

INSILCO LIMITED
 (A Member of Evonik Industries Group)
 CIN: L34102UP1988PLC010141

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Statement of Standalone Audited Financial Results for the year ended March 31, 2020

(INR In lakhs)						
Sr. No.	Particulars	3 months ended (31/03/2020)	Previous 3 months ended (31/12/2019)	Corresponding 3 months ended in the previous year (31/03/2019)	Current year ended (31/03/2020)	Previous year ended (31/03/2019)
	(Refer notes below)	Audited**	Unaudited	Audited**	Audited	Audited
1	Income					
	(a) Revenue from operations	9	1,161	1,960	5,775	9,515
	(b) Other income (Refer note 6)	149	144	102	535	404
	Total income	158	1,305	2,062	6,310	9,919
2	Expenses					
	(a) Cost of materials consumed	161	314	939	2,272	4,151
	(b) Changes in inventories of work-in-progress and finished goods	65	343	(242)	685	(267)
	(c) Employee benefits expense	199	216	208	863	850
	(d) Depreciation and amortization expense	72	72	69	283	246
	(e) Power and fuel expense	32	265	709	1,648	3,397
	(f) Freight and forwarding charges	-	160	105	405	613
	(g) Other expenses (Refer notes 7 and 8)	144	396	464	1,180	1,509
	(h) Finance costs	-	1	32	1	32
	Total expenses	673	1,767	2,284	7,337	10,531
3	(Loss) before exceptional items and tax (1 - 2)	(515)	(462)	(222)	(1,027)	(612)
4	Exceptional items	-	-	-	-	-
5	(Loss) before tax (3 - 4)	(515)	(462)	(222)	(1,027)	(612)
6	Tax expense					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax	14	5	-	20	(8)
	Total tax expense	14	5	-	20	(8)

7	(Loss) for the period (5 - 6)	(529)	(467)	(222)	(1,047)	(604)
8	Other comprehensive income, net of income tax					
	A.(i) Items that will not be reclassified to profit or loss					
	- gain/(loss) on defined benefit obligation	(9)	(2)	(15)	(29)	(24)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
	B.(i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive income, net of income tax	(9)	(2)	(15)	(29)	(24)
9	Total comprehensive income for the period (7 + 8)	(538)	(469)	(237)	(1,076)	(628)
10	Paid-up equity share capital (face value of the share Rs 10/- each)	6,272	6,272	6,272	6,272	6,272
11	Earnings per share (of Rs 10/- each) (not annualised) (Refer note 8):					
	(a) Basic	(0.84)	(0.74)	(0.35)	(1.67)	(0.96)
	(b) Diluted	(0.84)	(0.74)	(0.35)	(1.67)	(0.96)
	See accompanying notes to the financial results					

* Amount below the rounding off norm adopted by the Company

** Refer Note 9

Statement of Asset and Liabilities as at March 31, 2020		
(INR In lakhs)		
Particulars	As at 31/03/20	As at 31/03/19
	Audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	2,085	2,207
Right-of-use assets	145	-
Capital work-in-progress	52	96
Investment property	1	1
Other intangible assets	3	10
Financial assets		
i. Loans	76	75
ii. Other financial assets	10	10
Other non-current assets	5	25
Income tax assets (net)	104	163
Total non-current assets	2,481	2,587
Current assets		
Inventories	267	1,055
Financial assets		
i. Investments	1,825	1,933
ii. Trade receivables	31	1,658
iii. Cash and cash equivalents	92	105
iv. Bank balances other than (iii) above	3,900	2,950
v. Loans	15	11
vi. Other financial assets	92	135
Other current assets	195	71
Total current assets	6,417	7,918
Total assets	8,898	10,505

Equity and liabilities		
Equity		
Equity share capital	6,272	6,272
Other equity	2,146	3,222
Total equity	8,418	9,494
Liabilities		
Non-current liabilities		
Financial liabilities		
i. Borrowings	-	1
ii. Lease liabilities	17	-
Employee benefit obligations	10	10
Deferred tax liabilities (net)	20	-
Total non-current liabilities	47	11
Current liabilities		
Financial liabilities		
i. Lease liabilities	9	-
ii. Trade payables		
-Total outstanding dues of micro, medium and small enterprises	1	141
-Total outstanding dues of creditors other than micro medium and small enterprises	183	540
iii. Other financial liabilities	54	108
Provisions	2	5
Employee benefit obligations	137	113
Other current liabilities	47	93
Total current liabilities	433	1,000
Total liabilities	480	1,011
Total equity and liabilities	8,898	10,505

