

INSILCO LIMITED
(A Member of Evonik Industries Group)
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Statement of Standalone Audited Financial Results for the year ended March 31, 2021

Sr. No.	Particulars	(INR In lakhs)				
		3 months ended (31/03/2021)	Previous 3 months ended (31/12/2020)	Corresponding 3 months ended in the previous year (31/03/2020)	Current year ended (31/3/2021)	Previous year ended (31/03/2020)
		Audited**	Unaudited	Audited**	Audited	Audited
	(Refer notes below)					
1	Income					
	(a) Revenue from operations	-	-	9	-	5,775
	(b) Other income (Refer note 6 & 8)	61	168	149	471	535
	Total income	61	168	158	471	6,310
2	Expenses					
	(a) Cost of materials consumed	-	-	161	-	2,272
	(b) Changes in inventories of work-in-progress and finished goods	-	-	65	-	685
	(c) Employee benefits expense (Refer note 9)	1,600	553	199	2,592	863
	(d) Depreciation and amortization expense	-	63	72	200	283
	(e) Impairment loss on Property, Plant and Equipment and intangible assets (Refer	(2)	1,426	-	1,424	-
	(f) Power and fuel expense	13	12	32	46	1,648
	(g) Freight and forwarding charges	-	-	-	-	405
	(h) Other expenses (Refer note 5 & 7)	439	1,248	144	1,909	1,180
	(i) Finance costs (Refer note 5)	6	57	-	64	1
	Total expenses	2,056	3,359	673	6,235	7,337
3	(Loss) before exceptional items and tax (1 - 2)	(1,995)	(3,191)	(515)	(5,764)	(1,027)
4	Exceptional items	-	-	-	-	-
5	(Loss) before tax (3 - 4)	(1,995)	(3,191)	(515)	(5,764)	(1,027)
6	Tax expense					
	(a) Taxes relating to earlier years	27	-	-	27	-
	(b) Deferred tax	-	(42)	14	(19)	20
	Total tax expense	27	(42)	14	8	20
7	(Loss) for the period (5 - 6)	(2,022)	(3,149)	(529)	(5,772)	(1,047)
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	57	15	(9)	57	(29)
	(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 (loss)/income, net of income tax	57	15	(9)	57	(29)
9	Total comprehensive (loss)/income for the period (7 + 8)	(1,965)	(3,134)	(538)	(5,715)	(1,076)
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)					
	(a) Basic	(3.22)	(5.02)	(0.84)	(9.20)	(1.67)
	(b) Diluted	(3.22)	(5.02)	(0.84)	(9.20)	(1.67)
	See accompanying notes to the financial results					

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

** Refer Note 14

Statement of Asset and Liabilities as at March 31, 2021

Particulars	(INR In lakhs)	
	As at 31/03/21	As at 31/03/20
	Audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	469	2,085
Right-of-use assets	118	145
Capital work-in-progress	-	52
Investment property	1	1
Other intangible assets	-	3
Financial assets		
i. Loans	74	76
ii. Other financial assets	-	10
Other non-current assets	113	5
Income tax assets (net)	89	104
Total non-current assets	864	2,481
Current assets		
Inventories	50	267
Financial assets		
i. Investments	-	1,825
ii. Trade receivables	-	31
iii. Cash and cash equivalents	203	92
iv. Bank balances other than (iii) above	2,502	3,900
v. Loans	2	15
vi. Other financial assets	58	92
Other current assets	36	195
Total current assets	2,851	6,417
Total assets	3,715	8,898
Equity and liabilities		
Equity		
Equity share capital	6,272	6,272
Other equity	(3,570)	2,146
Total equity	2,702	8,418
Liabilities		
Non-current liabilities		
Financial liabilities		
i. Borrowings	-	-
ii. Lease liabilities	1	17
Employee benefit obligations	17	10
Deferred tax liabilities (net)	-	20
Total non-current liabilities	18	47
Current liabilities		
Financial liabilities		
i. Lease liabilities	*	9
ii. Trade payables		
-Total outstanding dues of micro and small enterprises	*	1
-Total outstanding dues of creditors other than micro and small enterprises	89	183
iii. Other financial liabilities	262	54
Provisions	353	2
Employee benefit obligations	54	137
Other current liabilities	237	47
Total current liabilities	995	433
Total liabilities	1,013	480
Total equity and liabilities	3,715	8,898

