



INSILCO LIMITED

25th Annual Report 2012-13



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Dara Phirozeshaw Mehta - Chairman
 Mr. Pankaj Khandelwal - Managing Director
 Mr. Roberto Martin Vila Keller - Director
 Mr. Keki Manchershaw Elavia - Director
 Dr. Mustafa Siray - Director
 Mr. Frank Heinz Lelek - Director

VICE PRESIDENT (FINANCE & ACCOUNTS) & COMPANY SECRETARY

Mr. Brijesh Arora

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

BANKERS

BNP Paribas
 Standard Chartered Bank
 ICICI Bank

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

Office No. 1 & 2 12 th Floor, DLF Building No. 9 Tower - B, DLF Cyber City Phase - III, Gurgaon - 122002 Haryana Phone : (0124) 4874555 Fax : (0124) 4874553	With effect from 14th May, 2013. "The Corenthum" Office No. 2312, 3 rd Floor, 2 nd Lobe, Tower A, A-41, Sector 62, Noida-201309, U.P. Phone : (0120) 430 7910 Fax : (0120) 416 5888
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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 : admin@mcsdel.com

COMPANY WEBSITE

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

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NOTICE

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

Day & Date : **Tuesday, 13th August 2013**
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, 2013 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Keki Manchershya Elavia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Mustafa Siray, 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 LLP, 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 including out of pocket expenses of the Statutory Auditors.”

B. SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification 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), approval of the Company be and is hereby accorded for revision in remuneration of Mr. Pankaj Khandelwal, Managing Director of the Company from existing Rs. 4,500,000/- per annum to Rs.5,200,000/- per annum with effect from 1st April, 2013, as may be decided by the Board, which will be due for next review on 1st April, 2014.

RESOLVED FURTHER THAT in addition to the aforesaid Remuneration, Managing Director, Mr. Pankaj Khandelwal shall continue to 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.”

By Order of the Board

Place : New Delhi
Date : 29th April, 2013

(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 in 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 8th August 2013 to 13th August, 2013 (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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business at item no. 5 is enclosed.
8. As required under Clause 49 of Listing Agreement, the particulars of Directors seeking re-appointment at Item Nos. 2 & 3 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 no. 5 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 STATEMENT

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

Item No. 5

In the 24th Annual General Meeting, Mr. Pankaj Khandelwal was 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 view of the above, the remuneration of Mr. Pankaj Khandelwal, Managing Director is to be reviewed effective from 1st April, 2013. 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 revision in remuneration of Mr. Pankaj Khandelwal, Managing Director of the Company.

The members may note that in view of the background and experience of Mr. Pankaj Khandelwal, the Remuneration Committee and Board of Directors in their respective meetings held on 29th April, 2013,

had subject to your approval, approved the revision in remuneration of Mr. Pankaj Khandelwal, Managing Director of the Company from existing Rs. 4,500,000/- per annum to Rs. 5,200,000/- per annum with effect from 1st April, 2013, which will be due for next review on 1st April, 2014.

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 shall deem to be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the aforesaid resolution at item no. 5 for your approval by way of passing the special resolution. None of the Directors except Mr. Pankaj Khandelwal, Managing Director is concerned or interested in this resolution.

Annexure - A

Details of the Directors seeking re-appointment/appointment at the 25th Annual General Meeting (Pursuant to Clause 49(IV)(E)&(G) of the Listing Agreement)

1. Name of the Director : Mr. Keki Manchershya Elavia

Date of Birth	9 th April, 1946
Date of Appointment	2 nd December, 2008
Qualifications	B. Com. (Hons), FCA
Expertise in specific functional area	Audit & Review and Corporate Finance (Business Valuation, Mergers and Acquisitions, Financial Restructuring, Foreign Direct Investment etc.)
Directorships held in other public companies (excluding Directorships in foreign and private companies & alternate directorships)	11
Memberships / Chairmanships of Committees in Public Companies	Chairmanship – 5 Membership – 4
Shareholding, if any, in the Company	Nil
Disclosure of relationship	Not related to any director of the Company

2. Name of the Director : Dr. Mustafa Siray

Date of Birth	1 st July 1956
Date of Appointment	31 st January 2008
Qualifications	Chemist, Ph.D
Expertise in specific functional area	Wide Experience in Production, Technology and Engineering.
Directorships held in other public companies (excluding Directorships in foreign and private companies & alternate directorships)	Nil
Memberships / Chairmanships of Committees in Public Companies	Nil
Shareholding, if any, in the Company	Nil
Disclosure of relationship	Not related to any director of the Company

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 no. 5 :

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	Rs. in '000 except EPS																					
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>2012-2013</th> <th>2011-2012</th> </tr> </thead> <tbody> <tr> <td>Turnover (including other income)</td> <td>903,883</td> <td>835,502</td> </tr> <tr> <td>Total Expenditure</td> <td>881,980</td> <td>790,690</td> </tr> <tr> <td>Profit/(Loss) Before Tax</td> <td>(4,036)</td> <td>51,514</td> </tr> <tr> <td>Profit/(Loss) After Tax</td> <td>(8,868)</td> <td>46,585</td> </tr> <tr> <td>Earning Per Share (EPS)</td> <td>(0.14)</td> <td>0.74</td> </tr> <tr> <td>Dividend Rate (in %)</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table>	Particulars	2012-2013	2011-2012	Turnover (including other income)	903,883	835,502	Total Expenditure	881,980	790,690	Profit/(Loss) Before Tax	(4,036)	51,514	Profit/(Loss) After Tax	(8,868)	46,585	Earning Per Share (EPS)	(0.14)	0.74	Dividend Rate (in %)	Nil	Nil
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Dividend Rate (in %)	Nil	Nil																					
5	Export performance and net foreign exchange collaborations	Rs. in '000																					
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6	Foreign investments or collaborators	<p>The company has not made any investment outside India.</p> <p>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, 2013 the total foreign equity share holding (including share holding of holding company) in the company was 73.54%.</p> <p>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	In the 24 th Annual General Meeting, Mr. Pankaj Khandelwal was appointed as Managing Director of the Company for a period of 3 (three) years with effect from 1 st 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																					

Annexure - B (Contd.)

Sl. No.	Particulars	Information
		effect from 1 st April 2013 onwards. Mr. Pankaj Khandelwal, Managing Director 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 31 years working experience in the field of Sales, Marketing, Purchase, Plant Operations and Business Development at senior positions.
2	Past Remuneration	Rs. 4,019,000/- (This amount includes the performance pay of Rs. 281,000 which is due for payment in April, 2013.)
3	Recognition or awards	Nil
4	Job profile and his suitability	The Board has authorized Mr. Khandelwal for overall supervision and control of operations of the Company and to take all kinds of decision for business operations. Mr. Pankaj Khandelwal has rich experience of more than 31 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. 5 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, Managing Director of the Company 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, Managing Director does not have directly or indirectly any pecuniary relationship with the Company, except in his position as Managing Director and 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, power and fuel 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.

Annexure - B (Contd.)

Sl. No.	Particulars	Information
3	Expected increase in productivity and profits in measurable terms	The Company has a production capacity of 21000 MTs per annum. As a result of this, the Company expects to improve both the top line and the bottom line growth.
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. 5 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.

By Order of the Board

Place : New Delhi
Date : 29th April, 2013

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

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 25th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2013.

1. FINANCIAL HIGHLIGHTS

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

PARTICULARS	Year Ended 31-March-2013	Year Ended 31-March-2012
Gross Turnover	847	807
Other Income	57	29
Total Expenditure (including excise duty)	(846)	(763)
Profit before Depreciation & Exceptional Items	58	73
Depreciation	(36)	(28)
Profit/(Loss) for the year before exceptional items	22	45
Exceptional item	(26)	7
Profi/(Loss) before tax	(4)	52
(Provision for)/Release of Taxation	(5)	(5)
Profit/(Loss) after tax	(9)	47

2. RESULTS OF OPERATIONS

The production and sales of precipitated silica during the year 2012 -13 was 14,259 MTs and 15,103 MTs as against 16,299 MTs and 15,365 MTs respectively in the previous year.

Your Company achieved a sales turnover of Rs. 847 Million during the year as compared to Rs. 807 Million in the previous year and recorded a profit before depreciation & exceptional items of Rs. 58 Million as against Rs. 73 Million in the previous financial year. No transfer has been made to reserves for the year.

During the year, there has been significant increase in cost of production because of increase in rates of power supplied by UP Electricity Board and increase in diesel prices due to its decontrol. Further, the production was constrained during the last quarter of Financial Year 2012-13 due to limitation on water discharge enforced by the local administration. These factors are the major contributors of operational losses during the year.

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

3. FUTURE OUTLOOK

The Indian economy is expected to grow in the short to medium term and there are inherent opportunities available for the Company in our target industries such as Tyres, Automotive Components, Mechanical rubber goods, , Footwear, Agrochemicals, Food and Toothpaste. The Company enjoys a high standing with its customers and is actively pursuing all growth opportunities so as to improve its results.

4. DIVIDEND

In view of the inadequacy of profits, no Dividend is recommended.

5. 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.

6. 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.

7. SOCIAL RESPONSIBILITY

Responsible conduct and business success are not mutually exclusive in our view. In fact, they are interlinked. Sustainable development and Corporate Responsibility are vital for the future viability of companies including us. We accept responsibility for our business, our employees and society. That is how we define Corporate Responsibility (CR). As part of our corporate strategy, our CR strategy takes up economic megatrends such as resource efficiency, ecological and social challenges, and supports the development of new business activities.

8. 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.

We actively respond to the expectations of our internal and external stakeholders on how we should contribute to the sustainable development of society and come up with answers to future challenges in close collaboration with our business units.

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.