Cash Flow Statement for the year ended March 31, 2020

(INR In lakhs)

Particulars	Year ended	Year ended
	31-Mar-20	31-Mar-19
	Audited	Audited
Cash flow from operating activities		
(Loss)/ Profit before income tax	(1,028)	(612)
Adjustments for		
Depreciation and amortisation expense	283	246
Loss on disposal of property, plant and equipment (net)	8	47
Net (gain)/loss on financial assets measured at fair value through profit or loss	(193)	(137)
Net (gain)/loss on sale of financial assets measured at fair value through profit and loss	1	(14)
Interest income on financial assets measured at amortised cost	(285)	(225)
Finance costs	1	32
Liabilities and provision no longer required written back	-	(3)
Provision for obsolete stores & spares and packing material no longer required written back	(1)	-
Loss allowance no longer required written back	(2)	(4)
Loss allowance	15	-
Net exchange differences	-	-
Changes in operating assets and liabilities		
(Increase)/ decrease in inventories	789	(67)
(Increase)/ decrease in trade receivables	1,612	139
(Increase)/ decrease in other financial asset	20	29
(Increase)/ decrease in other non-current assets	15	(14)
(Increase)/ decrease in other current assets	(124)	35
Increase/ (decrease) in trade payables	(496)	109
Increase/ (decrease) in other financial liabilities	(8)	9
Increase/ (decrease) in provisions	(3)	-
Increase/(decrease) in employee benefit obligations	(5)	14
Increase/ (decrease) in other current liabilities	(46)	9
Cash (used in)/ generated from operations	553	(407)
Income taxes paid/(refund received)	(58)	23
Net cash (used in)/ outflow from operating activities	611	(430)

	Cash flow from investing activities		
	Payments for property, plant and equipment	(283)	(557)
	Proceeds from sale of property, plant and equipment	9	1
	Proceeds from sale of investments	300	816
	Repayment of loans by employees and security deposits refunded	(5)	(4)
	Interest received	310	212
	Fixed deposits with maturity of more than three months but less than twelve months	(1,050)	(50)
	Deposits made with original maturity of more than twelve months	100	20
	Net cash outflow from / (used in) investing activities	(619)	438
	Cash flow from financing activities		
	Principal elements of lease payment	(3)	-
	Interest paid	(1)	(32)
	Net cash (used in)/ outflow from financing activities	(4)	(32)
	Net (decrease)/ increase in cash and cash equivalents	(12)	(24)
	Cash and cash equivalents at beginning of the year	105	129
	Cash and cash equivalents at year end	93	105
	Non-cash financing and investing activities		
	- Acquisition of right-of-use assets	26	

* Amount below the rounding off norm adopted by the company.

Note: The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash flows".

Notes to the Financial Results :

1. This statement has been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other recognised accounting practices and policies to the extent applicable.
2. As the Company's business activity falls within single primary business segment, viz. "Manufacturing of Precipitated Silica" the disclosure requirements of Indian Accounting Standard (Ind AS) 108 "Operating Segments" are not applicable.
3. The Company was informed by the Uttar Pradesh Pollution Control Board (UPPCB) that pursuant to the order of Hon'ble National Green Tribunal (NGT) dated April 26, 2017 in the matter of 'M. C. Mehta Vs. Union of India and Others' relating to cleaning of river Ganga, 15 industrial units of 13 companies in Gajraula including unit of Insilco Limited, in the catchment of the river Bagad which leads to the river Ganga, had been ordered to be shut down. In compliance with the same, the Company had shut down its Plant at Gajraula. The matter was again heard on May 8, 2017, where the Company's plant was allowed to resume its operations with certain directions and the Company restarted its plant on May 9, 2017. The directions of NGT, inter-alia, included that the Company would put forward its case before a Joint Inspection Team (JIT) and the JIT will submit its report within two weeks from May 8, 2017. Pursuant to such directions, the JIT visited the plant of the Company on May 23, 2017 and the Company demonstrated and put its case before the said team. On July 13, 2017, NGT pronounced its detailed judgement, which has, inter-alia, given powers to the JIT to issue directions to various companies under the provisions of the Water (Prevention and Control of Pollution) Act, 1974 and Environmental (Protection) Act, 1986. The Company has filed a Caveat in NGT so that no orders are passed without giving the Company an opportunity of being heard. In response to the Company's application for renewal of water and air consent for its plant, the Company received a letter dated January 12, 2018 from UPPCB intimating to the Company the recommendations of JIT which has been duly replied by the Company to UPPCB.

