

NOTICE

NOTICE is hereby given that the Creditors Meeting of **INSILCO LIMITED** (“**Company**”) will be held on Tuesday, June 29, 2021 at 11:AM (IST) through Video Conferencing (“**VC**”)/Other Audio Visual Means (“**OAVM**”) facility, to transact the following business:

Voting Item:**1. Voluntary Liquidation of the Company and Appointment of Liquidator**

“**RESOLVED THAT** pursuant to the provisions of Section 59 and other applicable provisions of the Insolvency and Bankruptcy Code, 2016 (“**IBC**”) read with Insolvency and Bankruptcy Board (Voluntary Liquidation Process) Regulations, 2017 (“**VLP Regulations**”) and any other laws as may be applicable for the time being in force, the consent of the Creditors of the Company be and is hereby accorded to initiate voluntary liquidation of the Company, and the same shall be deemed to have commenced from the date of passing of the resolution by the Members of the Company”

“**RESOLVED FURTHER THAT** the appointment of Mr. Chandra Prakash , Insolvency Professional holding Registration Number IBBI/IPA-002/IP-N00660/2018-2019/12023 (“**Liquidator**”) as the liquidator pursuant to the provisions of Regulation 6 of the VLP Regulations, be and is hereby consented to by the Creditors of the Company, at the remuneration approved by the Board of Directors.”

For & Behalf of Insilco Limited

Place : New Delhi

Date : June 9, 2021

Sd/-

Swati Surhatia

Company Secretary

NOTES:

1. The Creditors Meeting is being convened in accordance with the provisions of the IBC and the VLP Regulations. The VLP regulation under the proviso to Regulation 3 stipulates that in the event “*the corporate person owes any debt to any person, creditors representing two-thirds in value of the debt of the corporate person shall approve the resolution passed under sub-clause (c) within seven days of such resolution.*” For the purpose of sub-clause (c) as referred above, an Extra-Ordinary General Meeting (**EGM**) of the Members of the Company is scheduled to be held on June 25, 2021 , wherein the members of the Company may resolve to approve the initiation of Voluntary Liquidation and the appointment of

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the Liquidator to undertake the voluntary liquidation of the Company, subject to the approval by the Creditors.

Please note that this Notice for the Creditors Meeting is subject to the passing of the resolution for initiation of Voluntary Liquidation and Appointment of Liquidator by the Shareholders in the EGM scheduled to be held on June 25, 2021. In the event that the EGM is not quorate or the same cannot be held due to any reason whatsoever, the Creditor Meeting along with E-Voting shall also be postponed accordingly and due intimation shall be sent to the Creditors. Further, in the event that the said resolutions are not passed in the EGM, this Notice for the Creditor Meeting shall stand cancelled.

2. In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country this Meeting of the Creditors is being conducted through Video Conferencing (VC) / other Audio Visual Means (OAVM) facility, which does not require physical presence of members at a common venue. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the Meeting of the Creditors through VC/OAVM Facility and e-Voting during the Meeting of the Creditors. The deemed venue for the Meeting shall be the Registered Office of the Company
3. The Members can join the Meeting in the VC/OAVM mode 30 minutes before the scheduled time of the commencement. The Company may close the window for joining the VC/OAVM Facility 15 minutes after the scheduled time.
4. An electronic copy of the Notice of the Meeting of the Creditors is being sent to all the Creditors whose e-mail address are available with the Company. Further, only in the event that the e-mail address of the creditors are not available in the records of the Company, the meeting notice shall be sent by Registered Post/Courier.

The Notice calling the Creditors Meeting can be accessed on the website of the Company at www.insilcoindia.com, BSE Limited at www.bseindia.com and the Meeting Notice is also available on the website of NSDL at www.evoting.nsdl.com (Agency for providing the Remote e-Voting facility).

5. For members who have not received the notice due to change/ non availability of their e-mail address / physical address with the Company, they may request, for the notice, by sending an email at insilco@evonik.com. Post receipt of such request, the creditor would be provided with a soft copy of the notice.
6. The cut-off date for determining the Creditors eligible to vote on the resolutions proposed to be considered at the Meeting is June 7, 2021. However, on account of any exigent and unforeseen circumstances, if there are any changes in the number of creditors or their voting share, the same will be appropriately taken into account during the voting. Also, if a particular creditor to whom the notice of the creditor meeting has been sent, ceases to exist as a creditor, such creditor will not be entitled to vote / voting by such creditor will not be taken into account.
7. An Explanatory Statement in respect of the business under the Voting Items is annexed to this Notice as **Annexure A**.

