

# Insilco Limited

(Under voluntary liquidation wef 25.06.2021)

30<sup>th</sup> May 2022

The Listing Department  
The Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai – 400001

**Sub: Auditor's Report and Audited Financial Results  
for the Quarter/Year ended 31<sup>st</sup> March 2022**

**Ref: Scrip Code No. 500211**

Dear Sir/Madam

Pursuant to the provisions of regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed herewith the following:

1. A copy of the Auditor's Report on Audited Financial Results for the Quarter/Financial Year ended 31<sup>st</sup> March 2022 submitted by Statutory Auditor of the Company.
2. A copy of the Audited Financial Results for the Quarter/Financial Year ended 31<sup>st</sup> March 2022 which have been approved by the Audit Committee and Board of Directors in their respective meetings held on 30<sup>th</sup> May 2022 as per format prescribed.

The Board Meeting commenced at 11.20 A.M. and concluded at \_\_1:15\_\_ P.M.

The above is for your information and records.

Thanking You

Yours faithfully

**For Insilco Limited  
(Under Voluntary Liquidation)**



**Geetika Varshney  
Company Secretary and Compliance Officer**

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CIN : L34102UP1988PLC010141

INSILCO LIMITED  
(Under Voluntary Liquidation wef 25.06.2021)  
CIN: L34102UP1988PLC010141

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**Statement of Standalone Audited Financial Results for the year ended March 31, 2022**

| Sr. No. | Particulars  | (INR In lakhs)              |                                      |  |                                 |                                 |
|---------|--|-----------------------------|--------------------------------------|--|---------------------------------|---------------------------------|
|         |  | 3 months ended (31/03/2022) | Previous 3 months ended (31/12/2021) | Corresponding 3 months ended in the previous year (31/03/2021) | Current year ended (31/03/2022) | Previous year ended (31/3/2021) |
|         |  | Audited**                   | Unaudited                            | Audited**  | Audited                         | Audited                         |
|         | <b>(Refer notes below)</b>   |                             |                                      |  |                                 |                                 |
| 1       | <b>Income</b>  |                             |                                      |  |                                 |                                 |
|         | (a) Revenue from operations  | -                           | -                                    | -  | -                               | -                               |
|         | (b) Other income (Refer note 5)  | 71                          | 47                                   | 61   | 176                             | 471                             |
|         | <b>Total income</b>  | <b>71</b>                   | <b>47</b>                            | <b>61</b>  | <b>176</b>                      | <b>471</b>                      |
| 2       | <b>Expenses</b>  |                             |                                      |  |                                 |                                 |
|         | (a) Cost of materials consumed   | -                           | -                                    | -  | -                               | -                               |
|         | (b) Changes in inventories of work-in-progress and finished goods                            | -                           | -                                    | -  | -                               | -                               |
|         | (c) Employee benefits expense (Refer note 7)   | 67                          | 118                                  | 1,600  | 401                             | 2,592                           |
|         | (d) Depreciation and amortization expense (Refer note 3(c))                                  | 1                           | -                                    | -  | 2                               | 200                             |
|         | (e) Impairment loss on Property, Plant and Equipment and intangible assets (Refer note 3(c)) | -                           | -                                    | (2)  | -                               | 1,424                           |
|         | (f) Power and fuel expense   | 8                           | 8                                    | 13   | 39                              | 46                              |
|         | (g) Other expenses (Refer note 4 & 6)  | 76                          | 346                                  | 439  | 808                             | 1,909                           |
|         | (h) Finance costs (Refer note 4)   | (1)                         | -                                    | 6  | 4                               | 64                              |
|         | <b>Total expenses</b>  | <b>151</b>                  | <b>472</b>                           | <b>2,056</b>   | <b>1,254</b>                    | <b>6,235</b>                    |
| 3       | (Loss) before exceptional items and tax (1 - 2)  | (80)                        | (425)                                | (1,995)  | (1,078)                         | (5,764)                         |
| 4       | Exceptional items  | -                           | -                                    | -  | -                               | -                               |
| 5       | (Loss) before tax (3 - 4)  | (80)                        | (425)                                | (1,995)  | (1,078)                         | (5,764)                         |
| 6       | Tax expense  |                             |                                      |  |                                 |                                 |
|         | (a) Taxes relating to earlier years  | (38)                        | (25)                                 | 27   | (57)                            | 27                              |
|         | (b) Income tax for the year  | 18                          | 12                                   | -  | 44                              | -                               |
|         | (c) Deferred tax   | -                           | -                                    | -  | -                               | (19)                            |
|         | <b>Total tax expense</b>   | <b>(20)</b>                 | <b>(13)</b>                          | <b>27</b>  | <b>(13)</b>                     | <b>8</b>                        |
| 7       | (Loss) for the period (5 - 6)  | (60)                        | (412)                                | (2,022)  | (1,065)                         | (5,772)                         |
| 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   | -                               | 57                              |
|         | (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                | -                           | -                                    | -  | -                               | -                               |
|         | <b>Total other comprehensive (loss)/income, net of income tax</b>                            | <b>-</b>                    | <b>-</b>                             | <b>57</b>  | <b>-</b>                        | <b>57</b>                       |
| 9       | <b>Total comprehensive (loss)/income for the period (7 + 8)</b>                              | <b>(60)</b>                 | <b>(412)</b>                         | <b>(1,965)</b>   | <b>(1,065)</b>                  | <b>(5,715)</b>                  |
| 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  | (0.10)                      | (0.66)                               | (3.22)   | (1.70)                          | (9.20)                          |
|         | (b) Diluted  | (0.10)                      | (0.66)                               | (3.22)   | (1.70)                          | (9.20)                          |
|         | See accompanying notes to the financial results  |                             |                                      |  |                                 |                                 |