Cash Flow Statement for the year ended March 31, 2021

Particulars	(INR In lakhs)	
	Year ended 31-Mar-21 Audited	Year ended 31-Mar-20 Audited
Cash flow from operating activities		
(Loss)/ Profit before income tax	(5,764)	(1,028)
Adjustments for		
Depreciation and amortisation expense	200	283
Impairment loss on Property, Plant and Equipment and intangible assets	1,424	-
Net (Gain)/ Loss on disposal of property, plant and equipment (net)	(21)	8
Net gain/(loss) on financial assets measured at fair value through profit and loss	(107)	(193)
Gain on termination of lease	(1)	-
Interest income on financial assets measured at amortised cost	(209)	(285)
Finance costs	64	1
Capital work in progress (LPG Project) written off	31	-
Provision for obsolete stores & spares and packing material	140	(1)
Liabilities and provision no longer required written back	*	-
Loss allowance / (written back)	21	13
Net exchange differences	*	-
Changes in operating assets and liabilities		
(Increase)/ decrease in inventories	90	789
(Increase)/ decrease in trade receivables	31	1,612
(Increase)/ decrease in other financial asset	1	20
(Increase)/ decrease in other non-current assets	(123)	15
(Increase)/ decrease in other current assets	153	(124)
Increase/ (decrease) in trade payables	(91)	(496)
Increase/ (decrease) in other financial liabilities	208	(8)
Increase/ (decrease) in provisions	352	(3)
Increase/(decrease) in employee benefit obligations	(20)	(5)
Increase/ (decrease) in other current liabilities	211	(46)
Cash (used in)/ generated from operations	(3,410)	552
Income taxes paid/(refund received)	12	(58)
Net cash (used in)/ outflow from operating activities	(3,422)	610
Cash flow from investing activities		
Payments for property, plant and equipment	(2)	(283)
Proceeds from sale of property, plant and equipment	3	9
Proceeds from sale of investments	1,933	300
Repayment of loans by employees and security deposits refunded	15	(5)
Interest received	242	310
Fixed deposits with maturity of more than three months but less than twelve months	1,408	(1,050)
Deposits made with original maturity of more than twelve months	-	100
Net cash outflow from / (used in) investing activities	3,599	(619)
Cash flow from financing activities		
Principal elements of lease payment	(6)	(3)
Interest paid	(60)	(1)
Net cash (used in)/ outflow from financing activities	(66)	(4)
Net (decrease)/ increase in cash and cash equivalents	111	(13)
Cash and cash equivalents at beginning of the year	92	105
Cash and cash equivalents at year end	203	92
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. These financial results for the quarter and year ended March 31, 2021 have not been prepared on a going concern basis. Also refer note 4 below.
- 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. The Company pleaded that recommendations with regards to Zero Liquid Discharge (ZLD) are not practical for the Company's plant and that the UPPCB should prescribe some appropriate method in place of ZLD. After the hearing, the Plant of the Company was allowed to resume 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 explained full compliance status along with the measures taken for improvement to the JIT. As the Company did not receive the copy of the report of JIT despite renewing its Caveats, records of NGT were duly inspected for such report through our legal counsels; however, no such report was filed by the UPPCB with NGT. The Company also continued its Caveats so that advance intimation to Company should be given if any Report is filed with the NGT. On July 13, 2017, NGT pronounced its detailed judgement in this matter where it gave certain specific directions with respect to Bagad River (drain) and General Directions to Industries at Gajraula and the UPPCB. 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 had inspected the unit at Gajraula on May 23, 2017 pursuant to the order of Hon'ble National Green Tribunal (NGT) dated May 8, 2017. The Company had replied to the said letter vide the letter dated January 19, 2018. UPPCB vide its e-mail dated May 11, 2018 had granted its approval for renewal of air/water "Consent to Operate". The said Water "Consent to Operate" was valid from January 1, 2018 to December 31, 2018. One of the specific conditions of the said water consent stated that

(1) "The unit will incorporate the recommendations of Joint Inspection Team in the study of IIT, Roorkee, validate the technology from Central Pollution Control Board (CPCB) and ensure Zero Liquid Discharge (ZLD) by way of recycling the treated effluent or other methodology recommended by IIT, Roorkee and approved by CPCB by December 31, 2018." The Company in October 2018 applied to UPPCB for renewal of Consent to Operate under section 25/26 of Water (Prevention & Control of Pollution) Act, 1974 and under section 21/22 of Air (Prevention & Control of Pollution) Act, 1981. for the years 2019 to 2028. After filing of the Company's application for renewal of the Consents to Operate, UPPCB had raised query that the Company had not submitted the compliance of Zero Liquid Discharge System and compliance of recommendations and suggestions made by JIT in compliance of orders of NGT. The Company had, inter alia, replied that it would be able to discuss the aforesaid queries after receipt of final report from IIT Roorkee and validating the concept from CPCB as per the water Consent to Operate dated May 8, 2018. 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 letters dated October 22, 2019, refused the Company's application for renewal of water and air Consent to Operate on the ground that 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 IIT 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 IIT, Roorkee to Central Pollution Control Board (CPCB) and seek suitable direction. Consequent to above, the Company has suspended its operations on October 26, 2019 after utilizing raw material in process. The Company has made a representation alongwith final report of IIT Roorkee to CPCB on October 30, 2019. The Company also preferred a Writ Petition before the Hon'ble Allahabad High Court, inter alia, seeking quashing of the orders dated October 22, 2019 passed by UPPCB or in the alternative, for allowing the Company to resume operations until the CPCB passes suitable directions and for seeking directions to the UPPCB to renew the Company's water and air Consent to Operate.