9. PROCUREMENT EFFICIENCY AND SUPPLY CHAIN

Procurement is an essential element in the value-added chain, so we regard intensive cross-functional collaboration within the company as indispensable. During the year, we implemented Evonik's global strategies and centralized the procurement function in the Plant to ensure optimized procurement.

10. CUSTOMER ORIENTATION STARTS WITH TALENT DEVELOPMENT AND FAIRNESS

The key to achieve 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. 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.

12. 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.

13. DIRECTORS

During the year, the following Directors have resigned from the Company:

- (i) Dr. Gurnad Singh Sodhi on 1st February, 2013
- (ii) Mr. Lear Bao on 1st February, 2013
- (iii) Mr. Andreas Bernd Fischer on 16th February, 2013.

The Board places on record its deep appreciation for their invaluable support and guidance during their association as Directors of the Company.

Your Directors have appointed Mr. Roberto Martin Vila Keller as a Director of the Company with effect from 16th February, 2013 to fill up the casual vacancy caused by the resignation of Mr. Andreas Bernd Fischer. Mr. Roberto Martin Vila Keller will hold office till the date Mr. Andreas Bernd Fischer would have held office as Director of the Company. Mr. Roberto Martin Vila Keller has done apprenticeship as an Industrial Business Assistant in 1987, followed by the successful completion of training program. Mr. Vila Keller also holds a degree in Business Administration. He has extensive experience in the field of Production, Sales and Marketing.

Further, in accordance with provisions of Companies Act, 1956 and Articles of Association of the Company, Mr. Keki Manchershia Elavia and Dr. Mustafa Siray, 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.

14. AUDITORS

M/s S. R. Batliboi & Associates, the present Statutory Auditors of the Company vide their letter dated 5th April, 2013 intimated the conversion of their partnership firm into an Limited Liability Partnership (LLP) with effect from

1st April, 2013. They have confirmed that there is no change in their Registration Number and have also assured us that this change would not in any way affect their relationship and responsibilities as statutory auditors.

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

The said Auditors 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 Accounts are self-explanatory and do not require any comments.

15. COST AUDITORS

In terms of requirement of The Companies (Cost Accounting Records) Rules, 2011, your company is maintaining all the prescribed cost records. Further the Company has appointed M/s Aseem Jain & Associates, as Cost Accountant of the Company under these Rules. The prescribed compliance report for the financial year ended 31st March, 2013, 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.

16. PRACTICING COMPANY SECRETARY

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

17. SHIFTING OF CORPORATE OFFICE OF THE COMPANY

The Corporate office of the Company will be shifted to "The Corenthum", Office No. 2312, 3rd Floor, 2nd Lobe, Tower A, A-41, Sector 62, Noida-201309, Uttar Pradesh w.e.f. 14th May, 2013.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements 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 2013 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

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

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 'A' to the Directors' Report.

21. CORPORATE GOVERNANCE

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

- i. Report on Corporate Governance together with an Auditors Certificate on compliance of conditions of Corporate Governance as per clause 49 (VII) of the listing agreement.

- ii. Certificate by Managing Director regarding compliance of Code of Conduct by the members of Board and Senior Management as per clause 49 (I) (D)(ii) of the listing agreement.
- iii. Certificate from Managing Director/Chief Financial Officer regarding the financial statements presented to the Board as per Clause 49 (V) of the Listing Agreement.

22. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report (Annexure 'C') 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

Dara P. Mehta
Chairman

Pankaj Khandelwal
Managing Director

Place : New Delhi
Date : 29th April, 2013

Annexure – A

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

A. Conservation of Energy

Your Company always emphasizes on conservation of Energy and Natural Resources. The company is giving priority to energy conservation measures including regular review of energy generation, consumption and effective control on utilization of energy. We have successfully introduced 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 2013	For the year ended 31 st March 2012
1.	Electricity			
(a)	Purchased			
	Unit	000 KWH	5,599	6,100
	Total Amount	Rs. Mio.	29	26
	Rate/Unit	Rs. / KWH	5.21	4.33
(b)	Own Generation			
(i)	Diesel Generator			
	Unit	'000 KWH	1,078	953
	Units per ltr. of Diesel Oil	KWH/Ltr.	3.27	3.28
	Cost/Unit	Rs.	11.40	10.78
(ii)	Steam Turbine/Generator			
		-	-	-
2.	Coal			
		-	-	-
3.	Furnace Oil			
	Quantity	KL	3,979	4,318
	Total Amount	Rs. Mio.	167	164
	Average Rate	Rs./KL	42,048	37,940
4.	Others/Internal Generation			
(i)	Bio Agro Fuel			
	Quantity	MT	1,788	2,962
	Total Cost	Rs. Mio.	9	14
	Average Rate	Rs./MT	4,763	4,537
(ii)	Fire Wood			
	Quantity	MT	1,836	1,799
	Total Cost	Rs. Mio.	9	8
	Average Rate	Rs./MT	4,813	4,253

II. Consumption per unit of production

Particulars	Unit	For the year ended 31 st March 2013	For the year ended 31 st March 2012
i. Product (Precipitated Silica) - Unit	MT	14,259	16,299
ii. Electricity	000 KWH	0.47	0.43
iii. Furnace Oil / HSD	KL	0.28	0.26
iv. Coal	—	—	—
v. Others			
Bio Agro Fuel	MT	0.13	0.18
Fire Wood	MT	0.13	0.11

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. We believe that it is important that in future we can offer an even broader technology support /base to meet our customers' growing long-term needs. The modification of process, equipments and products are carried out to meet changes in market requirements and to improve operational efficiency.

Benefits derived from the above efforts

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

Foreign exchange earnings and outgo

(Rs. in Million)

Total Foreign Exchange used and earned	For the Year ended 31 st March 2013	For the Year ended 31 st March 2012
a) Total Foreign Exchange earned	5,592	1,308
b) Total Foreign Exchange used	8,878	6,733

For & on behalf of the Board

Place: New Delhi
Date : 29th April, 2013

Dara P. Mehta
Chairman

Pankaj Khandelwal
Managing Director

Annexure - 'B'
CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012 - 2013
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 6 Members comprising 1 Executive and 5 Non - Executive Directors. Out of Non- Executive Directors, 2 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 2013.

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 2013 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. Pankaj Khandelwal	Executive	Managing Director	Nil	Nil	Nil
Dr. Mustafa Siray	Non Executive, Non Independent	Director	Nil	Nil	Nil
Mr. Frank Heinz Lelek*	Non Executive, Non Independent	Director	Nil	Nil	Nil
Dr. Gurand Singh Sodhi@	Non Executive, Independent	Director	Nil	Nil	Nil
Mr. Keki Manchershya Elavia	Non Executive, Independent	Director	11	5	4
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. Roberto Martin Vila Keller**	Non Executive, Non Independent	Director appointed in casual vacancy	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.

* Appointed as Additional Director with effect from 3rd May, 2012 and regularized as Director at Annual General Meeting held on 9th August, 2012.

@ Resigned as Directors with effect from 1st February, 2013.

@@ Resigned as Director with effect from 16th February, 2013.

** Appointed as a Director with effect from 16th February, 2013 to fill up the casual vacancy caused due to the resignation of Mr. Andreas Bernd Fischer.

2.3 BOARD MEETINGS AND PROCEDURE

A. BOARD PROCEDURE

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

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

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

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

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

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

B. DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2012-13

Four Board Meetings were held during the financial year ended 31st March 2013. 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 2012-2013 are as under:

Sl. No.	Date	Board Strength	No. of Directors Present
1	3 rd May 2012	8	7
2	9 th August 2012	8	6
3	6 th November 2012	8	7
4	31 st January 2013	8	6

C. Attendance of Directors at Board Meetings held during the financial year 2012- 2013 and at the 24th Annual General Meeting (AGM)

Name of the Director	Attendance		Whether Attended last AGM held on 9 th August 2012
	No. of Meetings held during the tenure	Meetings Attended	
Mr. Dara Phirozeshaw Mehta	4	4	Yes
Dr. Mustafa Siray	4	4	Yes
Dr. Gurnad Singh Sodhi@	4	3	Yes
Mr. Keki Manchershaw Elavia	4	4	Yes
Mr. Andreas Bernd Fischer@@	4	1	No
Mr. Lear Bao@	4	2	No
Mr. Pankaj Khandelwal	4	4	Yes
Mr. Frank Heinz Lelek*	4	4	Yes
Mr. Roberto Martin Vila Keller**	0	N.A.	N.A.

@ Resigned as Directors with effect from 1st February, 2013.

@@ Resigned as Director with effect from 16th February, 2013.

* Appointed as Additional Director with effect from 3rd May, 2012 and regularized as Director at Annual General Meeting held on 9th August, 2012.

** Appointed as a Director with effect from 16th February, 2013 to fill up the casual vacancy caused due to the resignation of Mr. Andreas Bernd Fischer.

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 2013.

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 2012-2013 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 of Three Non - Executive Directors, out of which two 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
Dr. Gurnad Singh Sodhi@	Non Executive, Independent	Member
Mr. Keki Manchershya Elavia	Non Executive, Independent	Member
Mr. Lear Bao@	Non Executive, Non Independent	Member
Mr. Frank Heinz Lelek*	Non Executive, Non Independent	Member

@ Ceases to be members with effect from 1st February, 2013.

* Appointed as member with effect from 1st February, 2013.

The Committee is headed by an Independent Director. The Chairman of the Audit Committee, Mr. Dara P. Mehta was present at the 24th Annual General Meeting of the Company held on 9th August 2012 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 Meetings. The representatives of Internal Auditors are invited to attend the Audit Committee Meeting as and when required. The Company Secretary of the Company acts as Secretary to the committee.

C. Meetings and Attendance

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

Details of Audit Committee Meetings held during the financial year 2012-2013

Four Audit Committee Meetings were held during the financial year ended 31st March 2013. The dates on which meetings were held are as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	3 rd May 2012	4	4
2	9 th August 2012	4	3
3	6 th November 2012	4	4
4	31 st January 2013	4	2

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

II. Attendance at Audit Committee Meetings held during the Financial Year 2012-13 :

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Dara P. Mehta, Chairman	4	4
Dr. Gurnad Singh Sodhi@	4	3
Mr. Keki Manchershya Elavia	4	4
Mr. Lear Bao@	4	2
Mr. Frank Heinz Lelek*	0	N.A.

@ Ceases to be member with effect from 1st February, 2012.

* Appointed as member with effect from 1st February, 2013.

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
Dr. Mustafa Siray*	Non Executive, Non Independent	Chairman
Mr. Keki Manchershya Elavia	Non Executive, Independent	Member
Dr. Gurnad Singh Sodhi@	Non Executive, Independent	Member
Mr. Lear Bao@	Non Executive, Non Independent	Chairman
Mr. Frank Heinz Lelek**	Non Executive, Non Independent	Member
Mr. Dara P. Mehta**	Non Executive, Independent	Member

* Designated as Chairman with effect from 1st February, 2013.

@ Ceases to be Member/Chairman respectively with effect from 1st February, 2013.

** Appointed as Member with effect from 1st February, 2013.

C. Meetings and Attendance

There was no remuneration committee meeting held during the financial year ended 31st March 2013.

D. Remuneration Policy

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

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

a. Executive Directors
Detail of the remuneration paid to Executive Director for the Financial Year 2012 -2013

Name of Director	Designation	Salaries (Rs.)	Benefits (Rs.)	Performance Pay/Bonus@ (Rs.)	Retirement Benefit (Rs.)@@	Total (Rs.)
Mr. Pankaj Khandelwal	Managing Director	1,800,000	1,452,000	281,000	486,000	4,019,000
Total		1,800,000	1,452,000	281,000	486,000	4,019,000

@ The Performance Pay / Bonus for the year 2012 is due for payment and will be paid during April, 2013

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

Period of Contract, Notice period & Severance fees

Name	Designation	Period of Contract	Notice Period	Severance Fees
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

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 2013.

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 2012-2013 are as under:

Name of Directors	Sitting Fees (Rs.)				Total
	Board Meeting	Audit Committee Meeting	Investors Grievance Committee Meeting	Remuneration Committee Meeting	
Mr. Dara P. Mehta	80,000	80,000	80,000	N.A.	240,000
Dr. Gurnad Singh Sodhi	60,000	80,000	60,000	N.A.	180,000
Mr. Keki Manchershia Elavia	80,000	80,000	N.A.	N.A.	160,000

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
Dr. Gurnad Singh Sodhi@	Non-Executive, Independent	Member
Mr. Pankaj Khandelwal	Executive	Member
Mr. Frank Heinz Lelek*	Non Executive, Non Independent	Member

@ Ceases to be member with effect from 1st February, 2013.

* Appointed as member with effect from 1st February, 2013.

C. Meetings and Attendance

Details of Meetings held during the financial year 2012-2013

Four Investors Grievance Committee Meetings were held during the financial year ended 31st March 2013. The dates on which meetings were held are as follows:

Sl. No.	Date	Committee Strength	No. of Members Present
1	3 rd May 2012	3	3
2	9 th August 2012	3	3
3	6 th November 2012	3	3
4	31 st January 2013	3	2

D. Attendance at Investors Grievance Committee Meetings held during the financial year 2012-2013

Name of Members	Attendance	
	No. of Meetings held during the tenure	Meetings Attended
Mr. Dara P. Mehta	4	4
Dr. Gurnad Singh Sodhi@	4	3
Mr. Pankaj Khandelwal	4	4
Mr. Frank Heinz Lelek*	0	N.A.

@ Ceases to be member with effect from 1st February, 2013.

* Appointed as member with effect from 1st February, 2013.

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	60	60	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, 2013. The details of the meeting are given below:

Sl. No.	Date	Committee Strength	No. of Members Present
1	13 th March, 2013	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 Accounts to Financial Statements.

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

5.3 Whistle blower Policy and affirmation that no personnel have been denied access to the Audit Committee: The Company has not adopted a Whistle Blower Policy. The Company has not denied access to any personnel to approach the management on any issue.

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

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

5.5 Disclosure of Accounting Treatment

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

5.6 Detail of Public Funding

We have not obtained any public funding during the financial year ended 31st March 2013.

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 2012-2013 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 2012-2013 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 are available in this report in the notice of the 25th 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 25th 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 29th April, 2013.

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

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

11. Means of Communications

- 11.1 Quarterly Results** The quarterly results of the Company are announced within 45 days of completion of the quarter. Audited Annual Results are announced within two months from the end of the financial year. The Company regularly intimates unaudited as well as audited financial results to the stock exchanges, immediately after these are approved. The quarterly and annual financial results are normally published in “Financial Express, 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
24th Annual General Meeting	9 th August 2012	10:30 hrs	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula - 244223, Uttar Pradesh	Appointment of Mr. Pankaj Khandelwal as Managing Director with effect from 1 st March, 2012
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

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	13 th August 2013
Time	10:30 a.m.
Day	Tuesday
Venue	A-5, UPSIDC Industrial Estate, Bhartiagram, Gajraula-244223, Uttar Pradesh
Financial Year	31 st March 2013
Book Closure Dates	8 th August 2013 to 13 th August 2013 (both days inclusive)
Dividend Payment Dates	No dividend has been recommended for the Financial Year 2012-13

13.2 Financial Calendar 2012-2013 (Tentative)

Financial Year 2013-14	
1 st Quarter Results for quarter ending 30 th June 2013	July / August 2013
2 nd Quarter Results for quarter ending 30 th September 2013	October / November 2013
3 rd Quarter Results for quarter ending 31 st December 2013	January / February 2014
4 th Quarter Results for quarter/Annual Accounts for the period ending 31 st March 2014	April / May 2014
26 th Annual General Meeting	July / August 2014

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 2013-2014 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 2013-14 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 2012-2013 are given below:

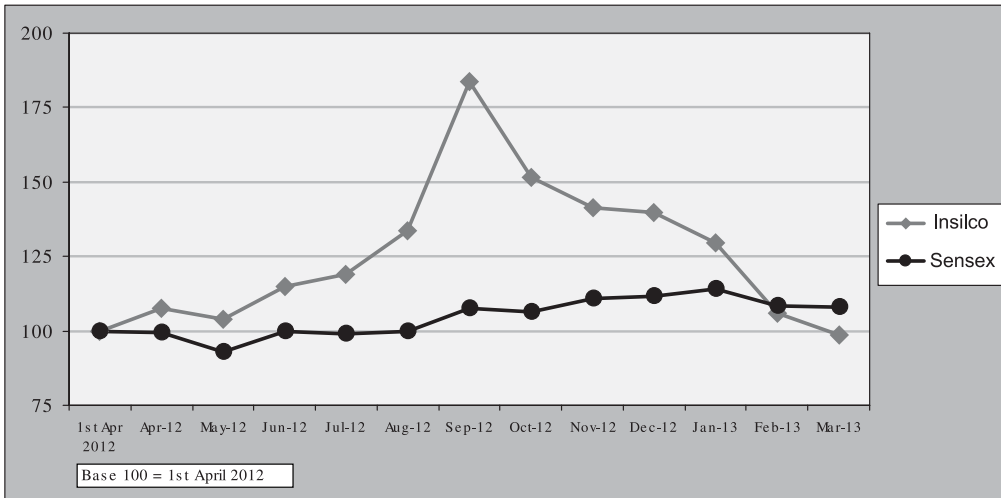
Month	Bombay Stock Exchange			
	Insilco Share Price		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2012	14.85	13.35	17,664.10	17,010.16
May 2012	15.90	13.00	17,432.33	15,809.71
June 2012	15.50	13.25	17,448.48	15,748.98
July 2012	17.35	14.25	17,631.19	16,598.48
Aug 2012	21.50	15.10	17,972.54	17,026.97
Sep 2012	26.40	17.55	18,869.94	17,250.80
Oct 2012	25.00	20.10	19,137.29	18,393.42
Nov 2012	22.55	18.05	19,372.70	18,255.69
Dec 2012	20.50	18.20	19,612.18	19,149.03
Jan 2013	19.60	17.00	20,203.66	19,508.93
Feb 2013	18.90	14.10	19,966.69	18,793.97
March 2013	14.95	12.81	19,754.66	18,568.43

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 2012-13 is given in the chart below:

INSILCO Closing Price vs BSE Sensex Closing April 2012 to March 2013



13.8 Registrar and Transfer Agent

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

Contact Details are:

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

13.9 Share Transfer System

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

13.10 Share Transfer Committee

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

Composition

- i. Mr. Pankaj Khandelwal, Managing Director
- ii. Dr. Gurnad Singh Sodhi, Director@
- iii. Mr. Frank Heinz Lelek**
- iv. Mr. Brijesh Arora, Vice President (Finance & Accounts) and Company Secretary
- v. Mr. Rahul Agarwal, Deputy Company Secretary**

@ Ceases to be member with effect from 1st February, 2013.

* Appointed as member with effect from 1st February, 2013.