\*\* Refer note 12 below

## Statement of Asset and Liabilities as at March 31, 2022

| Particulars   | (INR In lakhs)    |                   |
|---|-------------------|-------------------|
|   | As at<br>31/03/22 | As at<br>31/03/21 |
|   | Audited           | Audited           |
| <b>Assets</b>   |                   |                   |
| <b>Non-current assets</b>   |                   |                   |
| Property, plant and equipment (Refer Note 3(c))                         | 3                 | 469               |
| Right-of-use assets (Refer Note 3(c))                                   | -                 | 118               |
| Investment property (Refer Note 3(c))                                   | -                 | 1                 |
| Other intangible assets   | -                 | -                 |
| Financial assets  |                   |                   |
| i. Loans  | -                 | 2                 |
| ii. Other financial assets  | -                 | 71                |
| Other non-current assets  | -                 | 114               |
| Income tax assets (net)   | -                 | 89                |
| <b>Total non-current assets</b>   | <b>3</b>          | <b>864</b>        |
| <b>Current assets</b>   |                   |                   |
| Inventories   | 26                | 50                |
| Financial assets  |                   |                   |
| i. Trade receivables  | -                 | -                 |
| ii. Cash and cash equivalents   | 206               | 203               |
| iii. Bank balances other than (ii) above                                | 3,245             | 2,502             |
| iv. Loans   | -                 | 2                 |
| v. Other financial assets   | 40                | 58                |
| Income tax assets (net)   | 7                 | -                 |
| Other current assets  | 139               | 36                |
| Assets classified as held for sale (Refer Note 3(c))                    | 672               | -                 |
| <b>Total current assets</b>   | <b>4,335</b>      | <b>2,851</b>      |
| <b>Total assets</b>   | <b>4,338</b>      | <b>3,715</b>      |
| <b>Equity and liabilities</b>   |                   |                   |
| <b>Equity</b>   |                   |                   |
| Equity share capital  | 6,272             | 6,272             |
| Other equity  | (4,635)           | (3,570)           |
| <b>Total equity</b>   | <b>1,637</b>      | <b>2,702</b>      |
| <b>Liabilities</b>  |                   |                   |
| <b>Non-current liabilities</b>  |                   |                   |
| Financial liabilities   |                   |                   |
| i. Lease liabilities  | -                 | 1                 |
| Employee benefit obligations  | -                 | 17                |
| <b>Total non-current liabilities</b>                                    | <b>-</b>          | <b>18</b>         |
| <b>Current liabilities</b>  |                   |                   |
| Financial liabilities   |                   |                   |
| i. Lease liabilities  | *                 | *                 |
| ii. Trade payables  |                   |                   |
| (a) Total outstanding dues of micro, medium and small enterprises       | 16                | *                 |
| (b) Total outstanding dues of creditors other than (ii) (a) above       | 72                | 89                |
| iii. Other financial liabilities  | 29                | 262               |
| Provisions  | 320               | 353               |
| Employee benefit obligations  | 132               | 54                |
| Other current liabilities   | 2,131             | 237               |
| Liabilities directly associated with assets classified as held for sale | 1                 | -                 |
| <b>Total current liabilities</b>  | <b>2,701</b>      | <b>995</b>        |
| <b>Total liabilities</b>  | <b>2,701</b>      | <b>1,013</b>      |
| <b>Total equity and liabilities</b>                                     | <b>4,338</b>      | <b>3,715</b>      |

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

## Statement of Cash Flows for the year ended March 31, 2022

(INR In lakhs)

| Particulars  | Year ended     |                |
|--|----------------|----------------|
|  | 31-Mar-22      | 31-Mar-21      |
|  | Audited        | Audited        |
| <b>Cash flow from operating activities</b>   |                |                |
| (Loss) before income tax   | (1,078)        | (5,764)        |
| <b>Adjustments for</b>   |                |                |
| Depreciation and amortization expense  | 2              | 200            |
| Impairment loss on Property, Plant and Equipment and intangible assets             | -              | 1,424          |
| Net (Gain)/ Loss on disposal of property, plant and equipment (net)                | (4)            | (21)           |
| Net (gain)/loss on financial assets measured at fair value through profit and loss | -              | (107)          |
| Gain on termination of lease   | -              | (1)            |
| Interest income on financial assets measured at amortised cost                     | (162)          | (209)          |
| Finance costs  | 4              | 64             |
| Capital work in progress (LPG Project) written off                                 | -              | 31             |
| Provision for obsolete stores & spares and packing material/ (written back)        | -              | 140            |
| Liabilities and provision no longer required written back                          | (9)            | *              |
| Loss allowance / (written back)  | 106            | 21             |
| Net exchange differences   | *              | *              |
| <b>Changes in operating assets and liabilities</b>                                 |                |                |
| (Increase)/ decrease in inventories  | 5              | 90             |
| (Increase)/ decrease in trade receivables  | -              | 31             |
| (Increase)/ decrease in other financial asset                                      | *              | 1              |
| (Increase)/ decrease in other non-current assets                                   | 13             | (123)          |
| (Increase)/ decrease in other current assets                                       | (103)          | 153            |
| Increase/ (decrease) in trade payables   | 8              | (91)           |
| Increase/ (decrease) in other financial liabilities                                | (233)          | 208            |
| Increase/ (decrease) in provisions   | (33)           | 352            |
| Increase/(decrease) in employee benefit obligations                                | 61             | (20)           |
| Increase/ (decrease) in other current liabilities                                  | (215)          | 211            |
| <b>Cash (used in)/ generated from operations</b>                                   | <b>(1,638)</b> | <b>(3,410)</b> |
| Income taxes paid/(refund received)  | (95)           | 12             |
| <b>Net cash (used in)/ outflow from operating activities</b>                       | <b>(1,543)</b> | <b>(3,422)</b> |
| <b>Cash flow from investing activities</b>   |                |                |
| Payments for property, plant and equipment   | -              | (2)            |
| Proceeds from sale of property, plant and equipment                                | 4              | 3              |
| Proceeds from sale of investments  | -              | 1,933          |
| Repayment of loans by employees and security deposits refunded                     | 4              | 15             |
| Interest received  | 181            | 241            |
| Fixed deposits with maturity of more than three months but less than twelve months | 392            | 1,408          |
| Deposits made with original maturity of more than twelve months                    | (1,135)        | -              |
| Advance towards sale consideration of assets classified as held for sale           | 2,104          | -              |
| <b>Net cash outflow from / (used in) investing activities</b>                      | <b>1,550</b>   | <b>3,598</b>   |
| <b>Cash flow from financing activities</b>   |                |                |
| Principal elements of lease payment  | -              | (6)            |
| Interest paid  | (4)            | (60)           |
| <b>Net cash (used in)/ outflow from financing activities</b>                       | <b>(4)</b>     | <b>(66)</b>    |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>                       | <b>3</b>       | <b>110</b>     |
| Cash and cash equivalents at beginning of the year                                 | 203            | 93             |
| <b>Cash and cash equivalents at year end</b>                                       | <b>206</b>     | <b>203</b>     |

\* 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, 2022 have not been prepared on a going concern basis. Please refer to note 3 below.