A consent for the calendar year 2018 dated May 8, 2018 under The Water (Prevention and Control of Pollution) Act, 1974 was issued to the Company by UPPCB. This consent included detailed conditions relating to discharge of the industrial effluent generated by the Company. One of the specific conditions inter-alia stated that Insilco to request IIT Roorkee for their comments in its final report with respect to ZLD and Insilco to ensure ZLD by way of recycling the treated effluent or other methodology recommended by IIT Roorkee and approved by Central Pollution Control Board (CPCB) by December 31, 2018. The Company had applied for renewal of its water and air consent in October 2018 for the years 2019 to 2028. UPPCB had issued few queries on the renewal application, which have been duly replied by the Company. The Company had submitted final report of IIT Roorkee dated July 17, 2019 to UPPCB vide its letter dated July 20, 2019. The report evaluated five technologies and all such technologies were concluded as non-feasible. The report also concluded that "in present context, there seems to be no feasible technology other than the present practice followed by Insilco for the treatment of Insilco effluent to maintain Sodium Absorption Ratio (SAR) at 26". A summary of the report was submitted with Bombay Stock Exchange vide Company's letter dated July 23, 2019.

UPPCB, vide its orders dated October 22, 2019, refused the Company's application for renewal of Water and Air consent on the ground that 'the unit is using fresh water for dilution of effluent to achieve the norms of SAR 26 which cannot be allowed and unit may submit final report of IIT, Roorkee to CPCB and seek suitable direction'. Pursuant to the said refusal orders, the Company suspended its production at Gajraula plant from October 26, 2019 in consultation with UPPCB. The Company made a representation to CPCB vide its letter dated October 30, 2019 for seeking suitable direction for the water and air consent renewal and also preferred a Writ Petition before the Hon'ble Allahabad High Court ("Court") on November 1, 2019, inter-alia, seeking quashing of the orders dated October 22, 2019 passed by UPPCB or in the alternative, for allowing the Company to resume

production until the CPCB passes suitable directions and for seeking directions against the UPPCB to renew the Company's water and air consent.

The Court has dismissed the Company's writ petition vide its order dated November 13, 2019 and has granted it liberty to approach the statutory authority in respect of the impugned orders, and take all points which are available in law. Subsequently, the Company filed a fresh application for renewal of air consent and water consent seeking permission to re-start its operations with a proposal to increase magnesium sulphate and stop using dilution by fresh water. However, UPPCB vide its letters dated February 4, 2020 has rejected the fresh applications for renewal of water consent and air consent stating the following reasons:

"1- The study carried out by IIT, Roorkee has not suggested any feasible method for treatment of effluent in order to achieve the norms prescribed under the provisions of Environment (Protection) Rules, 1986. The process of dilution with fresh water cannot be allowed.

2- Unit has not complied with the suggestions for achieving Zero Liquid Discharge made by Joint Committee constituted by Hon'ble National Green Tribunal.

3- The proposal to achieve the norms for SAR by increasing the dosing rate of MgSO₄ shall put additional load on river Bagadh in terms of TDS concentration and hence the proposal is not acceptable."

The Company preferred separate appeals under Section 28 of the Water Act and Section 31 of the Air Act on February 26, 2020 before the Special Secretary, Environment, Department of Environment, UP, (Special Secretary) - the Appellate Authority notified under the Acts. The Appeals preferred by the Company have not yet been considered by the Special Secretary due to nation-wide lockdown and government priority to deal with Covid-19.

The Company has been legally advised that since the proceedings have been filed but not yet considered by the Special Secretary, it would be premature to comment on the expected outcome of the proceedings before the Special Secretary. However, as per legal opinion, the Company has good merits to put forth a case before the Special Secretary and higher appellate authorities.