** Appointed as Member with effect from 6th November, 2012.

The Committee met 25 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 2013 are as follows:

Name	Physical		Dematerialized		Total	
	No. of Shares	% to Paid up capital	No. of Shares	% to Paid up capital	No. of Shares	% to Paid up capital
Evonik Degussa GmbH, Germany (Formerly Degussa GmbH), Foreign Promoters	45,853,315	73.11	0	0	45,853,315	73.11
Others	2,941,542	4.69	13,920,143	22.20	16,861,685	26.89
Total	48,794,857	77.80	13,920,143	22.20	62,715,000	100.00

13.12 As on 31st March 2013, 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	5,604,136	8.94	40,680	90.88
501 to 1000	1,880,851	3.00	2,258	5.04
1001 to 2000	1,413,256	2.25	914	2.04
2001 to 3000	750,479	1.20	289	0.65
3001 to 4000	533,589	0.85	146	0.33
4001 to 5000	617,126	0.98	129	0.29
5001 to 10000	1,360,955	2.17	184	0.41
10001 to 50000	2,861,214	4.56	138	0.31
50001 to 100000	881,346	1.41	14	0.03
100001 and above	46,812,048	74.64	8	0.02
Total	62,715,000	100.00	44,760	100.00

13.13 Shareholding Pattern of the Company as on 31st March 2013:

Holders	No. of Shares	% to total
Promoters – Evonik Degussa GmbH (Formerly Degussa GmbH)	45,853,315	73.11
Residents (Individual)	14,738,334	23.50
Financial Institutions and Banks	23,680	0.04
Non-Resident Individuals/ OCBs	269,445	0.43
Indian Corporate Bodies/ Trusts	1,816,166	2.90
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
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13.16 Address for Correspondence

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

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

Following are the contact numbers:

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

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

Office No. 1 & 2, 12th Floor, DLF Building No. 9, Tower B,
DLF Cyber City, Phase III, Gurgaon-122002, Haryana

Telephone : (0124) 4874555
Fax No. : (0124) 4874553
Email address : 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 2013.

Place: New Delhi
Date: 29th April, 2013

Pankaj Khandelwal
Managing Director

Annexure - I

**CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO)
CERTIFICATION FOR THE FINANCIAL YEAR 2012-13**

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 : 29th April, 2013

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, 2013, 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 LLP
Firm Registration No.: 101049W
Chartered Accountants

Place : New Delhi
Date : 29th April, 2013

per Raman Sobti
Partner
Membership No.: 89218

Annexure – C**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Overall Review**

Production and sales during the year were 14259 MT and 15103 MT as against 16,299 MT and 15,365 MT respectively in the previous year. The sales turnover during the year is Rs. 798 Millions as compared to Rs. 770 Million in the previous year. Even with an increase in sales turnover as compared to the previous year, Insilco reported financial losses in 2012-13 as a result of the sharp increase in rates of Fuel & electricity.

The Company's world class manufacturing plant based on 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 - Tyre, Footwear and Mechanical Rubber Goods. The specialty applications include - Agrochemicals, Feed, Food, Toothpaste, Detergents, Battery Separators, Cosmetics and Defoamer. All end-user segments are showing good growth.

Opportunity, Threats, Outlook, Risks and Concerns

After successful completion of its capacity expansion by 6,000 MTs per annum, in the last year, your company approached customers which it could not cater in past due to capacity constraint. However, sluggishness in Q3 and Q4 in automotive segment and poor monsoon created big challenges in the respective market segment and sales could not be achieved to the desired level. With this additional capacity your Company is well poised to cater to the likely future demand growth in the market.

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

- Capability to introduce new, high quality products.
- 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.

Our operations in general are susceptible to possible changes in fiscal, monetary and economic policies of the Government especially with regard to fuel, power and freight costs. The major challenge for our industry is that it is raw material and energy intensive and any fluctuation in their prices has a significant impact on our performance. e.g. the recent change in Government policy to remove subsidies on diesel has seriously impacted our profitability and has become an issue of concern. With prudent business and risk management practices, the Company is continually looking at ways to minimize this impact by judicious buying, adequate storage, developing alternate vendors, exploring alternative sources of energy, etc.

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

Segment-wise or Product-wise Performance

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

Outlook

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

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

Internal Control Systems and their adequacy

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

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

A company is exposed to variety of risks in the course of its business activities. Risk management therefore forms a central element in the management of the company and is geared to targeted management of risk with a view to securing present and future potential for success and avoiding, preventing, countering and minimizing risk. We only enter into entrepreneurial risks if we are convinced that they can generate a sustained rise in the value of the company and that we are able to control any possible implications.

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, 2013 was 138.

Our employees continued their long term association with Insilco. During 2012 – 2013, 30 employees were conferred the award of long service of 20 years. Of the total employees in the company 45 have completed this milestone till date.

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

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

Insilco continued the high attention to the adherence by employees to our Code of Conduct. We continued our regular training sessions on the Code of Conduct.

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

Employee engagement was in focus and we maintained the regular social and sporting activity on the colony campus under the aegis of the Employees social club. Families are involved and the children have a great opportunity for personality development.

Prohibition of Insider Trading

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

Environment, Health & Safety

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

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 2012-13 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, 2013.

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, 2013 is Rs. 370.98 Mio. as compared to Rs. 379.85 Mio. as on March 31, 2012. The book value per share is Rs. 15.92 as at the year end as compared to Rs. 16.06 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. 16.60 Mio. as compared to Rs. 28.53 Mio. as on March 31, 2012. 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 2.32 Mio. as compared to Rs. 3.15 Mio. as on March 31, 2012. The provisions represent liabilities provided for Long Service Awards.

4. Current Liabilities:

The Company owes an amount of Rs. 52.08 Mio. as compared to Rs. 79.26 Mio. as on March 31, 2012. This represents 6.54% of total expenditure for the year ended March 31, 2012 as compared to 11.04% of previous year. These liabilities include the following:

Particulars	As of March 31, 2013 Rs. in Mio.
Trade Payables	19.55
Other Current Liabilities:	
Advance from customer and capital vendor balance	12.88
Retention Money & Security Deposits	2.02
Other Liabilities	7.76
Short Term Provisions:	
Provision for Income Tax	1.76
Provision for Gratuity	3.20
Provision for Long Service Awards	0.20
Provision for Leave Encashment	4.11
Provision for Sick Leave	0.60

5. Non Current Assets:

(i) Fixed Assets

The additions made to Fixed Assets are of Rs. 10.42 Mio. during the current year which includes Rs. 0.34 Mio. towards Buildings, Rs. 6.49 Mio. towards Plant and Machinery, Rs. 2.73 Mio. towards computers and Rs. 0.37 Mio. towards Electrical Installation & Fittings. The capital work-in-progress is of Rs. 2.21 Mio. which represents advances paid towards acquisition of fixed assets and the cost of assets not put to use. The Company retired/transferred various assets with a gross value of Rs. 31.39 Mio. There has been made reversal in the impairment provision on Fixed Assets of Rs. 4.59 Mio. which had been made during the previous financial years.

(ii) Long Term Loans & Advances

Long Term Loans and Advances amount to Rs 5.96 Mio. as of March 31, 2013 as compared to Rs. 26.19 Mio. as on March 31, 2012. Long term Loans and Advances include Rs. 5.47 Mio. towards security deposit, Rs. 0.49 Mio. towards loan to employees as per company policy.

6. Current Assets:

(i) Current Investments

Investments of Rs. 406.67 Mio. at the end of the year represents the investments in Mutual Funds as compared to Rs. 315.30 Mio. as on March 31, 2012. Investments include current portion of long term investments of Rs. 39.09 Mio. and current investments of Rs. 367.57 Mio. There has been provided a sum of Rs. 0.21 Mio. on account of diminution in the value of current investments. Investments as on March 31, 2013 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. 82.38 Mio. as on March 31, 2013 as compared to Rs. 131.52 Mio. as on March 31, 2012. The inventory has been decreased by Rs. 49.14 Mio. during the year. The level of inventory in relation to sales has decreased by 5.80%.

(iii) Trade Receivables

Trade Receivables amount to Rs. 93.57 Mio. (net of provisions of Rs. 0.35 Mio.) as of March 31, 2013 as compared to Rs. 156.28 Mio. (net of provisions of Rs. 1.08 Mio.) as on March 31, 2012. 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 11.05 % of revenue for the year ended March 31, 2013 as compared to 19.37% of

revenue for the year ended March 31, 2012. This represents an average outstanding of 40 days of revenue for the year as compared to 71 days in the previous year.

(iv) Cash and Bank Balances

As at March 31, 2013, the Company had a cash and bank balance of Rs. 151.68 Mio. This represents 14.19% of total assets and 17.91% of the revenue of the current year. The cash & bank balances include deposits of Rs 137.76 Mio. for original maturity between 3 months to 12 months.

(v) Short Term Loans & Advances

Short Term Loans & Advances amount to Rs. 43.45 Mio. as on March 31, 2013 as compared to Rs. 51.64 Mio. as on March 31, 2012. Short term loans & advances includes Rs 3.72 Mio. towards security deposits, Rs.3.94 Mio. towards advances recoverable in cash or kind & Rs.35.79 Mio. towards advance income tax, balance with statutory/government authorities, employee loans & prepaid expenses.

(vi) Other Current Assets

Other current assets of Rs. 8.06 Mio. include assets held for disposal of Rs. 0.52 Mio. and interest accrued on fixed deposits of Rs. 7.51 Mio. The Company has transferred some plant and machinery to fixed assets held for sale having carrying amount of Rs 26.42 Mio. at the year end and net realizable value of Rs 0.48 Mio. The difference between the carrying amount and net realizable value has been provided as loss on discard of assets amounts to Rs 25.94 Mio.

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 31.03.2013	Year ended 31.03.2012
Gross Turnover	847	807
Less: Excise Duty	86	73
Net Turnover	761	734

2. Net Profit After Tax

The Net loss after tax for the year is Rs. 8.87 Mio. as against profit after tax of Rs. 46.58 Mio. for previous year.

3. Earnings Per Share

The basic EPS for the year is Rs (-) 0.14 per share as against Rs. 0.74 per share in the previous year.