The matter was heard on November 5, 2019 and November 13, 2019. The Allahabad High Court dismissed the Writ Petition and, inter alia, held that the situation was not so exceptional, so as to allow the writ court to intervene, exercising its extraordinary high prerogative discretionary jurisdiction under Article 226 of the Constitution of India. The High Court however noted that the Company was not without any remedy and the statutory alternative appellate remedy was available to the Company in respect of both the orders dated October 22, 2019. The Hon'ble High Court granted liberty to the Company to approach the relevant statutory authority in respect of the impugned orders, and take all points which are available in law. The High Court however noted that if the Company approached the statutory appellate authority, the said authority shall not be influenced in any manner by any observation made in the order and shall decide the appeals strictly in accordance with law. The officials of the Company, considering the economical reasons, conducted discussions with the UPPCB and proposed a change in the process for water treatment. The Company had submitted a proposal to the UPPCB demonstrating an alternative to dilution with adding fresh water by increase in use of Magnesium Salt (MgSO₄) and still maintain the SAR value of 26 and filed a fresh application. However, the Fresh Applications for Water & Air Consent to Operate have been refused/rejected by UPPCB, vide its letters dated February 4, 2020, on the following grounds :

- (i) 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.
- (ii) Unit has 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 shall put additional load on river Bagad in terms of TDS concentration and hence the proposal is not acceptable.

The Company has 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 final hearing took place on October 15, 2020.

Meanwhile vide its order dated December 4, 2020, the Special Secretary dismissed the appeal of the Company while stating, "Therefore, the appellant has the option of presenting its proposal to the Honorable 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 Honorable National Green Tribunal".

The Board has reviewed the legal options available and is of the view that there were no merits in pursuing the matter any further.

The Board of the Company reviewed various options of the way forward for the Company. The Board is 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.

The Board granted its in-principle approval for the voluntary liquidation of the Company in its meeting dated March 30, 2021.

With respect to this matter, the Statutory Auditors have qualified their audit report on the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020, review reports on the results of quarters ended June 30, 2020, September 30, 2020 and December 31, 2020.

- 4 In view of matter described in note 3, the Board of Directors are of the view that there are no realistic alternatives for resumption of the Company's operations and accordingly, use of the going concern basis of accounting in the preparation of the financial statements is considered inappropriate and the financial statements for the year ended March 31, 2021, and financial results for the quarter ended December 31, 2020, have not been prepared on a going concern. The Company's management has assessed carrying value of assets and liabilities and based on current estimates, following adjustments have been made in the books of account year ended March 31, 2021:
- a) Impairment loss to the carrying values of Property, Plant and Equipment's (PPE) and Intangible assets aggregating to Rs. 1,424 lakhs has been recognized in the books of account based on valuation report of an external independent valuer during the year ended March 31, 2021, and Rs.1,426 lakhs financial results for the quarter ended December 31, 2020. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. Valuation of PPE has been carried out on the basis of following key assumptions:
 - (i) Since the Zero Liquid Discharge (ZLD) is a mandatory requirement for setting up a new plant, the plant can no longer operate for manufacturing of silica. In view of the same the liquidation values of the assets have been considered by the independent valuer while making the estimate of recoverable amount. The basis for liquidation value approach considers the amount that would be realized when an asset or groups of assets are sold on a piecemeal basis that is without consideration of benefits (or detriments) associated with a going-concern business. A forced sale basis transaction with a shortened marketing period is considered for this valuation where the tangible assets are sold quickly, often for an extremely low percentage of their original cost.
 - (ii) For buildings, the method is based on estimation of the cost spent in reproducing the present day structure and thereafter applying liquidation discount in line with market norms and it is assumed that steel structure will fetch more value than the Reinforced Cement Concrete (RCC) on a piecemeal basis.
 - (iii) For Plant and Machinery and Other Assets, market approach of valuation has been adopted for estimating the reinstatement value/GCRC (gross current replacement cost). Combination of replacement method and comparison method is used for carrying out the valuation. Liquidation value analysis is carried out in line with market experience and expertise. These assets were categorised between specialised for silica plant and general items. The assets specific to the silica plant are considered at scrap value as per the independent valuers' report, whereas for general items the balance useful life and type of asset has been considered for estimation of liquidation value by the independent valuer.
 - b) Right of use assets (ROU) relating to leasehold land have been carried at cost as no loss is expected based on valuation report of an external independent valuer. Sales comparison method under market approach of valuation has been adopted by the valuer for estimating the fair value of land. In an active or open market, the identical type of land parcel with similar characteristics are used for valuation. In case of unavailability of direct comparable, relevant adjustments are carried out on available quotes or transaction details with consideration of different factors affecting values of land for estimating the fair value. In order to determine the value of land parcel actual sales instances in the area have been considered. The rate for the subject property has been arrived by adjusting the factor for elapsed lease, size of the property and applying liquidation discount in line with market norms. Liquidation value analysis is carried out in line with market experience and expertise. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. (also refer Note 5)
 - c) Write down adjustment to the carrying values of Stores and spares aggregating to Rs.130 lakhs has been recognized in the books of account based on valuation report of an external independent valuer during the year ended March 31, 2021, and Rs.131 lakhs in the financial results for the quarter ended December 31, 2020. Valuation of stores and spares has been carried out on the basis of following key assumptions:
 - For spares of general plant and machinery scrap value is considered as per the expert valuation report. For spares related to specialised plant and machinery NIL value has been considered.
 - d) Other assets have been recognised at current realizable value as per the Management's current estimate and loss allowance aggregating Rs.16 lakhs has been recognised during the year ended March 31, 2021, and Rs.18 lakhs in the financial results for the quarter ended December 31, 2020.
 - e) Liabilities have been recognised to the extent there is a present obligation at the reporting date.

Future course of action, including upon proposed voluntary liquidation of the Company, for realisation of the Company's assets and discharging its liabilities might affect the classification and measurement of carrying values of assets and liabilities of the Company. Further adjustment, if any, will be made upon finalization of future course of action for realization of the Company's assets and discharging its liabilities. With respect to this matter, the Statutory Auditors have qualified their audit report on the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2021 and review report on the results of quarter December 31, 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 / its promoters since execution of agreement with UPSIDA in the year 1989. Accordingly, on April 25, 2019 the Company had sent a letter to UPSIDC giving them necessary information regarding approved maps and the shareholding pattern of the Company as of March 31, 2019.

Consequently, 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 relevant documents and clarifications to UPSIDA in this regard. 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.

The Company has, however, received a letter dated July 1, 2020 from UPSIDA for approval of the change in Shareholding and Directors subject to payment of transfer levy of Rs. 809 lakhs and the approval shall be subject to certain terms and conditions such as 'restriction on transfer of controlling interest for 5 years, execution of fresh lease deed with the Company, revision of lease rent to Rs. 6.82 lakhs per annum during the next 30 years and thereafter, a lease rent of Rs. 13.64 lakhs per annum during the next 30 years'. UPSIDA has also sought approved building plan regarding the Company's application for granting no objection certificate for the installation of proposed LPG project

However, the Company feels that the above conditions levied are without any basis and are based on mistaken understanding of the facts submitted by the Company. The Company has, therefore, replied to UPSIDA vide letter dated July 8, 2020 with a request to provide rationale / reason for imposing transfer levy and terms and conditions thereof. The company further stated that there is no change in controlling interest and accordingly transfer levy and other terms of this letter are not applicable to the Company. The Company has also requested UPSIDA to give an opportunity to present the case in person before the concerned UPSIDA officials once the epidemic situation has been brought under control.

In response to the Company's letter dated July 8, 2020, UPSIDA has sent a letter dated July 24, 2020 to the Company and has partially replied to the queries of the Company. In response to the UPSIDA letter, the Company had submitted a letter dated August 31, 2020 and mentioned that the Offer Letter is clearly incomplete in the absence of providing rationale/ reasoning. The company has further mentioned that the conditions levied in UPSIDA offer letter are absolutely ill-founded, without any basis and not at all applicable under present circumstances. The Company has requested UPSIDA to cancel the imposition of transfer levy on the company.

On December 24, 2020 the Company had deposited a sum of Rs. 866 lakhs (including interest of Rs. 57 lakhs) to UPSIDA under protest which has been expensed off in the books of accounts and included in these results for the previous quarter ended December 31, 2020 and year ended March 31, 2021 under the note 7 "Other Expenses" as "Transfer Levy" to the extent of Rs.809 lakhs and under "Finance costs" as interest on Transfer Levy to the extent of Rs. 57 lakh towards Transfer Levy and Interest respectively. The Company vide letter dated December 24,2020 intimated to UPSIDA regarding payment of Transfer levy under protest and again reiterated that while the Transfer Levy and any interest on the said amount are not payable, however, as a law-abiding organization, the Company had decided to remit the Transfer Levy and the interest amount Under Protest and without prejudice to the Company's right under applicable laws and contract with UPSIDA. Further, the Company reserve it's right to initiate appropriate steps for seeking and obtaining refund of all amounts from UPSIDA.

The Company in the said letter reiterated its position and mentioned that there is no alteration of legal and factual position of tenancy of the Company with UPSIDA and hence, the new lease deed is not required to be executed by the Company in terms of aforementioned UPSIDA's letter dated July 1, 2020 and that the conditions levied in UPSIDA offer letter are absolutely ill-founded, without any basis and not at all applicable under present circumstances.

During the year, the Company has preferred a Writ Petition before the Hon'ble Allahabad High Court Company for quashing/ setting aside letters dated July 1, 2020, July 24, 2020 and December 22, 2020 issued by UPSIDA, wherein UPSIDA imposed the various conditions on the Company with respect to Transfer Levy, Maintenance Charges, Increase in lease rent, execution of a fresh lease deed which will entail additional liability towards stamp duty & registration charges on the Company, revision of lease rent and restriction on the Company from transferring controlling interest for a period of 5 (Five) years from July 1, 2020, which is pending disposal. The Company's legal counsels have advised that the Company has a fairly arguable case but are not in a position to comment on the likely outcome of the proceedings currently pending before the Hon'ble High Court, since the matter is sub-judice.

Further adjustments, if any, will be made upon final resolution of the matter.

With respect to this matter, the Statutory Auditors have qualified their audit report on the Standalone Ind AS Financial Statement as at and for the years ended March 31, 2021 and March 31, 2020, and review reports on the results for the quarters ended June 30, 2020 September 30, 2020 and December 31, 2020.

6 Other income for the current and previous periods includes:

(INR In lakhs)

Particulars	3 months ended (31/03/2021)	Previous 3 months ended (31/12/2020)	Corresponding 3 months ended in the previous year (31/03/2020)	Current year ended (31/3/2021)	Previous year ended (31/03/2020)
	Audited**	Unaudited	Audited**	Audited	Audited
Interest income on financial assets measured at amortised cost	38	50	63	209	285
Scrap Sales	-	-	17	-	43
Sale of Raw material, stores and spares	23	80	-	133	-
Net gain on disposal of property, plant and equipment (Refer note 8)	1	-	-	21	-
Provision for obsolete stores & spares and packing material no longer required written back	-	-	-	-	-
Net gain/(loss) on financial assets measured at fair value through profit and loss	(2)	39	65	108	193
Miscellaneous income	1	(1)	4	-	14
Other Income	61	168	149	471	535

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

** Refer Note 14

7 Other expenses for the current and previous periods includes:

(INR In lakhs)

Particulars	3 months ended (31/03/2021)	Previous 3 months ended (31/12/2020)	Corresponding 3 months ended in the previous year (31/03/2020)	Current year ended (31/3/2021)	Previous year ended (31/03/2020)
	Audited**	Unaudited	Audited**	Audited	Audited
Consumption of stores and spare parts	*	*	15	1	203
Provision for obsolete stores & spares and packing material (Refer note 8)	(1)	140	-	122	-
Cost of Raw material, stores and spares sold	-	77	-	100	-
Loss allowance	3	14	8	21	15
Information technology expenses	14	16	14	59	75
Maintenance charges	(38)	16	16	11	66
Insurance	26	14	12	64	45
Transfer Levy (Refer note 5)	-	809	-	809	-
Legal and professional expenses	58	26	38	144	237
Rates & Taxes	56	4	(3)	62	6
Sales commission	-	-	-	-	168
Waste disposal expenses	286	45	3	334	29
Travelling and conveyance	*	1	6	1	36
Security expenses	13	13	14	53	60
Premises Upkeep	5	6	5	22	25
Directors Sitting Fee	6	5	2	17	7
Recruitment, Training and Relocation expense	*	12	-	11	1
Capital work in progress (LPG Project) written off	-	31	-	31	-
Miscellaneous Expenses	11	19	14	47	207
Other Expenses	439	1,248	144	1,909	1,180

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

** Refer Note 14

- 8 The Company had received an advance of Rs.125 lakhs against a total contract value of Rs. 130 lakhs for the transfer of leasehold rights in residential flats at Patalganga for two set of properties. During the financial year 2016-17 the Company got necessary approvals from local authorities/executed necessary documents in relation to one set of properties accordingly transfer of the said flats in the name of buyer was completed and recognised income of Rs. 100 lakhs. The transfer of leasehold rights in second set of properties i.e. worker's flat was subject to necessary approval from the authorities. However, the Company had executed an 'Agreement of Assignment' (which is not registered with local authority due to non-availability of required documents) for transfer of Leasehold Rights and had also given possession of the said worker's flat in financial year 2016-17. In previous years the advance consideration for the worker's flat of Rs. 25 lakhs had been disclosed under the head "Advance received against disposal of property, plant & equipment" under Other Current Liabilities in the financial statements. As the possession of these flats had already been transferred, therefore, in the year ended March 31, 2021, income of Rs. 25 lakhs has been recognized and shown under the head "Net Gain on disposal of property, plant & equipment" under Other Income.
- 9 During the year, the Board approved two Voluntary Retirement Schemes, Voluntary Retirement Scheme 2020 ("VRS 2020") and Voluntary Retirement Schemes 2021 ("VRS 2021") for the Company's employees. The VRS 2020 was introduced on December 11, 2020 for its all permanent staff and workers including those on probation. This scheme was expired on December 21, 2020 and was accepted by 29 employees (Accepted Employees). The said VRS 2020 scheme was not accepted by majority of employees and the Company wanted to achieve optimum level of manpower by reducing the existing workforce strength based on the organizational requirements and operational efficiency and cost reduction. Therefore, subsequently in January 2021 the Board approved and introduced a new Voluntary Retirement Scheme 2021 ("VRS 2021") which contained enhanced compensation and benefits as agreed to between the Company and the Union, for all permanent staff and workers of the Company including those on probation excluding the Accepted Employees. However, as per terms of the VRS 2021, the Accepted Employees may be entitled to receive enhanced compensation and benefits as stated in the VRS 2021 in lieu of the benefits and compensation mentioned under the VRS 2020 subject to certain conditions. The VRS 2021 expired on January 25, 2021 and was accepted by 53 employees. Further, Accepted Employees have accepted conditions set out in the VRS 2021. Employee expenses for the year and quarter ended December 31, 2020 include INR 1673.38 lakhs and INR 366 lakhs, respectively, towards Voluntary Retirement Scheme compensation and amount payable as at March 31, 2021 amounting to INR 229.39 lakhs is included under 'Other financial liabilities'.
- 10 During the year the Company has paid maintenance charges of Rs. 59.77 lakhs for the period July 1, 2019 to May 29, 2020 to Uttar Pradesh Industrial Development Authority (UPSIDA). Out of the payment to UPSIDA for maintenance charges, for the year ending March 31, 2021 the Company has recognized expense of Rs. 10.87 lakhs for two months period from April 1, 2020 to May 29, 2020 which, as in earlier years, has been included in Maintenance charges to UPSIDC. Further, the Company received a letter dated June 25, 2020 from Nagarpalika Parishad, Gajraula informing that the jurisdiction of Gajraula for charging maintenance charges has been transferred from UPSIDA to Nagarpalika Parishad. Accordingly, with effect from June 1, 2020, the Company is liable to pay self-assessment property and water tax to Nagarpalika Parishad. Accordingly, for the year ending March 31, 2021 the Company has recognized expense of Rs. 34.71 lakhs for self-assessment tax payable to Nagarpalika for ten months period from June 1, 2020 to March 31, 2021 which has been included in 'Rates and taxes'. The provision for property and water tax has been calculated based on the guidelines given in 'Government Gazette, Uttar Pradesh, Allahabad, Saturday, October 21, 2017 (Ashwin 20, 1939 shak sanwat)'. Further, Nagarpalika tax of Rs. 34.71 lakhs has been paid on May 13, 2021.
- 11 The Managing Director of the Company, Mr. Brijesh Arora, resigned w.e.f. December 10, 2020 and the vacancy caused due to his resignation was yet to be filled till closure of the financial year ended March 31, 2021. Therefore, the Company as on March 31, 2021 did not have any Executive Director on its board as required under the regulation 17(1)(a) of SEBI (Listing Obligations & Disclosure requirements) Regulations 2015. Further as per section 203 of the Companies Act, 2013 such vacancy is to be filled up within the period of six months from the date of such vacancy. Subsequent to the year end, the Board of Directors have appointed Mr. Vinod Paremal as the managing director of the Company in its meeting dated April 30, 2021 which is subject to approval by a resolution at the next general meeting of the company.
- 12 Due to COVID-19 pandemic there is no major impact on the business of the Company as our plant operations had already been suspended since October 26, 2019 due to refusal of Consent to operate by UP Pollution Control Board (UPPCB). The Company does not have any outstanding debt or other financing agreements. The Company have adequate digitized systems which ensured us to have smooth internal financial reporting and control in this situation.
- 13 The financial statements for the year ended March 31, 2021, and results for the quarter ended December 31, 2020, are not prepared on going concern basis and considering this, various adjustments described in note 4 are included under the respective financial statement line items. However the previous year, and quarter ended March 31, 2020, figures are based on going concern, therefore the previous year/period figures are not comparable with current year/period figures.
- 14 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.
- 15 Previous year/period figures have been regrouped, wherever necessary.
- 16 This statement has been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on May 31, 2021.

For Insilco Limited

VINOD PAREMAL
NARAYANAN

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Date: 2021.05.31
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Paremal Narayanan Vinod
Managing Director
DIN : 08803466