Mode & Manner of Voting

I. Consent Letters

8. A copy of a Consent Letter has been annexed with this Notice. Creditors can accord their approval and consent for the initiation of voluntary liquidation and the appointment of the Liquidator by e-mailing the

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duly executed consent letter at csajay01@gmail.com latest by June 28, 2021 at 5:00 p.m. (IST). It may be noted that in the event the Creditor Meeting is postponed to a later date due to any reason whatsoever the consent accorded by way of this letter shall be valid and binding for the purpose of the creditor meeting. The duly executed consent letter can also be sent by post to:

The Scrutinizer for the Meeting of Creditors

Insilco Limited
A-5, UPSIDC Indl. Area, Bhartiagram,
Gajraula-244 223, Distt. Amroha (U.P.)

II. E-Voting

9. The remote e-voting period will commence on 27th June, 2021 at 9:00 AM IST and end on 29th June, 2021 at 3:00 pm IST. The creditors, whose names appear as on the cut-off date as on June 7, 2021, may cast their vote electronically. The e-voting shall be disabled by NSDL for voting thereafter. The voting right of the creditors shall be in proportion to the value of the debt of the Company as on the cut-off date, being June 7, 2021. Once the vote on a resolution is cast by a creditor, the creditor shall not be allowed to change it subsequently.
10. A person who is not a creditor as on the cut-off date should treat this notice for information purpose only.
11. The Creditors who have cast their vote by e-voting prior to the meeting or have shared their consent vide the Consent Letter as provided for in Point 8 above, may also attend and participate in the proceedings of the Creditor Meeting through VC/OAVM but shall not be entitled to cast their votes again during the meeting. Further, creditors who have shared their consent vide the consent letter are not entitled to vote either through e-voting both prior and during the meeting. It may be noted that creditors can opt for only one mode of voting and the subsequent / second voting will be disregarded while computing the outcome of the meeting.

The detailed instructions for joining the Creditors Meeting and E-Voting have been annexed to this Notice as **Annex B**

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EXPLANATORY STATEMENT

Voluntary Liquidation of the Company and Appointment of Liquidator

The Company was formed with the object to manufacture, fabricate, produce, extract process and finish, import, export, buy, sell, transport, refine and generally carry on the business or deal or traffic in all types of silica, derivatives thereof and minerals of silica.

The Uttar Pradesh Pollution Control Board (“UPPCB”) had, in October 2019 refused the Company's application for renewal of water and air consent for its plant at Gajraula, Uttar Pradesh *inter alia* on the following ground:

“The unit is using fresh water for dilution of effluent to achieve the norms of Sodium Absorption Ratio (SAR) 26. The study carried out by /IT Roorkee has not recommended any feasible method for treatment of the effluent to achieve the prescribed norms. The process of dilution with fresh water cannot be allowed. Keeping the facts in view the Consent to operate water/air application is hereby rejected. Unit may submit final report of /IT, Roorkee to Central Pollution Control Board, (CPCB) and seek suitable direction.”

The Company thus had no choice but to suspend the operations of its plant located at Gajraula in October 2019. Thereafter, the Company had made repeated representations to the authorities so that manufacturing could commence at this site. This included a representation along with final report of IIT Roorkee to Central Pollution and Control Board on October 30, 2019, a Writ Petition before the Hon’ble Allahabad High Court, *inter alia*, seeking quashing of the orders passed by UPPCB. The Company, considering the economic reasons had conducted discussions with the UPPCB and had proposed a change in the process for water treatment. The Company further submitted a proposal to the UPPCB demonstrating an alternative to dilution with adding fresh water by increasing the use of Magnesium Salt (MgSO₄) and still maintain the SAR value of 26 and filed a fresh application. However, this proposal was also rejected by the UPPCB, *vide* its letter dated February 4, 2020, on the following grounds:

- (i) The study carried out by IIT, Roorkee had not suggested any feasible method for treatment of effluents in order to achieve the norms prescribed under the provisions of Environment (Protection) Rules, 1986. The process of dilution with fresh water could not be allowed.
- (ii) Unit had not complied with the suggestions for achieving ‘Zero Liquid Discharge’ made by Joint Committee constituted by Hon’ble National Green Tribunal.
- (iii) The proposal to achieve the norms for SAR by increasing the dosing rate of MgSO₄ should put additional load on river Bagadh in terms of TDS concentration and hence the proposal was not acceptable.