4. Raw Material Consumption

The raw material consumption for current year is Rs. 287.28 Mio. as compared to Rs. 297.66 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 decrease in inventory of finished goods & work in progress during the year is Rs. 28.34 Mio. It includes decreases in finished goods inventory by Rs.34.12 Mio. and increase in work in progress by Rs. 5.79 Mio.

6. Employee Benefits Expense

The employees' remuneration and benefits for the year ended March 31, 2013 are Rs. 73.52 Mio. as compared to Rs. 66.80 Mio. for the year ended March 31, 2012. The Company has 138 employees as on March 31, 2013 on its rolls.

7. Depreciation and Amortization Expense

There has been provided a sum of Rs. 35.90 Mio. towards depreciation for the year ended March 31, 2013 representing 4.24% of gross sales. The depreciation as a percentage of average gross block is 3.60 % for the year ended March 31, 2013.

8. Other Expenses

The other expenses for the year ended March 31, 2013 are Rs. 370.79 Mio. as compared to Rs. 370.25 Mio. for the year ended March 31, 2012. The other expenses includes Power & Fuel expenses, Repairs & Maintenance expenses, Freight & Forwarding charges, Packing expenses, Rent, Insurance, Selling & Marketing Expenses, Travelling and Conveyance expenses, etc.

FINANCIAL DATA FOR THE YEAR ENDED MARCH 31, 2013

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

Description	March-2013	March-2012
Financial Performance		
Sales	846.95	806.70
Profit before Interest, Investment Income Depreciation, Exceptional Items and Tax	10.42	46.64
Income from Interest & Investment	(47.45)	(27.17)
Interest Expenses	0.07	0.50
Depreciation and Amortization	35.90	28.50
(Profit)/Loss on Exceptional Items	25.94	(6.70)
Profit/(Loss) Before tax	(4.04)	51.51
Taxation charge / (Release)	4.83	4.93
Profit/(Loss) after Tax	(8.87)	46.58
Balance Sheet		
Share Capital	627.15	627.15
Reserves and Surpluses	370.98	379.85
Net Worth	998.13	1,007.00
Non Current Liabilities	18.92	31.68
Non Current Assets	283.32	359.18
Net Current Assets	733.72	679.49
Total Assets	1,069.13	1,117.93
Per Share Data		
Basic EPS (Rs.)	(0.14)	0.74
Book Value per share (Rs.)	15.92	16.06
Other Information		
Number of Shareholders	44,759	45,119

RATIO ANALYSIS FOR THE YEAR ENDED MARCH 31, 2013

Description	March-2013	March-2012
Ratios-Financial Performance		
Gross Profit/ Total Sales [%]	22%	27%
Profit / (Loss) Before Interest, Investment Income, Depreciation, Exceptional Item & Tax/ Total Sales [%]	1%	6%
Profit / (Loss) Before Interest, Investment Income, Depreciation & Tax / Total Sales [%]	(2%)	7%
Ratios-Balance Sheet		
Debt Equity Ratio (Long Term Debt : Equity)	-	-
Current Ratio	15.09	9.57
Days Sales Outstanding (DSO)	40	71
Depreciation/ Average Gross Block	3.60%	2.98%

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF INSILCO LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Insilco Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

per Raman Sobti

Partner

Membership No.: 89218

Place : Gurgaon

Date : 29th April, 2013

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

Re: Insilco Limited ('the Company')

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

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*
- (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, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,685,627	A.Y. 1998-99	Delhi High Court Income Tax Appellate Tribunal
		5,457,457	A.Y. 1993-94	
		240,555	A.Y. 2003-04	Income Tax Appellate Tribunal
		610,619	A.Y. 2004-05	Income Tax Appellate Tribunal
		402,736	A.Y. 2002-03	Assessing officer

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

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

Place : Gurgaon
Date : 29th April, 2013

per Raman Sobti
Partner
Membership No.: 89218

Balance Sheet as at 31st March, 2013

	Note No.	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)
Equity and Liabilities			
Shareholder's Funds			
Share capital	3	627,150	627,150
Reserves and surplus	4	370,977	379,846
Non-current liabilities			
Deferred tax liabilities (Net)	5	16,603	28,525
Long-term provisions	6	2,315	3,150
Current liabilities			
Trade payables	7	19,545	27,297
Other current liabilities	7	22,667	29,661
Short-term provisions	6	9,877	22,304
TOTAL		1,069,134	1,117,933
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	275,057	329,581
Intangible assets	9	91	137
Capital Work-in-progress		2,210	3,275
Long-term loan and advances	10	5,960	26,185
Current assets			
Current investments	11	406,668	315,301
Inventories	12	82,388	131,520
Trade receivables	13	93,570	156,284
Cash and Bank Balances	14	151,677	95,189
Short-term loans and advances	10	43,455	51,640
Other current assets	15	8,058	8,821
TOTAL		1,069,134	1,117,933

Summary of significant accounting policies 2.1

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

As per our report of even date
For S.R. Batliboi & Associates LLP
 Firm Registration No.: 101049W
 Chartered Accountants

Per Raman Sobti
 Partner
 Membership No.: 89218

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

Dara P. Mehta
 Chairman / Director

Pankaj Khandelwal
 Managing Director

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

Place: Gurgaon
 Date : 29th April, 2013

Place: New Delhi
 Date : 29th April, 2013

Statement of Profit and Loss Account for the year ended 31st March, 2013

	Note No.	For the year ended 31-March-2013 (Rs. in '000)	For the year ended 31-March-2012 (Rs. in '000)
INCOME			
Revenue from operations (Gross)	16	846,947	806,698
Less : Excise duty		86,079	73,024
Revenue from operations (Net)		760,868	733,674
Other income	17	56,940	28,804
Total Revenue (I)		817,808	762,478
Expenses			
Cost of raw material consumed	18	287,277	297,664
Changes in inventories of Finished Goods and Work-in-progress	19	28,345	(46,048)
Employee benefits expense	20	73,514	66,805
Finance costs	21	75	499
Depreciation and amortisation expense	22	35,904	28,497
Other expenses	23	370,790	370,248
Total (II)		795,905	717,665
Profit before exceptional and tax (I-II)		21,903	44,813
Exceptional items	24	25,940	(6,702)
Profit/(loss) before tax		(4,037)	51,515
Tax expense	25		
Current tax		155	4,191
Mat credit reversed (availed)		16,599	(1,447)
Deferred tax		(11,922)	2,185
Total Tax expense		4,832	4,929
Profit/ (Loss) for the year		(8,869)	46,586
Earning / (loss) per equity share:	26		
[nominal value of shares Rs. 10 (31 March 2012 Rs. 10)]			
Basic			
Computed on the basis of total profit / (loss) for the year		(0.14)	0.74
Diluted			
Computed on the basis of total profit / (loss) for the year		(0.14)	0.74
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
 Firm Registration No.: 101049W
 Chartered Accountants

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

Per Raman Sobti
 Partner
 Membership No.: 89218

Dara P. Mehta
 Chairman / Director

Pankaj Khandelwal
 Managing Director

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

Place: Gurgaon
 Date : 29th April, 2013

Place: New Delhi
 Date : 29th April, 2013

Cash Flow Statement for the year ended 31st March, 2013

Particulars	Year ended 31-March-2013 (Rs. in '000)	Year ended 31-March-2012 (Rs. in '000)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax	(4,037)	51,515
Adjustments for :-		
- Depreciation/amortisation	35,904	28,497
- Impairment provision	-	(6,702)
- Profit on sale of fixed assets	(7,137)	(199)
- Loss on discard of plant & machinery	25,940	-
- Dividend income	-	(625)
- Profit on disposal of investments	(36,161)	(3,875)
- Interest (net)	(11,218)	(22,165)
- Liabilities no longer required written back	(1,320)	(1,306)
- Bad debts & advances written off	604	797
- Provision for diminution of investment	(205)	415
- Reversal of provision for bad debts	(726)	(58)
Operating profit before Working capital changes	1,644	46,294
Adjustment for :-		
- Trade & other receivables	74,748	(31,147)
- Inventories	49,132	(25,240)
- Payables	(12,153)	2,482
Cash generated (Utilised) from Operations	113,371	(7,611)
- Direct tax (paid)	(6,339)	(10,234)
Net Cash from / (used in) Operating activities	107,032	(17,845)
B) CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of fixed assets	(10,284)	(65,326)
- Sale of fixed Assets	10,290	536
- Advance received / (adjusted) against fixed asset sale	(2,250)	2,250
- Purchase of investments	(367,780)	(639,997)
- Sale of investments	312,780	497,458
- Dividend received	-	625
- Deposits with original maturity more than three months	(137,755)	(64,006)
- Maturity of deposits with original maturity more than three months	64,006	203,852
- Interest received	6,774	27,091
Net Cash from / (used in) Investing activities	(124,219)	(37,517)
C) CASH FLOW FROM FINANCING ACTIVITIES		
- Interest paid	(75)	(499)
Net Cash used in financing activities	(75)	(499)
Net decrease Cash & Cash equivalents (A + B + C)	(17,262)	(55,861)
Cash & Cash Equivalents as at beginning of the year opening cash in hand & Bank Balances (Refer Note 14)	31,183	55,861
Cash & Cash Equivalents as at the end of year closing cash in hand & Bank Balances (Refer Note 14)	13,921	31,183

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. Summary of significant accounting policies 2.1

As per our report of even date

For S.R. Batliboi & Associates LLP
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/Director

Pankaj Khandelwal
Managing Director

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

Place : Gurgaon
Date : 29th April, 2013

Place : New Delhi
Date : 29th April, 2013

Notes to Financial Statements for the Year ended 31st March, 2013**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.