Place: Mumbai
Date: May 31, 2021

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, 2021, and the statement of Profit and Loss (including Other Comprehensive Loss), 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, 2021, and total comprehensive loss (comprising loss and other comprehensive loss), 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's appeals before the Special Secretary, Department of Environment, UP have been dismissed by the Special Secretary vide orders dated December 4, 2020. Further, as described in the said note, the Board of Directors has recommended voluntary liquidation of the Company and accordingly, as described in Note 36, use of the going concern basis of accounting in the preparation of the financial statements is considered inappropriate as there are no realistic alternatives for resumption of the Company's operations and accordingly, the financial statements for the year ended March 31, 2021 have not been prepared on a going concern basis and certain adjustments described in the said note have been made based on the current estimates of the Company. However, future course of events as stated in the aforesaid note for the realisation of the assets and settlement of its liabilities might affect the classification and consequential adjustments to the carrying values of assets and liabilities of the Company, the impact of which on the financial statements cannot be ascertained at this stage.
4. We draw your attention to Note 35 to the Financial Statements regarding letter dated July 1, 2020 of Uttar Pradesh State Industrial Development Authority (UPSIDA) granting conditional approval of the change in Shareholding and Directors in earlier years subject to payment of proportionate transfer levy amounting to Rs.80,900 thousands, restriction on transfer of controlling interest for five years, execution of fresh lease deed with the Company, increase in lease rent during remaining period of lease of land and compliance with other conditions. As described in the said note, the Company has deposited transfer levy of Rs.80,900 thousands along with interest of Rs.5,710 thousands under protest which has been expensed during the year ended March 31, 2021 and has contested before UPSIDA that the aforementioned other terms and conditions in respect of the lease are not applicable to the Company. As described in the said note, the Company has filed writ petition before the Hon'ble Allahabad High Court in this regard which is pending disposal. Pending resolution of these matters with appropriate authorities, we are unable to comment on the potential impact, if any, on carrying value of the assets and liabilities in these financial statements.

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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: LLPINAAC-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
Page [2] of [5]

We are unable to determine the impact of the aforesaid matters, in aggregate, on the loss for the year and consequently, on the shareholders' funds as at March 31, 2021.

5. 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.

Key audit matters

6. 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 matters described in the Basis for Qualified Opinion section above, we have determined that there are no other key matters to be communicated in our report.

Other Information

7. 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

8. 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited
Report on audit of the Financial Statements
Page [3] of [5]

9. 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.

Auditor's responsibilities for the audit of the financial statements

10. 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.
11. 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.
12. 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.
13. 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.
14. 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

INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited
Report on audit of the Financial Statements
Page [4] of [5]

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

15. 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.
16. 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 of 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 matters 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 loss), the Statement of Changes in Equity and Statement of cash flows 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 paragraphs 3 and 4 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 matters described under basis of qualified opinion paragraph may have 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 26 and 35 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 12 to the financial statements. The Company did not have any derivative contracts as at March 31, 2021;
 - 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, 2021;

INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited
Report on audit of the Financial Statements
Page [5] of [5]

- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
17. 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.

Gurugram
May 31, 2021

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

CHARAN SEWAK GUPTA



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Charan S. Gupta
Partner
Membership Number: 093044
UDIN: 21093044AAAAAO9879

Annexure A to Independent Auditors' Report

Referred to in paragraph 16 (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, 2021

Page 1 of 3

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, 2021 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 qualified 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 16 (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, 2021

Page 2 of 3

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

Basis for Qualified opinion

8. According to the information and explanations given to us and based on our audit, a material weakness in the Company's internal control system has been identified as at March 31, 2021 in the period end financial reporting process as we were unable to obtain sufficient appropriate evidence with respect to operating effectiveness of the Company's internal control for the evaluation and assessment of carrying value of certain assets and liabilities along with the classification, presently under litigation as described in note 35 of the financial statements, along with the related uncertainty over the future course of events in respect of realisation of the assets and settlement of its liabilities as described in note 36 of the financial statements.
9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

10. In our opinion, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, 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, 2021, 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 ICAI.

Annexure A to Independent Auditors' Report

Referred to in paragraph 16 (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, 2021

Page 3 of 3

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2021, and the material weaknesses referred to in paragraph 8 have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements. Refer Basis of Qualified Opinion section of the main audit report.

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

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Date: 2021.05.31
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Charan S. Gupta
Partner
Membership Number: 093044
UDIN: 21093044AAAAA09879

Gurugram
May 31, 2021

Annexure B to Independent Auditors' Report

Referred to in paragraph 15 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, 2021

- 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, investment properties and other intangible assets.
- (b) The property, plant and equipment, right-of-use assets and investment properties 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 as may be applicable since there were no operations during the year as described in Note 33 of the Financial Statements. 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 generally regular in depositing undisputed statutory dues in respect of property and water tax to Nagarpalika Parishad (refer Note 22 (b) of the financial statements) and income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, 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.

Annexure B to Independent Auditors' Report

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of Insilco Limited on the financial statements for the year ended March 31, 2021

Page 2 of 3

- (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, 2021 which have not been deposited on account of a dispute, are as follows:

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. Also refer paragraph 17 of our main audit report.
- 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 15 of the Independent Auditors' Report of even date to the members of Insilco Limited on the financial statements for the year ended March 31, 2021

Page 3 of 3

- 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
SEWAK GUPTA

Digitally signed by
CHARAN SEWAK GUPTA
Date: 2021.05.31
19:01:15 +05'30'