The Company had preferred separate appeals under Section 28 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 31 of the Air (Prevention & Control of Pollution) Act, 1981, respectively before the Special Secretary, Department of Environment, Forest and Climate, Uttar Pradesh against the orders of UPPCB.

The Board of Directors in the meeting held on June 23, 2020 had thoroughly reviewed the proposal of relocation of the plant and unanimously concluded that:

- (i) The option of relocating the plant to a new location is not financially viable.
- (ii) The legal options of restarting the plant might be explored, as restarting the plant is the quickest option to service customers with least capex spending (Investment).

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Meanwhile, the Special Secretary vide its order dated December 4, 2020, dismissed the appeals filed by the Company and stated that, *“the Appellant has the option of presenting its proposal to the Hon'ble Tribunal through the Joint Committee, following the recommendations of the Joint Committee in compliance with the order of the Hon'ble National Green Tribunal. The above orders have been issued in compliance with the order of the Hon'ble National Green Tribunal.”*

The Board deliberated on the matter and also considered that the Company required to draw ground water to carry out its normal manufacturing activity (as and when permitted). Such abstraction of ground water is permissible only after a no objection certificate (“NOC”) is issued by the Ground Water Authority and the earlier NOC issued by the Ground Water Authority for such extraction had expired on December 2019.

The Company had sought legal advice and understood that:

- a. The probability of a successful appeal to the National Green Tribunal (“NGT”) is very bleak, based on review of similar cases decided in the past.
- b. Assuming that the matter can be finally decreed in favour of the Company, an appeal may be made to the Supreme Court – time taken for the processing the appeal may be around 2 years.
- c. Assuming further that your Company succeeds in its appeal, it would require a NOC by the Ground Water Authority – which could entail its own challenges given that the Gajraula site area is classified as an “over exploited area”.

The Board of Directors thereafter took note of the above and after due deliberations and considering the recommendations of the Audit Committee, unanimously agreed not to pursue the appeal with the National Green Tribunal any further.

Despite suspension of operations, the employees were regularly paid their full salaries till date. In view of the situation, subsequent to the order of the Special Secretary, the Company offered a Voluntary Retirement Scheme (“VRS”) to its employees to mitigate the expenses and conserve cash. The VRS was accepted by 82 employees constituting around 80% of the Company’s total employee strength. The Company has retained services of a minimum number of employees for the conducting the bare minimum requirement of maintaining the assets and undertaking statutory compliances, as required.

In view of the above, there seems to be very limited options available to the Company as a way forward. The Board of Directors discussed the viability of various options including sale of assets and voluntary liquidation of the Company be evaluated in detail to decide on the way forward for the Company.

Due to the long suspension of the operations of the Company and no possibility of resuming normal operations in the foreseeable future, the Company has ceased to be a going concern. The last financial accounts of the Company approved by the Audit Committee and subjected to limited review by the statutory auditors of the Company have been prepared on the basis that the Company is not a going concern. The financial accounts and the present status of the Company have been disclosed to the stock exchanges. The Promoter shareholders have informed the Company that they are not willing to make any further investment into the Company for this purpose, and there are no other sources of funds for the same.

The Board considered and evaluated the situation and were of the opinion that there is no availability of business prospects nor any long-term financial resources that presents a financially viable alternative to carry on the business activities of the Company or to resume the operations of the Company in the foreseeable future.

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Considering the limited resources of the Company and other complications associated with the current pandemic situation, it appears that the option of sale of assets (which includes land, building, plant & machinery) may not be possible to achieve in a short time. In the light of the above, the Board of Directors of the Company are of the opinion that voluntary liquidation of the Company can be considered the best way forward to realise the assets of the Company in quick and efficient manner and distribute the proceeds thereof to the shareholders of the Company.

That the Board of Directors have passed a resolution in the Meeting of the Board of Directors dated May 31, 2021 to the effect that have made a full inquiry into the affairs of the Company and they have formed an opinion that the Company will be able to pay its debts in full from the proceeds of assets to be sold in the voluntary liquidation and that the company is not being voluntarily liquidated to defraud any person.