The Company continues to incur cash loss of over Rs 10 Million per month, since suspension of its operations on October 26, 2019. In the event, the company is not able to obtain consent to operate, it will have no option but to close its operations at the current facility. Moreover, the operations can become commercially viable only after the implementation of LPG project, also refer note 5. The relocation of the manufacturing facility to another site is not financially viable, given the cost of relocation and intense competition in the market place.

The Company's resumption of operations depends on the outcome of the ongoing proceedings. This condition indicates the existence of an uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and there is a possibility that the Company may be unable to continue realizing its assets and discharging its liabilities in the normal course of business. Considering presently available funds and evaluation of future cash flows, the financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

Further in view of the fact that operations of the Company are suspended since October 26 2019 as mentioned above, there is no major impact of the Country wide lockdown announced from March 25, 2020 due to Covid-19 pandemic on operations of the Company.

The Statutory Auditor has issued modified Audit Report on the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 with respect to this matter.

4. The Company (Lessee) and Uttar Pradesh Industrial Development Corporation (UPSIDC) (Lessor) had executed a lease deed in 1991 for its land at Gajraula for a period of 90 years. The Company received a letter from UPSIDC dated June 28, 2016, for payment of "Maintenance Charge" for Rs. 3 lakhs from September 1, 2015, to June 30, 2016. Insilco requested UPSIDC to provide relevant backup documents/copy of rules/regulation for payment, reply of which was not received from UPSIDC. In 2018, Insilco had applied to District Magistrate (DM) for obtaining NOC for its proposed LPG project. In the process, UPSIDC vide its letter dated February 21, 2019, wrote to Insilco, inter alia, to deposit due demand of maintenance charges for above said land. After follow-ups, Insilco could finally get the backup calculation of the demand and relevant backup document on April 30, 2019. The demand included principal and interest on maintenance charges from September 1, 2015, to June 30, 2018. On May 1, 2019, Insilco paid such demand of Rs. 92.20 lakhs approximately including principal and interest on Maintenance Charges. Provision of Rs. 49.16 lakhs for maintenance charges for the period July 2018 to March 2019 had been created in books of accounts in the year ended on March 31, 2019. Maintenance charges of Rs. 65.49 lakhs for the period July 2018 to June 2019 has been paid on July 15, 2019. Further, for the year ended March 31, 2020 the Company has recognised expense of Rs. 65.67 lakhs on account of maintenance charges which includes provision of Rs. 49.16 lakhs for the period July 2019 to March 2020.
5. During the financial year 2018-19, responding to the Company's application to District Magistrate for issue of no objection certificate (NOC) for its proposed LPG project at Gajraula, Uttar Pradesh State Industrial Development Authority (UPSIDA) had asked the Company to submit its approved building maps and certain information relating to change in shareholding of the Company / it's promoters since execution of agreement with UPSIDA in the year 1989.

A letter dated July 18, 2019 was received from UPSIDA asking the Company to submit certain information and documents to evaluate the quantum of transfer charges payable pursuant to change of the controlling interest in the Company by the promoters. The Company has submitted these documents to UPSIDA. The Company has further submitted a request letter to UPSIDC/ UPSIDA to withdraw the letter dated July 18, 2019 and not to levy any transfer fee on the Company. Till date no demand has been raised on the Company.

As evaluated by the management and based on legal advice, the liability on the Company for transfer charges cannot be ascertained at this stage.

6. Other income for the current and previous periods includes: (INR In lakhs)

Particulars	3 months ended (31/03/2020)	Previous 3 months ended (31/12/2019)	Corresponding 3 months ended in the previous year (31/03/2019)	Current year ended (31/03/2020)	Previous year ended (31/03/2019)
	Audited**	Unaudited	Audited**	Audited	Audited
Interest income on financial assets measured at amortised cost	63	110	56	285	225
Scrap Sales	17	13		43	3
Net gain/(loss) on financial assets measured at fair value through profit and loss	65	21	35	193	137
Miscellaneous income	4	-	11	14	39
Other Income	149	144	102	535	404