2.1 Summary of significant accounting policies**a. Use of estimates**

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

b. Tangible Fixed Assets

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

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

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

c. Depreciation on Tangible Fixed Assets

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

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

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

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

Leasehold improvements are amortized over the unexpired lease period.

d. Intangible Assets

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

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

e. Impairment of Assets

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

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

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

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

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

f. Borrowing Cost

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

g. Investments

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

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

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

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

h. Inventories

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

i. Revenue Recognition

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

Sale of goods

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

Interest

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

Dividends

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

j. Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Exchange differences

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

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

k. Employee benefits

1. *Short Term*: Short term employee benefits are recognized in the year during which the services have been rendered.
2. *Long Term* :
 - i) Defined Contribution plans:
 - **Provident Fund**:
All employees (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.

I. Segment Reporting

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

m. Leases

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

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

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

n. Income taxes

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

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

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

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

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

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

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

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

o. Earnings per Share

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

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

p. Provisions

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

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

q. Contingent Liabilities

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

r. Cash and cash equivalents

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

	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (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-2013 Numbers (Rs. in '000)		As at 31-March-2012 Numbers (Rs. in '000)	
At the beginning of the year	62,715,000	627,150	62,715,000	627,150
Issued during the year	—	—	—	—
Outstanding at the end of the year	62,715,000	627,150	62,715,000	627,150

b. Terms/rights attached to equity shares

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

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

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

c. Shares held by holding company

	As at 31-March-2013 Numbers (Rs. in '000)		As at 31-March-2012 Numbers (Rs. in '000)	
Evonik Degussa GmbH, the holding company	45,853,315	458,533	45,853,315	458,533

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

	As at 31-March-2013 Numbers % holding in the class		As at 31-March-2012 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-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)
Note (4) Reserves and surplus		
Reserve for taxation		
Balance as per last financial statement	–	10,000
Less: Amount transferred to surplus balance in the statement of profit & loss	–	(10,000)
Closing Balance	–	–
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statement	379,846	323,262
Add: Amount transferred from reserve for taxation in the statement of profit & loss	–	10,000
Profit for the year	(8,869)	46,584
	<u>370,977</u>	<u>379,846</u>
Closing Balance	<u>370,977</u>	<u>379,846</u>

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, in the previous year ended March 31, 2012 such separate reserve is not required, therefore same has been transferred back to the surplus in statement of Profit & Loss account.

Non-Current Liabilities

Note (5) Deferred tax liabilities (net)

Deferred tax liabilities		
Depreciation on fixed assets	26,590	36,599
Gross Deferred tax liabilities	<u>26,590</u>	<u>36,599</u>
Deferred tax assets		
Unabsorbed depreciation	6,067	1,892
Impairment on fixed assets	–	1,492
Provision for doubtful debts & Advances	115	350
Provision for inventory obsolescence	1,549	1,414
Provision for diminution in value of investments	68	135
Employee benefits - Long Service Award	816	935
Employee benefits - Leave encashment	1,334	1,339
Employee benefits - Bonus	38	63
Others	–	454
Gross Deferred tax assets	<u>9,987</u>	<u>8,074</u>
Net Deferred tax liabilities	<u><u>16,603</u></u>	<u><u>28,525</u></u>

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

	Long term		Short term	
	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)
Note (6) Provisions				
Provision for Income Tax (Net of advance Tax)	–	–	1,755	13,602
Provision for Gratuity (Note No. 27)	–	–	3,201	3,445
Provision for Long Service Award (Note No.27)	2,315	1,753	203	1,129
Provision for Leave Encashment (Note No.27)	–	–	4,111	4,128
Provision for Sick Leave	–	–	607	–
Provision for Lease Equalisation	–	1,397	–	–
Total provisions	2,315	3,150	9,877	22,304

	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)
Note (7) Trade payable and other current liabilities		
Trade Payable (refer note 33 for details of dues to Micro & Small Enterprises)	19,545	27,297
Other Current Liabilities		
Capital Vendors	129	1,172
Advance from Customers	252	543
Advance received against disposal of fixed assets (Refer note 40a)	12,500	14,750
Retention money of Vendors	776	1,497
Security Deposits from Customers	1,250	1,148
Others		
TDS payable	1,144	936
Excise Duty and Service tax Payable	2,536	6,275
Employee related liabilities	4,080	3,340
	22,667	29,661
Total Other current liabilities	42,212	56,958

NOTE (8) TANGIBLE ASSETS

Tangible assets	(Rs in '000)										
	Freehold land	Lease hold land	Building	Plant & machinery	Furniture & fixtures	Vehicles	Office equipments	Leasehold improvements	Electrical installation and fittings	Computers	Total
At 1st April 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
Disposal	-	-	-	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
Additions	-	-	339	6,489	198	-	297	-	373	2,731	10,427
Disposal	-	-	-	23,181	123	3,219	759	-	143	3,968	31,393
Transfer to assets held for sale (refer note 40b)	-	-	-	32,246	-	-	-	-	-	-	32,246
At 31st March 2013	104	17,404	190,814	656,193	5,478	7,292	3,043	7,556	65,341	14,730	967,955
Depreciation											
At 1st April 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
Disposal	-	-	-	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
Additions	-	202	6,191	18,299	331	1,501	388	5,144	2,539	1,263	35,858
Disposal	-	-	-	17,293	121	2,102	716	-	137	3,753	24,122
Transfer to assets held for sale (refer note 40b)	-	-	-	5,826	-	-	-	-	-	-	5,826
At 31st March 2013	-	4,070	97,389	512,160	3,123	3,913	1,921	6,718	53,192	10,412	692,898
Impairment Provision											
At 1st April 2011	-	-	-	9,320	-	-	-	-	-	-	9,320
Additions	-	-	-	-	-	-	-	-	-	-	-
Reversal [Refer Note 39(ii)]	-	-	-	4,722	-	-	-	-	-	-	4,722
At 31st March 2012	-	-	-	4,598	-	-	-	-	-	-	4,598
Additions	-	-	-	-	-	-	-	-	-	-	-
Reversal [Refer Note 39(i)]	-	-	-	4,598	-	-	-	-	-	-	4,598
At 31st March 2013	-	-	-	-	-	-	-	-	-	-	-
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 2013	104	13,334	93,425	144,033	2,355	3,379	1,122	838	12,149	4,318	275,057

Note (9) Intangible assets – Computer Software

(Rs in '000)

At 1st April 2011	2,878
Additions	20
Disposal	–
At 31st March 2012	2,898
Additions	–
Disposal	–
At 31st March 2013	2,898
Amortisation	
At 1st April 2011	2,761
Additions	44
Disposal	–
At 31st March 2012	2,761
Additions	46
Disposals	-
At 31st March 2013	2,807
Net block at 31st March 2012	137
Net block at 31st March 2013	91

	Non Current		Current	
	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)
Note (10) Loans and advances				
Capital Advances				
Unsecured, considered good	–	122	–	–
	–	122	–	–
Security Deposit				
Unsecured, considered good	5,468	8,895	3,720	2,589
Doubtful	103	–	–	–
	5,571	8,895	3,720	2,589
Less: Provision for doubtful security deposit	103	–	–	–
	5,468	8,895	3,720	2,589
Advances recoverable in cash or kind				
Unsecured, considered good	–	–	3,940	7,879
	–	–	3,940	7,879
Less: Provision for doubtful advances	–	–	–	–
	–	–	3,940	7,879
Other loans and advances				
Employee Loan	492	569	580	722
Advance Income Tax (Net of Provision for Tax)	–	–	27,088	32,752
MAT Credit receivable	–	16,599	–	–
Prepaid expenses	–	–	4,226	3,326
Balance with Statutory/government authorities	–	–	3,901	4,372
	492	17,168	35,795	41,172
	5,960	26,185	43,455	51,640

	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (Rs. in '000)
Note (11) Investments		
Current portion of Long term Investments (valued at cost)		
Unquoted Mutual Funds, Non Trade		
Nil (Previous year 3,856,400) units of Rs 10 each in ICICI Prudential Gilt Fund Treasury Plan Growth	–	92,703
374,050 (Previous year 374,050) units of Rs 10 each in Kotak Gilt (Savings) – Growth	8,013	8,013
1,254,682 (previous year 7,979,437) units of Rs 10 each in L&T Gilt Fund Growth Plan (formerly known as Fidelity Flexi Gilt Fund-Growth Plan)*	31,084	100,000
Current Investments - (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted Mutual Funds, Non Trade		
Nil (Previous year 1,783,152) units of Rs 10 each in Birla Sun Life Govt. Security Long Term - Growth	–	54,885
Nil (Previous year 3,337,741) units of Rs 10 each in Templeton India Govt. Security Fund Treasury Plan	–	59,700
1,591,276 (previous year Nil) units of Rs 10 each in ICICI Prudential Gilt Fund Treasury -Direct Plan -Growth	46,938	–
1,781,924 (previous year Nil) units of Rs 10 each in Birla sun life Govt. Security Long term growth -Direct Plan	61,342	–
1,353,521 (previous year Nil) units of Rs 10 each in Kotak Gilt Fund – Direct Plan growth	55,000	–
1,891,346 (previous year Nil) units of Rs 10 each in Templeton India Govt. Securities Fund-Long Term Plan -Growth	50,000	–
1,910,706 (previous year Nil) units of Rs 10 each in Principal (PNB) Government Securities fund-Direct Plan Growth Option-Growth	44,962	–
1,278,261 (previous year Nil) units of Rs 10 each in Templeton India Govt. Securities Fund Long Term Direct Plan -Composite Growth	49,333	–
5,981,278 (previous year Nil) units of Rs 10 each in Morgan Stanley Mutual fund-Direct Growth Plan	59,996	–
	406,668	315,301

Aggregate amount of unquoted investment Rs. 406,668 ('000) [Previous year Rs. 315,301 ('000)]