2 As Insilco Limited's (Company) 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 A) Preparation of financial statements not on a going concern**

The Uttar Pradesh Pollution Control Board ("UPPCB") had, in October 2019 denied the Company's application for renewal of Consent to Operate its plant at Gajraula, Uttar Pradesh under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1974 ("Consent to Operate") 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 J/T 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."

The Company thus suspended the operations of its plant located at Gajraula in October 2019. The Company filed fresh applications on November 21, 2019, for Consent to Operate, however, the same were dismissed by the UPPCB vide order dated February 4, 2020. The Company challenged the aforesaid order by 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. However, the Special Secretary vide its order dated December 4, 2020, dismissed the appeals filed by the Company. The operations at the plant located at Gajraula, Uttar Pradesh, which is the only plant of the Company, has remained suspended since October 2019.

The Board had reviewed the legal options available and was 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 of Directors were 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 quarters and years ended March 31, 2022 and March 31, 2021 and financial results for the quarter ended December 31, 2021, September 30, 2021 and June 30, 2021 have not been prepared on a going concern.

**B) Voluntary liquidation process:**

(i) The Board had decided to initiate the Voluntary Liquidation Process as envisaged under the provisions of the Insolvency & Bankruptcy Code, 2016 ("Code"). In this regard, the Board granted its in-principle approval for initiating the voluntary liquidation process of the Company in its meeting dated March 30, 2021 and accordingly on May 31, 2021, the consent of the Board of Directors was accorded to initiate the voluntarily liquidation process of the Company in accordance with the provisions of Section 59 of the Code and appoint an Insolvency Professional duly registered with the Insolvency and Bankruptcy Board of India as the Liquidator to conduct the liquidation process. The decision of the Board was also followed by similar resolutions being approved by the shareholders of the Company in the Extra-Ordinary General Meeting held on June 25, 2021 in accordance with Section 59(3)(c)(i) of the Code. Furthermore, the said resolutions have also been approved by the Creditors representing two-thirds in value of the debt of the Company as required under the Section 59(3) of the Code on June 29, 2021.

Accordingly, with effect from June 25, 2021, the Company is under Voluntary Liquidation Process and Mr. Chandra Prakash (having registration no. IBBI/IPA-002/IP-N00660/2018-2019/12023) has been appointed as the Liquidator of the Company, who is discharging his functions and duties provided in the Code and the IBBI (Voluntary Liquidation Process) Regulations, 2017 ("VL Regulations").

(ii) Upon his appointment as the Liquidator, the Liquidator published a Public Announcement calling upon all the stakeholders of the Company to submit their claims. The Public Announcement was published in accordance with Regulation 14 of the VL Regulations on June 30, 2021 and the last date of submission of claims as per the public announcement was July 25, 2021 (i.e. 30 days of the Liquidation Commencement Date). As per the claims received by the Liquidator and consequent verification of the same, the status of claims as on 30 May 2022 is as under:

INR in Lakhs

| Particulars           | Claims Received | Outstanding as on 30 May 2022* |
|-----------------------|-----------------|--------------------------------|
| Employees and workman | 87.92           | 39.72                          |
| Operational creditors | 55.74           | Nil                            |

\* Claims aggregating INR 86.90 lakhs were admitted as per list of stakeholders which was published on the website of the Company as on 1 November 2021. Out of the admitted claims of INR 86.90 lakhs, claims of INR 47.18 lakhs have been settled and balance claims of INR 39.72 lakhs are outstanding as on 30 May 2022

(iii) The Board of Directors had, in the Board Meeting dated May 31, 2021, authorised the Liquidator to sell the immovable and movable properties and actionable claims of the Company in the voluntary liquidation process, by public auction or private contract, with power to transfer the properties to any person or body corporate as a whole, or in parts as per Regulation 31 of the VL Regulations. Accordingly, the Liquidator in exercise of the powers under Section 35 of the Code, had published a Sale Notice on August 23, 2021, wherein Expression of Interests (EOI) were invited from prospective bidders to participate in the sale of the assets of the Company on a "100% cash, as is where is and without recourse basis". A Process Document containing details of assets, process for participation in the sale and terms and conditions of the sale was also uploaded on the website of the Company, for the benefit of the prospective bidders. The last date for submission of the EOIs was September 09, 2021 which was later extended to October 1, 2021 vide Addendum 1 to the Process Document dated September 09, 2021. The eligible bidders who had submitted a full and complete set of EOI and pre-bid documents in accordance with the Process Document, were allowed to access the virtual data room and also site-visits of the Plant of the Company. The Prospective Bidders were expected to carry out their own comprehensive due diligence in respect of the assets of Company and are deemed to have full knowledge of the title, conditions etc. of the assets of the Company.

In furtherance to the Sale Notice and the Process Document, an E-Auction Sale Notice was also issued by the Liquidator on November 16, 2021 for sale of assets pertaining to the plant situated at Gajraula, Uttar Pradesh and Non-Agricultural Freehold land admeasuring approx. 2,083 sq. yds. situated at Mehsana, Gujarat. Pursuant to the E-Auction Sale Notice, the eligible bidders, who had duly submitted the applicable Earnest Money Deposits (EMDs) for the respective assets, were invited to participate in the E-Auction of the aforesaid assets of the Company. The said E-Auction was conducted on November 26, 2021 and the results are as under:

a. Only one bid for INR 42 crore (Reserve Price being INR 42 crore was received for composite sale of Rights to the leasehold land admeasuring approx. 67 acres located at Gajraula Industrial Area, Uttar Pradesh along with the buildings and structures standing on the lands and all other fixed assets of the Company including Plant & Machinery, Furniture & Fixtures, inventory etc (Disposal Group of assets). Accordingly, the bidder was declared a successful bidder and a Letter of Intent (LOI) was issued by the Liquidator. As per the terms of the LOI, the successful bidder was required to pay the entire amount as an advance towards the sale consideration (on or prior to April 30, 2022) of which amount of INR 21 crore received till March 31, 2022 has been disclosed as 'Advance towards sales consideration of assets' under - Other Current Liabilities. Subsequent to the year end as on April 28, 2022 the entire balance amount has been received by the Company, and accordingly, the transfer processes with UPSIDA and execution of definitive documents for transfer of the assets are being initiated. The sale will be recognised in books at the time of transfer of assets and issuance of confirmation of sale by the Liquidator. The LOI states that the buyer is required to complete the transfer processes with UPSIDA and execute definitive documents on or before June 30, 2022. Further the Liquidator at his sole discretion may also grant additional time only after he is satisfied that genuine efforts have been made by the bidder to complete the sale.

