges (net) | 53 | 2,650 |
| Discount, rebates and allowances | 2,531 | 2,272 |
| Selling & marketing expenses | 12,407 | 11,862 |
| Provision for bad and doubtful debts | - | 131 |
| Balances written off | 796 | 1,198 |
| Directors' sitting fee | 640 | 580 |
| Payment to auditor (refer details below) | 1,780 | 1,519 |
| Legal & professional fees | 3,594 | 7,122 |
| Travelling & conveyance | 6,131 | 3,964 |
| Exchange difference (net) | 51 | 12 |
| Miscellaneous expenses | 24,292 | 15,882 |
| | 333,251 | 286,194 |
| Payment to auditor | | |
| As auditor: | | |
| - Audit fee | 750 | 750 |
| - Tax audit fee | 250 | 200 |
| - Limited review | 600 | 500 |
| In other capacity: | | |
| - Taxation matters | - | - |
| - Company law matters | - | - |
| - Management services | - | - |
| - Other services (certification fee) | - | - |
| For reimbursement of expenses | 180 | 69 |
| | 1,780 | 1,519 |

| | For the year ended 31-March-2012 (Rs. in '000) | For the year ended 31-March-2011 (Rs. in '000) |
|---|---|---|
| Note (24) Exceptional items | | |
| Impairment provision written back [refer note 39(i) & (ii)] | 6,702 | (1,981) |
| | <u>6,702</u> | <u>(1,981)</u> |

Note (25) Tax expense

| | | |
|----------------------------------|--------------|----------------|
| Current tax | 8,800 | 11,776 |
| MAT credit | (1,447) | (15,153) |
| Tax adjustment of previous years | (4,609) | - |
| | <u>2,744</u> | <u>(3,377)</u> |
| Deferred tax | <u>2,185</u> | <u>10,790</u> |

Note (26) Earning per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

| | | |
|--|---------------|---------------|
| Total operations for the year | | |
| Profit / (loss) after tax | 46,584 | 46,907 |
| | <u>46,584</u> | <u>46,907</u> |
| Net profit / (loss) for calculation of basic and diluted EPS | | |
| | <u>62,715</u> | <u>62,715</u> |
| Weighted average no. of equity shares in calculating basic and diluted EPS | | |

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

A. Defined Contribution Plans

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

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

(Rupees in '000)

| Particulars | 2011-12 | 2010-11 |
|---|---------|---------|
| Employers Contribution to Provident Fund* | 2,442 | 1,977 |
| Employers Contribution to Superannuation Fund* | 4,204 | 3,602 |
| Employers Contribution to Employee State Insurance* | 577 | 558 |
| Employers Contribution to Employees' Pension Scheme 1995* | 922 | 903 |

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

B. Defined Benefit Plans

Employees' Gratuity Fund:

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

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

| Particulars | 31-March-2012 | 31-March-2011 |
|---|---------------|---------------|
| Discount Rate (per annum) | 8.60% | 8.00% |
| Expected Rate of increase in compensation levels | 10.00% | 9.00% |
| Expected Rate of return on plan assets | 9.25% | 9.25% |
| Expected Average remaining working lives of employees (years) | 15 | 16 |

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

Reconciliation of opening and closing balances of present value obligation:

(Rupees in '000)

| Particulars | 31-March-2012 | 31-March-2011 |
|---|---------------|---------------|
| Opening balance of defined benefit obligation | 16,104 | 13,248 |
| Current service cost | 1,347 | 1,161 |
| Interest cost | 1,289 | 1,047 |
| Benefits Paid | (1,311) | (1,147) |
| Actuarial (gain)/ loss | 2,173 | 1,795 |
| Closing defined benefit obligation | 19,602 | 16,104 |

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

| Particulars | 31-March-2012 | 31-March-2011 |
|--|---------------|---------------|
| Opening balance of fair value of plan assets | 12,184 | 10,172 |
| Expected return on plan assets | 1,364 | 1,063 |
| Contributions | 3,920 | 2,096 |
| Benefits Paid | (1,311) | (1,147) |
| Actuarial gain/ (loss) | - | - |
| Closing balance of plan assets | 16,157 | 12,184 |

Amount of expense recognized in the Profit and Loss Account:**(Rupees in '000)**

| Particulars | 2011-12 | 2010-11 |
|---|---------|---------|
| Current service cost | 1,347 | 1,161 |
| Interest cost | 1,289 | 1,047 |
| Expected return on Plan Assets | (1,364) | (1,063) |
| Net Actuarial (gain)/ loss recognized during the year | 2,173 | 1,795 |
| Total Expense recognized in Profit & Loss Account | 3,445 | 2,940 |

Net Asset/ (Liability) recognized in Balance Sheet (including experience adjustment impact):**(Rupees in '000)**

| Sl. No. | Net Asset/ (Liability) recognized in Balance Sheet (including experience adjustment impact) | 2011-2012 | 2010-2011 | 2009-2010 | 2008-2009 | 2007-2008 |
|---------|---|-----------|-----------|-----------|-----------|-----------|
| 1 | Present value of Defined Benefit Obligation | 19,602 | 16,104 | 13,248 | 9,571 | 15,808 |
| 2 | Fair value on Plan Assets | 16,157 | 12,184 | 10,172 | 1,485 | 8,549 |
| 3 | Net Asset/(Liability) recognized in Balance Sheet | (3,445) | (3,920) | (3,076) | (8,086) | (7,258) |
| 4 | Experience Adjustment of Plan Assets [Gain/(Loss)] | - | - | - | (550) | - |
| 5 | Experience Adjustment of obligation [(Gain)/Loss] | 1,448 | 738 | 711 | 2,022 | - |

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.

Gratuity:

The Company expects to contribute Rs. 3,445 ('000) to gratuity in next year [31st March, 2011 - Rs.3,920 ('000)].

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

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

b. Long Service Award

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

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

(Rupees in '000)

| Particulars | 2011-12 | 2010-11 |
|-----------------------|---------|---------|
| a. Leave Encashment | 799 | 1,080 |
| b. Long Service Award | 209 | 713 |

28. Leases

The Company has taken its corporate office under operating lease for a period of 7 years and 6 months. The lease agreement is cancellable at the option of the lessee after the lock in period of 3 years, accordingly, considered as non cancellable by the management. There is an escalation clause for the increase in lease rent at the end of every 3 years. The Company has also taken a residential accommodation on lease, which is cancellable in nature.

The lease rental expense recognized in the profit & loss account for the year in respect of lease transaction is Rs. 11,520 ('000) [previous year Rs. 9,496 ('000)] (refer note 23).

The future minimum lease payments and payment profile of non-cancelable operating lease as at 31st March, 2012 are as follows:

(Rupees in '000)

| Periods | Future minimum lease payments | |
|---|-------------------------------|---------------|
| | 31-March-2012 | 31-March-2011 |
| Payable not later than one year | 7,796 | 7,440 |
| Payable later than one year and not later than five years | 35,603 | 32,882 |
| Payable later than five years | 6,953 | 16,494 |
| Total minimum lease payments | 50,352 | 56,816 |

29. Segment Information

Disclosure regarding segment reporting as per Accounting Standard-17 'Segment Reporting', issued by, The Institute of Chartered Accountants of India, have not been provided since the Company has a single business segment namely, Precipitated Silica and the segment revenue from external customers by geographical area is less than the stipulated percentage requiring disclosure under the aforesaid Accounting Standard in both the current and previous year.

Moreover, there are no assets located outside India, hence no disclosure for geographical segments are required.