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

Note (12) Inventories

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

Raw materials [includes material in transit of 1,200 ('000); [Previous year Rs. 1,263 ('000)]]	4,296	22,133
Work-in-progress	14,728	8,959
Finished goods [includes material in transit of Rs. 7,727 ('000); [Previous year Rs. 14,601 ('000)]]	30,625	64,739
Stores and spares [includes material in transit of Rs. 343 ('000); (Previous year Rs.1,056 ('000))	30,299	31,761
Packing Materials [includes material in transit of Rs. 55 ('000); (Previous year Rs.Nil)]	2,440	3,928
	82,388	131,520

	As at 31-March-2013 (Rs. in '000)	As at 31-March-2012 (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	19	145
Doubtful	353	1,079
	<u>372</u>	<u>1,224</u>
Provision for doubtful receivables	(353)	(1,079)
	<u>19</u>	<u>145</u>
Other Receivables		
Unsecured, Considered good	93,551	156,139
	<u>93,570</u>	<u>156,284</u>

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

On Current accounts*	13,802	4,735
Deposits with Original Maturity of less than three months	–	21,914
Cheques/drafts on hand	–	4,417
Cash on hand	119	117
	<u>13,921</u>	<u>31,183</u>

Other Bank balances:

Deposits with Original Maturity of more than 3 months but less than 12 months	137,641	63,900
Deposits under lien**	115	106
	<u>137,756</u>	<u>64,006</u>
	<u>151,677</u>	<u>95,189</u>

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

**Deposit of Rs. 115 ('000) [previous year Rs. 106 ('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	7,510	2,993
Export benefit receivable	26	–
Fixed assets held for sale (Refer note 40b)	522	5,828
	<u>8,058</u>	<u>8,821</u>

	For the year ended 31-March-2013 (Rs. in '000)	For the year ended 31-March-2012 (Rs. in '000)
Note (16) Revenue from operations		
Sale of products		
Finished Goods	795,072	769,408
Other operating revenue		
Scrap sales	3,310	602
Waste Sale	259	-
Freight and forwarding charges - Income	48,306	36,688
Revenue from operations (gross)	<u>846,947</u>	<u>806,698</u>
Less: Excise duty #	86,079	73,024
Revenue from operations (net)	<u>760,868</u>	<u>733,674</u>

Excise duty on sales amounting to Rs. 86,079 ('000) (Previous year Rs. 73,024 ('000)) has been reduced from Sales in Statement of Profit & Loss and excise duty on increase/(Decrease) in stock amounting to Rs. (4,626) ('000) (Previous year Rs. 5,851 ('000)) has been considered as (Income)/Expense in note 23 of the financial statements.

Details of products sold
Finished goods sold

Precipitated Silica	795,072	769,408
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Note (17) Other income

Interest Income on		
Bank Deposits	10,507	22,641
Interest on Income tax refund	772	-
Others	14	23
Dividend from current Investments - Other than trade	-	625
Profit on sale of Current Investment	36,161	3,875
Profit on sale of Fixed Assets, net [refer note 39(i)]	7,137	199
Reversal of provision for Bad and Doubtful Debts	726	58
Liabilities no longer required written back	1,320	1,306
Insurance claim income	227	-
Export Incentive	26	-
Miscellaneous Income	50	77
	<u>56,940</u>	<u>28,804</u>

Note (18) Cost of raw material consumed

Inventory at the beginning of the year	22,133	45,979
Add: Purchases	269,440	273,818
	<u>291,573</u>	<u>319,797</u>
Less: Inventory at the end of the year	4,296	22,133
Cost of Raw Material Consumed	<u>287,277</u>	<u>297,664</u>
Details of Raw Material Consumed		
Cullet	246,591	258,536
Sulphuric Acid	34,726	36,263
Others	5,960	2,865
	<u>287,277</u>	<u>297,664</u>
Details of Raw material inventory		
Cullet	3,168	20,837
[includes material in transit of Rs. 1,200 ('000); [Previous year Rs. 1,263 ('000)]]		
Others	1,128	1,296
	<u>4,296</u>	<u>22,133</u>

	For the year ended 31-March-2013 (Rs. in '000)	For the year ended 31-March-2012 (Rs. in '000)
Note (19) (Increase) / Decrease in Finished Goods and Work-in-progress		
(Increase)/ Decrease in Finished Goods		
Opening Stock		
Finished Goods	64,739	21,511
Closing Stock		
Finished Goods	30,625	64,739
	<u>34,114</u>	<u>(43,228)</u>
(Increase)/ Decrease in Work-in-Progress		
Opening Stock		
Work-in-progress	8,959	6,139
Closing Stock		
Work-in-progress	14,728	8,959
	<u>(5,769)</u>	<u>(2,820)</u>
	<u>28,345</u>	<u>(46,048)</u>
Details of Inventory		
Finished Goods - Precipitated Silica	<u>30,625</u>	<u>64,739</u>
Work-in-progress		
Water Glass stage	5,981	2,296
Drying stage	6,630	5,984
Others	2,117	679
	<u>14,728</u>	<u>8,959</u>

Note (20) Employee benefit expenses		
Salaries, Wages, Dearness Allowance and Bonus (including prior period Sick leave provision Rs. 333 ('000) (previous year Nil))	54,382	47,493
Contribution to Provident and other Funds (Note 27)	9,181	8,332
Gratuity Expense (Note 27)	3,201	3,445
Staff Welfare Expenses	6,750	7,535
	<u>73,514</u>	<u>66,805</u>

Note (21) Finance cost		
Interest Expense to Other	75	499
	<u>75</u>	<u>499</u>

	For the year ended 31-March-2013 (Rs. in '000)	For the year ended 31-March-2012 (Rs. in '000)
Note (22) Depreciation on Tangible and Intangible assets		
Depreciation on Tangible assets	35,858	28,433
Ammortisation on Intangible assets	46	64
	35,904	28,497

Note (23) Other Expenses

Stores & Spare parts Consumed	6,070	5,530
Packing Material Consumed	21,633	21,763
Power & Fuel	226,144	221,627
Repairs to Building	2,148	1,941
Repairs to Machinery	9,135	7,411
Repairs to Others	969	1,583
Provision for obsolete stores,spares and packing bags	415	-
Increase/(Decrease) in provision for excise duty on finished goods	(4,626)	5,851
Rent (Refer note 28)	5,762	11,520
Rates & Taxes	801	1,040
Insurance	3,751	3,462
Discount, Rebates and Allowances	2,844	2,531
Selling & marketing expenses	12,247	12,407
Freight and forwarding charges - Expense	47,359	36,741
Bad debts / Advances Write off	604	796
Directors' sitting fee	580	640
Payment to auditor (Refer details below)	1,591	1,583
Legal & Professional	2,615	3,791
Travelling & Conveyance	6,291	6,131
Exchange Difference (Net)	31	51
Insurance claim loss	673	-
Provision for Bad & Doubtful advances created	103	-
Royalty (including prior period Rs. 281 ('000) (previous year Nil))	1,718	-
Miscellaneous expenses	21,932	23,849
	370,790	370,248
Payment to Auditor		
As auditor:		
- Audit Fee	750	750
- Tax Audit Fee	150	150
- Limited Review	600	600
For Reimbursement of Expenses	91	83
	1,591	1,583

	For the year ended 31-March-2013 (Rs. in '000)	For the year ended 31-March-2012 (Rs. in '000)
Note (24) Exceptional Items		
Loss on discard of Plant & Machinery not in use (refer note 40b)	25,940	–
Impairment Provision written back [refer note 39 (ii & iii)]	–	(6,702)
	<u>25,940</u>	<u>(6,702)</u>

Note (25) Tax Expense

Current Tax	–	8,800
Tax adjustment of previous years	155	(4,609)
	<u>155</u>	<u>4,191</u>
MAT Credit reversed (availed)	16,599	(1,447)
Deferred Tax (Income) Charge	<u>(11,922)</u>	<u>2,185</u>

Note (26) Earning Per Share (EPS)

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

Total Operations for the year		
Profit/(Loss) after tax	(8,869)	46,586
	<u>(8,869)</u>	<u>46,586</u>
Net profit/(loss) for calculation of basic & diluted EPS		
	<u>62,715</u>	<u>62,715</u>
Weighted average no. of equity shares in calculation Basic & diluted EPS (in No. '000)		

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	2012-13	2011-12
Employers Contribution to Provident Fund*	2,911	2,442
Employers Contribution to Superannuation Fund*	4,776	4,204
Employers Contribution to Employee State Insurance*	395	577
Employers Contribution to Employees' Pension Scheme 1995*	907	922

* 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	2012-2013	2011-2012
Discount Rate (per annum)	8.00%	8.60%
Expected Rate of increase in compensation levels	10.00%	10.00%
Expected Rate of return on plan assets	9.25%	9.25%
Expected Average remaining working lives of employees (years)	14	15

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

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

Reconciliation of opening and closing balances of present value obligation:

Particulars	2012-2013	(Rupees in '000) 2011-2012
Opening balance of defined benefit obligation	19,602	16,104
Current service cost	1,625	1,347
Interest cost	1,686	1,289
Benefits Paid	(1,066)	(1,311)
Actuarial (gain)/ loss	1,634	2,173
Closing defined benefit obligation	23,481	19,602

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

Particulars	2012-13	2011-12
Opening balance of fair value of plan assets	16,157	12,184
Expected return on plan assets	1,745	1,364
Contributions	3,444	3,920
Benefits Paid	(1,066)	(1,311)
Actuarial gain/ (loss)	–	–
Closing balance of plan assets	20,280	16,157

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

Particulars	2012-13	2011-12
Current service cost	1,625	1,347
Interest cost	1,686	1,289
Expected return on Plan Assets	(1,745)	(1,364)
Net Actuarial (gain)/ loss recognized during the year	1,635	2,173
Total Expense recognized in Profit & Loss Account.	3,201	3,445

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)	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
1	Present value of Defined Benefit Obligation	23,481	19,602	16,104	13,248	9,571
2	Fair value on Plan Assets	20,280	16,157	12,184	10,172	1,485
3	Net Asset/(Liability) recognized in Balance Sheet	(3,201)	(3,445)	(3,920)	(3,076)	(8,086)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	–	–	–	–	(550)
5	Experience Adjustment of obligation [(Gain)/Loss]	737	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. 3,201 ('000) to gratuity in next year [31 March 2012 Rs.3,445 ('000)].