b. A successful bidder for Non-Agricultural Freehold land admeasuring approx. 2,083 sq. yds., Mehsana, Gujarat was declared with a financial proposal of INR 38.50 Lakhs (Reserve Price being INR 16.50 Lakhs). Accordingly, as per the terms of the Process Document, a LOI was issued by the Liquidator to the successful bidder. The successful bidder was required to pay balance amount of INR 34.50 Lakhs (INR 4 Lakh received by way of Earnest Money Deposit) by January 05, 2022 (i.e. within 30 days of LOI execution). The bidder failed to provide the purchase consideration on the due date. Due to failure on the part of the H1 Bidder in making payment of the purchase consideration despite various extensions granted by the Liquidator, the bid submitted by H1 Bidder was cancelled by the Liquidator. The H1 Bidder had responded with a legal notice through his lawyer requiring refund of EMD and payment of interest on the EMD amount and such Legal notice has been appropriately responded to. Subsequently, on May 18, 2022 both the parties have signed a settlement letter and Rs. 400 ('000) has been duly refunded back to the bidder.

Subsequent to the cancellation of the bid submitted by the H1 Bidder, on 17 March 2022 the Liquidator approached the second highest bidder ("H2 Bidder"), that had submitted a bid for INR 37.50 Lakhs, to seek its confirmation if it wants to continue with the bid submitted by it in the Auction. Since the Liquidator did not receive confirmation from the H2 Bidder within the prescribed timeline (as per the requirements of email dated 17 March 2022), it was deemed that H2 Bidder is not interested in purchase of Mehsana Land and has recused itself from the bid process for the purchase of Mehsana Land.

Subsequently, the Liquidator approached the third highest bidder ("H3 Bidder"), that had submitted a bid for INR 33 Lakhs, to seek its confirmation if it wants to continue with the bid submitted by it in the Auction for purchase of Mehsana Land. The H3 Bidder proposed a counteroffer of INR 23 Lakhs ("Offer Price") for Mehsana Land, which was lower than the bid submitted by the H3 Bidder in the Auction (INR 33 Lakhs, however higher than the Reserve Price (of INR 16.50 Lakhs) and higher than the bids submitted by other bidders ranking lower to the H3 Bidder (H4 Bidder's bid is for INR 19.50 Lakhs).

The Liquidator accordingly initiated the sale process with the H3 Bidder for the Mehsana Land by way of private sale at the counteroffer of INR 23 Lakhs. On May 13, 2022, the Liquidator has received the entire sale consideration of INR 23 Lakhs, in advance, from the H3 bidder. Accordingly, the transfer processes and execution of definitive documents for transfer of the assets has been initiated. The sales will be recognised in books at the time of transfer of assets and issuance of confirmation of sale by the Liquidator.

Pursuant to Regulation 37 of VL Regulations, in the event of the liquidation process continues for a period of more than 12 (twelve) months, the liquidator shall hold a meeting of the contributors of the Company within 15 (fifteen) days from the end of the 12 (twelve) months from the liquidation commencement date, and at the end of every succeeding twelve months till dissolution of the Company.

**C) Adjustments to carrying values and classification of assets and liabilities**

(i) 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:

a) Impairment loss to the carrying values of Property, Plant and Equipment's (PPE) and Intangible assets aggregating to INR 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. 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 and LOI to the successful bidder. 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 time, 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.

c) Write down adjustment to the carrying values of Stores and spares aggregating to INR 130 Lakhs has been recognized in the books of account during the year ended March 31, 2021 based on valuation report of an external independent valuer. 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 has been recognised during the year aggregating INR 106 Lakhs (Previous year: INR 15.80 Lakhs).

e) Liabilities have been recognised to the extent there is a present obligation at the reporting date.

f) As at March 31, 2022, the Company is committed to dispose-off the assets and in view of LOIs to the successful bidders, as explained in note 3(b) above, the Company expects to recover the carrying value principally through a highly probable sale transaction within one year. Accordingly, in accordance with Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations", certain non-current assets aggregating to INR 672 Lakhs have been classified as 'Held for Sale' as at March 31, 2022. Liabilities directly associated with assets classified as held for sale amounts to INR 1 Lakh which is in relation to lease liability for leasehold land.

| Particulars                          | INR in Lakhs   |                |
|--------------------------------------|----------------|----------------|
|                                      | As at 31/03/22 | As at 31/03/21 |
| <b>a) Disposal group of assets:</b>  |                |                |
| Property, plant and equipment        | 367            | -              |
| Buildings                            | 99             | -              |
| Right of use asset (lease hold land) | 116            | -              |
| Inventory                            | 18             | -              |
| Other assets                         | 71             | -              |
|                                      | <b>671</b>     | <b>-</b>       |
| <b>b) Investment property</b>        | <b>1</b>       | <b>-</b>       |
| <b>Total</b>                         | <b>672</b>     | <b>-</b>       |

Non-current assets classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell. Further, as per the LOI, completion of sale of Disposal Group of assets is subject to execution of definitive documents upon receipt of UPSIDA approval for transfer of the leasehold.

(iii) Future course of action, during the voluntary liquidation process, being adopted for realisation of the Company's assets and settlement of 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 settlement of its liabilities.

With respect to these matters mentioned in note 3(a),(b),(c), the Statutory Auditors qualified their audit reports for the year ended March 31, 2022 and March 31, 2021 and review reports on the results for the quarters ended December 31, 2021, September 30, 2021 and June 30, 2021.

4 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, the Uttar Pradesh State Industrial Development Authority ("UPSIDA", earlier UPSIDC) 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 the agreement with UPSIDA in the year 1989. Accordingly, on April 25, 2019 the Company had sent a letter to UPSIDA 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 had submitted relevant documents and clarifications to UPSIDA in this regard. The Company had further submitted a request letter to UPSIDA to withdraw the letter dated July 18, 2019 and not to levy any transfer fee on the Company.

The Company had, 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, and a further revision of lease rent to INR 13.64 lakhs per annum during the next 30 years. UPSIDA had also sought an approved building plan regarding the Company's application for granting the NOC 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 had, 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 had also requested UPSIDA to give an opportunity to present the case in person before the concerned UPSIDA officials once the pandemic situation has been brought under control.