30. Related Party Disclosure

a. List of Related Parties

| Relationship | Name of Related Party |
|--|---|
| Related parties where control exists | |
| Ultimate Holding Company | 1. RAG-Stiftung |
| Intermediate Holding Company | 1. Evonik Industries AG |
| Holding Company | 1. Evonik Degussa GmbH (Formerly known as Degussa GmbH) |
| Related parties with whom transactions have taken place during the year | |
| Fellow Subsidiaries with whom the Company has transacted | 1. Evonik Degussa India Pvt. Ltd. 2. Evonik United Silica Industrial Ltd. 3. Evonik Services GmbH 4. Evonik (SEA) Pte Ltd. |
| Key Management Personnel | 1. Mr. Matthias Hau, Managing Director* 2. Mr. Pankaj Khandelwal, Managing Director** |

* Till 29th February, 2012

** With effect from 1st March, 2012

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

(Rupees in '000)

| Particulars | Holding Company & Intermediate Holding Company | | Fellow Subsidiary | | Key Management Personnel | |
|--|--|-------------|-------------------|-----------------|--------------------------|-------------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Transactions during the year | | | | | | |
| Sales of products - Evonik Degussa Africa Pty Ltd. | - | - | - | 1,243 | - | - |
| Commission on sales paid - Evonik Degussa India Pvt. Ltd. | - | - | 12,550 | 12,191 | - | - |
| Managerial remuneration - Mr. Matthias Hau - Mr. Pankaj Khandelwal | - - | - - | - - | - - | 7,593 311 | 7,254 - |
| SAP license & Microsoft license fees paid* - Evonik Industries AG | 1,981 | 470 | - | - | - | - |
| IT related services paid* - Evonik Services GmbH - Evonik (SEA) Pte Ltd. | - - | - - | 3,387 47 | 2,489 - | - - | - - |
| Travelling & conveyance expense (reimbursement made) - Evonik Degussa India Pvt. Ltd. | - | - | 247 | 154 | - | - |
| Training expense paid* - Evonik Services GmbH | - | - | 697 | 279 | - | - |
| Legal & Professional fee paid - Evonik Degussa GmbH - Evonik United Silica Industrial Ltd. | - - | 8,661 - | - - | - 252 | - - | - - |
| Repair & Maintenance - Plant and Machinery paid - Evonik Degussa GmbH | - | 98 | - | - | - | - |
| Reimbursement of expenses received - Evonik Degussa GmbH - Evonik Degussa India Pvt. Ltd. | 355 - | 466 - | - 1,845 | - 1,391 | - - | - - |
| Outstanding balances | | | | | | |
| Loans and advances - Evonik Degussa India Pvt. Ltd. - Evonik Degussa GmbH | - - | - 466 | - - | 30 - | - - | - - |
| Trade payables - Evonik Degussa India Pvt. Ltd. | - | - | 813 | 754 | - | - |
| Provision for SAP licence & IT support fee payable to** - Evonik Industries AG - Evonik Services GmbH - Evonik (SEA) Pte Ltd. | 866 - - | - - - | - 1,167 47 | 241 784 - | - - - | - - - |

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

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

31. Capital and Other Commitments
(Rupees in '000)

| Particulars | 31-March-2012 | 31-March-2011 |
|---|---------------|---------------|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for | 3,799 | 13,109 |
| Other Commitments (non callable contractual commitments) | - | - |

32. Contingent Liabilities*
(Rupees in '000)

| Sl. No. | Particulars | 31-March-2012 | 31-March-2011 |
|--------------|--|--------------------------|--------------------------|
| a | Sales tax/Entry tax claims disputed by the Company relating to issues of applicability and determination | 2,644 | 24,356 |
| b | Income tax claims disputed by the Company relating to issues of applicability and determination pertaining to various assessment years | 15,601 | 61,068 |
| c | Other tax matters disputed by the Company relating to availment of CENVAT credit on outdoor catering services | 74 | 74 |
| d | Adjudication order issued under Foreign Trade (Development & Regulation) Act, 1992, disputed by the Company** | 479,066 | - |
| e | Show cause notice received under Foreign Trade (Development & Regulation) Act, 1992*** | Amount not ascertainable | Amount not ascertainable |
| f | Other claims against the Company not acknowledged as debts | 77 | 256 |
| Total | | 497,462 | 85,754 |