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

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

b. Long Service Award

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

c. Compensated Absence

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

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

(Rupees in '000)

Particulars	2012-13	2011-12
a. Leave Encashment	549	799
b. Long Service Awards	1,461	209
c. Compensated Absence	273	–

28. Leases

- (i) The Company has taken its corporate office at Gurgaon under non cancelable operating lease for a period of 3 years. The said lease period will be expiring on 13.06.2013. The Company had the option to get the said lease period renewed and has given a notice to vacate the premises, by giving six months prior notice to the lessor. The Company has not opted for such renewal so there will be no future minimum lease payments for the said Gurgaon office after the said date i.e. 13.06.2013.
- (ii) The Company has taken a new corporate office at Noida under operating lease for a period of 9 years. 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.

The lease rental expense recognized in the profit & loss account for the year in respect of lease transaction is Rs. 5,762 ('000) [previous year Rs. 11,520 ('000)] (refer note 23).

The future minimum lease payments and payment profile of non-cancelable operating lease as at March 31, 2013 are as follows:

(Rupees in '000)

Periods	Future minimum lease payments	
	2012-13	2011-12
Payable not later than one year	3,077	7,796
Payable later than one year and not later than five years	8,148	35,603
Payable later than five years	9,583	6,953
Total minimum lease payments	20,808	50,352

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.

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

Particulars	Value Rupees in ('000)	
	2012-13	2011-12
Domestic Operations	789,170	767,846
Foreign Operations	5,902	1,562

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

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 Services GmbH 3. Evonik (SEA) Pte Ltd. 4. Industriepark Wolfgang GmbH
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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Transactions during the year						
Commission on sales paid – Evonik Degussa India Pvt. Ltd	–	–	12,412	12,550	–	–
Managerial remuneration – Mr. Matthias Hau – Mr. Pankaj Khandelwal	– –	– –	– –	– –	– 4,019	7,593 311
SAP license & Microsoft license fees paid* – Evonik Industries AG	1,667	1,981	–	–	–	–
Royalty – Evonik Degussa GmbH	1,718	–	–	–	–	–
IT related services paid* – Evonik Services GmbH – Evonik (SEA) Pte Ltd – Industriepark Wolfgang GmbH	– – –	– – –	3,462 222 18	3,387 47 –	– – –	– – –
Travelling & conveyance expense (reimbursement made) – Evonik Degussa India Pvt. Ltd	–	–	209	247	–	–
Training expense paid* – Evonik Services GmbH	–	–	403	697	–	–
Reimbursement of expenses received – Evonik Degussa GmbH – Evonik Degussa India Pvt. Ltd	– –	355 –	– 2,038	– 1,845	– –	– –
Outstanding balances:						
Loans and advances – Evonik Degussa India Pvt. Ltd – Evonik Industries AG – Evonik Service GmbH	– 347 –	– – –	142 – 17	– – –	– – –	– – –
Trade payables – Evonik Degussa India Pvt. Ltd	–	–	843	813	–	–
Provision for SAP licence & IT support fee payable to:** – Evonik Industries AG – Evonik Services GmbH – Evonik (SEA) Pte Ltd	437 – –	866 – –	– 952 62	– 1,167 47	– – –	– – –

*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	2012-13	2011-12
Estimated amounts of contracts remaining to be executed on capital account and not provided for	130	3,799
Other Commitments (non callable contractual commitments)	–	–

32. Contingent Liabilities*

(Rupees in '000)

Particulars	2012-13	2011-12
a Sales tax/Entry tax claims disputed by the Company relating to issues of applicability and determination	–	2,644
b Income tax claims disputed by the Company relating to issues of applicability and determination pertaining to various assessment years	14,725	15,601
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
f Other claims against the Company not acknowledged as debts	77	77
g Letter received from Nagar Panchayat Office Gajraula, District Amroha, raising the demand for payment of House Tax since the year 1995–1996 till the year 2012-2013 @ Rs. 5,00,000/- per annum amounting to Rs. 9,000,000/- with the financial penalty of Rs. 2,250,000/- totalling to Rs. 11,250,000/- **	11,250	–
TOTAL	26,137	497,462

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

** The company has received notice for demand of Rs. 11,250 ('000) from Nagar Panchayat office, Gajraula for payment of House tax including penalty from the year 1995 to 2013. The company believes that the demand notice of Nagar Panchayat is not tenable in law pursuant to Memorandum of Settlement (MoS) between Town Area Committee/ Nagar Panchayat, Gajraula and Gajraula Industries Association, Gajraula. Nagar Panchyat has contended that the waiver of tax as per MoS is not as per UP Municipal Act 1916. The Company has also obtained legal opinion on the matter, based on legal opinion and MoS, the Company do not anticipate any liability in this regard. Pending resolution of above dispute, demand of Rs. 11,250 ('000) has been disclosed under contingent liability.

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

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2013. The disclosure pursuant to the said act is as under:

(Rupees in '000)

Sl. No.	Particulars	2012-13	2011-12
1.	Principal amount remaining unpaid as at year end	Nil	Nil
2.	Interest due thereon as at year end	Nil	Nil
3.	Interest paid by the Company in term of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	Nil	Interest - 1 Principal - 19
4.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
5.	Interest accrued and remaining unpaid as at year end	Nil	Nil
6.	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

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

34. Value of imports calculated on CIF basis

Particulars	Value Rupees in ('000)	
	2012-13	2011-12
Stores and Spares	3,033	3,721
Capital Goods	2,063	836
Total	5,096	4,557

35. Expenditure in foreign currency(on accrual basis)

Particulars	Value Rupees in ('000)	
	2012-13	2011-12
Exports Commission	120	-
I.T. Support charges & SAP License Fee	5,772	5,457
Royalty	1,718	-
Professional charges	403	697
Others	865	579
Total	8,878	6,733

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)	
	2012-13	2011-12	2012-13	2011-12
Raw Materials Consumed				
Imported	–	–	–	–
Indigenously obtained	100%	100%	287,277	297,664
Total	100%	100%	287,277	297,664
Stores and Spares Consumed (Including booked under Repair and Maintenance)				
Imported	12%	8%	1,765	850
Indigenously Obtained	88%	92%	12,714	9,838
Total	100%	100%	14,479	10,688
Packing Material Consumed				
Imported	–	–	–	–
Indigenously Obtained	100%	100%	21,633	21,763
Total	100%	100%	21,633	21,763

37. Earnings in foreign currency (on accrual basis)

Particulars	Value Rupees in ('000)	
	2012-13	2011-12
F.O.B. Value of Exports	5,592	1,308

38. Unhedged foreign currency exposure as at the reporting date

Particulars	Value Rupees in ('000)	
	2012-13	2011-12
Export trade receivable (US\$)	Nil	US \$ 18 Rs. 920

- 39. (i)** The plant & machinery on which impairment provision amounting to Rs. 4,598 ('000) was created in earlier years has been disposed off in the current year and the difference between the carrying value and net realizable value has been disclosed in profit on sale of fixed assets.
- (ii)** 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 March 31, 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 March 31, 2010. During the previous 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) had accordingly been reversed and disclosed as an exceptional item in the financial statements during previous financial year ended 31st March 2012.
- (iii)** An impairment provision of Rs.1,980 ('000) was reported in the financial year ended March 31, 2011 on assets held for sale representing idle plant & machinery. The Company has in the previous 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 had been disclosed as a part of exceptional items in the financial statements during previous financial year ended 31st March 2012. During the current year, idle plant & machinery has been disposed resulting in profit of Rs. 6,974('000) disclosed under the head profit on sale of fixed assets.

40. a) The Company had received an advance of Rs.12,500 ('000) against a total contract value of Rs. 13,000 ('000) for the transfer of leasehold rights in residential flats at Patalganga, the transfer of said flats in the name of buyer is still pending. The transfer is subject to necessary approvals from the local authorities. These said assets were fully depreciated and recorded under 'Fixed Assets held for Sale' in the financial statements at nominal value.
- b) During the year Company has transferred Gasifier plant to fixed assets held for sale. The Company had made significant efforts to align Gassifier plant in the production line. However it failed to produce adequate results on a consistent and is not likely to result in desired cost saving. Therefore after a detailed technical evaluation, management has decided to discontinue with its operations and has transferred it to fixed assets held for sale. The difference between the carrying amount of Gassifier plant of Rs. 26,419 ('000) at the year end and net realizable value of Rs. 480 ('000) has been disclosed under note 24 exceptional item of the statement of profit & loss.

41. Previous year comparatives:

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

For S.R. Batliboi & Associates LLP

Firm Registration No.: 101049W
Chartered Accountants

per Raman Sobti

Partner
Membership No.: 89218

Place : Gurgaon
Date : 29th April, 2013

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

Dara P. Mehta
Chairman / Director

Pankaj Khandelwal
Managing Director

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

Place : New Delhi
Date : 29th April, 2013

INSILCO LIMITED

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

25TH 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 25th Annual General Meeting of the Company to be held on 13th August, 2013 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 _____ 2013.

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

25TH 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 25th Annual General Meeting held on 13th August, 2013 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.

If undelivered please return to:

INSILCO LIMITED

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