In response to the Company's letter dated July 8, 2020, UPSIDA sent a letter dated July 24, 2020 to the Company and 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 as it does not provide any rationale/ reasoning for the additional levies imposed. The Company had further mentioned in its response 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 had requested UPSIDA to cancel the imposition of Transfer Levy on the Company.

On December 24, 2020, the Company had deposited a sum of INR 866 lakhs (including interest of INR 57 lakhs) to UPSIDA under protest which had been expensed off in the books of accounts during the year ended March 31, 2021 under the note 6 "Other Expenses" as "Transfer Levy" to the extent of INR 809 lakhs and under "Finance costs" as interest on Transfer Levy to the extent of INR 57 lakh towards Transfer Levy and interest respectively. The Company vide letter dated December 24, 2020 intimated 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 reserved its 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 that ended March 31, 2021, the Company has preferred a Writ Petition against UPSIDA titled "Insilco Limited v. State of U.P and Anr." being Writ Petition No. 9669 of 2021, before the Hon'ble High Court of Allahabad ("Hon'ble High Court") for quashing/ setting aside the Impugned letters dated July 1, 2020, July 24, 2020 and December 22, 2020 issued by UPSIDA, ("Writ Petition") through which UPSIDA has 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. The Writ Petition is pending disposal. The Company's legal counsels have advised that the Company has a good case, however, they 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. The matter last came up for hearing on November 15, 2021 before the Hon'ble High Court. UPSIDA is yet to file its response to the said writ petition. The matter was adjourned, and no next date of hearing has been notified by the Hon'ble High Court as on date.

Further adjustments, if any, will be made upon final resolution of the matter. With respect to this matter, the Statutory Auditors qualified their audit reports for the year ended March 31, 2022 and March 31, 2021 and review reports on the results for the quarters ended December 31, 2021, September 30, 2021 and June 30, 2021.

5 Other income for the current and previous periods includes:

(INR In lakhs)

| Particulars  | 3 months ended<br>(31/03/2022) | Previous 3<br>months ended<br>(31/12/2021) | Corresponding<br>3 months ended<br>in the previous<br>year<br>(31/03/2021) | Current year<br>ended<br>(31/03/2022) | Previous year<br>ended<br>(31/3/2021) |
|--|--------------------------------|--|--|---------------------------------------|---------------------------------------|
|  | Audited (Refer<br>note 12)     | Unaudited                                  | Audited (Refer<br>note 12)   | Audited                               | Audited                               |
| Interest income on financial assets measured at amortised cost                     | 69                             | 47   | 38   | 162                                   | 209                                   |
| Sale of Raw material, stores and spares  | -                              | -  | 23   | 1                                     | 133                                   |
| Net gain on disposal of property, plant and equipment                              | 2                              | -  | 1  | 4                                     | 21                                    |
| Net gain/(Loss) on financial assets measured at fair value through profit and loss | -                              | -  | (2)  | -                                     | 108                                   |
| Miscellaneous income   | -                              | -  | 1  | 9                                     | -                                     |
| <b>Other Income</b>  | <b>71</b>                      | <b>47</b>                                  | <b>61</b>  | <b>176</b>                            | <b>471</b>                            |

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

6 Other expenses for the current and previous periods includes:

(INR In lakhs)

| Particulars   | 3 months ended<br>(31/03/2022) | Previous 3<br>months ended<br>(31/12/2021) | Corresponding<br>3 months ended<br>in the previous<br>year<br>(31/03/2021) | Current year<br>ended<br>(31/03/2022) | Previous year<br>ended<br>(31/3/2021) |
|---|--------------------------------|--|--|---------------------------------------|---------------------------------------|
|   | Audited (Refer<br>note 12)     | Unaudited                                  | Audited (Refer<br>note 12)   | Audited                               | Audited                               |
| Consumption of stores and spare parts   | -                              | 1  | *  | 1                                     | 1                                     |
| Provision for obsolete stores & spares and packing material (Refer note 3(c)) | -                              | -  | (1)  | -                                     | 140                                   |
| Cost of Raw material, stores and spares sold                                  | -                              | -  | -  | -                                     | 82                                    |
| Loss allowance  | 30                             | 32   | 3  | 106                                   | 21                                    |
| Information technology expenses   | 17                             | 10   | 14   | 54                                    | 59                                    |
| Maintenance charges   | -                              | -  | (38)   | 5                                     | 11                                    |
| Insurance   | 4                              | 10   | 26   | 39                                    | 64                                    |
| Transfer Levy (Refer note 4)  | -                              | -  | -  | -                                     | 809                                   |
| Legal and professional expenses   | (12)                           | 222  | 58   | 359                                   | 144                                   |
| Rates & Taxes   | (3)                            | 7  | 56   | 50                                    | 62                                    |
| Waste disposal expenses   | 2                              | 28   | 286  | 35                                    | 334                                   |
| Travelling and conveyance   | -                              | -  | *  | 1                                     | 1                                     |
| Security expenses   | 18                             | 19   | 13   | 74                                    | 53                                    |
| Premises Upkeep   | 6                              | 6  | 5  | 23                                    | 22                                    |
| Directors Sitting Fee   | 4                              | 2  | 6  | 13                                    | 17                                    |
| Recruitment, Training and Relocation expense                                  | -                              | -  | *  | -                                     | 11                                    |
| Capital work in progress (LPG Project) written off                            | -                              | -  | -  | -                                     | 31                                    |
| Miscellaneous Expenses  | 10                             | 9  | 11   | 48                                    | 47                                    |
| <b>Other Expenses</b>   | <b>76</b>                      | <b>346</b>                                 | <b>439</b>   | <b>808</b>                            | <b>1,909</b>                          |

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

7 During the previous 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. Voluntary Retirement Scheme compensation expense included in employee benefits expense for the current and previous periods amounts to:

(INR In lakhs)

| Particulars                         | 3 months ended<br>(31/03/2022) | Previous 3<br>months ended<br>(31/12/2021) | Corresponding<br>3 months ended<br>in the previous<br>year<br>(31/03/2021) | Current year<br>ended<br>(31/03/2022) | Previous year<br>ended<br>(31/3/2021) |
|-------------------------------------|--------------------------------|--|--|---------------------------------------|---------------------------------------|
|                                     | Audited (Refer<br>note 12)     | Unaudited                                  | Audited (Refer<br>note 12)   | Audited                               | Audited                               |
| Voluntary retirement scheme benefit | -                              | -  | 1,307  | -                                     | 1,673                                 |

8 A. The Company is in receipt of a communication dated July 7, 2021 from the office of Deputy Labour Commissioner/ Assistant Labour Commissioner ("DLC/ALC") Moradabad signed by the ALC, on July 14, 2021 and July 16, 2021 issued under the provisions of the UP Industrial Disputes Act, 1947 and UP Industrial Dispute Rules, 1957. We understand that 37 (Thirty-Seven) ex-employees of Company had filed applications before the office of the DLC / ALC seeking their reinstatement in the Company along with certain other reliefs from the Company. The ex-employees in their applications before the office of the DLC/ALC have alleged that their services were illegally terminated by paying the voluntary retirement scheme ("VRS") and that the VRS was not specifically asked for by the employees. The nature of the complaints made by, and the reliefs sought by, all employees are similar. On behalf of the official liquidator (representing the Company), the local counsel, Mr. Anil Sharma had appeared before the ALC. It may be noted that out of the 37 (thirty-seven) employees, one employee had withdrawn his complaint. It may be further noted that the Company sent its written submissions to the ALC via registered post on November 1, 2021. The local counsel has informed that these written submissions were officially taken on record in the hearing that took place on March 15, 2022. The submissions that the Company had filed, brought on record the facts of the case and the lack of merits in the complaints. The local counsel has informed us that the proceedings before the ALC have now concluded as failed. In this regard, the local counsel has provided the Company with a noting dated March 18, 2022, issued by the ALC ("Noting"), which is in Hindi language, and he has confirmed that the Noting records that the conciliation proceedings have concluded as failed.□

Note: The matter is now pending for further adjudication before the DLC (as informed by the local counsel), who is authorized to decide whether a reference should be made to the Labour Court for further adjudication.

B. A suit numbered O.S. No. 449 of 2021 had been registered on September 13, 2021 ("Suit") before the Ld. Civil Judge (Senior Division) Amroha District Court ("Ld. Court"), instituted by 36 (thirty-six) former employees of the Company praying for a permanent injunction on the alienation of the machinery at the Insilco factory at Gajraula, Uttar Pradesh and revocation of the VRS offered to the employees. The suit has been registered by the Ld. Court and the Company had been directed to file its written statement in the suit vide order dated September 13, 2021.

Vide order of the same date, the Ld. Court refused to grant ex parte ad interim injunction in favour of the Plaintiffs on the ground that it is an employer-employee dispute and it would not be appropriate to grant such relief without hearing the Company. Accordingly, notice was issued to the Company in respect of the application.

Vide order of the same date, the Ld. Court appointed Court Commissioners to compile a report on and prepare a map of the factory of the Company to clarify the position relating to the machinery. The duly appointed Court Commissioners visited the premises of the factory of the Company on October 7, 2021. They are yet to file their report with the Ld. Court.

The Company has, through its Local Advocate, filed a Written Statement to the suit, reply to the Application for temporary injunction and other miscellaneous applications under Order VII Rule 11 read with Section 151 of the Code of Civil Procedure ("CPC") for rejection of the plaint owing to lack of cause of action against the Company and under Order I Rule 10 read with Section 151 of the CPC for substitution of the Defendant i.e. Manager, M/s Insilco Ltd with "The Liquidator, M/s Insilco Ltd" and also deletion of certain Defendants.

The Court Commissioners filed their report with the Ld. Court on April 11, 2022, which stated that the summons was duly served on the representatives of the Company present at the factory in Gajraula, but they were informed that the factory was not operational since October 26, 2019 due to the orders of the Uttar Pradesh Pollution Control Board. The report also notes that there is no evidence of any tampering with the machinery at the factory, while making a note of the general area of the factory and its surroundings.

In addition, the Plaintiffs in the Suit have filed a replication (response) to the Written Statement filed by the Company, as well as replies to the applications filed by the Company. The matter is presently sub-judice before the Ld. Civil Judge (Senior Division) Amroha District Court, and the next hearing is scheduled for July 11, 2022.

As these matters are sub-judice, the Company is not in a position to comment on the possible outcome of these matters. With respect to these matters, the Statutory Auditors have qualified their audit report for the year ended March 31, 2022 and review reports on the results for the quarters ended December 31, 2021, September 30, 2021 and June 30, 2021.

9 During the quarter ended June 30, 2021, Mr. Vinod Paremal had been appointed as the Managing Director of the Company by the members in their Extra-Ordinary General Meeting held on June 25, 2021, which is subject to the approval by the Central Government. The Company has made an application to Central Government, for approval of his appointment as the Managing Director of the Company, which is pending disposal.

10 The Company Secretary of the Company, Mrs. Swati Surhatia, resigned w.e.f. close of working hours of March 31, 2022 and the vacancy caused due to her resignation has been filled by Mrs. Geetika Varshney. Mrs. Geetika Varshney has been appointed as Company Secretary and Compliance Officer w.e.f. 1st April 2022, as approved by Board of Directors in their Board Meeting held on 31st March, 2022.

11 Due to COVID-19 pandemic there is no major impact on the business of the Company as the 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 has adequate digitized systems which ensured smooth internal financial reporting and control in this situation.

12 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 thirs quarters of the respective financial years.

13 Previous year/period figures have been regrouped, wherever necessary.

14 This statement has been reviewed by the Audit Committee and approved by the Board of Directors and Liquidator in their meeting held on May 30, 2022.

**For Insilco Limited**  
(Under voluntary liquidation wef 25.06.2021)

VINOD PAREMAL  
NARAYANAN  
AN

Digitally signed  
by VINOD  
PAREMAL  
NARAYANAN  
Date: 2022.05.30  
11:26:15 +05'30'

**Paremal Narayanan Vinod**  
Managing Director  
DIN : 08803466

Place: Mumbai

CHANDRA  
PRAKASH

Digitally signed by  
CHANDRA  
PRAKASH  
Date: 2022.05.30  
12:07:57 +05'30'

**Chandra Prakash**  
Liquidator of Insilco Limited  
[Registration no. IBBI/PA-002/IP-N00660/  
2018-2019/12023]

Place: New Delhi

Date: May 30, 2022



# Price Waterhouse & Co Chartered Accountants LLP

## Independent Auditor's Report

### To the Members of Insilco Limited (Under Liquidation)

### Report on the Audit of the Financial Statements

#### Qualified Opinion

1. We have audited the accompanying financial statements of Insilco Limited (Under Liquidation) ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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 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, 2022, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

3. We draw your attention to the following:
  - a) Note 33(a) to the financial statement 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. As stated in the said note, the Board of Directors recommended voluntary liquidation of the Company and accordingly, 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, 2022 have not been prepared on a going concern basis. Further, as stated in Note 33(b), with effect from June 25, 2021 the Company is under Voluntary Liquidation Process subsequent to consent of the Board on May 31, 2021 and approval of the shareholders and creditors of the Company to voluntarily liquidate the Company and appointment of a Liquidator in accordance with Section 59 of the Insolvency & Bankruptcy Code, 2016 ("Code"). Further, as described in notes 33(b) and 33(c) to the financial statement, any adjustments to the classification and carrying value of assets and liabilities of the Company as an outcome of future course of actions including completion of sale of assets being subject to execution of definitive documents upon receipt of UPSIDA approval for transfer of leasehold land, cannot be ascertained at this stage.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited  
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- b) Note 34 to the financial statement 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 ('000), 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 ('000) along with interest of Rs. 5,710 ('000) under protest which was expensed off 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.
- c) Note 36 to the financial statement regarding ongoing proceedings before the Office of Deputy Labour Commissioner/ Assistant Labour Commissioner (DLC/ALC) in connection with claims of thirty-six ex-employees of the Company seeking their reinstatement in the Company along with certain other reliefs from the Company alleging that their services were illegally terminated by paying the amount as per the Voluntary Retirement Scheme (VRS) and that the VRS was not specifically asked for by the employees. Further, as stated in the Note 36 to the financial statement, suit before the Ld. Civil Judge (Senior Division) Amroha District Court ("Ld. Court"), instituted by the said thirty-six former employees of the Company praying for a permanent injunction on the alienation of the machinery at the Insilco factory at Gajraula, Uttar Pradesh and revocation of the Voluntary Retirement Scheme offered to the employees is pending disposal. As described in the said notes, the Company is not in a position to comment on the likely outcome of the ongoing proceedings.

Pending resolution of these matters, we are unable to comment on the aggregate potential impact, if any, on the financial statement.

4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Key audit matters**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the 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**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, Corporate Governance report and Management discussion and analysis report to be 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.

## INDEPENDENT AUDITOR'S REPORT

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

We have nothing to report in this regard.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

## INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited  
Report on Audit of the Financial Statements  
Page 4 of 5

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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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 income), the Statement of Changes in Equity and the 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 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 in the Basis for Qualified Opinion section of our report 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, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Insilco Limited  
Report on Audit of the Financial Statements  
Page 5 of 5

- (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 (as amended), 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 Note 26 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2022.
  - 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, 2022.
  - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 40(a)(vii) to the financial statements);
  - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 40(a)(vii) to the financial statements); and
  - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. The Company has not declared or paid any dividend during the year.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

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Charan S. Gupta

Partner

Membership Number :093044

UDIN: 22093044AJVRBY7280

Gurugram

May 30, 2022

## **Annexure A to Independent Auditor's Report**

Referred to in paragraph 15(h) of the Independent Auditor's Report of even date to the members of Insilco Limited (Under Liquidation) on the financial statements for the year ended March 31, 2022

### **Report on the Internal Financial Controls 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 (Under Liquidation) ("the Company") as of March 31, 2022 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 ("the Guidance Note") 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.

#### **Auditor's 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 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 over financial reporting, 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 over financial reporting.

#### **Meaning of Internal Financial Controls with reference to financial statements**

6. A company's internal financial control 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 control 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

## **Annexure A to Independent Auditor's Report**

Referred to in paragraph 15(h) of the Independent Auditor's Report of even date to the members of Insilco Limited (Under Liquidation) on the financial statements for the year ended March 31, 2022

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 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, 2022 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 34 and 36 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 33 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 weaknesses described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2022, 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 issued by the ICAI.

## **Annexure A to Independent Auditor's Report**

Referred to in paragraph 15(h) of the Independent Auditor's Report of even date to the members of Insilco Limited (Under Liquidation) on the financial statements for the year ended March 31, 2022

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, 2022, 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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Charan S. Gupta

Partner

Membership Number :093044

UDIN: 22093044AJVRBY7280

Gurugram

May 30, 2022



## **Annexure B to Independent Auditors' Report**

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Insilco Limited (Under Liquidation) on the financial statements as of and for the year ended March 31, 2022  
Page 1 of 4

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.  
  
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3(a), 4 and 11 to the financial statements, are held in the name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise. Also refer Note 40(a)(x) to the financial statements.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise. Also refer Note 40(a)(i) to the financial statements.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise. Also refer Note 40(a)(ii) to the financial statements.
- iii. (a) The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the 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 Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Insilco Limited (Under Liquidation) on the financial statements for the year ended March 31, 2022

Page 2 of 4

- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 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 Income tax and goods and service 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 and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 26(c) to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, goods and service tax, income tax and cess which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at March 31, 2022 which have not been deposited on account of a dispute, are as follows:

| Name of the statute                 | Nature of dues  | Amount (Rs. '000) | Period to which the amount relates | Forum where the dispute is pending                 | Remarks, if any                                |
|-------------------------------------|-----------------|-------------------|------------------------------------|--|--|
| Uttar Pradesh Value Added Tax, 2008 | Value added tax | 546               | 2015-16                            | Assistant Commissioner of Commercial Tax (Appeals) | Net of payment under protest of Rs. 231 ('000) |

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account. Also refer Note 40(a)(viii) to the financial statements.
- ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority. Also refer Note 40(a)(iii) to the financial statements.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.

## **Annexure B to Independent Auditors' Report**

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Insilco Limited (Under Liquidation) on the financial statements for the year ended March 31, 2022

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- (e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.
- (x)(a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (x)(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) 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, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi)(b) 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, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (xi)(c) 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, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is 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 24 "Related Party Disclosures" specified under Section 133 of the Act.
- (xiv)(a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (xiv)(b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

## **Annexure B to Independent Auditors' Report**

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Insilco Limited (Under Liquidation) on the financial statements for the year ended March 31, 2022

Page 4 of 4

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- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has incurred cash losses of Rs. 106,333 ('000) in the financial year and of Rs 414,715 ('000) in the immediately preceding financial year. Also refer note 40(b)(iv) to the financial statements.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- (xix) As described in detail in paragraph 3(a) of the Main Audit Report, the Company is in the Voluntary Liquidation Proceedings under the Insolvency and Bankruptcy Act 2016 and accordingly use of going concern as basis of preparation of financial statements is not considered to be appropriate.
- (xx) The provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

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Charan S. Gupta

Partner

Membership Number :093044

UDIN: 22093044AJVRBY7280

Gurugram

May 30, 2022

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

| <b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022</b><br>[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] |   |   |  |   |
|---|---|---|--|---|
| <b>I.</b>   | <b>Sl. No.</b>  | <b>Particulars</b>  | <b>Audited Figures (as reported before adjusting for qualifications)</b><br>INR thousand | <b>Adjusted Figures (audited figures after adjusting for qualifications)*</b><br>INR thousand |
|   | 1.  | Turnover / Total income   | 17,617   | 17,617  |
|   | 2.  | Total Expenditure   | 125,424  | 125,424   |
|   | 3.  | Net Profit/(Loss)   | <b>(106,516)</b>   | <b>(106,516)</b>  |
|   | 4.  | Earnings Per Share  | (1.70)   | (1.70)  |
|   | 5.  | Total Assets  | 433,878  | 433,878   |
|   | 6.  | Total Liabilities   | 270,151  | 270,151   |
|   | 7.  | Net Worth   | 163,728  | 163,728   |
|   | 8.  | Any other financial item(s) (as felt appropriate by the management) | -  | -   |
| * Impact of qualifications cannot be quantified as of now.  |   |   |  |   |
| <b>II.</b>  | <b>Audit Qualification (each audit qualification separately):</b>   |   |  |   |
|   | <p>a. Details of Audit Qualification: Refer paragraph 3 of Independent auditor’s report to the members of the Company on the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2022, which are reproduced below:</p> <p>a) Note 33(a) to the financial statement 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. As stated in the said note, the Board of Directors recommended voluntary liquidation of the Company and accordingly, 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, 2022 have not been prepared on a going concern basis. Further, as stated in Note 33(b), with effect from June 25, 2021 the Company is under Voluntary Liquidation Process subsequent to consent of the Board on May 31, 2021 and approval of the shareholders and creditors of the Company to voluntarily liquidate the Company and appointment of a Liquidator in accordance with Section 59 of the Insolvency &amp; Bankruptcy Code, 2016 (“Code”). Further, as described in notes 33(b) and 33(c) to the financial statement, any adjustments to the classification and carrying value of assets and liabilities of the Company as an outcome of future course of actions including completion of sale of assets being subject to execution of definitive documents upon receipt of UPSIDA approval for transfer of leasehold land, cannot be ascertained at this stage.</p> <p>b) Note 34 to the financial statement 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 (‘000), 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 (‘000) along with interest of Rs. 5,710 (‘000) under protest which was expensed off 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.</p> |   |  |   |

|  |  |
|--|--|
|  | <p>c) Note 36 to the financial statement regarding ongoing proceedings before the Office of Deputy Labour Commissioner/ Assistant Labour Commissioner (DLC/ALC) in connection with claims of thirty-six ex-employees of the Company seeking their reinstatement in the Company along with certain other reliefs from the Company alleging that their services were illegally terminated by paying the amount as per the Voluntary Retirement Scheme (VRS) and that the VRS was not specifically asked for by the employees. Further, as stated in the Note 36 to the financial statement, suit before the Ld. Civil Judge (Senior Division) Amroha District Court (“Ld. Court”), instituted by the said thirty-six former employees of the Company praying for a permanent injunction on the alienation of the machinery at the Insilco factory at Gajraula, Uttar Pradesh and revocation of the Voluntary Retirement Scheme offered to the employees is pending disposal. As described in the said notes, the Company is not in a position to comment on the likely outcome of the ongoing proceedings.</p> <p>Pending resolution of these matters, we are unable to comment on the aggregate potential impact, if any, on the financial statement.</p> |
|  | <p>b. <b>Type of Audit Qualification</b> : Qualified Opinion</p>   |
|  | <p>c. <b>Frequency of qualification</b>: 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) <b>Management's estimation on the impact of audit qualification</b>: The Management is not in a position to quantify the impact of audit qualification at the present point in time.</p>  |
|  | <p>(ii) <b>If management is unable to estimate the impact, reasons for the same</b>: Management is unable to estimate the impact due to following reasons: With respect to audit qualification in paragraph 3(a) 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 33 of the financial statements; and matter referred to in audit qualification in paragraph 3(b) and 3(c) of the audit report is pending disposal by appropriate authorities as stated in note 34 and 36 of the financial statements</p>   |
|  | <p>(iii) <b>Auditors' Comments on (i) or (ii) above</b>: Refer Section II(a) above</p>   |
|  | <p><b>III. Signatories :</b></p>   |
|  | <ul style="list-style-type: none"> <li><b>CEO/Managing Director</b></li> </ul> <p>VINOD PAREMAL<br/>NARAYANAN</p> <p>Digitally signed by VINOD PAREMAL NARAYANAN<br/>Date: 2022.05.30 11:27:20 +05'30'</p>   |
|  | <ul style="list-style-type: none"> <li><b>CFO</b></li> </ul> <p>RAJEEV<br/>AGARWAL</p> <p>Digitally signed by RAJEEV AGARWAL<br/>Date: 2022.05.30 12:42:10 +05'30'</p>   |
|  | <ul style="list-style-type: none"> <li><b>Audit Committee Chairman</b></li> </ul> <p>DARA<br/>PHIROZESHAW<br/>MEHTA</p> <p>Digitally signed by DARA PHIROZESHAW MEHTA<br/>DN: c=IN, o=Personal, 2.5.4.20=9e96a2c7958f8d4010e8da87b8ee1174a5a6515a92442549b88c17a8328d, postalCode=400005, st=Maharashtra, serialNumber=774239254312c186ab0c647479bae55d0a5c5a72bd52daabde991173b6c6e8, cn=DARA PHIROZESHAW MEHTA<br/>Date: 2022.05.30 12:36:01 +05'30'</p>   |
|  | <ul style="list-style-type: none"> <li><b>Statutory Auditor</b></li> </ul> <p>CHARAN<br/>SEWAK<br/>GUPTA</p> <p>Digitally signed by CHARAN SEWAK GUPTA<br/>Date: 2022.05.30 13:40:58 +05'30'</p>   |
|  | <p><b>Date : May 30, 2022</b></p>  |