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

** The Company had imported certain capital goods under Export Promotion Capital Goods (EPCG) Scheme during the Financial Year 1999-2000 under the EXIM Policy 1997-2002 ('Policy'). As per the Scheme, the Company had an export obligation of Rs. 369,660 ('000) to be met by 18th July, 2005. The Company has met the export obligations by the said date, however due to certain reasons, the filings of the evidence of fulfillment of the export obligation was delayed. The Zonal Joint Director General of Foreign Trade passed an adjudication order, for non submission of any evidence in the requisite manner with Bank Certificates/ Documents towards fulfillment of Export Obligation attached with an EPCG license amounting to Rs. 61,610 ('000) dated 19th July, 1999 granted to the Company. Said adjudication order has been issued under Foreign Trade (Development & Regulation) Act, 1992. However, management believes that the said adjudication order is likely to be set aside as the Company had fulfilled the export obligation under the EPCG license and suo-motto submitted the evidence of the completion of the export obligation before the receipt of the above said adjudication order.

*** The Company had made certain imports in earlier years under the advance license dated 24th May, 1994 issued under Foreign Trade (Development & Regulation) Act, 1992. A show cause notice was received from Deputy Director General of Foreign Trade seeking submission of documentation within prescribed time in proof of fulfillment of export obligation attached with an advance license amounting to Rs. 44,086 ('000).

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

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2012. The disclosure pursuant to the said act is as under:

(Rupees in '000)

| Sl. No. | Particulars | 2011-12 | 2010-11 |
|---------|--|--------------------------------|----------------------------------|
| 1 | Principal amount remaining unpaid as at year end | Nil | 19 |
| 2 | Interest due thereon as at year end | Nil | 1 |
| 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 - 1 Principal - 19 | Interest - 10 Principal - 703 |
| 4 | Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | Nil | Nil |
| 5 | Interest accrued and remaining unpaid as at year end | Nil | 1 |
| 6 | Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | Nil | Nil |

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

34. Value of imports calculated on CIF basis

| Particulars | Value Rupees in ('000) | |
|-------------------|------------------------|---------------|
| | 2011-12 | 2010-11 |
| Stores and Spares | 3,721 | 1,580 |
| Capital Goods | 836 | 8,738 |
| Total | 4,557 | 10,318 |

35. Expenditure in foreign currency (on accrual basis)

| Particulars | Value Rupees in ('000) | |
|----------------------|------------------------|---------------|
| | 2011-12 | 2010-11 |
| Exports commission | - | 29 |
| I.T. Support charges | 4,715 | 2,489 |
| SAP License fees | 742 | 683 |
| Professional charges | 697 | 9,191 |
| Others | 579 | 321 |
| Total | 6,733 | 12,713 |

36. 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 Rupees in ('000) | |
|---|---------------------------------|-------------|------------------------|----------------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Raw Materials Consumed | | | | |
| Imported | - | - | - | - |
| Indigenously obtained | 100% | 100% | 297,664 | 247,860 |
| Total | 100% | 100% | 297,664 | 247,860 |
| Stores and Spares Consumed (Including booked under Repair and Maintenance) | | | | |
| Imported | 8% | 4% | 850 | 414 |
| Indigenously obtained | 92% | 96% | 9,838 | 10,147 |
| Total | 100% | 100% | 10,688 | 10,561 |
| Packing Material Consumed | | | | |
| Imported | - | - | - | - |
| Indigenously obtained | 100% | 100% | 21,763 | 18,930 |
| Total | 100% | 100% | 21,763 | 18,930 |

37. Earnings in foreign currency (on accrual basis)

| Particulars | Value Rupees in ('000) | |
|-------------------------|------------------------|---------|
| | 2011-12 | 2010-11 |
| F.O.B. Value of Exports | 1,308 | 3,078 |