** Refer Note 9

7. Other income for the current and previous periods includes: (INR In lakhs)

Particulars	3 months ended (31/03/2020)	Previous 3 months ended (31/12/2019)	Corresponding 3 months ended in the previous year (31/03/2019)	Current year ended (31/03/2020)	Previous year ended (31/03/2019)
	Audited**	Unaudited	Audited**	Audited	Audited
Consumption of stores and spare parts	15	29	104	203	423
Information technology expenses	14	21	20	75	84
Maintenance charges	16	17	111	66	111
Legal and professional expenses	38	159	20	237	72
Sales commission	-	36	59	168	278
Waste disposal expenses	3	14	7	29	23
Travelling and conveyance	6	22	8	36	23
Security expenses	14	15	15	60	60
Miscellaneous Expenses	53	112	224	509	858
Other Expenses	144	396	464	1180	1509

** Refer Note 9

8. Effective April 1, 2019, the Company has adopted Ind AS 116 retrospectively from April 1, 2020, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 1, 2019. The impact of Ind AS 116 on these results is as under:

Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- property, plant and equipment – decrease by Rs 127.76 lakhs
- accumulated depreciation (property, plant and equipment) - decrease by Rs 5.88 lakhs
- right-of-use assets – increase by Rs 127.76 lakhs
- accumulated depreciation (right-of-use assets)- increase by Rs 5.88 lakhs
- borrowings – decrease by Rs 0.92 lakh
- lease liabilities – increase by Rs 0.92 lakh

The net impact on retained earnings on 1 April 2019 was Nil.

The effect on adoption of Ind AS 116 is insignificant on the Statement of profit and loss and Earning per Share (EPS) for the quarter and year ended March 31, 2020.

9. The figures for the last quarter are balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures upto the third quarters of the respective financial years.
10. Previous period figures have been regrouped, wherever necessary.
11. This statement has been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on June 23, 2020.

For Insilco Limited

BRIJESH Digitally signed by
ARORA BRIJESH ARORA
Date: 2020.06.23
18:26:39 +05'30'

Brijesh Arora
Managing Director
DIN: 00952523

Place : New Delhi
Dated : 23rd June 2020

Insilco Limited

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Price Waterhouse & Co Chartered Accountants LLP

Independent auditor's report

To the Members of Insilco Limited

Report on the audit of the financial statements

Qualified Opinion

1. We have audited the accompanying financial statements of Insilco Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss ((including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and, except for the indeterminate effects of the matter referred to in the Basis for Qualified Opinion section of our report, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for qualified opinion

3. We draw your attention to Note 33 to the Financial Statements regarding suspension of the Company's manufacturing operations due to rejection of the Company's applications for water and air consent approvals by the U.P. Pollution Control Board (UPPCB) vide its order dated October 22, 2019. The Company preferred appeals before the Special Secretary, Environment, Department of Environment, UP. As stated in the said note the Company's ability to resume its manufacturing operations is dependent on the outcome of ongoing proceedings and the commercial viability of its operations is dependent on the implementation of its proposed LPG project. As explained in Note 26 (d), the Company's application to obtain a no objection certificate for the proposed LPG project and the evaluation of the quantum of transfer charges, if any, payable pursuant to transfer of the controlling interest in the Company by the promoters, are pending with the Uttar Pradesh State Industrial Development Authority. These matters indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Pending resolution of the Company's appeals before the appellate authority, we are unable to comment on the potential impact, if any, on the financial statements in this regard.
4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)



INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited
Report on audit of the Financial Statements
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Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Basis for Qualified Opinion section above, we have determined that there are no other key audit matters to be communicated in our report.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited
Report on audit of the Financial Statements
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Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited
Report on audit of the Financial Statements
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13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and except for the matters described in the Basis for Qualified Opinion section of our report obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, except for the indeterminate effect of the matter described in the Basis for Qualified Opinion paragraph section of our report, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, except for the indeterminate effect of the matters described in the paragraph 3 of the Basis for Qualified Opinion section of our report, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) The matter described under basis of qualified opinion paragraph has an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section of our report
 - h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited
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- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
 - ii. The Company does not have derivative contracts and in respect of other long-term contracts there are no material foreseeable losses as at March 31, 2020;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009

Charan S Gupta
Partner
Membership Number: 093044
UDIN: 20093044AAAAAK5415

Gurgaon
June 23, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 15 (h) of the Independent Auditors' Report of even date to the members of Insilco Limited on the financial statements for the year ended March 31, 2020

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Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Insilco Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.