Charan S. Gupta
Partner
Membership Number: 093044
UDIN: 21093044AAAAAO9879

Gurugram
May 31, 2021

**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, 2021 [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	47,109	47,109
	2.	Total Expenditure	623,535	623,535
	3.	Net Profit/(Loss)	(577,190)	(577,190)
	4.	Earnings Per Share	(9.20)	(9.20)
	5.	Total Assets	371,546	371,546
	6.	Total Liabilities	101,303	101,303
	7.	Net Worth	270,243	270,243
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
* Impact of qualifications cannot be quantified as of now.				
II.	Audit Qualification (each audit qualification separately):			
	<p>a. Details of Audit Qualification: Refer paragraph 3 and 4 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, 2021, which are reproduced below:</p> <p>“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’s appeals before the Special Secretary, Environment, Department of Environment, UP have been dismissed by the Special Secretary wide orders dated December 4, 2020. Further, as described in the said note, the Board of Directors has recommended voluntary liquidation of the Company and accordingly, as described in Note 36, use of the going concern basis of accounting in the preparation of the financial results is considered inappropriate as there are no realistic alternatives for resumption of the Company’s operations and accordingly, the financial results for the year ended March 31, 2021 have not been prepared on a going concern basis and certain adjustments described in the said note have been made based on the current estimates of the Company. However, future course of events as stated in the aforesaid note for the realisation of the assets and settlement of its liabilities might affect the classification and consequential adjustments to the carrying values of assets and liabilities of the Company, the impact of which on the financial statements cannot be ascertained at this stage.”</p>			

	<p>4. We draw your attention to Note 35 to the Financial Statements regarding letter dated July 1, 2020 of Uttar Pradesh State Industrial Development Authority (UPSIDA) granting conditional approval of the change in Shareholding and Directors in earlier years subject to payment of proportionate transfer levy amounting to Rs.80,900 thousands, restriction on transfer of controlling interest for five years, execution of fresh lease deed with the Company, increase in lease rent during remaining period of lease of land and compliance with other conditions. As described in the said note, the Company has deposited transfer levy of Rs.80,900 thousands along with interest of Rs.5,710 thousands under protest which has been expensed during the year ended March 31, 2021 and has contested before UPSIDA that the aforementioned other terms and conditions in respect of the lease are not applicable to the Company. As described in the said note, the Company has filed writ petition before the Hon'ble Allahabad High Court in this regard which is pending disposal. Pending resolution of these matters with appropriate authorities, we are unable to comment on the potential impact, if any, on carrying value of the assets and liabilities in these financial statements.</p> <p>We are unable to determine the impact of the aforesaid matters, in aggregate, on the loss for the year and consequently, on the shareholders' funds as at March 31, 2021.”</p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of qualification: Repetitive</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not quantified by auditor, hence not applicable</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>(i) Management's estimation on the impact of audit qualification: The Management is not in a position to quantify the impact of audit qualification at the present point in time.</p>
	<p>(ii) If management is unable to estimate the impact, reasons for the same: Management is unable to estimate the impact due to following reasons: With respect to audit qualification in paragraph 3 of the audit report the impact depends upon the future course of events for the realisation of the assets and settlement of its liabilities as stated in note 36 of the financial statements; and matter referred to in audit qualification in paragraph 4 of the audit report is sub judice and pending resolution by appropriate authorities as stated in note 35 of the financial statements</p>
	<p>(iii) Auditors' Comments on (i) or (ii) above: Refer Section II(a) above</p>
<p>III.</p>	<p>Signatories :</p>
	<ul style="list-style-type: none"> • CEO/Managing Director <p>VINOD PAREMAL NARAYANAN</p> <p>Digitally signed by VINOD PAREMAL NARAYANAN Date: 2021.05.31 17:00:49 +05'30'</p>

Insilco Limited

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CIN : L34102UP1988PLC010141

	<ul style="list-style-type: none"> • CFO <p style="text-align: center;">SHIVANGI NEGI</p> <p style="font-size: small;">Digitally signed by SHIVANGI NEGI DN: cn=SH, o=INSILCO LIMITED, postalCode=201301, st=Uttar Pradesh, 25.4.20-0294071e7a2b0f0466ee704 12709595f9c9c34026cc020a0e77 3011ce, serialNumber=0ff697901c449ea2e4 770372ba8bc646792546419b3471ae4 89311bb0b248, cn=SHIVANGI NEGI Date: 2021.05.31 17:35:09 +05'30'</p>	
	<ul style="list-style-type: none"> • Audit Committee Chairman <p style="text-align: center;">DARA PHIROZESH AW MEHTA</p> <p style="font-size: small;">Digitally signed by DARA PHIROZESHAW MEHTA Date: 2021.05.31 18:49:20 +05'30'</p>	
	<ul style="list-style-type: none"> • Statutory Auditor <p style="text-align: center;">CHARAN SEWAK GUPTA</p> <p style="font-size: small;">Digitally signed by CHARAN SEWAK GUPTA Date: 2021.05.31 19:07:20 +05'30'</p>	
	<p>Date : May 31, 2021</p>	

Insilco Limited

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