38. Unhedged foreign currency exposure as at the reporting date

| Particulars | Amount (in '000) |
|--------------------------------|---|
| Export trade receivable (US\$) | US\$ 18 (31 st March 2011: US\$ 9) [Rs.920 (31 st March 2011: Rs.415)] |

39. (i) Some assets (plant and machinery) were shifted from the Company's erstwhile plant in Patalganga to Gajraula plant at the time of closure of Patalganga plant in the Financial Year ended 31st March, 2009. At that time it was not evident whether all of these assets would be successfully used in the expansion project. Accordingly, these assets had been tested for impairment and an impairment provision of Rs. 9,320 ('000) was recorded in the Financial Year ended 31st March, 2010. During the year, a significant part of such impaired assets have been utilized in the expansion project. The impairment provision related to these amounting to Rs. 4,722 ('000) has accordingly been reversed and disclosed as an exceptional item in the financial statements.
- (ii) An impairment provision of Rs.1,980 ('000) was reported in the Financial Year ended 31st March, 2011 on assets held for sale representing idle plant & machinery. The Company has in the current year awarded tender for sale of these assets and has reversed impairment provision of Rs. 1,980 ('000) as the expected realizable value is higher than written down value of the asset. This reversal of provision has been disclosed as a part of exceptional items in the financial statements.
40. The Company had received an advance of Rs.12,500 ('000) against a total contract value of Rs. 13,000 ('000) for the transfer of leasehold rights in residential flats at Patalganga, the transfer of said flats in the name of buyer is still pending. The transfer is subject to necessary approvals from the local authorities. These said assets were fully depreciated and recorded under 'Fixed Assets held for Sale' in the financial statements at nominal value.

The Company has also received another advance of Rs. 2,250 ('000) against a total contract value of Rs.9,380 ('000) for sale of certain idle plant & machinery relating to Gajraula unit. The said assets have been recorded

at its written down value of Rs. 5,827 ('000), which is lower than its realizable value as at 31st March, 2012 have been shown as 'Fixed Assets held for Sale' in the financial statements.

41. Previous year comparatives

Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Associates.

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

per Raman Sobti
Partner
Membership No.: 89218

Place : New Delhi
Date : 3rd May, 2012

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

Dara P. Mehta
Chairman

Pankaj Khandelwal
Managing Director

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

Place : New Delhi
Date : 3rd May, 2012

INSILCO LIMITED

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

24TH ANNUAL GENERAL MEETING

FORM OF PROXY

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

I/We _____ of _____ in the district of _____
being a member/member(s) of INSILCO LIMITED hereby appoint _____ of _____
in the district of _____ or failing him/
her _____ of _____ in the district of _____
as my/our proxy to vote for me /us on my/our behalf at the 24th Annual General Meeting of the Company to be held on 9th August, 2012 at 10:30 a.m. at Registered Office of the Company situated at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh.

Signed this _____ day of _____, 2012.

Affix
Revenue
Stamp

Member(s) signature

*Applicable for the investors holding shares in electronic form.

Note: This form in order to be effective should be duly stamped, completed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for holding the meeting.

INSILCO LIMITED

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

24TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

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

Name of Member/Members _____

#Name of Proxy _____

To be filled only when a proxy attends the meeting.

I hereby register my presence at the 24th Annual General Meeting held on 9th August, 2012 at 10:30 a.m. at Registered Office of the Company situated at A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh.

Member(s)/Proxy's signature

*Applicable for the investors holding shares in electronic form.

Notes: 1. Member/Proxy attending the meeting must complete this attendance slip and hand it over at entrance.
2. Shareholders are requested to bring their Annual Reports along with them to the meeting.

Green Initiative

The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email addresses for the said purpose. Members who intend to receive notice/documents including Annual Reports through e-mail are requested to register/update their e-mail addresses for receiving electronic communications.

INSILCO LIMITED

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