Annexure A to Independent Auditors' Report

Referred to in paragraph 15 (h) of the Independent Auditors' Report of even date to the members of Insilco Limited on the financial statements for the year ended March 31, 2020

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Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered
Accountants LLP
Firm Registration Number: 304026E/ E-300009

Charan S. Gupta
Partner
Membership Number: 093044
UDIN: 20093044AAAAAK5415

Gurgaon
June, 23, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Insilco Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment, right-of-use assets and other intangible assets.

(b) The property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 (b) on Leases - Right-of-use assets and Note 4 on investment properties to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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 records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 26 c) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, duty of customs, duty of excise which have not been deposited on account of any dispute. The particulars of dues of sales tax and value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:



Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Insilco Limited on the financial statements for the year ended March 31, 2020

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Name of the statute	Nature of dues	Amount (Rs. In '000)	Period to which the amount relates	Forum where the dispute is pending
West Bengal Value Added Tax, 2003	Penalty	107*	2010-11	West Bengal Taxation Tribunal
Uttar Pradesh Value Added Tax Act, 2008	Value added tax	546**	2015-16	Assistant Commissioner of Commercial Tax (Appeals)

* Net of payment under protest of Rs. 50 ('000)

** Net of payment under protest of Rs. 231 ('000)

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.



Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Insilco Limited on the financial statements for the year ended March 31, 2020

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- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009



Charan S. Gupta

Partner

Membership Number: 093044

UDIN: 20093044AAAAAK5415

Gurgaon
June 23, 2020

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) INR thousand	Adjusted Figures (audited figures after adjusting for qualifications)* INR thousand
	1.	Turnover / Total income	630,977	630,977
	2.	Total Expenditure	733,754	733,754
	3.	Net Profit/(Loss)	(102,777)	(102,777)
	4.	Earnings Per Share	(1.67)	(1.67)
	5.	Total Assets	889,845	889,845
	6.	Total Liabilities	48,065	48,065
	7.	Net Worth	841,780	841,780
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
* Impact of qualification cannot be quantified as of now.				
II.	Audit Qualification (each audit qualification separately):			
	<p>a. Details of Audit Qualification: Refer paragraph 3 of Independent auditor's report to the members of the Company on the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020, which is reproduced below:</p> <p>“We draw your attention to Note 33 to the Financial Statements regarding suspension of the Company's manufacturing operations due to rejection of the Company's applications for water and air consent approvals by the U.P. Pollution Control Board (UPPCB) vide its order dated October 22, 2019. The Company preferred appeals before the Special Secretary, Environment, Department of Environment, UP. As stated in the said note the Company's ability to resume its manufacturing operations is dependent on the outcome of ongoing proceedings and the commercial viability of its operations is dependent on the implementation of its proposed LPG project. As explained in Note 26(d), the Company's application to obtain a no objection certificate for the proposed LPG project and the evaluation of the quantum of transfer charges, if any, payable pursuant to transfer of the controlling interest in the Company by the promoters, are pending with the Uttar Pradesh State Industrial Development Authority. These matters indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Pending resolution of the Company's appeals before the appellate authority, we are unable to comment on the potential impact, if any, on the financial statements in this regard.</p>			
	b. Type of Audit Qualification : Qualified Opinion			
	c. Frequency of qualification: first time			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not quantified by auditor, hence not applicable			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification: The impact of audit qualification cannot be quantified.			
	(ii) If management is unable to estimate the impact, reasons for the same: The impact of audit			

	qualification cannot be quantified as it depends upon the outcome of the proceedings before the Special Secretary, Environment or other appellate authority.	
	(iii) Auditors' Comments on (i) or (ii) above: Refer section II(a) above	
III.	Signatories :	
	Mr Brijesh Arora (Managing Director)	Sd/-
	Ms. Shivangi Negi CFO	Sd/-
	Mr. Dara Phirozeshaw Mehta Audit Committee Chairman	Sd/-
	Mr. Charan S Gupta Statutory Auditor	Sd/-
	Date : June 23, 2020	