That basis the aforesaid, the Board of Directors have also, accorded their consent to Voluntarily Liquidate the Company in accordance with the provisions of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the regulations made thereunder and in this regard have subject to the approval of the Members & Creditors of the Company, also resolved to appoint Mr. Chandra Prakash an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India and eligible to be appointed as a liquidator under Regulation 6 of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 to undertake the voluntary liquidation of the Company.

That following the above, an Extraordinary General Meeting of the Members of the Company is being scheduled on June 25, 2021, wherein the members of the Company may resolve to approve the initiation of Voluntary Liquidation and the appointment of the Liquidator to undertake the voluntary liquidation of the Company, subject to the approval by the Creditors.

Accordingly, your approval as a creditor is required for the voluntary liquidation of the Company as given in Item No. 1, in terms of the provisions of the Insolvency and Bankruptcy Code 2016 and the Regulations made thereunder

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INSTRUCTIONS FOR E-VOTING

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
4. For the first time the system will ask to reset your password.
5. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
6. Now, you will have to click on "Login" button.
7. After you click on the "Login" button, Home page of e-Voting will open.
8. After click on Active Voting Cycles, you will be able to see the EVEN no. of INSILCO Ltd.
9. Click on "EVEN" of company to cast your vote.
10. Now you are ready for e-Voting as the Voting page opens.
11. Cast your vote by selecting appropriate options i.e. assent or dissent and click on "Submit" and also "Confirm" when prompted.
12. Upon confirmation, the message "Vote cast successfully" will be displayed.
13. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page
14. Once you confirm your vote on the resolution, you will not be allowed to modify your vote
15. If you face any problems/experience any difficulty or If you forgot your password please feel free to contact toll free number 1800 1020 990 /1800 224 430 or contact on email id evoting@nsdl.co.in

INSTRUCTIONS FOR E-VOTING ON DAY OF CREDITORS MEETING

1. The procedure for e-Voting on the day of the Creditor Meeting is same as the instructions mentioned above for remote e-voting.
2. Only those Creditors , who will be present in the Creditors meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the Creditor Meeting

INSTRUCTIONS FOR ATTENDING THE CREDITORS MEETING THROUGH VC/OAVM

1. Creditors will be provided with a facility to attend the Creditors Meeting through VC/OAVM through the NSDL e-Voting system. Creditors may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.

For & Behalf of Insilco Limited

Sd/-

Swati Surhatia

Company Secretary

Place : New Delhi

Date : June 9, 2021

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To,
Insilco Limited
Attn.: Scrutinizer for Creditors Meeting

Subject: Consent of creditor for voluntary liquidation and appointment of liquidator for Insilco Limited (“Company”).

Ref: Section 59 (3) (c) of Insolvency and Bankruptcy Code, 2016 (“IBC”).

Dear Sirs,

1. We have been informed by the Company that the Company is undertaking steps to initiate voluntary liquidation proceedings under Section 59 of the IBC, and subject to the approval of the shareholders of the Company in the Extra-Ordinary General Meeting of the Company for its voluntary liquidation and for appointment of liquidator for such voluntary liquidation. We have been approached to provide our consent in our capacity as creditors of the Company in terms of proviso to the Section 59 (3) (c) of the IBC.
2. Accordingly, we hereby unconditionally,
 - a. Accord our approval and consent to the following:
 - (A) pursuant to the provisions of Section 59 and other applicable provisions of the Insolvency and Bankruptcy Code, 2016 (“IBC”) read with Insolvency and Bankruptcy Board (Voluntary Liquidation Process) Regulations, 2017 (“VLP Regulations”) and any other laws as may be applicable for the time being in force, the initiation of voluntary liquidation of Company, which shall be deemed to commence from the date of passing of the resolution by the Members of the Company.
 - (B) the appointment of Mr. Chandra Prakash Insolvency Professional holding Registration Number IBBI/IPA-002/IP-N00660/2018-2019/12023 (“Liquidator”) as the liquidator pursuant to the provisions of Regulation 6 of the VLP Regulations, at the remuneration approved by the Board of Directors.”
 - b. Agree that this letter may be taken on record as our final consent as a creditor, at the creditors meeting to be conducted for approval of the shareholders’ resolution subject to such shareholders resolution being passed in terms of Section 59 (3) (c) of the IBC for commencement of voluntary liquidation and for appointment of a liquidator.

- c. Agree that in the event that the Creditor Meeting is postponed to a later date due to any reason whatsoever the consent accorded by way of this letter shall be valid and binding for the purpose of the creditor meeting

Yours sincerely,

Name:

Signature:

Date: